Ontario Energy Board | Commission de l'énergie de l'Ontario

Ontario

**BY E-MAIL**

November 4, 2026

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

Dear Ritchie Murray:

**Re: E.L.K. Energy Inc. (E.L.K. Energy)**
**2027 Cost of Service Rate Application**
**Ontario Energy Board (OEB) File Number: EB-2026-0032**

In accordance with Procedural Order No. 1, please find attached Ontario Energy Board (OEB) staff interrogatories in the above proceeding. The applicant and intervenors have been copied on this filing.

E.L.K. Energy Inc.'s responses to interrogatories are due by November 24, 2026.

Any questions relating to this letter should be directed to Tyler Davids at Tyler.Davids@oeb.ca or at 416-440-7704. The OEB's toll-free number is 1-888-632-6273.

Yours truly,

Tyler Davids

Digitally signed by Tyler Davids
Date: 2026.11.04 12:31:27 -05'00'

Tyler Davids
Advisor, Asset Management Distribution

Attach.

**OEB Staff Interrogatories**
**2027 Electricity Distribution Rates Application**
**E.L.K. Energy Inc. (E.L.K. Energy)**
**EB-2026-0032**
**November 4, 2026**

Please note, E.L.K. Energy Inc. is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff interrogatories and any other supporting documentation, do not include personal information (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

## Exhibit 1 – Administration

### 1-Staff-1
### Updated Revenue Requirement Work Form (RRWF) and Models

**Question(s):**

a) Upon completing all interrogatories from OEB staff and intervenors, please provide an updated RRWF in working Microsoft Excel format with any corrections or adjustments that the Applicant wishes to make to the amounts in the populated version of the RRWF filed with the initial application. Entries for changes and adjustments should be included in the middle column on sheet 3 Data_Input_Sheet. Sheets 10 (Load Forecast), 11 (Cost Allocation), and 13 (Rate Design) should be updated, as necessary. Please include documentation of the corrections and adjustments, such as a reference to an interrogatory response or an explanatory note. Such notes should be documented on Sheet 14 Tracking Sheet and may also be included on other sheets in the RRWF to assist understanding of changes.

b) Please update inputs of the following models to reflect the OEB's release of certain parameters and rates since the initial application was filed. Please ensure the Tariff and Bill Impact model reflects these updates.

   i. Cost of capital parameters – Chapter 2 Appendices, tab 2-OA and RRWF, tab 3
   ii. Time-of-use pricing and the Ontario Electricity Rebate – Chapter 2 Appendices, tab 2-ZB and Tariff and Bill Impact model, tab 3
   iii. Preliminary UTRs and Hydro One Sub-Transmission Rates – RTSR model, tab 4
   iv. Prescribed interest rates – DVA Continuity Schedule, tab 2a and 2b
   v. Any other update released by the OEB prior to E.L.K. Energy filing responses to these interrogatories.

c) In addition, please file an updated set of models that reflects the interrogatory responses. Please ensure the models used are the latest available models on the OEB's 2027 Electricity Distributor Rate Applications webpage.
d) In Appendix 2-AA, please provide a breakdown of capital contributions for the System Access category.
e) In Appendix 2-AA, please provide a column with year-to-date actuals (noting how many months of actuals are included) for 2026 and an updated forecast for 2026, if applicable. Please provide an explanation for any large variance in adjustments to the bridge and test year capital plan.

**1-Staff-2**
**Letters of Comment**
Following publication of the Notice of Application, the OEB received several letters of comment. Section 2.1.7 of the Filing Requirements states that distributors will be expected to file with the OEB their response to the matters raised within any letters of comment sent to the OEB related to the distributor's application. If the applicant has not received a copy of the letters or comments, they may be accessed from the public record for this proceeding.

Please file a response to the matters raised in the letters of comment referenced above. Going forward, please ensure that responses to any matters raised in subsequent comments or letter are filed in this proceeding. All responses must be filed before the argument (submission) phase of this proceeding.

