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June 24, 2022

**Delivered by Email & RESS**

Ms. Nancy Marconi, Registrar  
Ontario Energy Board  
PO Box 2319, 27th Floor  
2300 Yonge Street  
Toronto, ON M4P 1E4

Dear Ms. Marconi:

**Re: E.L.K. Energy Inc. (“ELK”) - 2022 Cost of Service Application  
OEB File No. EB-2021-0016  
Settlement Proposal Corrections**

On June 10, 2022, ELK filed a Settlement Proposal in connection with ELK’s Cost of Service application for rate-setting. Subsequent to this filing the Parties have identified inconsistencies at pages 124-125 and 128-129 of the Settlement Proposal regarding the draft accounting orders for the Reliability Commitment Account (“RCA”) and Revenue Differential Account (“RDA”).

Revised forms of draft accounting orders for the RCA and RDA are enclosed, respectively, at Appendix H to replace pages 124-125 and Appendix J to replace pages 128-129 of the Settlement Proposal. Blacklines outlining the proposed changes are provided at Appendix A and Appendix B. All of the Parties to this proceeding have consented to these changes, except Hydro One who takes no position, and request that the Ontario Energy Board accept the same.

Please contact the undersigned if you require anything further.

Yours very truly,

**BORDEN LADNER GERVAIS LLP**

A handwritten signature in black ink that reads 'Colm Boyle'.

Colm Boyle

cc: Intervenors of record in EB-2021-0016  
130278589:v1

**Appendix H – Draft Accounting Orders – Reliability Commitment Account**

**Accounting Order  
E.L.K. Energy Inc.  
EB-2021-0016**

**Account 1508, Other Regulatory Assets, Sub account Reliability Commitment Account (“RCA”).**

Effective July 1, 2022, E.L.K. Energy Inc. (“E.L.K.”) shall establish this deferral account to record entries related to the Reliability Commitment Account. The objective of this new account is to link the accomplishment of SAIDI and SAIFI performance measures with work execution and funding that has been included in the agreed upon revenue requirement. This account will be in effect until the E.L.K.’s next Cost of Service re-basing.

If E.L.K. does not meet its annual SAIDI or SAIFI reliability targets beginning in 2024, it will credit the RCA account in the amount of \$25,000 for each target missed per year (for a maximum credit of \$50,000 in each year). In a future proceeding where disposition is at issue, E.L.K. will have the opportunity to justify why any balance in the account should not be disposed to the favour of ratepayers.

Additional details regarding the design and mechanics of the account are set forth in section 1.1 of the Settlement Proposal. This account will not be interest bearing. The balance, if any, will be disposed of as part of the Group 2 Accounts and in accordance with the OEB’s direction regarding the disposition of Group 2 Accounts.

The following are sample journal entries:

- a) Annual entry to record Reliability Commitment Account amounts for each SAIDI or SAIFI target missed.

Dr. Account 4080 – Distribution Services Revenue	\$25,000
Cr. Account 1508 – Sub-Account: Reliability Commitment	\$25,000

**Appendix A: Blackline**

**Accounting Order  
E.L.K. Energy Inc.  
EB-2021-0016**

**Account 1508, Other Regulatory Assets, Sub account Reliability Commitment Account (“RCA”).**

Effective July 1, 2022, E.L.K. Energy Inc. (“E.L.K.”) shall establish this deferral account to record entries related to the Reliability Commitment Account. The objective of this new account is to link the accomplishment of SAIDI and SAIFI performance measures with work execution and funding that has been included in the agreed upon revenue requirement. This account will be in effect until the E.L.K.’s next Cost of Service re-basing.

If E.L.K. does not meet its annual SAIDI or SAIFI reliability targets beginning in 2024, it will credit the RCA account in the amount of \$25,000 for each target missed per year (for a maximum credit of \$50,000 in each year). In a future proceeding where disposition is at issue, E.L.K. will have the opportunity to justify why any balance in the account should not be disposed to the favour of ratepayers.

Additional details regarding the design and mechanics of the account are set forth in section 1.1 of the Settlement Proposal. This account will not be interest bearing. The balance, if any, will be disposed of as part of the Group 2 Accounts and in accordance with the OEB’s direction regarding the disposition of Group 2 Accounts.

The following are sample journal entries:

- a) Annual entry to record Reliability Commitment Account amounts for each SAIDI or SAIFI target missed.

Dr. Account 4080 – Distribution Services Revenue	\$25,000
Cr. Account 1508 – Sub-Account: Reliability Commitment	\$25,000

- ~~b) Monthly entry to record any interest on the Reliability Commitment Account.~~

<del>Dr. Account 6035 – Other Interest Expense</del>	<del>\$ xxx</del>
<del>Cr. Account 1508 – Sub-Account: Reliability Commitment, Interest</del>	<del>\$ xxx</del>

**Appendix J – Draft Accounting Order – Revenue Differential Account**

**Accounting Order  
E.L.K. Energy Inc.  
EB-2021-0016**

**Account 1508, Other Regulatory Assets, Sub account Revenue Differential Account (“RDA”)**

Effective July 1, 2022, E.L.K. Energy Inc. (“E.L.K.”) shall establish this deferral account to record entries related to the Revenue Differential Account. The objective of this account is to track the difference between distribution revenue collected under 2022 interim rates and 2022 final approved rates, for the period of May 1, 2022 up to the date when new 2022 rates are implemented.

Additional details regarding the design and mechanics of the account are set forth at section 5.2 of the Settlement Proposal. This account will accrue interest at OEB prescribed rates until final disposition. The balance, if any, will be disposed of as part of the Group 2 Accounts and in accordance with the OEB’s direction regarding the disposition of Group 2 Accounts.

The following are sample journal entries:

- a) Monthly entry to record Revenue Differential amounts:

Dr. Account 4080 – Distribution Services Revenue	\$xx,xxx
Cr. Account 1508 – Sub-Account: Revenue RDA	\$xx,xxx

- b) Monthly entry to record any interest on the Revenue Differential account:

Dr. Account 6035 – Other Interest Expense	\$ xxx
Cr. Account 1508 – Sub-Account: RDA	\$ xxx

**Appendix B: Blackline**

**Accounting Order  
E.L.K. Energy Inc.  
EB-2021-0016**

**Account 1508, Other Regulatory Assets, Sub account Revenue Differential Account (“RDA”)**

Effective July 1, 2022, E.L.K. Energy Inc. (“E.L.K.”) shall establish this deferral account to record entries related to the Revenue Differential Account. The objective of this account is to track the difference between distribution revenue collected under 2022 interim rates and 2022 final approved rates, for the period of May 1, 2022 up to the date when new 2022 rates are implemented.

Additional details regarding the design and mechanics of the account are set forth ~~on page XX~~ at **section 5.2** of the Settlement Proposal. This account will accrue interest at OEB prescribed rates until final disposition. The balance, if any, will be disposed of as part of the Group 2 Accounts and in accordance with the OEB’s direction regarding the disposition of Group 2 Accounts.

The following are sample journal entries:

- a) Monthly entry to record Revenue Differential amounts:

Dr. Account 4080 – Distribution Services Revenue	\$xx,xxx
Cr. Account 1508 – Sub-Account: Revenue RDA	\$xx,xxx

- b) Monthly entry to record any interest on the Revenue Differential account:

Dr. Account 6035 – Other Interest Expense	\$ xxx
Cr. Account 1508 – Sub-Account: RDA	\$ xxx