

E.L.K. Energy Inc.
2027 Cost of Service Rate Application
Exhibit 9
Deferral and Variance Accounts





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Attachment 9-A – Draft Accounting Order, Account 1508 - Other Regulatory Assets, Sub Account Deferred Distribution Revenue



9.1 Overview

E.L.K. seeks OEB approval in this Application to dispose of its Group 1 and Group 2 Deferral and Variance Account (“DVA”) balances as at December 31, 2025, including forecasted interest through April 30, 2027. E.L.K. also seeks approval to dispose of forecasted principal activity up to December 31, 2026 and associated carrying charges in certain Group 2 Deferral accounts as identified in Table 2 below.

E.L.K. has followed the OEB’s guidance in the Accounting Procedures Handbook and FAQ’s (“APH”) for recording amounts in the deferral and variance accounts. In addition, E.L.K. has followed guidance provided in the OEB’s *Report of the Board on Electricity Distributors’ Deferral and Variance Account Review Initiative* (EDDVAR), dated July 31, 2009.

For the purpose of this Application, E.L.K. has utilized the OEB’s 2027 Deferral / Variance Account Continuity Schedule (CoS version 1.0) which is filed in live Excel format as file: ELK_2027_COS_DVA_Continuity_Schedule_20260828.

E.L.K. is requesting the establishment of a new 1508 sub-account in this Application to track the deferral of distribution revenue as part of E.L.K.’s proposed rate mitigation strategy outlined in Exhibit 8. E.L.K. is also requesting approval to utilize Account 1592 - PILs and Tax Variances to record any actual incremental PILs payable in addition to those included in 2027 base rates. Further details on these requests are provided in the sections below.

9.2 Account Balances

The Tables below identify a list of all active Group 1 and Group 2 DVAs. For each account, the following is shown:

- Principal balance
- Carrying charges
- Total balance
- Whether the account is being proposed for disposition
- Whether the account is proposed to be continued or discontinued
 - o If an account is not being requested for disposition, an explanation is provided as to why.



9.2.1 Group 1 Accounts

Table 1 - Group 1 DVA Summary

Particulars	USoA	Principal at December 31, 2025 ⁽¹⁾	Interest at December 31, 2025 ⁽¹⁾	Projected Interest to April 30, 2027	Total Proposed for Disposition	Continue / Discontinue Account After Disposition
LV Variance Account	1550	\$ (295,949)	\$ (4,850)	\$ (9,284)	\$ (310,083)	Continue
Smart Metering Entity Charge Variance Account	1551	\$ (4,443)	\$ 11	\$ (237)	\$ (4,669)	Continue
RSVA - Wholesale Market Service Charge	1580	\$ (256,777)	\$ 34	\$ (9,181)	\$ (265,924)	Continue
Variance WMS – Sub-account CBR Class A	1580	\$ -	\$ -	\$ -	\$ -	Continue
Variance WMS – Sub-account CBR Class B	1580	\$ 107,948	\$ 259	\$ 4,517	\$ 112,724	Continue
RSVA - Retail Transmission Network Charge	1584	\$ (133,765)	\$ 1,035	\$ (7,198)	\$ (139,928)	Continue
RSVA - Retail Transmission Connection Charge	1586	\$ (181,351)	\$ (553)	\$ (8,130)	\$ (190,034)	Continue
RSVA - Power	1588	\$ 716,380	\$ 8,404	\$ 27,831	\$ 752,615	Continue
RSVA - Global Adjustment	1589	\$ (106,043)	\$ (3,874)	\$ (483)	\$ (110,400)	Continue
Disposition and Recovery/Refund of Regulatory Balances (2022)	1595	\$ (428,596)	\$ -	\$ (14,572)	\$ -	Continue
Total		\$ (582,596)	\$ 466	\$ (16,738)	\$ (155,699)	

Note (1) - As adjusted for dispositions during 2026.

E.L.K. is requesting disposition of all its eligible accumulated Group 1 deferral and variance account balances in this proceeding, with the exception of account 1595.

The aggregate 1595 account balance is not yet ready for disposition, as E.L.K. is completing further reconciliation work to verify the residual account balance activity by vintage year. E.L.K. will bring this residual balance forward for disposition in a future proceeding.

E.L.K. is proposing to continue all required Group 1 Accounts to continue to capture annual variances in these pass-through accounts.

9.2.2 Group 2 Accounts

Table 2 - Group 2 DVA Summary

Particulars	USoA	Principal at December 31, 2025 ⁽¹⁾	Interest at December 31, 2025 ⁽¹⁾	Projected Interest to April 30, 2027	Total Proposed for Disposition	Continue / Discontinue Account After Disposition
Pole Attachment Revenue Variance Account	1508	\$ -	\$ -	\$ -	\$ -	Discontinue
Getting Ontario Connected Act	1508	\$ -	\$ -	\$ -	\$ -	Discontinue
LEAP EFA	1508	\$ -	\$ -	\$ -	\$ -	Continue
Extended Horizons Variance Account	1508	\$ -	\$ -	\$ -	\$ -	Discontinue
Electric Vehicle Charging Rate Implementation	1508	\$ -	\$ -	\$ -	\$ -	Discontinue
Regulatory Asset - Green Button	1508	\$ 171,452	\$ 24,334	\$ 5,465	\$ 201,251	Discontinue
OEB Cost Assessment	1508	\$ 46,370	\$ 235	\$ 1,076	\$ 47,681	Continue
Reliability Commitment Account	1508	\$ -	\$ -	\$ -	\$ -	Discontinue
Operations and Maintenance Variance Account	1508	\$ (188,296)	\$ (19,978)	\$ (6,002)	\$ (214,276)	Discontinue
Designated Broadband Project Impacts	1508	\$ -	\$ -	\$ -	\$ -	Discontinue
Regulatory Asset - Forgone Revenue	1508	\$ 463,239	\$ -	\$ -	\$ -	Discontinue
Regulatory Asset - Z Factor	1508	\$ 158,788	\$ -	\$ -	\$ -	Discontinue
RCVA Retail	1518	\$ (1,809)	\$ -	\$ -	\$ -	Discontinue
2010 SPC Assessment Variance	1521	\$ (437)	\$ -	\$ -	\$ -	Discontinue
Incremental Cloud Computing Costs	1511	\$ -	\$ -	\$ -	\$ -	Continue
Renewable Connection Capital Deferral Account	1531	\$ 176,493	\$ -	\$ -	\$ -	Discontinue
RCVA STR	1548	\$ 681	\$ -	\$ -	\$ -	Discontinue
Smart Meter Capital and Recovery Offset Variance Account	1555	\$ (12)	\$ -	\$ -	\$ -	Discontinue
Deferred Payments in Lieu of Taxes	1562	\$ (55,503)	\$ -	\$ -	\$ -	Continue
PILs and Tax Variances	1592	\$ -	\$ -	\$ -	\$ -	Continue
Total		\$ 770,967	\$ 4,591	\$ 539	\$ 34,656	

Note (1) - Including any forecast principal amounts for 2026, where applicable.

E.L.K. is requesting disposition of the following Group 2 deferral and variance account balances in this proceeding.

- Account 1508, Sub Account Green Button
- Account 1508, Sub Account OEB Cost Assessment
- Account 1508, Sub Account Operations and Maintenance Variance Account

Further details on these accounts and the derivation of the balances are provided below.

In the process of preparing this Application, E.L.K. identified certain long-aged, historical Group 2 balances. E.L.K. has decided to write-off the balances of the following accounts and not seek recovery from ratepayers for the amounts recorded in the following Group 2 accounts at 2025 year-end. The net total of these accounts would have been a debit for recovery from ratepayers.

