



PUBLIC INTEREST ADVOCACY CENTRE
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July 21, 2025

VIA E-MAIL

Ritchie Murray
Acting Registrar (registrar@oeb.ca)
Ontario Energy Board
Toronto, ON

Dear Mr. Murray:

Re: EB-2024-0172
Windsor Canada Utilities Ltd. seeking to acquire E.L.K. Energy
Interrogatories of the Vulnerable Energy Consumers Coalition (VECC)

Please find attached the interrogatories of VECC in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Yours truly,

Mark Garner
Consultants for VECC/PIAC

Garry Rossi, President & Chief Executive Officer, Windsor Canada Utilities Ltd.
grossi@enwin.com

John Vellone, Borden Ladner Gervais LLP, Counsel to the Applicant
jvellone@blg.com

| | |
|-------------------------|---|
| REQUESTOR NAME | VECC |
| TO: | Windsor Canada Utilities Ltd. (Windsor) |
| DATE: | July 21, 2025 |
| CASE NO: | EB-2024-0172 |
| APPLICATION NAME | Windsor Canada Utilities Ltd. to acquire E.L.K. Energy |

1.0 ADMINISTRATIVE

VECC-1

Reference: EB-2024-0015, page 12

“On March 13, 2023, the E.L.K Board of Directors signed a Management Services Agreement (“MSA”) with Chatham-based Entegrus Inc. (“Entegrus”) to provide E.L.K. with management support. Since that time, multiple renewals of the MSA have occurred and the MSA is currently extended to December 20, 2024.”

- a) Is ENWIN Utilities or any related company currently providing management services for E.L.K.? If yes please explain the nature of these services and how they are charged to E.L.K.

VECC-2

Reference: Pages 6-7/17-18/20

“WCUL is not proposing a deferred rebasing period as part of the Phase 1 application as both E.L.K. Energy and ENWIN Utilities will be operated separately and rebased as scheduled. A deferred rebasing period may be proposed as part of Phase 2 for the combined utilities, however the proposed deferred rebasing period in Phase 2 will not exceed 10 years after the OEB approval of this Phase 1 application.

WCUL proposes that following the Phase 1 Transaction (which includes the independent rebasing of each utility), ENWIN Utilities and E.L.K. Energy be permitted to continue to operate as independent utilities until the Phase 2 MAADs application is filed. During this time, ENWIN Utilities would provide services to E.L.K. Energy pursuant to a services agreement and E.L.K. Energy would continue to operate independently as a separate utility.

WCUL proposes that following the Phase 1 Transaction ENWIN Utilities and E.L.K. Energy Inc. continue to operate as separate and distinct LDCs. E.L.K. Energy would receive services from ENWIN Utilities pursuant to an Affiliate Relationships Code compliant services agreement; ENWIN Utilities would otherwise continue to operate its business as usual

- a) Should this application be approved (i.e. Phase 1) will E.L.K. continue be operated and managed solely by employees of E.L.K?

- b) If not please explain how ENWIN Utilities or any of its affiliates will be supporting E.L.K's management and operations responsibilities. Specifically address if staff of E.L.K. will be employees of E.L.K.

VECC-3

Reference: Pages 6-7

"On January 12, 2024, ENWIN Utilities filed a letter requesting a 3-year deferral to reschedule its next rebasing application for rates to be effective January 1, 2028.3 The OEB approved ENWIN Utilities' rebasing of its rates beyond the 2025 rate year for three years and request to extend its Price Cap IR rate setting term until rebasing on March 5, 2024. As a result, ENWIN Utilities has not been before the Board for a cost of service application in five (5) years (EB-2019-0032).UL is not proposing a deferred rebasing period as part of the Phase 1 application as both E.L.K. Energy and ENWIN Utilities will be operated separately and rebased as scheduled. A deferred rebasing period may be proposed as part of Phase 2 for the combined utilities, however the proposed deferred rebasing period in Phase 2 will not exceed 10 years after the OEB approval of this Phase 1 application.

- a) Please provide both the letter requesting the deferral of cost of service rates and the Board's response.
- b) At the time of requesting deferral was ENWIN Utilities or any of its affiliates in negotiation for the acquisition of E.L.K.?

VECC-4

Reference: Pages 6-7

| Regulated Return on Equity (%) | | | | | | |
|--|---------------|-------|-------|-------|--------|-------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 |
| Deemed (%) | E.L.K. Energy | 8.78 | 8.78 | 8.66 | 8.66 | 8.66 |
| Achieved (%) | | 11.76 | 10.93 | -1.97 | -22.33 | TBD * |
| *E.L.K. Energy Inc's 2024 ROE was not available as of the time of filing this application. | | | | | | |

- a) Please provide the equivalent table for ENWIN Utilities.

VECC-5

Reference: page 18

“WCUL expects the second phase will be to file an application to amalgamate E.L.K. Energy and ENWIN Utilities, with the amalgamated entity continuing under the name ENWIN Utilities Ltd. pursuant to section 86(1)(c) of the OEB Act (“Phase 2”)...

