

BY E-MAIL

July 21, 2025

Ritchie Murray
Acting Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Mr. Murray:

**Re: Ontario Energy Board (OEB) Staff Interrogatories
Application for the Acquisition of Windsor Canada Utilities Ltd. (Windsor
Canada Utilities) to acquire 100% of the shares of E.L.K. Energy Inc. (E.L.K.
Energy) from the Corporation of the Town of Essex
Ontario Energy Board File Number: EB-2025-0172**

In accordance with Procedural Order No. 1, please find attached OEB staff's interrogatories in the above noted proceeding. The Applicants and all intervenors have been copied on this filing.

Responses to interrogatories, including supporting documentation, must not include personal information unless filed in accordance with rule 9A of the OEB's Rules of Practice and Procedure.

Yours truly,

Amber Goher
Advisor, Electricity Distribution Rates I

Attach.

*Responses to interrogatories, including supporting documentation, must not include personal information unless filed in accordance with rule 9A of the OEB's Rules of Practice and Procedure.

**Windsor Canada Utilities Ltd. (Windsor Canada Utilities) and
E.L.K Energy Inc. (E.L.K Energy) (the Applicants)**

**OEB Staff Interrogatories
EB-2025-0172**

Staff-1

Transaction and Transition Costs

Ref 1: MAADs Application, p.27

Preamble:

The Application states that incremental one-time transaction and transition costs are expected to be approximately \$1 million and 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

Question(s):

- a) Please explain the nature of the projected \$1 million one-time transaction and transition costs (for example: what are they for?)
- b) Please clarify who will pay the costs and where the money will come from.
- c) Please clarify how much of the costs are related to Phase 1 of the proposed transaction and how much are related to Phase 2. If any of the costs relate to both Phase 1 and Phase 2, please provide an estimated apportionment.
- d) Why are any transaction and/or transition costs necessary during Phase 1?
- e) If any of the costs in Phase 1 are related to Phase 2, please comment on whether it is necessary to incur those costs during Phase 1, given that the Applicants have not yet submitted an application seeking approvals for Phase 2.

Staff-2

Financing

Ref 1: MAADs Application, p.28

Preamble:

The Application states that the proposed transaction will be 100% financed by new term debt from the Royal Bank of Canada.

Question(s):

- a) Please confirm that the term debt will be issued to Windsor Canada Utilities.

- b) Please provide more detail on the arrangements of the loan, including but not limited to, the repayment term of the loan, interest rate (fixed/variable), collateralized assets, debt covenants imposed, etc.
- c) Please provide any documented correspondence (memorandum of understanding, letter of intent, etc.) between the Applicants and the lending institution with respect to the new debt that outlines the terms and conditions of the loan.
- d) Please explain whether the negotiated financial terms of the new loan are contingent on a future approval to amalgamate E.L.K. Energy and ENWIN Utilities. If so, please explain what the lending ramifications are if Phase 2 is not approved.

Staff-3

Pro Forma Financial Statements

Ref 1: MAADs Application, p.28

Preamble:

The Applicant states that pro forma financial statements for the new ENWIN Utilities Ltd. will be provided as part of the phase 2 application.

Question(s):

- a) Please provide estimates of the pro forma financial statement for the new ENWIN Utilities Ltd.
- b) Please explain how projections in the pro forma financial statements are derived.

Staff-4

Rebasing Applications

Ref 1: MAADs Application, p.28

Preamble:

The Application states that 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.

Question(s):

- a) Please comment on whether and how the rebasing applications for ENWIN Utilities and E.L.K. Energy following Phase 1 will account for the savings projected in Phase 2?
- b) Please confirm that E.L.K. Energy intends to file its cost of service for May 1, 2027 rates by August, 2026?

- c) Please comment on the pros and cons of the following indicative scenarios, and on whether such scenarios were considered by the Applicant and why they were not pursued:
1. Earlier E.L.K. Energy rebasing, all consolidation requests made in a single application
 - E.L.K. Energy rebases sooner rather than later
 - The consolidation involves one application.
 2. Merge first, rebase later
 - E.L.K. Energy and ENWIN Utilities merge (i.e. to form “ENWIN Utilities Ltd.”)
 - ENWIN Utilities Ltd. does early rebasing
 - The consolidation involves one application.

