

John Vellone
416.367.6730
jvellone@blg.com

Borden Ladner Gervais LLP
Bay Adelaide Centre, East Tower
22 Adelaide Street West
Toronto, ON, Canada M5H 4E3
T 416.367.6000
F 416.367.6749
blg.com



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BY EMAIL AND RESS

Mr. Ritchie Murray
Acting Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
P.O. Box 2319
Toronto, ON M4P 1E4

Re: E.L.K. Energy Inc. Application for 2025 Distribution Rates (EB-2024-0015)

Dear Mr. Murray

We are writing to pursuant to Procedural Order No. 5 in the above noted matter to provide an update on the investigations undertaken by E.L.K. Energy Inc. into the potential cause of the apparent unbilled cost of power reflected in Accounts 1588 and 1589 in the years 2017 through 2019.

The balances in Accounts 1588 and 1589 were investigated by the Review Team and were the subject of a detailed reconciliation prior to the filing of the Application, as noted at paragraph 35 of the Application.

Following that reconciliation, the balances in Accounts 1588 and 1589 were audited by KPMG, which audit is attached as Attachment C to the Application.

E.L.K. Energy further noted a series of corrections to the 1588 and 1589 audited balances as part of its IR responses filed January 27, 2025.

In our correspondence dated May 30, 2025 we included correspondence from HONI dated May 28, 2025. In that response, HONI stated “*Therefore, there is no unbilled amount to be recovered by Hydro One from ELK Energy for the 2017-2019 period.*” In our view, this is directly responsive to the inquiry included in Supplemental Staff-9.

As was also explained in our letter dated May 30, 2025, based on our review of the response from HONI it appears that the billing system update that occurred in August 2020 to reflect changes to the physical system configuration did not cause the apparent cost of power underbilling. As a consequence, E.L.K. Energy sought permission from the OEB to hold the proceeding in abeyance until additional investigations could be completed.

Over the last two months, E.L.K. Energy has completed detailed additional internal investigation and engaged directly HONI, the IESO and with E.L.K. Energy's Metering Service Provider (MSP) all on a without prejudice basis. E.L.K. Energy is appreciative of the support of all involved.

The IESO explained:

“IESO Settlements confirms that the wholesale metering installations associated with E.L.K. Energy's facility are correctly registered. The meter points location ensures that all energy conveyed in and out is accurately measured and allocated and loss adjusted to the appropriate delivery points for the determination of the settlement amounts.”

The investigations did not uncover any error in the balance requested for disposition in Account 1550. The investigations also did not uncover any error in the balances requested for disposition in Accounts 1588 and 1589.

As a consequence, E.L.K. Energy proposes to end its investigation and to resume the proceeding as it relates to Accounts 1588 and 1589 (and Account 1550 if OEB Staff's submission to defer disposition, which was supported by E.L.K. Energy, was accepted by the Commissioners).

Specifically, E.L.K. Energy requests permission to continue the proceeding as it relates to E.L.K. Energy's requests for:

- a. An Order disposing of Accounts 1588 and Accounts 1589 balances for the 2016-2023 years to the benefit of customers, with a disposition period of not less than four years (which is needed to preserve the ongoing financial viability of E.L.K. Energy);
- b. an Order disposing of Account 1550 to the benefit of E.L.K. Energy Inc. - this amount is directly related to the balances that are proposed to be returned to customers in Accounts 1588 and 1589 over the same period¹; and
- c. an Order enabling the collection of the \$2.8 million in under-recovery by E.L.K. Energy from the IESO, in accordance with section 36.1.1(7)(b) of the Electricity Act, since the associated invoices for payment, adjustment or amount were issued by the IESO more than 24 months ago (paragraph 36 of the Application). Yours truly,

BORDEN LADNER GERVAIS LLP



John Vellone

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¹ See the Application at Paragraph 46.