ENWIN Utilities and E.L.K. Energy are scheduled to file their cost of service rebasing application for rates effective January 1, 2028, and May 1, 2027, respectively. Both utilities intend to file such applications as scheduled and prior to the Phase 2 Transaction. The rebasing application is of particular importance to E.L.K. Energy to restore financial and operational viability of the utility moving forward..”

- a) If it is the intention of Windsor/ENWIN to amalgamate the operations of E.L.K. into a single utility (i.e., Phase 2) what is the purpose of rebasing E.L.K. rates prior to that amalgamation?

VECC-6

Reference: page 24- 25/27

“The structure of this transaction is unique, in that a deferred rebasing period is not being sought as part of this Application. WCUL is simply seeking Board approval for the purchase of E.L.K. Energy shares pursuant to section 86(2)(a) of the OEB Act, and then to continue to separately run and rebase each LDC over the coming two-year period, as would have been scheduled to occur absent the transaction.”

**Table 9: Forecasted
OM&A**

| OM&A Costs (dollars in thousands) | Phase 1 | | | | Phase 2 | Post-Consolidation Period | | | | | |
|---|---------------|---------------|--|---|---------------------------------------|---------------------------|---------------|---------------|---------------|---------------|----------------|
| | Year 1 - 2025 | Year 2 - 2026 | Year 3 - 2027 E.L.K. COS Test Year | Year 4 - 2028 ENWIN COS Test Year | Year 4 - 2028 MAADs Application | Year 5 - 2029 | Year 6 - 2030 | Year 7 - 2031 | Year 8 - 2032 | Year 9 - 2033 | Year 10 - 2034 |
| E.L.K. | \$ 4,544 | \$ 4,772 | \$ 5,010 | \$ 5,110 | \$ 5,110 | | | | | | |
| ENWIN | \$ 33,493 | \$ 33,972 | \$ 34,995 | \$ 36,485 | \$ 36,485 | | | | | | |
| E.L.K. + ENWIN | \$ 38,037 | \$ 38,744 | \$ 40,005 | \$ 41,595 | \$ 41,595 | \$ 42,872 | \$ 44,388 | \$ 45,471 | \$ 46,580 | \$ 47,717 | \$ 48,671 |
| Synergies | | -\$ 25 | -\$ 50 | -\$ 50 | -\$ 50 | -\$ 100 | -\$ 125 | -\$ 150 | -\$ 200 | -\$ 205 | -\$ 210 |
| Forecast OM&A | \$ 38,037 | \$ 38,719 | \$ 39,955 | \$ 41,545 | \$ 41,545 | \$ 42,772 | \$ 44,263 | \$ 45,321 | \$ 46,380 | \$ 47,512 | \$ 48,461 |
| OM&A / Customer | | | | | | | | | | | |
| E.L.K. | \$ 358.42 | \$ 376.40 | \$ 395.17 | \$ 403.06 | \$ 403.06 | | | | | | |
| ENWIN | \$ 366.13 | \$ 371.37 | \$ 382.55 | \$ 398.84 | \$ 398.84 | \$ 410.65 | \$ 424.97 | \$ 435.13 | \$ 445.29 | \$ 456.16 | \$ 465.28 |

“Incremental one-time transaction and transition costs are expected to be approximately \$1 million. These costs will not be included in the revenue requirement of E.L.K. Energy, ENWIN Utilities, or the new ENWIN Utilities Ltd. and thus will not be funded by ratepayers.”

- a) In the Applicant’s view would a single “cost of service/amalgamation” application (rather than the two step- amalgamation + COS process as

proposed) affect the one-time transaction costs? If so, please explain how it might increase or decrease these costs. Specifically, please discuss the potential for different regulatory costs in a one-step vs two-step process.

- b) Is the current plan to harmonize the rates of both utilities?
- c) Please provide the rates and a schedule comparing for each utility, ENWIN and E.L.K, the rate impacts for a typical customer in each residential and GS<>50 class (e.g. residential at 750 or 1000 kWh of annual consumption).
- d) Please discuss what the issues might be if one were to apply ENWIN rates to the existing E.L.K. customer base.

VECC-7

Reference: page 6

“Moreover, rebasing will allow both utilities to dispose of accumulated Group 2 balances. ...”

- a) What, if anything, would prohibit E.L.K. from disposing of Group 1 and Group 2 deferral and variance accounts prior to amalgamation of E.L.K. and ENWIN and without a new cost of service filing of E.L.K.

VECC-8

Reference: page 6

“While the Applicant acknowledges that this OEB panel cannot bind a future OEB panel that will hear these rate applications, the OEB has previously found such a proposal to be reasonable and similarly submits that the future rebasings and regulatory strategy set out in section 3.4 of this Application is also reasonable..”

- a) Given the Applicant’s acknowledgement that the panel of this proceeding cannot bind the Board with respect to future applications what comfort or direction is the Applicant seeking in this proceeding with respect to its plan for a two-step (Cost of Service rebasing for both utilities followed by an amalgamation proposal)?

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