**1-Staff-3**
**Excel Model Formulas**

**Preamble:**
OEB staff requests that E.L.K. Energy adjust its model inputs as per below.

**Question(s):**
a) Please reconcile DVA Continue Schedule, tab 4, column I with the RRWF, tab 13, column O+Y. See Note 5 of the DVA Continuity Schedule, tab 4.
b) Please adjust the gross revenue deficiency formula in cell RRWF, tab 8, cells F52, J52, N52, and R52. Please ensure that if the taxable income is less than or equal to zero, the net revenue deficiency and gross revenue deficiency are equal (i.e. gross revenue deficiency = if(taxable income>0, revenue deficiency/(1-income tax rate), revenue deficiency).

**1-Staff-4**
**Return on Equity**
**Ref. 1: E.L.K. Energy 2021 Scorecard**
**Ref. 2: Exhibit 1, p.48**

**Preamble:**
OEB staff has put together the following table to present E.L.K. Energy's achieved return on equity (ROE) based on references 1 and 2.

**Table 1-1: Historical ROE**

| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|
| 16.17% | 9.66% | 11.76% | 10.93% | -1.97% | -22.33% | -9.34% | -0.87% |

In explaining its ROE from 2022-2025, E.L.K. Energy stated that it has made various operating and capital investments in order to modernize its operations and improve its performance. E.L.K. Energy noted that this level of increased spending was not embedded in base rates sets in 2022, resulting in a negative ROE each year thereafter.

**Question(s):**
c) Please confirm the accuracy of the table.
d) Please provide E.L.K. Energy's forecasted ROE for 2026.
e) Please provide specific details as to why E.L.K. Energy achieved a negative ROE for each of the years 2022, 2023 and 2024, especially given that E.L.K. Energy underspent in OM&A during this period and was approved for incremental capital for ICM and Z-Factor applications (EB-2023-0013).

**1-Staff-5**
**Variances in Capital Expenditures**
**Ref. 1: EB-2021-0016: 2022 Cost of Service Interrogatory Responses, 2-Staff-36**
**Ref. 2: Chapter 2 Appendices, 2-AA**

**Preamble:**
In reference 1 of E.L.K. Energy's 2022 cost of service, it noted that it will move towards monthly tracking and monitoring of estimates to actual cost in the future if it is deemed beneficial. E.L.K. Energy stated that to balance overall spending due to variations in forecast non-discretionary projects, it may take action to reduce System Renewal projects to ensure the total annual actual expenditures remain in line with the total annual proposed budget. At the time OEB staff asked the question, E.L.K. Energy noted that the actual estimates were monitored twice a year.

According to reference 2, the average annual capital spend from 2022-2026 is $2.2 million. The planned amount was $1.1 million, a 99% increase.

**Question(s):**

a) Please confirm if E.L.K. Energy changed to monthly tracking and monitoring of estimates.
b) Given the statement above, what steps did E.L.K. Energy attempt to take to ensure the total annual actual expenditures remained in line with the total annual proposed budget.
c) Please provide any documentation, including updated Business Plans from 2022 or 2023, that led to the capital spending deviation noted above and the start of E.L.K. Energy's negative ROE trend (as shown in Table 1-1 above).
d) Please explain E.L.K. Energy's rationale to increase capital spending above OEB-approved levels starting in 2022, but to underspend in O&M from 2022-2024.

**1-Staff-6**
**Operational Review**
**Ref. 1: EB-2021-0016: 2022 Cost of Service Interrogatory Responses, 1-Staff-4**
**Ref. 2: EB-2021-0016: 2022 Cost of Service Interrogatory Responses, 1-Staff-5**

**Preamble:**
OEB staff asked similar questions to the ones below in E.L.K. Energy's previous cost of service. Please provide the latest information and any changes as compared to responses provided in its last cost of service.