- Account 1518, RCVA Retail
- Account 1521, 2010 SPC Assessment Variance
- Account 1531, Renewable Connection Capital Cost Deferral
- Account 1548, RCVA STR
- Account 1555, Smart Meter Capital and Recovery Offset Variance Account



The following describes the treatment of the remaining Group 2 deferral and variance accounts with balances at 2025 year-end reflected in the Table above that are not being requested for disposition in this proceeding.

- Account 1508, Forgone Revenue
 - o The balance in this account was decided in E.L.K.'s 2025 IRM (EB-2024-0015 proceeding) and will be transferred to Account 1595 for disposition starting in 2026.
- Account 1508 Z-Factor
 - o The balance in this account is related to E.L.K.'s prior Z-Factor claim in its 2024 IRM (EB-2023-0013). The rate riders for this disposition ended April 30, 2026 and the residual balance will be transferred to Account 1595 and handled through a future disposition once the 2-year limitation period on re-billing has ended.
- Account 1562 Deferred Payment in Lieu of Taxes
 - o E.L.K. is completing further reconciliation work to verify the account balance. E.L.K. may bring this balance forward for disposition in a future proceeding.

E.L.K. is proposing to continue the following Group 2 Accounts:

- Account 1508, Sub Account LEAP EFA
- Account 1508, Sub Account OEB Cost Assessment
- Account 1511, Incremental Cloud Computing Costs
- Account 1562, Deferred Payment in Lieu of Taxes
- Account 1592, PILs and Tax Variances

The accounts are proposed for continuation as items applicable to these accounts may arise in the future, or may be sought for future disposition.

All other listed Group 2 accounts are proposed to be discontinued upon final disposition or balance transfer, as they are no longer required subsequent to E.L.K.'s rebasing. Their impacts have either been encompassed within the applied-for revenue requirement; reflect stand-alone items that are not expected to re-occur; or the account has not been required to be utilized.

9.2.3 Reconciliation of Accounts

E.L.K. confirms that balances presented in the Tables above reconcile to the 2025 Audited Financial Statements and E.L.K.'s 2025 Reporting and Record Keeping



Requirements (“RRR”) filing with the exception of the following, which are summarized on Tab 3 of the DVA Continuity Schedule filed in live Excel format.

- Account 1580 - RSVA - Wholesale Market Service Charge
 - o The RRR balance for Account 1580 – RSVA Wholesale Market Service Charge should equal the control account as reported in the RRR, and would include the balance for Account 1580 - Variance WMS - Sub-Account CBR Class B. However, these balances are shown separately on the Continuity Schedule. Therefore, this variance is expected.
- Account 1580 - RSVA - Wholesale Market Service Charge Sub-account CBR Class A
 - o The variance is immaterial and is not being requested for disposition.
- Account 1508 – Regulatory Asset - Green Button
 - o Accumulated interest on the principal balance has been recorded for purposes of finalizing the account balance for disposition in this proceeding.
- Account 1508 – OEB Cost Assessment
 - o Principal and accumulated interest has been recorded post 2025 year-end for purposes of finalizing the account balance for disposition in this proceeding.
- Account 1508 - Operations and Maintenance Variance Account
 - o Principal and accumulated interest has been recorded post 2025 year-end for purposes of finalizing the account balance for disposition in this proceeding.

9.2.4 Account Usage

E.L.K. confirms that to its knowledge, it has not used any account differently than as described in the APH, the relevant accounting order or another OEB document.

9.2.5 Adjustments to Deferral and Variance Accounts

E.L.K. confirms that it has not made any adjustments to any deferral and variance account balance previously approved by the OEB for disposition on a final basis.

However, E.L.K. has accrued additional interest on the accumulated Group 1 balances up to December 31, 2023 which were approved for disposition in E.L.K.’s 2025 IRM Application (EB-2024-0015), reflecting that these balances were ultimately held by E.L.K. until January 1, 2026, rather than May 1, 2025 as was originally assumed in the



EB-2024-0015 Rate Generator Model. Recording the additional 8 months' carrying charges on the accumulated credit balance reflects that these amounts were held for an additional period of time before being refunded to customers. The additional interest amounts were recorded in the general ledger in 2025 and reflected in filed RRR balances and have been included in the "Interest Disposition during 2026 - instructed by OEB" column of the DVA Continuity schedule to ensure the Group 1 balances requested for disposition in this Application are accurate.

9.2.6 Carrying Charges

The interest rate used for the calculation of all carrying charges for applicable DVAs is prescribed by the OEB and published quarterly on its website. Table 3 below provides a summary of these interest rates from Q1 2022 to Q2 2027 which have been used to calculate the cumulative carrying charges for each account. Where applicable, interest is calculated based on the monthly balance in the applicable account. For amounts recorded annually, the annual average interest rate is used on the average account balance during the year.

Table 3 - OEB Prescribed Interest Rate Summary

Particulars	2022	2023	2024	2025	2026*	2027*
Q1	0.57%	4.73%	5.49%	3.64%	2.55%	2.55%
Q2	1.02%	4.98%	5.49%	3.16%	2.55%	2.55%
Q3	2.20%	4.98%	5.20%	2.91%	2.55%	
Q4	3.87%	5.49%	4.40%	2.91%	2.55%	

*Q3 / Q4 2026 and Q1 / Q2 2027 are forecasted

9.3 Continuity Schedule

E.L.K. provides a continuity schedule for Group 1 and Group 2 accounts for the period from the last disposition to April 30, 2027, showing a separate itemization of opening balances, annual adjustments, transactions, dispositions, interest and closing balances for all active deferral and variance accounts. This continuity schedule has been filed in live Excel format as file: ELK_2027_COS_DVA_Continuity_Schedule_20260828.



9.4 Group 1 Account Analysis

E.L.K. last disposed of its Group 1 Accounts as part of its 2026 IRM filing (EB-2025-0047) including balances up to December 31, 2024. The subsequent sections detail E.L.K.'s disposition claims in this Application for each Group 1 Account currently in use.

In this Application, E.L.K. is requesting disposition of accumulated balances up to December 31, 2025, with interest calculated up to April 30, 2027.

9.4.1 Account 1550 - Low Voltage Variance Account

E.L.K. uses this account to record the variances between the Low Voltage charges it receives from Hydro One and the amount billed to E.L.K. customers based on E.L.K.'s approved Low Voltage rates, which are recorded in Account 4075.

E.L.K. requests disposition of Account 1550 in the amount of \$(310,083) to be refunded to customers.

Table 4 - Account 1550 - Low Voltage Variance Account

Particulars	Principal Dr / (Cr)	Interest Dr / (Cr)	Total Dr / (Cr)
December 31, 2025 Balance	\$ 899,304	\$ 171,380	\$ 1,070,684
Less: Dispositions in 2025/2026 IRM Proceedings	\$ 1,195,253	\$ 176,230	\$ 1,371,483
Adjustments	\$ -	\$ -	\$ -
Interest January 1, 2026 - April 30, 2027	\$ -	\$ (9,284)	\$ (9,284)
Total Balance Requested for Disposition	\$ (295,949)	\$ (14,134)	\$ (310,083)

9.4.2 Account 1551 - Smart Meter Entity Charge Variance Account

E.L.K. uses this account to record the variances between the Smart Metering Entity charges paid to the Independent Electricity System Operator ("IESO") and the amounts billed to E.L.K. customers.

E.L.K. requests disposition of Account 1551 in the amount of \$(4,669) to be refunded to customers.



