



Ms. Christine Long, Registrar  
Ontario Energy Board  
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**Re: E.L.K. Energy Inc. 2022 Cost of Service Application  
OEB File No.: EB-2021-0016  
Response to OEB Staff – Clarifying Questions**

On March 7, 2022, OEB Staff sent clarifying questions to E.L.K. Energy regarding its 2022 Cost of Service Application filed on February 4, 2022. E.L.K. Energy's responses to those questions are provided below.

**OEB Staff Question 1**

Exhibit 2 – Appendices – 2-BA – The opening and closing balances do not agree for the following:

- 2012 closing balance and 2013 opening balance
- 2014 closing balance and 2015 opening balance for the gross asset side

**Response:**

E.L.K. Energy's 2013 opening gross assets were \$1,578,015 higher than closing 2012. The reconciling items are the MIFRS adjustments as audited by E.L.K. external auditors. The gross smart meter assets approved by the Board as part of the 2012 Cost of Service application was \$1,574,204. However, when the actual accounting entry was done in 2013 the gross smart meter assets were entered into three accounts 1861, 1862 and 1864. The total of these accounts is \$936,838 plus \$323,155 plus \$111,034 or \$1,373,027. Accumulated depreciation in 2013 \$97,834 lower than 2012 closing due to the MIFRS adjustments as explained above.

There was a difference between 2014 closing and 2015 opening of \$176,493. This is the result of a late KPMG audit entry booked in 2014 and the old continuity schedule was used. The 2015 continuity schedule was then rolled forward with the adjustment and is correct. No other adjustments are required.

**OEB Staff Question 2**

Exhibit 2 – Appendices – 2-C – The appendix is missing the 2012 table



**Response:**

A new 2012 table has been added to Appendix C in the Ch 2. Appendices filed with responses to clarifying questions.

**OEB Staff Question 3**

Exhibit 2 – Appendices – 2-JC- Some of the total balances do not match the total balances in Appendices 2-JA and 2-JB.

**Response:**

In Appendix 2-JC, the 2016 balance for the Regulatory Reporting and Assessments program was missing LEAP. This has been corrected in the Ch. 2 Appendices filed with responses to the clarifying questions. LEAP in 2016 is the only discrepancy between 2-JA, 2-JB and 2-JC, aside from a few other balances differing by \$1 to \$2 due to rounding.

**OEB Staff Question 4**

Exhibit 2 – Appendices – 2-ZB – The OER credit percentage needs to be updated

**Response:**

E.L.K. Energy has updated the OER to 17% in the Ch. 2 Appendices filed with responses to clarifying questions. This update increases the Cost of Power by \$285,258, which has a revenue requirement impact of \$1,090.11. Since the increase is not material, E.L.K. Energy is not updating the revenue requirement, cost allocation, PILs, and rate design models at this time. E.L.K. Energy confirms it will incorporate the updated OER into its updated models during the interrogatory phase.

**OEB Staff Question 5**

Exhibit 8 – Fixed Variable Split – Table 8-3 indicates a historic fixed/variable split that is consistent with the proposed fixed/variable split. However, the text that follows indicates changes to GS < 50 kW, GS > 50 kW, and the Embedded Distributor. Also, the embedded distributor currently has a variable charge, but Table 8-3 indicates all the class revenue comes from the fixed charge at current rates.

**Response:**

Table 8-3 erroneously provides proposed fixed/variable splits. It should present current fixed/variable splits, consistent with the text that follows Table 8-3. The correct Table 8-3 is provided below.



