

## **E.L.K. Energy Follow Up IR (EB-2018-0027)**

### **Staff Question #5a**

The DVA Continuity Schedule has been updated to apportion the amounts between principal and interest starting from January 1, 2017.

- a) The opening January 1, 2017 balances in the revised DVA Continuity Schedule do not agree to the closing December 31, 2016 balances in the DVA Continuity Schedule in the IRM Rate Model issued on March 22, 2018 in E.L.K. Energy's 2018 rate application. Please revise the DVA Continuity Schedule as necessary.

### **E.L.K. Response:**

The DVA Continuity Schedule has been revised, so the opening January 1, 2017 balances agree to the closing December 31, 2016 balances from the IRM Rate Model issued on March 22, 2018.

- b) Please revise the DVA Continuity Schedule to apportion the amounts between principal and interest for Account 1595 (2016) and Account 1595 (2017).

### **E.L.K. Response:**

The DVA Continuity Schedule has been revised to apportion between principal and interest.

### **Staff Question #5ai**

In the DVA Continuity Schedule for Account 1595 (2017), the OEB approved for disposition amount should be (\$2,197,675). The 10% reduction of (\$268,408) should be in the principal adjustment column (cell BF 36) as this amount was not approved for disposition and was written off. Please revise the DVA Continuity Schedule for this.

### **E.L.K. Response:**

The DVA Continuity Schedule has been revised to reflect this.

### **Staff Question #5aii**

E.L.K. indicated there is a variance between 2017 balances and the RRR filing (column BV) of \$2,881 because only one 1595 account being used in the past. The information reported in the RRR and the balances in DVA Continuity Schedule are as follows:

	<b>RRR</b>	<b>DVA Continuity Schedule</b>	<b>Variance</b>
1595 (2011)	\$3,115,178	\$0	\$3,115,178
1595 (2013)	\$0	(\$84,248)	\$84,248
1595 (2015)	\$470,193		\$470,193
1595 (2016)	\$0	\$516,109	(\$516,109)
1595 (2017)	\$0	\$3,150,630	(\$3,150,630)
<b>Total</b>	<b>\$3,585,371</b>	<b>\$3,582,491</b>	<b>\$2,880</b>

Please confirm that the amounts filed in the 1595 sub-accounts in the RRR are incorrect and the amounts in the DVA Continuity Schedule shows the correct amounts in the appropriate sub-accounts.

**E.L.K. Response:**

The DVA Continuity Schedule is accurate and shows the correct amounts in the appropriate sub accounts. On a go forward basis E.L.K. will separate out the balances in the RRR appropriate sub accounts.

E.L.K. has also confirmed that cell L23 in tab 6.1GA should be zero, and no amount of the \$477,538 should be allocated to the embedded distributor class.

**Staff Question 8fiii**

- a) For the Account 1595 (2016) balance of \$516,108, please confirm that:
  - a. \$477,538 pertains to the GA rate rider and this should be the amount collected from non-RPP customers.
  - b. \$38,570 pertains to the Group 1 account rate rider and this should be the amount collected from all customers and that the amount should be allocated as per the Group 1 disposition in EB-2015-0064.

**E.L.K. Response:**

E.L.K. confirms the above as accurate.

- b) In E.L.K. Energy's 2017 approved settlement agreement, E.L.K. Energy was to complete a detailed operational review before its next cost of service application. Please provide an update on this review and discuss what controls E.L.K. Energy has in place to prevent errors like that noted for Account 1595 from occurring.

**E.L.K. Response:**

E.L.K. is currently in the process of discussing the operational review with KPMG. It is currently being planned for Q4 of 2018. E.L.K. also discussed with Borden Ladner Gervais LLP obtaining a greater understanding of account 1595. Sub-accounts for each disposition are now created to allow for no future confusion.

**Staff Question – Sheet 3. Continuity Schedule**

- a) E.L.K. Energy has noted in its application that it will not be disposing of Accounts 1588 and 1589. In the attached model to these staff questions, OEB staff has removed the amounts for from Column AU. Please confirm the correction.

**E.L.K. Response:**

E.L.K. confirms the correction