



January 29, 2021

Kirsten Walli
Board Secretary
Ontario Energy Board
PO Box 2319
2300 Yonge Street, Suite 2700
Toronto ON M4P 1E4

Dear Ms. Walli:

**Re: E.L.K. Energy Inc.
Distribution License ED- ED-2003-0015
2021 Incentive Regulation Mechanism (“IRM”) Distribution Rate Application EB-
2020-0014**

Please find attached responses to interrogatories.

Please do not hesitate to contact myself if I can be of further assistance.

Regards

Mark Danelon, CPA, CA
Director, Finance & Regulatory Affairs
Telephone (519) 776-5291 ext 204
Fax (519) 776-5640
Email mdanelon@elkenenergy.com
www.elkenenergy.com

OEB Staff Interrogatories
2021 Electricity Distribution Rates Application
E.L.K. Energy Inc.
EB-2020-0014
January 15, 2021

E.L.K. Responses

OEB Staff-1

Ref: Updated IRM Rate Generator Model

OEB staff has updated E.L.K. Energy's Rate Generator Model for the following items:

1. Updated IPI from 2.0% to 2.2% (Sheet 16)
2. Updated TOU January 1, 2021 pricing (Sheet 17 and 20)
3. Updated OER from 33.2% to 21.2% (Sheet 20)
4. Removal of the inflationary increase related to the specific charge for access to the power poles (Sheet 17)

a) Please confirm the changes and that E.L.K. Energy agrees with the changes.

E.L.K. Response

E.L.K. confirms and agrees with the changes

b) On page 13 of its Manager's Summary, E.L.K. Energy noted that there will be no request in this application to dispose of accounts 1588 and 1589. OEB staff has updated E.L.K. Energy's Rate Generator Model (Sheet 3) to remove the balances associated with accounts 1588 and 1589 from its total claim. Please confirm the changes and that E.L.K. Energy agrees with the changes.

E.L.K. Response

E.L.K. confirms and agrees with the changes.

OEB Staff-2

Ref: IRM Rate Generator Model – Continuity Schedule

- a) In response to interrogatories in its 2020 IRM application, E.L.K. Energy confirmed that the residual balance in Account 1595 for the 2016 year will be written-off as the account was disposed of on a final basis in E.L.K. Energy's 2019 application. Please indicate when the balance will be written off.

E.L.K. Response

The amount has been written off and was included in tab 3 in error from the prior year. This has been updated. The balance agrees with RRR.

- b) For 2019, please remove the CBR Class B transaction amounts from row 23 and enter them into sub-account CBR Class B (row 25). As well, enter the 2020 disposition amounts for sub-account CBR Class B into columns BM and BN. Please activate all worksheets that follow.

E.L.K. Response

E.L.K. has removed the CBR Class B amounts from row 23 and entered them in row 25. As well, E.L.K. has entered the 2020 disposition amounts for sub-account CBR Class B into columns BM and BN.

Staff Question-3

- Ref:** (1) Manager's Summary, November 2, 2020, page 13
(2) Chapter 3 of the Filing Requirements for Electricity Distribution Applications Rate Applications, dated May 14, 2020, page 14
(3) EB-2015-0064, 2016 IRM Decision and Rate Order, March 17, 2016, page 9

Preamble:

At the above noted first reference, E.L.K. Energy stated the following:

As part of E.L.K.'s EB-2016-0066 settlement proposal, the parties agreed with E.L.K.'s request for approval for disposition of the balance of its Group 1 deferral and variance accounts with the exception of accounts 1588 and 1589. These 2 accounts 1588 and 1589 will be included as part of the regulatory audit discussed in the Summary of the approved settlement proposal. This will be identical to the 2018 and 2019 final Annual IR filing E.L.K. submitted. As such, there will be no requested disposition of 1588 and 1589. E.L.K. has now engaged KPMG to complete this audit and E.L.K. is in the process of completing this audit as requested.

As per the above noted second reference, the OEB noted that utilities that did not receive approval for disposition of historical account balances due to concerns noted should apply the OEB's February 21, 2019 accounting guidance¹ to those balances and adjust them as necessary, prior to requesting final disposition. Adjustments to account balances will be considered on a case by case basis.

The OEB also noted that if a distributor has yet to fully implement the OEB's February 21, 2019 accounting guidance effective from January 1, 2019, the distributor, in its application, must provide explanation as to why this guidance has not been implemented, the status of the implementation process, and the expected implementation date.

At the above noted third reference, the OEB last cleared Account 1588 and Account 1589 balances on a final basis as at December 31, 2014.

Questions:

- a) Please confirm that as the OEB had concerns with historical account balances, E.L.K. Energy will apply the OEB's February 21, 2019 accounting guidance to January 1, 2015 and forward balances and adjust the balances as necessary, prior to requesting final disposition in a future application.

E.L.K. Response

E.L.K. confirms the above and is working with KPMG.

- b) Please indicate when E.L.K. Energy expects the KPMG audit discussed at the above noted first reference to be completed.

E.L.K. Response

E.L.K. estimates the KPMG audited will be completed by the end of Q1.

¹ Accounting Procedures Handbook Update - Accounting Guidance Related to Commodity Pass-Through Accounts 1588 & 1589, February 21, 2019