**Table CQ-1**  
**Revised Table 8-3 Current Fixed Variable Split**

Rate Class	2022 Fixed Base Revenue with 2021 Approved Rates	2022 Variable Base Revenue with 2021 Approved Rates	2022 Total Base Revenue with 2021 Approved Rates	Fixed Revenue Proportion	Variable Revenue Proportion
Residential	\$2,516,821	\$-	\$2,516,821	100.00%	
GS <50 kW	\$248,646	\$143,815	\$392,461	63.36%	36.64%
GS 50 to 4,999 kW	\$229,011	\$309,542	\$538,554	42.52%	57.48%
Street Lighting	\$45,847	\$45,253	\$91,099	50.33%	49.67%
Unmetered Scattered Load	\$2,573	\$472	\$3,044	84.51%	15.49%
Sentinel Lighting	\$667	\$2,297	\$2,964	22.50%	77.50%
Embedded Distributor	\$139,129	\$39,912	\$179,041	77.71%	22.29%
<b>Total</b>	<b>\$3,182,694</b>	<b>\$541,290</b>	<b>\$3,723,985</b>		

**OEB Staff Question 6**

Exhibit 8 – Low Voltage Costs – Please provide support for the 2020 low voltage expense and historical low voltage expense, if available.

**Response:**

Low voltage monthly billed demands and LV charges are summarized below.

**Table CQ-2**  
**Historic Low Voltage Charges**

	2018		2019		2020	
	kW	LV Charges	kW	LV Charges	kW	LV Charges
Jan	43,508	\$52,784	46,487	\$56,422	40,071	\$59,554
Feb	39,308	\$47,706	40,768	\$49,492	39,188	\$58,345
Mar	37,055	\$45,042	40,193	\$48,806	36,372	\$54,024
Apr	35,531	\$43,174	35,329	\$42,941	34,283	\$50,766
May	52,582	\$63,952	36,730	\$44,681	49,323	\$73,031
Jun	60,762	\$73,657	50,561	\$61,517	55,488	\$82,072
Jul	60,000	\$72,790	58,982	\$85,266	60,761	\$90,264
Aug	57,130	\$69,321	56,405	\$81,392	59,870	\$88,702
Sept	59,698	\$72,391	50,771	\$73,361	53,405	\$79,097
Oct	44,271	\$53,828	49,242	\$71,035	31,600	\$47,114
Nov	39,355	\$47,928	42,893	\$62,040	36,322	\$54,193
Dec	40,044	\$48,635	38,377	\$55,485	39,679	\$59,069
<b>Total</b>	<b>569,244</b>	<b>\$691,207</b>	<b>546,737</b>	<b>\$732,438</b>	<b>536,361</b>	<b>\$796,230</b>



**OEB Staff Question 7**

The GA workform used by E.L.K. Energy is not the most recent version. The Applicant should use the most recent GA workform. Please update the GA form to the most recent version.

**Response:**

An updated GA Analysis workform has been filed.

**OEB Staff Question 8**

The Group 1 account balances in Table 9-1 – December 31, 2020, Audited Balances – DVAs do not match the values included in the DVA Continuity Schedule. The biggest differences pertain to accounts 1588 RSVA Power and 1589 RSVA-Global Adjustment. (Ref. 1: Exhibit 9, Tab 2, Page 4.)

**Response:**

The DVA Continuity Schedule includes balances for accounts 1588 RSVA Power and 1589 RSVA-Global Adjustment up to the end of 2015 as balances related to 2016 onward are not being requested at this time. The filed version of Table 9-1 included 1588 and 1589 amounts that are not being disposed of as part of this proceeding.

The revised version of Table 9-1 below excludes balances after 2015 and interest on those balances for accounts 1588 and 1589. Additionally, the balance for LRAMVA erroneously included interest in 2021. This interest has been removed from account 1568.