Staff-5
Control Room
Ref 1: MAADs Application, p. 23

Preamble:

The Application states, “the E.L.K. Energy electrical system will be displayed, managed, and operated from the ENWIN Utilities 24/7/365 Control Room, an element of operation that is currently lacking at E.L.K. Energy. This change will aid in the optimization of power distribution, the issuance of work, and work protection and improve the overall operation and safety of the grid in normal and outage event situations.”

Question(s):

- a) Will there be a reduction in the number of E.L.K. Energy system operators during Phase 1? If yes, please explain and comment on implications for E.L.K. Energy reliability.
- b) Will there be a reduction in the number of E.L.K. Energy front line operations staff that currently respond to outages and power quality issues during Phase 1? If yes, please explain and comment on implications for E.L.K. Energy service levels and quality standards (e.g. such as response times).
- c) Please explain the implications on E.L.K. Energy’s DSP and capital plan in its next rebasing application resulting from these measures.

Staff-6
Purchase Price

Ref 1: MAADs Application, p. 15

Ref 2: MAADs Application, p. 28

Preamble:

At reference 1, the Application states, "The aggregate purchase price for WCUL to acquire the Purchased Shares from the Seller is set out in section 2.2 of the Purchase and Sale Agreement, subject to applicable closing and post-closing adjustments (the "Purchase Price"). The closing of the acquisition of the Purchased Shares is conditional upon the receipt of all required approvals, including the OEB's approval of this Application."

At reference 2, the Application states, "The purchase price valuation will be based on a future E.L.K. Energy rate base which will be agreed upon by both the buyer and the seller as per the Purchase and Sale Agreement."

Question(s):

- a) Please explain the required approvals other than the OEB approval of this Application.
- b) Please clarify when the transaction will close following receipt of the approvals noted above.
- c) Please provide the estimated purchase price and include details on how the E.L.K. Energy rate base was forecasted.

Staff-7

Transition and Other Costs

Ref 1: MAADs Application, p. 27

Ref 2: [MAADs Handbook, Schedule 2 –Information required of Applicants, p. 10](#)

Preamble:

As per the MAADs handbook,

"Identify all incremental costs that the parties to the proposed transaction expect to incur which may include incremental transaction costs (e.g. legal, regulatory), incremental merged costs (e.g. employee severances), and incremental on-going costs (e.g. purchase and maintenance of new IT systems). Explain how the consolidated entity intends to finance these costs."

At reference 1, the Application states, "The integration costs will be financed through the anticipated productivity savings expected from the transaction during the period after the Phase 2 Transaction. As always, there will be timing differences between expense outlays and their recovery."

Question(s):

- Please provide forecasts for all integration costs associated with the proposed transaction broken down by category (e.g., legal, regulatory).
- Please provide forecasts of the anticipated productivity savings.

Staff-8

IRM Application

Ref 1: EB-2024-0015

Preamble:

OEB staff notes that E.L.K. Energy has filed an IRM application (EB-2024-0015) for May 1, 2025 distribution rates.

Question(s):

- Please explain the implications of the outstanding issues in the IRM proceeding on the current transaction?

Staff-9

OM&A Savings

Ref 1: MAADs Application, Table 8, p.24

Preamble:

The Applicant has provided the table below to demonstrate difference in revenue requirement at status quo and post phase 2 MAADs.

