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Reference #: EB-2021-0016

BY EMAIL

February 16, 2021

John A. D. Vellone
Borden Ladner Gervais LLP
22 Adelaide Street West
Toronto, ON M5H 4E3
jvellone@blg.com

Dear Mr. Vellone:

Re: **E. L. K. Energy Inc.**
2022 Cost of Service Application
Ontario Energy Board File Number: EB-2021-0016

This letter acknowledges receipt of E. L. K. Energy Inc.'s (E. L. K. Energy) letter dated January 8, 2021 regarding requested adjustments to its 2022 Cost of Service (CoS) application. The Ontario Energy Board (OEB) has assigned EB-2021-0016 to this matter. Please refer to this file number in all future correspondence to the OEB regarding this matter. All information related to this matter must be filed with the Registrar at registrar@oeb.ca.

In its letter, E. L. K. Energy requested OEB staff's views on proposing a modified approach to its 2022 CoS application by reducing the amount of information that needs to be filed. E. L. K. Energy withdrew its 2017 CoS application and agreed to complete a regulatory audit, an operations review and an asset condition assessment prior to bringing its next cost of service rebasing application as part of its approved settlement proposal.¹ E. L. K. Energy is proposing that:

- The evidence previously filed in the 2017 CoS application be incorporated by reference into the 2022 CoS application's evidence
- The OEB treat 2017 as the last "OEB-approved test year"
- E. L. K. Energy only be required to file historical data and variance analyses from 2017 onwards

OEB staff has reviewed E. L. K. Energy's request, had a discussion with the intervenors from the 2017 CoS proceeding and have the following comments:

¹ EB-2016-0066, Decision and Rate Order, November 2, 2017

- It is possible for the record from a previous application to be placed on the record of the 2022 CoS application should parties make a request and the panel approves it
- It is unclear at this stage whether additional data or changes in the way E. L. K. Energy's historical data is represented will be required based on the operational and financial reviews and asset condition assessment that E.L.K. Energy is required to submit as part of its 2020 rate application
- OEB staff would not be supportive of treating 2017 as the last "OEB-approved test year" as it has not been approved; however if the record from the 2017 CoS proceeding is added to the record of the 2022 CoS proceeding and no changes are required due to the reviews, then it should be sufficient to provide historic data only from 2016 actuals forward
- Should changes be required to the historic data pre-2106 as a result of the reviews done by E. L. K. Energy, then OEB staff is of the opinion that the following Appendices would be sufficient to provide continuity from the last approved test year, 2012:
 - 2-AA Capital Projects
 - 2-AB Capital Expenditures
 - 2-BA Fixed Asset Continuity Schedule
 - 2-JA OM&A Summary Analysis
 - 2-JB Recoverable OM&A Cost Drivers
 - 2-JC OM&A Programs
 - 2-K Employee Costs
 - 2-OB Debt Instruments
- OEB staff encourages E. L. K. Energy to discuss its proposal with the intervenors from the previous CoS proceeding before making an official request to the OEB through the Registrar

OEB staff notes that the views expressed in this letter are those of OEB staff and it will ultimately be the OEB panel hearing the application that will determine if it has the details needed to make a determination on E. L. K. Energy's rates.

Any questions relating to this letter should be directed to Kevin Mancherjee at kevin.mancherjee@oeb.ca or at 437-331-1274. The Board's toll-free number is 1-888-632-6273.

Yours truly,



Theodore Antonopoulos
Vice President, Applications

Cc: Mark Danelon, E. L. K. Energy Inc.
Intervenors from EB-2016-0066