**Table CQ-3**  
**Revised Table 9-1 December 31, 2020, Audited Balances - DVAs**

Account Description	USoA #	Total Principal & Interest	2.1.7 RRR Balances (Dec 31, 2020)	Variance
<b>Group 1 Accounts:</b>				\$
LV Variance Account	1550	\$943,007.75	\$945,407.82	2,400.07
Smart Metering Entity Charge Variance Account	1551	1,113.00	1,021.53	(91.47)
RSVA - Wholesale Market Service Charge	1580	(217,542.00)	(266,551.94)	(49,009.94)
Variance WMS – Sub-account CBR Class A	1580	468.00	0	(468.00)
Variance WMS – Sub-account CBR Class B	1580	(39,243.00)	0	39,243.00
RSVA - Retail Transmission Network Charge	1584	(267,815.13)	(266,086.56)	1,728.57
RSVA - Retail Transmission Connection Charge	1586	476,607.40	475,168.16	(1,439.24)
RSVA - Power (excluding Global Adjustment)	1588	(996,477.06)	(4,831,378.85)	(3,834,901.79)
RSVA - Global Adjustment	1589	353,054.20	1,379,679.97	1,026,625.77
Disposition and Recovery/Refund of Regulatory Balances (2009)7	1595	0	0	0
Disposition and Recovery/Refund of Regulatory Balances (2015 and pre-2015)	1595	928,586.00	0	(928,586.00)
Disposition and Recovery/Refund of Regulatory Balances (2016)	1595	(142,129.00)	0	142,129.00
Disposition and Recovery/Refund of Regulatory Balances (2017)	1595	(336,538.00)	0	336,538.00



Disposition and Recovery/Refund of Regulatory Balances (2018)	1595	97,941.00	440,940.36	342,999.36
Disposition and Recovery/Refund of Regulatory Balances (2019)	1595	0		0
Disposition and Recovery/Refund of Regulatory Balances (2020)	1595	0	0	0
Disposition and Recovery/Refund of Regulatory Balances (2021)	1595	0	0	0
<b>Subtotal - Group 1 Accounts</b>		\$801,033.16	\$(2,121,799.51)	\$(2,922,832.67)
<b>Group 2 Accounts:</b>				
Deferred IFRS Transition Costs	1508	\$21,776.00	\$(29,376.00)	\$(51,152.00)
OEB Cost Assessments	1508	0		0
Pension contributions	1508	0		0
Late Payment Penalty	1508	0		0
Gain on disposition	1508	(53,988.00)		53,988.00
Retail Cost Variance Account - Retail	1518	(11,821.00)	(11,840.00)	(19.00)
Misc. Deferred Debits	1525	(74.00)	(74.00)	0
Retail Cost Variance Account - STR	1548	(794.00)	(793.00)	1.00
<b>Subtotal - Group 2 Accounts</b>		\$(44,901.00)	\$(42,083.00)	\$2,818.00
<b>Other Accounts</b>				
LRAMVA	1568	\$120,850.03	\$0	\$(120,850)
Renewable Generation Connection Capital Deferral Account	1531	\$176,493.00	\$176,493.00	\$0
IFRS-CGAAP Transition PP&E Amounts Balance + Return Component	1575	0	21,601.00	21,601.00
Accounting Changes Under CGAAP Balance + Return Component	1576	17,985.00	17,984.00	(1.00)
<b>Subtotal Other Accounts</b>		\$194,478.00	\$216,078.00	\$(99,250)
<b>Total</b>		\$950,610.16	\$(1,947,804.51)	\$(3,019,264.70)

### **OEB Staff Question 9**

The total assets and accumulated depreciation balances in Table 2-13 – Gross Asset Breakdown by Function do not match with the total included in the Appendix 2-BA Fixed asset continuity schedule for the years 2016-2022. (Ref. 1: Exhibit 2, Tab 2, Page 14, Ref.2: Chapter 2 appendices, Appendix 2-BA)

### **Response:**

Table 2-13 provides only total gross asset values. E.L.K. Energy confirms that Total values provided in Table 2-13 are equal to the average of the opening and closing Gross Asset balances in App. 2-BA for each year from 2016 to 2022.

### **OEB Staff Question 10**

Question 10 has been withdrawn by OEB Staff.

We hope that the answers provided can provide clarity to the OEB with respect to the questions posed by OEB Staff and help facilitate this proceeding.



Yours very truly,

Signed virtually

Cheryl Tratechaud, CPA, CMA  
CFO, Director of Stakeholder's Relations