Table 5 - Account 1551 - Smart Meter Entity Charge Variance Account

Particulars	Principal Dr / (Cr)	Interest Dr / (Cr)	Total Dr / (Cr)
December 31, 2025 Balance	\$ (83,520)	\$ (9,492)	\$ (93,012)
Less: Dispositions in 2025/2026 IRM Proceedings	\$ (79,077)	\$ (9,503)	\$ (88,580)
Adjustments	\$ -	\$ -	\$ -
Interest January 1, 2026 - April 30, 2027	\$ -	\$ (237)	\$ (237)
Total Balance Requested for Disposition	\$ (4,443)	\$ (226)	\$ (4,669)

9.4.3 Account 1580 - Wholesale Market Service Charge Variance Account

E.L.K. uses this account to record the variances between the Wholesale Market Service charges paid to Hydro One / IESO and the amounts billed to E.L.K. customers.

E.L.K. requests disposition of Account 1580 in the amount of \$(265,924) to be refunded to customers.

Table 6 - Account 1580 - Wholesale Market Service Charge Variance Account

Particulars	Principal Dr / (Cr)	Interest Dr / (Cr)	Total Dr / (Cr)
December 31, 2025 Balance	\$ 227,164	\$ 86,067	\$ 313,231
Less: Dispositions in 2025/2026 IRM Proceedings	\$ 483,941	\$ 86,033	\$ 569,974
Adjustments	\$ -	\$ -	\$ -
Interest January 1, 2026 - April 30, 2027	\$ -	\$ (9,181)	\$ (9,181)
Total Balance Requested for Disposition	\$ (256,777)	\$ (9,147)	\$ (265,924)

9.4.4 Account 1580 - Wholesale Market Service Charge Sub-account CBR Class B

E.L.K. uses this account to record the variances between the Wholesale Market Service charges paid to Hydro One / IESO and the amounts billed specifically to Class B E.L.K. customers.

E.L.K. requests disposition of Account 1580 CBR B balance in the amount of \$112,724 to be recovered from Class B customers.



Table 7 - Account 1580 - Wholesale Market Service Charge Sub-account CBR Class B

Particulars	Principal Dr / (Cr)	Interest Dr / (Cr)	Total Dr / (Cr)
December 31, 2025 Balance	\$ 213,673	\$ 3,343	\$ 217,016
Less: Dispositions in 2025/2026 IRM Proceedings	\$ 105,725	\$ 3,084	\$ 108,809
Adjustments	\$ -	\$ -	\$ -
Interest January 1, 2026 - April 30, 2027	\$ -	\$ 4,517	\$ 4,517
Total Balance Requested for Disposition	\$ 107,948	\$ 4,776	\$ 112,724

9.4.5 Account 1584 - Retail Transmission Network Variance Account

E.L.K. uses this account to record the variances between the Retail Transmission Network charges paid to Hydro One and the amounts billed to E.L.K. customers.

E.L.K. requests disposition of Account 1584 in the amount of \$(139,928) to be refunded to customers.

Table 8 - Account 1584 - Retail Transmission Network Variance Account

Particulars	Principal Dr / (Cr)	Interest Dr / (Cr)	Total Dr / (Cr)
December 31, 2025 Balance	\$ (818,308)	\$ (64,150)	\$ (882,458)
Less: Dispositions in 2025/2026 IRM Proceedings	\$ (684,543)	\$ (65,185)	\$ (749,728)
Adjustments	\$ -	\$ -	\$ -
Interest January 1, 2026 - April 30, 2027	\$ -	\$ (7,198)	\$ (7,198)
Total Balance Requested for Disposition	\$ (133,765)	\$ (6,163)	\$ (139,928)

9.4.6 Account 1586 - Retail Transmission Connection Variance Account

E.L.K. uses this account to record the variances between the Retail Transmission Connection charges paid to Hydro One and the amounts billed to E.L.K. customers.

E.L.K. requests disposition of Account 1586 in the amount of \$(190,034) to be refunded to customers.

Table 9 - Account 1586 - Retail Transmission Connection Variance Account

Particulars	Principal Dr / (Cr)	Interest Dr / (Cr)	Total Dr / (Cr)
December 31, 2025 Balance	\$ (809,055)	\$ (69,833)	\$ (878,888)
Less: Dispositions in 2025/2026 IRM Proceedings	\$ (627,704)	\$ (69,280)	\$ (696,984)
Adjustments	\$ -	\$ -	\$ -
Interest January 1, 2026 - April 30, 2027	\$ -	\$ (8,130)	\$ (8,130)
Total Balance Requested for Disposition	\$ (181,351)	\$ (8,683)	\$ (190,034)



9.4.7 Disposition of Accounts 1588 and 1589

On April 28, 2025, the OEB issued an Accounting Guidance document for the commodity accounts to reflect changes relating to the Market Renewal Program (“MRP”) undertaken by the IESO. This Accounting Guidance takes effect on May 1, 2025 and should be applied on a go-forward basis.

As noted in E.L.K.’s 2025 and 2026 IRM proceedings, E.L.K. has corrected the issues previously identified in its Account 1588 and 1589 balances and confirms it has implemented the Accounting Guidance on a go-forward basis.

Section 2.9.1.1 of the Filing Requirements states that all distributors are required to complete and submit the Commodity Account Analysis Workform for each year that has not previously been approved by the OEB for disposition, irrespective of whether they are seeking disposition of the Account 1589 – RSVA Global Adjustment balance as part of their current application. The Commodity Account Analysis Workform helps the OEB to assess if the total annual variance that is recorded to Account 1589 – RSVA Global Adjustment is reasonable, as it compares the actual general ledger transactions recorded during the year to an expected balance that is calculated based on monthly GA volumes, revenues and costs.

E.L.K. has completed the Commodity Account Analysis Workform pursuant to the OEB’s instructions for 2027 rates, which is attached as live Excel file: ELK_2027_Commodity_Accounts_Analysis_Workform_20260828. All balances prior to 2025 have been disposed of on a final basis, with the most recent disposition occurring in E.L.K.’s 2026 IRM Rate Application. E.L.K. has completed the reconciliation to within the stated 1.0% threshold of the difference as a percentage of expected GA Payments to the IESO and Hydro One. E.L.K. made adjustments to the Commodity Account Analysis Workform consistent with its approach in prior proceedings to ensure the impact of the Embedded Distributor rate class is appropriately reflected in the expected Volume Variance and Loss Factor Calculation.

An explanation for E.L.K.’s Account 1588 – RSVA Power balance being outside the stated 1.0% threshold of the Account 4705 – Cost of Power Purchased for the year is also included in the Commodity Account Analysis Workform, with further details on addressing loss factor variances included in the DSP filed with Exhibit 2.

9.4.8 Account 1588 – Cost of Power Variance Account

E.L.K. uses this account to record the variances between the amounts it pays the IESO and Hydro One for electricity and the amounts billed to E.L.K. customers. Variances are generally expected to be small and as the result of any volumetric differences between electricity purchased and electricity consumed by customers. E.L.K. has outlined its plans to address the recently higher losses in the DSP filed with Exhibit 2.

E.L.K. requests disposition of Account 1588 in the amount of \$752,615 to be recovered from customers.

Table 10 - Account 1588 – Cost of Power Variance Account

Particulars	Principal Dr / (Cr)	Interest Dr / (Cr)	Total Dr / (Cr)
December 31, 2025 Balance	\$ (1,984,994)	\$ (535,533)	\$ (2,520,527)
Less: Dispositions in 2025/2026 IRM Proceedings	\$ (2,701,374)	\$ (543,937)	\$ (3,245,311)
Adjustments	\$ -	\$ -	\$ -
Interest January 1, 2026 - April 30, 2027	\$ -	\$ 27,831	\$ 27,831
Total Balance Requested for Disposition	\$ 716,380	\$ 36,235	\$ 752,615

9.4.9 Account 1589 – Global Adjustment Variance Account

E.L.K. uses this account to record the variances between the amounts it pays the IESO and Hydro One for Global Adjustment and the amounts billed to E.L.K. customers. Variances are generally the result of variances between the rate E.L.K. is charged for Global Adjustment costs, and the rate at which E.L.K. bills its customers. Variances can also result from any differences between wholesale electricity purchased and retail electricity billed to customers.