Revenue Requirement - No Transaction										
(dollars in thousands)										
	Year 1 - 2025	Year 2 - 2026	Year 3 - 2027	Year 4 - 2028	Year 5 - 2029	Year 6 - 2030	Year 7 - 2031	Year 8 - 2032	Year 9 - 2033	Year 10 - 2034
	IRM	IRM	COS	IRM	IRM	IRM	IRM	COS	IRM	IRM
E.L.K. Energy	\$ 3,983	\$ 4,063	\$ 5,485	\$ 5,584	\$ 5,706	\$ 5,820	\$ 5,937	\$ 7,124	\$ 7,267	\$ 7,412
	Year 1 - 2025	Year 2 - 2026	Year 3 - 2027	Year 4 - 2028	Year 5 - 2029	Year 6 - 2030	Year 7 - 2031	Year 8 - 2032	Year 9 - 2033	Year 10 - 2034
	IRM	IRM	IRM	COS	IRM	IRM	IRM	IRM	COS	IRM
ENWIN Utilities	\$ 58,864	\$ 59,952	\$ 61,089	\$ 62,922	\$ 64,180	\$ 65,464	\$ 66,773	\$ 68,108	\$ 70,152	\$ 71,556
No Transaction Total	\$ 62,847	\$ 64,015	\$ 66,574	\$ 68,516	\$ 69,886	\$ 71,284	\$ 72,710	\$ 75,232	\$ 77,418	\$ 78,967
Revenue Requirement - Phase 1 and Phase 2 Transaction										
(dollars in thousands)										
	Year 1 - 2025	Year 2 - 2026	Year 3 - 2027	Year 4 - 2028	Year 5 - 2029	Year 6 - 2030	Year 7 - 2031	Year 8 - 2032	Year 9 - 2033	Year 10 - 2034
	IRM	IRM	COS	IRM	IRM	IRM	IRM	IRM	IRM	IRM
E.L.K. Energy	\$ 3,983	\$ 4,063	\$ 5,485	\$ 5,584						
	Year 1 - 2025	Year 2 - 2026	Year 3 - 2027	Year 4 - 2028	Year 5 - 2029	Year 6 - 2030	Year 7 - 2031	Year 8 - 2032	Year 9 - 2033	Year 10 - 2034
	IRM	IRM	IRM	COS	IRM	IRM	IRM	IRM	IRM	IRM
ENWIN Utilities	\$ 58,864	\$ 59,952	\$ 61,089	\$ 62,922	\$ 60,886	\$ 71,284	\$ 72,710	\$ 74,164	\$ 75,647	\$ 77,160
Synergies		-25	-50	-50	-100	-125	-150	-200	-205	-210
Phase 1/2 Transaction Total	\$ 62,847	\$ 63,990	\$ 66,524	\$ 68,466	\$ 69,786	\$ 71,159	\$ 72,560	\$ 73,964	\$ 75,442	\$ 76,950
Difference	\$ -	\$ -25	\$ -50	\$ -50	\$ -100	\$ -125	\$ -150	\$ -200	\$ -205	\$ -210

Question(s):

- a) Please provide a breakdown of the OM&A cost savings indicating which are attributable to the following categories: administrative, governance, information technology, regulatory, finance, legal or other (please specify).
- b) Please explain all material assumptions that the Applicants have made with respect to the forecasted OM&A cost savings.
- c) Please provide a breakdown for capital savings.
- d) Please explain why the difference in revenue requirement is greater than the synergies achieved.

Staff-10

Deferral and Variance Accounts (DVAs)

Ref 1: MAADs Application, p. 29

Ref 2: EB-2024-0015, E.L.K. Energy 2025 IRM, p 5

The Applicant proposes to continue to maintain separate reporting and record keeping, rate applications and tracking of deferral and variance accounts.

On June 16, 2025, E.L.K. Energy filed a letter with the OEB¹ proposing the bifurcation of its 2025 IRM proceeding to separate Accounts 1588 and 1589, as it was unable to reconcile the discrepancies in Accounts 1588 and 1589 related to the cost of power underbilling. E.L.K. Energy committed to providing the OEB with an update on this matter on, or before, July 31, 2025.

Question(s):

- a) E.L.K. Energy has had historical delays in rate applications concerning the disposition of its Group 1 accounts including Account 1588 – RSVA – Power and Account 1589 – RSVA – Global Adjustment. Please confirm the status of any unresolved issues and if there are any unapproved or unreconciled balances.
 - a. Please confirm how resolution or non-resolution of such matters may impact the proposed transaction.

Staff-11

Accounting Policies

Question(s):

- a) Please describe any material differences in accounting or deferral and variance account treatment between E.L.K. Energy and ENWIN including, but not limited to: capitalization policies, IFRS transition dates and interest or carrying charge methodology.

¹ [E.L.K. Energy Letter](#), June 16, 2025

- a. Please explain any impacts on future consolidated reporting.

Staff-12

Pension & OPEBs

Question(s):

- a) Please confirm the regulatory accounting basis used for pension and OPEB expenses for E.L.K. Energy and ENWIN, i.e. accrual vs. cash basis.
 - a. If the accounting basis differs between the two, please explain how the Applicant intends to harmonize these practices post-merger.