



PUBLIC INTEREST ADVOCACY CENTRE
LE CENTRE POUR LA DÉFENSE DE L'INTÉRÊT PUBLIC

January 22, 2020

VIA E-MAIL

Ms. Christine Long
Registrar & Board Secretary
Ontario Energy Board
2300 Yonge Street,
27 Floor
Toronto, ON
M4P 1E4

Dear Ms. Long:

**Re: EB-2019-0029 – E.L.K. Energy Inc. (E.L.K. Energy)
2020 Electricity Distribution Rates
VECC Reply to E.L.K. Energy's Intervention Objection Letter**

VECC filed a late Notice of Intervention on January 13, 2020 in the above referenced application. VECC is intervening in relation to E.L.K. Energy's proposed rate increase in the context of its 2018 earnings.

In response to VECC's request for intervenor status and cost eligibility, E.L.K. Energy filed an objection letter on January 20, 2020 opposing both VECC's intervenor status and our request for costs eligibility, simply stating "to protect the best interests of E.L.K. customers, E.L.K. requests that both the intervenor status and cost eligibility request not proceed." No other reasons were given other than pointing to the late filing and the company's own view of the public interest.

Although VECC's intervention was filed late, as noted in the letter, the oversight was inadvertent and occurred over the holiday season. VECC filed its intervention as soon as it realized its error. This distribution rate proceeding is a type of proceeding that VECC usually intervenes in.

We do this as rates set in these proceedings affect consumers for years afterwards. VECC firmly believes and acts upon our conviction that the Board benefits from having a ratepayer perspective on such applications and the scrutiny that we bring to them. VECC believes that this scrutiny and perspective are very much in the best interests of E.L.K. Energy's customers as our goal is to protect energy consumers. As we stated in our (late) intervention request: "VECC is intervening in order to ensure that consumer interests and in particular the interests of the low-income and vulnerable users of electricity are fully represented in the determination of just and reasonable rates."

More specifically with regard to E.L.K. Energy's application, as shown in the Table below¹, we note that E.L.K. Energy's Return on Equity is above 300 basis points in 2014 and again in 2018. To protect the interests of vulnerable and low-income customers, VECC wishes to intervene to explore the drivers of E.L.K. Energy's earnings in 2018.

Return on Equity	2014	2015	2016	2017	2018
ROE Deemed (Included in Rates)	9.12%	9.12%	9.12%	8.78%	8.78%
ROE Achieved	19.22%	10.72%	8.39%	11.15%	16.17%

We note that as stated in P.O. #1, no other intervenor requests were made. Therefore, VECC would be the only (public interest) intervenor in the proceeding.

In addition, the proceeding has progressed past the filing of interrogatories stage and E.L.K. Energy's written responses are due January 30, 2020. VECC is prepared to work with OEB staff interrogatories and applicant replies but asks that if the Board accepts VECC's intervention that the Board also accept the following two interrogatories posed by VECC to be responded to by E.L.K. Energy without modifying or adding to the Board's process outlined in P.O. #1. This will minimize disruption to the applicant and Board of our intervention.

VECC Interrogatory #1

Ref: Board Staff Interrogatory #1

Please provide the information provided in E.L.K. Energy's RRR Filing (Form 2.1.5.6) related to Return on Equity submitted on July 5, 2019.

VECC Interrogatory #2

Please provide E.L.K. Energy's estimated Return on Equity for 2019 and 2020.

Finally, we note for the Board that it has discretion under the Rules of Practice and Procedure to accept a late intervention (under Rules 1.03, 2.01 2.02, 5.01, 5.03, 7.01, 7.02 and 7.03). VECC submits that both its intervention, and its request for intervenor funding (which allow its members to retain counsel and consultants to do this work) are clearly in the public interest and we request that the Board approve our intervention and costs eligibility requests.

Yours truly,

[original signed]

John Lawford
Counsel for VECC

Copy to: Mark Danelon, E.L.K. Energy Inc.

¹ 2018 E.L.K. Energy Inc. Electricity Scorecard