Global Adjustment amounts are charged as a separate line item to all “Non-RPP” customers. Global Adjustment amounts are billed to these non-RPP customers in three different ways:

- **Class A Customers:** Class A GA customers pay their share of GA costs each month based on their proportional share of total provincial monthly GA costs, calculated in accordance with the requirements of the Industrial Conservation Initiative (“ICI”) program. Therefore, they do not contribute to the accumulation of the Account 1589 balance and thus are not allocated a portion of this account’s balance.



- Class B Customers (other than Embedded Distributor): These Class B GA customers pay GA costs based on the IESO's published GA rates each month. E.L.K. bills these customers based on the IESO's "first estimate" published rate. Any differences between this first estimate rate and the "final" published GA rate for the month would cause accumulation of amounts in Account 1589 for future recovery or refund to customers. The impacts of these factors are estimated in the Commodity Account Analysis Workform.
- Class B Customers (Embedded Distributor): This Class B GA customer pays GA costs based on the IESO's published GA rates each month. E.L.K. bills this customer based on the IESO's "final" published rate. Therefore, they do not contribute to the accumulation of the Account 1589 balance and thus are not allocated a portion of this account's balance.

E.L.K. requests disposition of Account 1589 in the amount of \$(110,400) to be refunded to Class B Non-RPP customers.

Table 11 - Account 1589 – Global Adjustment Variance Account

Particulars	Principal Dr / (Cr)	Interest Dr / (Cr)	Total Dr / (Cr)
December 31, 2025 Balance	\$ (2,568,137)	\$ (649,780)	\$ (3,217,917)
Less: Dispositions in 2025/2026 IRM Proceedings	\$ (2,462,094)	\$ (645,906)	\$ (3,108,000)
Adjustments	\$ -	\$ -	\$ -
Interest January 1, 2026 - April 30, 2027	\$ -	\$ (483)	\$ (483)
Total Balance Requested for Disposition	\$ (106,043)	\$ (4,357)	\$ (110,400)

9.4.10 Account 1595 – Disposition of Regulatory Balances

E.L.K. uses this account to record the disposition of DVA balances that were previously approved by the OEB for refund or recovery. The residual balances remaining in this account after each vintage year are eligible for disposition two years after the respective rates riders have expired and the balance has been audited.

E.L.K. last disposed of its Account 1595 balances in its 2025 IRM Rate Application (vintage years 2020 and 2021). E.L.K. does not yet have any additional vintage years of Account 1595 balances ready for disposition, as further reconciliation is required on the accumulated 1595 balance. These balances will be brought forward for disposition in a future proceeding.



9.5 Group 2 Account Analysis

E.L.K. last disposed of various Group 2 Accounts as part of its 2022 Cost of Service Application. E.L.K. requested and received approval for disposition of balances as at December 31, 2020, with interest forecast to April 30, 2022.

In this Application, E.L.K. is proposing disposition of the following Group 2 balances accumulated up to December 31, 2025, with interest forecast to April 30, 2027.

- Account 1508, Sub Account Green Button
- Account 1508, Sub Account OEB Cost Assessment
- Account 1508, Sub Account Operations and Maintenance Variance Account

E.L.K. also seeks approval to dispose of forecasted principal activity up to December 31, 2026 for Account 1508, OEB Cost Assessment Variance Account.

E.L.K. provides further details on these balances in the sections below. E.L.K. has also provided details on certain other Group 2 accounts to provide information on why certain approved accounts have not been utilized historically, in addition to whether the account may still be required going forward.

9.5.1 Account 1508 – Other Regulatory Assets, Sub Account Pole Attachment Revenue Variance Account

On December 16, 2021, the OEB issued a Decision and Order establishing a new pole attachment charge and methodology starting in 2022¹, and directed distributors to record variances between the newly approved OEB charge and the charge embedded in their underlying rates in Account 1508 - Other Regulatory Assets, Sub Account Pole Attachment Revenue Variance Account.

This account is not applicable to E.L.K., as the pole attachment charge embedded in E.L.K.'s 2022 rates is the same as the pole attachment charge resultant from the EB-2021-0302 Decision (\$34.76 / pole / per year). Therefore, no balance has been proposed for disposition in this account.

¹ EB-2021-0302, pg.3.

9.5.2 Account 1508 – Other Regulatory Assets, Sub Account Getting Ontario Connected Act

The *Getting Ontario Connected Act, 2022* (GOCA) came into force on April 14, 2022. It included amendments to the *Ontario Underground Notification System Act, 2012* imposing a five-business-day deadline for completing standard locate requests and introducing administrative penalties for failing to comply. On October 31, 2023, the OEB established an industry-wide generic variance account (EB-2023-0143), to allow all electricity and gas distributors to record incremental costs of locates resulting from the implementation of the GOCA.

E.L.K. chose to absorb the costs of GOCA in prior periods and has thus not recorded a balance in this account for disposition. All costs associated with completing locate requests in compliance with current regulatory requirements are forecast for inclusion in the 2027 Test Year revenue requirement.

9.5.3 Account 1508 – Other Regulatory Assets, Sub Account LEAP EFA

On February 12, 2024, the OEB issued a Decision and Rate Order (EB-2023-0135), which announced changes to the Low-income Energy Assistance Program Emergency Financial Assistance (“LEAP EFA”). The changes help ensure that LEAP EFA continues to provide an appropriate level of assistance to vulnerable consumers in a timely and effective manner. The Decision stated that no eligible LEAP EFA applicant should be denied the emergency grant due to lack of funding. The OEB also issued a Rate Order that established a deferral account to record prudently incurred LEAP EFA contributions that exceed the funding amounts embedded in rates. The deferral account is effective as of March 1, 2024.

E.L.K. has not historically depleted its LEAP funds annually. Thus, E.L.K. has not utilized this account, as no LEAP funds have been provided to customer in excess of the amounts embedded in existing distribution rates.

However, E.L.K. proposes to continue this account should its LEAP contributions exceed the amounts embedded in distribution rates going forward, as to ensure no applicant is denied assistance due to lack of funding.



9.5.4 Account 1508 – Other Regulatory Assets, Sub Account Extended Horizons Variance Account

On March 20, 2025, the OEB established an industry-wide generic variance account (EB-2024-0092), the Extended Horizons Variance Account, to allow rate-regulated electricity distributors to record revenue requirement impacts resulting from reductions in the forecasted customer capital contributions embedded in distribution rates that arise from the OEB's December 23, 2024 amendments to the Distribution System Code ("DSC").

In those amendments, the OEB extended the connection horizon and revenue horizon for customer connections meeting the criteria described in the version of Appendix B to the DSC that came into force on December 23, 2024. The generic variance account applies only to the forecasted connections that are currently embedded in distribution rates and eligible for the extension of connection and revenue horizons.

E.L.K. has not utilized this variance account and has ensured the forecast of capital contributions included in the 2027 – 2031 capital plan encompass the impact associated with the extended horizons, where applicable.

9.5.5 Account 1508 – Other Regulatory Assets, Sub Account Electric Vehicle Charging Rate

On March 31, 2025, the OEB released its final report and accompanying letter on the design of the Electric Vehicle Charging Rate ("EVC Rate"). The EVC Rate reduces the RTSRs paid by participating EV charging stations and will better align the RTSRs that they pay with the transmission system costs incurred to serve them. The final report states that once a distributor's OEB-approved 2026 distribution rates become effective, it must offer the new EVC Rate to EV charging stations that apply.

The OEB's letter dated April 30, 2025 established a deferral account to allow electricity distributors to track the revenue requirement impacts of their incremental and material costs directly attributable to the implementation of the EVC Rate. The OEB expected these costs to be one-time implementation costs, as opposed to ongoing costs.

E.L.K. has not incurred material costs associated with the EVC Rate implementation and thus has not recorded any amounts for disposition in this account.

9.5.6 Account 1508 – Other Regulatory Assets, Sub Account Green Button Initiative Costs

On November 1, 2021, the OEB issued an Accounting Order for the establishment of a deferral account to record impacts arising from implementing the Green Button initiative (EB-2021-0183).² The Accounting Order permitted a generic deferral account for rate regulated distributors to record the incremental costs directly attributable to the implementation of the Green Button initiative, in a manner that accords with the requirements set out in the Green Button Regulation.

E.L.K.'s incremental costs directly attributable to the implementation of the Green Button initiative are outlined in the Table below.

Table 12 - Account 1508 – Other Regulatory Assets, Sub Account Green Button Initiative Costs

Particulars	Total Dr / (Cr)
Third-Party Vendor Implementation Costs	\$ 170,009
Labour	\$ 1,443
Total Principal	\$ 171,452
Interest to January 1, 2022 - December 31, 2025	\$ 24,334
Interest to January 1, 2026 - April 30, 2027	\$ 5,465
Total Balance Requested for Disposition	\$ 201,251

The costs outlined above were incremental to those upon which E.L.K.'s base rates were set and would not have been incurred absent the Green Button initiative regulation requirements.

E.L.K. therefore requests disposition of the Account in the amount of \$201,251 to be recovered from customers.

9.5.7 Account 1508 – Other Regulatory Assets, Sub Account OEB Cost Assessment Variance

In its October 1, 2025 Cost Assessment Letter for Fiscal Year 2025/2026, the OEB noted it was directing the reactivation of Account 1508 – Other Regulatory Assets, Sub-

² EB-2021-0183, Accounting Order (003-2021) for the Establishment of a Deferral Account to Record Impacts Arising from Implementing the Green Button Initiative Ontario Energy Board.



account OEB Cost Assessment Variance. This account was originally established through the OEB's letter dated February 9, 2016 to capture material differences between cost assessments embedded in rates and those arising from the cost assessment model implemented as of April 1, 2016. Some utilities had ceased using this account in their cost-based applications following the guidance provided in the 2016 Letter. However, in light of the OEB's newly approved budget under the current cost assessment model, the OEB determined that reactivating this account is necessary, as it would ensure proper tracking and recording of material variances between the cost assessments embedded in rates and those resulting from the updated model. The re-activation of the account was effective April 1, 2025.

E.L.K. has utilized the account to track OEB costs assessment amounts incremental to the amounts embedded in E.L.K.'s 2022 distribution rates. E.L.K. has also forecast the account balance out to December 31, 2026. The derivation of the account balance is summarized in the Table below.

Table 13 - Account 1508 – Other Regulatory Assets, Sub Account OEB Cost Assessment Variance

Particulars	2022	2023	2024	2025	2026	Total
OEB Inflation Rate		3.7%	4.8%	3.6%	3.7%	
E.L.K. Stretch Factor		0.0%	0.0%	0.0%	0.0%	
Total Net Inflation Rate		3.7%	4.8%	3.6%	3.7%	
Adjusted Amount Embedded in Rates	\$ 50,108	\$ 51,962	\$ 54,456	\$ 56,417	\$ 58,504	
Actual / Forecast OEB Cost Assessment				\$ 76,249	\$ 90,000	
Variance				\$ 19,832	\$ 31,496	
Adjust for Account Effective Date (April 1, 2025)				\$ (4,958)	\$ -	
Addition to Variance Account				\$ 14,874	\$ 31,496	\$ 46,370
Interest April 1, 2025 - December 31, 2025						\$ 235
Interest January 1, 2026 - December 31, 2026						\$ 781
Interest January 1, 2027 - April 30, 2027						\$ 296
Total Balance Requested for Disposition						\$ 47,681

E.L.K. therefore requests disposition of the Account in the amount of \$47,681 to be recovered from customers.

E.L.K. has included its most recent forecast of OEB cost assessment amounts in its proposed 2027 revenue requirement – however, E.L.K. is proposing to continue to retain the account for future use to continue to track OEB cost assessment amounts that are in excess to amounts embedded in base distribution rates.

9.5.8 Account 1508 – Other Regulatory Assets, Sub Account Reliability Commitment Account

In the EB-2021-0016 Settlement Proposal, parties agreed that E.L.K. would create a new deferral account, called the Reliability Commitment Account (“RCA”). If E.L.K did not meet either of its annual System Average Interruption Duration Index (“SAIDI”) or

System Average Interruption Frequency Index (“SAIFI”) reliability targets beginning in 2024, it would credit the RCA \$25,000 for each target missed per year (for a maximum credit of \$50,000 in each year). Parties agreed that in a future proceeding where disposition was at issue, E.L.K. would have the opportunity to justify why any balance in the account should not be disposed to the favour of ratepayers.

The target for 2024 was established to be a 4% reduction of the 2019 to 2021 average SAIDI (2.42) and SAIFI (0.80), excluding Loss of Supply and Major Event Days. For each subsequent year, the target shall be a 4% reduction to the previous year’s target. The account was intended to remain in place until E.L.K.’s next rebasing application.

E.L.K.’s performance on the SAIDI / SAIFI targets is summarized in the Table below.

Table 14 - Account 1508 – Other Regulatory Assets, Sub Account Reliability Commitment Account

Year	SAIDI Target	SAIDI Actual	SAIDI Variance	SAIFI Target	SAIFI Actual	SAIFI Variance
2024	2.42	1.31	1.11	0.80	0.47	0.33
2025	2.32	0.37	1.95	0.77	0.19	0.58
*SAIDI and SAIFI amounts are adjusted for Loss of Supply and Major Event Days. ** 2024 SAIDI has been restated from the filed 2024 RRR amount.						

As E.L.K. has met or exceeded the targets for each year completed and expects to do the same for 2026 and 2027, no balance has been recorded in the account for refund to customers.

9.5.9 Account 1508 - Other Regulatory Assets, Sub Account Operations and Maintenance Variance Account

In the EB-2021-0016 Settlement Proposal, parties agreed that E.L.K. would create a new variance account, called the Operation and Maintenance Variance Account (“O&MVA”). For each year, beginning in 2022, if E.L.K. did not spend at least its approved test year amount of \$1,420,968 annually on operations and maintenance category of OM&A expenditures (USoA sub-accounts 5005 to 5195), it would credit the O&MVA the difference between its actual annual expenditures and \$1,420,968. E.L.K. committed to ensure that its categorization of expenditures in the various OM&A sub-accounts was on a similar basis as that included in the 2022 forecast in included in the 2022 Cost of Service application.

E.L.K.’s actual Operation and Maintenance spending compared to the 2022 test year amount is summarized in the Table below.

Table 15 - Account 1508 - Other Regulatory Assets, Sub Account Operations and Maintenance Variance Account

Year	O&M	2022 Test Year O&M	Variance (if Under)	Interest	Total
2022	\$ 1,344,617	\$ 1,420,968	\$ (76,351)	\$ (731)	\$ (77,082)
2023	\$ 1,369,049	\$ 1,420,968	\$ (51,919)	\$ (5,162)	\$ (57,081)
2024	\$ 1,360,942	\$ 1,420,968	\$ (60,026)	\$ (8,144)	\$ (68,169)
2025	\$ 1,834,547	\$ 1,420,968	\$ -	\$ (5,941)	\$ (5,941)
2026*	\$ 1,804,705	\$ 1,420,968	\$ -	\$ (4,802)	\$ (4,802)
2027*	\$ 1,844,386	\$ 1,420,968	\$ -	\$ (1,200)	\$ (1,200)
Total			\$ (188,296)	\$ (25,979)	\$ (214,276)

*Forecast Bridge and Test Years

As E.L.K. did not meet the 2022 test year O&M amount for each year 2022 to 2024, it has therefore credited the O&MVA by a total amount of \$(188,296). Including interest forecast to April 30, 2027, the total balance requested for disposition is a credit of \$(214,276) to be refunded to customers.

E.L.K. exceeded this spending target in 2025 and expects to also exceed it in 2026 / 2027, thus no additional amount has been forecasted for inclusion in the account balance.

9.5.10 Account 1508 - Other Regulatory Assets, Sub Account Designated Broadband Projects

On April 21, 2022, Ontario Regulation 410/22 (Electricity Infrastructure – Designated Broadband Projects) was filed under the *Ontario Energy Board Act, 1998*. The Regulation, among other matters, required that licensed distributors whose rates are set by the OEB to establish a deferral account with respect to all designated broadband projects in their service area. Designated broadband projects are defined in the *Building Broadband Faster Act, 2021*. The Regulation stipulated that the deferral account shall include the amounts referred to in the Regulation regardless of whether they were incurred or paid before or after the Regulation came into force.

In accordance with the Regulation, the OEB established a generic deferral account for rate regulated distributors to record the incremental impacts associated with carrying out activities pertaining to designated broadband projects.

E.L.K. did not have any designated broadband projects in its service territory and has thus not recorded any amounts in this account for disposition.



9.5.11 Account 1511 - Incremental Cloud Computing Implementation Costs

On November 2, 2023, the OEB issued the Accounting Order (003-2023) for the Establishment of a Deferral Account to Record Incremental Cloud Computing Arrangement Implementation Costs (Cloud Computing Implementation Account). The Accounting Order indicates that the OEB expects distributors to track costs at a sufficiently detailed level or category to assist in a prudence review of the costs incurred. The OEB noted it would assess any claimed costs recorded in the account when disposition of the account balance is requested, subject to the applicable criteria for causation, materiality, and prudence.

E.L.K. has not yet incurred cloud computing expenditures that would qualify for inclusion in this account but is proposing to continue this account moving forward to capture such eligible incremental costs should they arise. Any accumulated balances would be brought forward for disposition in a future proceeding.

9.5.12 Account 1531 – Renewable Connection Capital Cost Deferral

This account was originally established to capture expansion costs to connect renewable generation facilities and renewable enabling improvements (as defined in the DSC). In addition, the capital cost of changes to a distributor's Customer Information System to enable the automated settlement of FIT or microFIT contracts may have also been included in this account. The distributor's normal capitalization policies from its last cost of service proceeding should be followed in identifying fixed asset expenditures.

E.L.K. has carried a balance in this account of \$176,493 dating back to its 2022 Cost of Service related to legacy investments related to the above noted amounts. E.L.K. did not propose a disposition approach in the 2022 Cost of Service for this balance, however confirmed that the balance represented the total capital expenditure amounts of eligible investments.

In this Application, E.L.K. is not requesting that the amount of \$176,493 be collected from customers. E.L.K. is proposing to absorb the balance in this account and discontinue the account from future use going forward.

9.5.13 Account 1592 – PILs and Tax Variances

On July 25, 2019, the OEB released a letter titled Accounting Direction Regarding Bill C-97 and Other Charges in Regulatory or Legislated Tax Rules for Capital Cost



Allowance. This letter discusses the government's Accelerated Investment Incentive Program (AIIP) which provides for a first-year increase in capital cost allowance (CCA) deductions on eligible capital assets acquired after November 20, 2018. On May 6, 2026, an update to this letter was released as a result of Bill C-15 for the Reaccelerated Investment Incentive for Capital Cost Allowance.

In the EB-2021-0016 Settlement Proposal, the Parties accepted that the PILs calculation of \$0 for 2022 has been appropriately determined in accordance with OEB policies and practices. However, the Parties agreed that Subaccount 1592 – PILs and Tax Variances – CCA Changes would remain available and shall be used by E.L.K. to record the impact of any AIIP that is taken during the rate period.

As E.L.K. has not been in a taxable position over the intervening 2022 – 2025 period and has a loss carry forward balance accumulated, E.L.K. has not recorded a balance in this account for disposition in the current proceeding.

9.6 Account Status

9.6.1 Establishment of New Deferral and Variance Accounts

E.L.K. is proposing the establishment of one (1) new deferral account in this proceeding, as well as confirmation of the continued use of Account 1592 to record incremental PILs impacts that are not otherwise considered in base distribution rates.

The specifics of these requests are outlined below.

Account 1508 – Sub Account, Deferred Distribution Revenue

Purpose:

- The purpose of the account is to record a fixed portion of the 2027 Test Year revenue requirement which is proposed to be deferred for recovery as part of E.L.K.'s proposed rate mitigation plan described in Exhibit 8. The amount will be deferred in Year 1 (May 1, 2027 – April 30, 2028) and is proposed to be recovered in Years 3 and 4 (May 1, 2029 – April 30, 2031).
- Carrying charges will be recorded on the deferred principal amount.

Causation:

- The forecast of the principal amount to be recorded in the account is \$1.049 million.



- This deferred amount to be recorded in the proposed account is part of the base upon which distribution rates will be derived but under the proposed rate mitigation plan, its recovery will be deferred to assist customers in managing the level of annual rate changes as the utility returns to a revenue requirement that supports operational and financial sustainability, and that enables the necessary investments in the distribution system to be made proactively to improve reliability and quality of service.

Materiality:

- The annual forecast of the principal amount to be recorded in the proposed account of \$1.049 million exceeds E.L.K.'s materiality threshold of \$50,000.
- The amount is part of E.L.K.'s proposed revenue requirement to sustainably operate the utility and thus has a significant influence on the operation of the distributor.

Prudence:

- The nature of the forecasted amount to be recorded in the proposed account is based on E.L.K.'s proposed plans outlined in this Application.
- The mechanism for determining the amount to place in the account will be pre-defined as part of E.L.K.'s rate mitigation strategy, deferring a pre-determined amount of the proposed revenue requirement for the 2027 Test Year (subject to any customer / connection count variances) for future recovery in later years in order to manage the level of annual rate impact for customers.

As noted in Section 8.13.1 of Exhibit 8, E.L.K.'s proposed rate mitigation plan is premised upon E.L.K. receiving approval for recovery of its proposed revenue requirement in full, and E.L.K. reserves the right to re-evaluate and, if necessary, to modify or eliminate the proposal to reflect the impact of any material changes to the proposed revenue requirement. To the extent E.L.K. needs to modify or eliminate the proposal, it will also need to modify or eliminate the need for this proposed deferral account.

E.L.K.'s forecast of the balance in the account by calendar year is outlined in the Table below. The actual principal balance in the account will be subject to any customer count / connection variances which may occur, in addition to the related impact on carrying charges.



Table 16 – Account 1508 - Other Regulatory Assets, Sub Account Deferred Revenue Requirement

Particulars	2027	2028	2029	2030	2031
Opening Balance	\$ -	\$ 706,147	\$ 1,081,515	\$ 726,956	\$ 181,739
Revenue Requirement Deferred (Principal)	\$ 699,458	\$ 349,729	\$ -	\$ -	\$ -
Carrying Charges*	\$ 6,689	\$ 25,640	\$ 8,918	\$ -	\$ -
Total Deferred Balance	\$ 706,147	\$ 1,081,515	\$ 1,090,433	\$ 726,956	\$ 181,739
Deferred Revenue Requirement Collected	\$ -	\$ -	\$ 363,478	\$ 545,217	\$ 181,739
Year-End Balance	\$ 706,147	\$ 1,081,515	\$ 726,956	\$ 181,739	\$ -

*Carrying charges will continue to be recorded on the monthly principal balance until the balance is fully disposed.

Derivation of related rate riders is outlined in Section 9.7.4 below.

A draft accounting order for this account is attached as Attachment 9-A to this Exhibit 9.

Account 1592 – PILs and Tax Variances

E.L.K. is requesting the use of Account 1592 to record the impact of any PILs payable during the period starting May 1, 2027 up to the period of E.L.K.'s next rebasing, as E.L.K. has not forecast any PILs for inclusion in the 2027 Test Year revenue requirement. Variance account treatment for any future PILs payable will ensure ratepayers receive the immediate rate benefits of having \$0 PILs included in the Test Year revenue requirement but also ensure E.L.K. is kept whole for any future PILs payable, as PILs are a generally accepted component of the revenue requirement to be recovered through distribution rates.

The use of Account 1592 to record these amounts meets the OEB's eligibility criteria, as outlined below:

Causation:

- Any PILs incurred in future years would be outside the base upon rates were derived, as assumed PILs in rates is \$0 for the 2027 Test Year.

Materiality:

- Amounts to be recorded in the account, if any, would be expected to exceed E.L.K.'s materiality threshold of \$50,000.

Prudence:

- PILs are a requirement of LDCs in Ontario and cannot reasonably be avoided. E.L.K. would ensure that PILs amounts recorded reasonably reflect prudent tax planning approaches.

9.6.2 Discontinuation of Deferral and Variance Accounts

The following deferral and variance accounts will no longer be required after their balances have been approved for disposition in this proceeding. Thus, E.L.K. is requesting that these accounts be discontinued following this proceeding.

Table 17 – Deferral and Variance Accounts to be Discontinued

Particulars	USoA
Pole Attachment Revenue Variance Account	1508
Getting Ontario Connected Act	1508
Extended Horizons Variance Account	1508
Electric Vehicle Charging Rate Implementation	1508
Regulatory Asset - Green Button	1508
Reliability Commitment Account	1508
Operations and Maintenance Variance Account	1508
Designated Broadband Project Impacts	1508
Regulatory Asset - Forgone Revenue	1508
Regulatory Asset - Z Factor	1508
RCVA Retail	1518
2010 SPC Assessment Variance	1521
Renewable Connection Capital Deferral Account	1531
RCVA STR	1548
Smart Meter Capital and Recovery Offset Variance Account	1555

9.7 Calculation of Rate Riders

9.7.1 Overview

As part of this Application, E.L.K. is currently seeking to dispose of its Group 1 and various Group 2 accounts summarized above. This section outline E.L.K.'s methodology in determining and calculating the Rate Riders required for recovery or reimbursement to customers.

9.7.2 Billing Determinants Utilized

For the purpose of billing determinants used to calculate Rate Riders in this Application, E.L.K. used the 2027 Test Year data presented below, which is consistent with the Load Forecast presented in Exhibit 3 of this Application.

Table 18 – Billing Determinants for Rate Rider Derivation

Rate Class	Customers / Connections	Total kWh	Total kW
Residential	11,491	107,137,096	-
General Service < 50 kW	1,197	32,830,262	-
General Service > 50 kW	89	57,945,873	204,752
Street Lights	3,206	1,217,181	3,418
Unmetered Loads	28	225,939	-
Sentinel Lights	73	117,253	376
Embedded Distributor	6	41,943,488	116,093

As of December 31, 2025, E.L.K. had one (1) Class A customer and one (1) wholesale market participant (WMP) customer that currently respectively reside in the GS >50 kW rate class. The Table below summarizes the consideration of these customer types in the derivation of the overall forecast billing determinants for this rate class shown in Table 18 above.

Table 19 – Class A and WMP Billing Determinants

Rate Class	Class A			WMP		
	Customers	Total kWh	Total kW	Customers	Total kWh	Total kW
General Service > 50 kW	1	18,909,400	63,928	1	2,362,074	4,081

In order to properly determine the Global Adjustment Rate Riders, an appropriate split between RPP and Non-RPP customers consumption (kWh) was calculated for the 2027 Test Year by determining the 2025 Actual Non-RPP consumption (kWh) as a percentage of total 2025 Actual consumption by rate class. E.L.K. carried this proportion forward into the 2027 Test Year, which is consistent with the amounts determined and used in Appendix 2 ZA of the OEB Chapter 2 Appendices.



Table 20 – Non-RPP Billing Determinants

Rate Class	2027 Non-RPP kWh	2027 Non-RPP kW
Residential	1,231,296	-
General Service < 50 kW	6,516,397	-
General Service > 50 kW	53,973,605	190,716
Street Lights	1,217,181	3,418
Unmetered Loads	99,273	-
Sentinel Lights	4,617	15
Embedded Distributor	41,943,488	116,093

9.7.3 Proposed Rate Riders – Group 1 and Group 2

E.L.K. has used the OEB's model to calculate Rate Riders, as summarized in the Tables below. The rate riders are calculated in the DVA Continuity Schedule model and can be found on Tab 7. E.L.K. has adopted the standard OEB model and allocation methods and has not made any edits or changes to the model. E.L.K. has followed its existing practice of ensuring that Accounts 1550, 1584, 1586, and 1589 are not allocated to E.L.K.'s Embedded Distributor class, as Low Voltage Service Charges and Retail Transmission Service Rates are not assessed to this rate class, and GA is billed using actual rates.

Table 21 – Group 1 Rate Riders Calculations

Rate Rider Calculation for Group 1 Deferral / Variance Accounts Balances (excluding Global Adj.)

1550, 1551, 1584, 1586, 1595, 1580 and 1588

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Allocated Group 1 Balance (excluding 1589)	Rate Rider for Deferral/Variance Accounts
RESIDENTIAL	kWh	107,137,096	-\$129,876.15	0.0012
GS < 50	kWh	32,830,262	-\$38,943.04	0.0012
GS > 50 kW	kW	204,752	-\$185,929.19	0.9081
UNMETERED SCATTERED LOAD	kWh	225,939	-\$264.98	0.0012
SENTINEL	kW	376	-\$137.51	0.3660
STREET LIGHT	kW	3,418	-\$1,427.48	0.4177
EMBEDDED DISTRIBUTOR	kW	116,093	\$85,392.55	0.7356



Table 22 – Group 1 Rate Riders Calculations (Non-WMP)

Rate Rider Calculation for Group 1 Deferral / Variance Accounts Balances (excluding Global Adj.) - NON-WMP

1580 and 1588

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Allocated Group 1 Balance - Non- WMP	Rate Rider for Deferral/Variance Accounts
RESIDENTIAL	kWh	107,137,096	\$0.00	-
GS < 50	kWh	32,830,262	\$0.00	-
GS > 50 KW	kW	200,671	\$113,162.80	0.5639
UNMETERED SCATTERED LOAD	kWh	225,939	\$0.00	-
SENTINEL	kW	376	\$0.00	-
STREET LIGHT	kW	3,418	\$0.00	-
EMBEDDED DISTRIBUTOR	kW	116,093	\$0.00	-

Table 23 – Group 1 Rate Riders Calculations (CBR Class B)

Rate Rider Calculation for Account 1580, sub-account CBR Class B

1580, Sub-account CBR Class B

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Allocated Sub- account 1580 CBR Class B Balance	Rate Rider for Sub-account 1580 CBR Class B
RESIDENTIAL	kWh	107,137,096	\$ 54,859	0.0005
GS < 50	kWh	32,830,262	\$ 16,811	0.0005
GS > 50 KW	kW	136,743	\$ 18,779	0.1373
UNMETERED SCATTERED LOAD	kWh	225,939	\$ 116	0.0005
SENTINEL	kW	376	\$ 60	0.1598
STREET LIGHT	kW	3,418	\$ 623	0.1824
EMBEDDED DISTRIBUTOR	kW	116,093	\$ 21,477	0.1850

Table 24 – Group 1 Rate Riders Calculations (Global Adjustment)

Rate Rider Calculation for RSVA Global Adjustment

Balance of Account 1589 Allocated to Non-WMPs

Rate Class (Enter Rate Classes in cells below)	Units	kWh	Allocated Global Adjustment Balance	Rate Rider for RSVA - Power - Global Adjustment
RESIDENTIAL	kWh	1,231,296	-\$3,254.30	- 0.0026
GS < 50	kWh	6,516,397	-\$17,222.76	- 0.0026
GS > 50 KW	kWh	32,702,131	-\$86,431.36	- 0.0026
UNMETERED SCATTERED LOAD	kWh	99,273	-\$262.38	- 0.0026
SENTINEL	kWh	4,617	-\$12.20	- 0.0026
STREET LIGHT	kWh	1,217,181	-\$3,217.00	- 0.0026
EMBEDDED DISTRIBUTOR	kWh	41,943,488	\$0.00	-



Table 25 – Group 2 Rate Riders Calculations

Rate Rider Calculation for Group 2 Accounts

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Allocated Group 2 Balance	Rate Rider for Group 2 Accounts
RESIDENTIAL	# of Customers	11,491	\$15,379.83	\$ 0.11
GS < 50	kWh	32,830,262	\$4,712.88	\$ 0.0001
GS > 50 kW	kW	204,752	\$8,318.29	\$ 0.0406
UNMETERED SCATTERED LOAD	kWh	225,939	\$32.43	\$ 0.0001
SENTINEL	kW	376	\$16.83	\$ 0.0448
STREET LIGHT	kW	3,418	\$174.73	\$ 0.0511
EMBEDDED DISTRIBUTOR	kW	116,093	\$6,021.11	\$ 0.0519

E.L.K. proposes to dispose of the above balances over a one-year period starting May 1, 2027.

9.7.4 Proposed Rate Riders – Deferred Revenue Requirement

As described in Exhibit 8, E.L.K. has calculated the rate riders to initially defer (i.e. credit) certain rate classes a portion of the revenue requirement that would otherwise be collected through the application of proposed 2027 distribution rates. This deferred amount is then proposed for recovery from those rate classes (i.e. debit) over a 2-year period starting May 1, 2029.

E.L.K. calculated fixed rate riders to defer / collect the identified portion of the revenue requirement and applicable carrying charges using the fixed billing determinants as used in the development of 2027 distribution rates.

The proposed rate riders are outlined in the Tables below.

Table 26 – Deferred Revenue Requirement Rate Riders - Deferral

Deferral - Effective May 1, 2027 to April 30, 2028 (One Year)								
Rate Class	Revenue at Existing Rates	Revenue at Proposed Rates	Revenue Deficiency	Mitigation Required?	Revenue Requirement Deferral	Fixed Billing Determinants	Proposed Fixed Rate Riders	Unit
Residential	\$ 2,923,395	\$ 4,639,435	\$ 1,716,040	Yes	\$ 858,020	11,491	\$ (6.22)	Customer
General Service < 50 kW	\$ 531,200	\$ 833,208	\$ 302,008	Yes	\$ 151,004	1,197	\$ (10.51)	Customer
General Service > 50 kW	\$ 591,876	\$ 939,757	\$ 347,880	No				
Street Lights	\$ 98,037	\$ 170,263	\$ 72,226	Yes	\$ 36,113	3,206	\$ (0.94)	Connection
Unmetered Loads	\$ 3,363	\$ 6,894	\$ 3,531	Yes	\$ 1,766	28	\$ (5.25)	Connection
Sentinel Lights	\$ 6,267	\$ 10,836	\$ 4,570	Yes	\$ 2,285	73	\$ (2.61)	Connection
Embedded Distributor	\$ 119,552	\$ 120,370	\$ 817	No				
Total	\$ 4,273,690	\$ 6,720,762	\$ 2,447,072		\$ 1,049,187	15,995		



Table 27 – Deferred Revenue Requirement Rate Riders – Recovery

Recovery - Effective May 1, 2029 to April 30, 2031 (Two Years)						
Rate Class	Revenue Requirement Deferral	Carrying Charges	Total Revenue Requirement Deferral for Recovery	Fixed Billing Determinants	Proposed Fixed Rate Riders (2 Years)	Unit
Residential	\$ 858,020	\$ 33,731	\$ 891,751	11,491	\$ 3.23	Customer
General Service < 50 kW	\$ 151,004	\$ 5,936	\$ 156,940	1,197	\$ 5.46	Customer
General Service > 50 kW						
Street Lights	\$ 36,113	\$ 1,420	\$ 37,533	3,206	\$ 0.49	Connection
Unmetered Loads	\$ 1,766	\$ 69	\$ 1,835	28	\$ 2.73	Connection
Sentinel Lights	\$ 2,285	\$ 90	\$ 2,375	73	\$ 1.36	Connection
Embedded Distributor						
Total	\$ 1,049,187	\$ 41,246	\$ 1,090,433	15,995		

As outlined in Exhibit 8, E.L.K. is requesting approval in this proceeding of the overall rate mitigation approach, in addition to the deferral rate riders outlined in Table 26 effective May 1, 2027 for a one-year period.

In a future proceeding for 2029 rates, E.L.K. will request OEB approval of any necessary mechanistic adjustments to derive the actual recovery rate riders depicted in Table 27 above.

Exhibit 9

Attachment 9-A

Draft Accounting Order, Account 1508 - Other
Regulatory Assets, Sub Account Deferred
Distribution Revenue

Draft Accounting Order

E.L.K. Energy Inc.

EB-2026-0032

Account 1508, Other Regulatory Assets, Sub account Deferred Distribution Revenue

Effective May 1, 2027, E.L.K. Energy Inc. ("E.L.K.") shall establish this deferral account to record entries related to deferred distribution revenue as outlined in E.L.K.'s rate mitigation proposal contained in its 2027 Cost of Service Rate Application. The objective of this account is to track the forgone revenue resulting from the application of credit rate riders associated with the rate mitigation proposal applied during the period May 1, 2027 to April 30, 2028. This account will also be used to track the recovery of the deferred distribution revenue through appropriate debit rate riders over the period May 1, 2029 to April 30, 2031.

Additional details regarding the design and mechanics of the account are set forth in Section 9.6.1 of Exhibit 9 of E.L.K.'s 2027 Cost of Service Rate Application. This account will accrue interest at OEB prescribed rates until final disposition.

The following are sample journal entries:

- a) Monthly entry to record deferred distribution revenue amounts (May 1, 2027 to April 30, 2028):
 - Dr. Account 1508 – Sub-Account: Deferred Distribution Revenue
 - Cr. Account 4080 – Distribution Services Revenue
- b) Monthly entry to record any interest on the Deferred Distribution Revenue account (May 1, 2027 to April 30, 2031):
 - Dr. Account 1508 – Sub-Account: Deferred Distribution Revenue
 - Cr. Account 6035 – Other Interest Expense
- c) Monthly entry to record recovery of deferred distribution revenue amounts (May 1, 2029 to April 30, 2031):
 - Dr. Account 1100 – Customer Accounts Receivable
 - Cr. Account 1508 – Sub-Account: Deferred Distribution Revenue