**Question(s):**

a) When a budget variance is identified, how does E.L.K. Energy adjust its resources to reduce the variance between the planned and actual budget?
b) How does E.L.K. Energy use past variances to inform its future budget planning?
c) How has the Board of Directors responded to the consistent overspending of E.L.K. Energy's capital and OM&A budget? Please provide correspondence, if available, including its response to budget to actual results presented by the Management team.
d) How has the Board of Directors responded to consistent under earning on its ROE? Please provide correspondence, if available.
e) Who is on the Audit Committee, and have they had any findings on E.L.K. Energy overspending the budget or under earning on deemed ROE? If so, please provide those findings and explain how E.L.K. Energy has addressed its findings.

**1-Staff-7**
**Board of Directors**
**Ref. 1: EB-2021-0016: 2022 Cost of Service Interrogatory Responses, 1-Staff-5**

**Preamble:**
OEB staff asked similar questions to the ones below in E.L.K. Energy's previous cost of service. Please provide the latest information and any changes as compared to responses provided in its last cost of service.

**Question(s):**
a) Please provide any and all material that was presented to the Board of Directors meetings as it pertains to this application.
b) Please provide details on the criteria used by the Board of Directors to evaluate E.L.K. Energy and individual management performance.

**1-Staff-8**
**Future Corporate Governance**
**Ref. 1: Exhibit 1, p.32**

**Preamble:**
Windsor Canada Utilities Ltd. (WCUL) intends to amalgamate ENWIN Utilities and E.L.K. Energy into a single utility at a later date.

E.L.K. Energy notes that the family of WCUL companies is planning a corporate restructure effective January 1, 2027, but that the reorganization is not expected to materially impact any aspect of this Application.

**Question(s):**
a) Please comment on anticipated changes to future corporate governance following the future Mergers, Amalgamations, Acquisitions and Divestitures (MAADs) case.

**1-Staff-9**
**Customer Survey**
**Ref. 1: 2026 Customer Survey Report - 2027 Cost of Service Rate Application**

**Preamble:**

In the Customer Survey Report, the results showed that customers were generally satisfied with E.L.K. Energy's proposed plan provided that distribution rates remain around industry-average levels.

**Question(s):**

a) Please confirm that customers were not informed within the survey of the bill increase that would result from E.L.K. Energy's proposed plan or the difference between current rates and the noted 'industry-average levels'?
b) Did E.L.K. Energy post its draft DSP on its website, or provide it to survey participants in another form, as part of the consultation process?
c) Were the customers consulted on the specific projects and costs proposed to be undertaken in the forecast period?
d) Were E.L.K. Energy customers advised of the final version of the DSP?

**Exhibit 2 – Rate Base**

**2-Staff-10**
**SAIDI 2024**
**Ref. 1: EB-2026-0032, Distribution System Plan, p.14**
**Ref. 2: E.L.K. Energy 2025 Scorecard**

**Preamble:**
E.L.K. Energy changed its SAIDI value for 2024 in the Application from what was reported on its 2024 and 2025 scorecards.

**Question(s):**

a) Please confirm that E.L.K. Energy has reported the change in SAIDI to the OEB through the established RRR process. If not, please do so.
b) Please provide a copy of the 2025 OEB scorecard, released on September 23, 2026, for the record of this proceeding.

**2-Staff-11**
**Asset Condition Assessment**
**Ref. 1: EB-2021-0016, Settlement Proposal, p.49**
**Ref. 2: EB-2026-0032, Distribution System Plan, Figure 5.3-4**
**Ref. 3: EB-2026-0032, Distribution System Plan, Table 5.3-9**
**Ref. 4: EB-2026-0032, Distribution System Plan, Table 5.3-8**
**Ref. 5: https://windsorite.ca/2026/09/enwin-advances-utility-pole-inspection-through-ai-assisted-technology-pilot/**

**Preamble:**
As part of its 2022 settlement proposal (reference 1), E.L.K. Energy committed to the following:

> The Parties agree that ELK shall, at a minimum, address the data gaps in the manner identified by ELK in the ELK Action Plan provided in response to 2-Staff-7(b) and use the results from data collection to be included in the GIS asset registry as soon as reasonably practical after the GIS has been fully implemented, and be input to an Asset Condition Assessment that will be filed as part of the ELK's next rebasing application.

As per the results of E.L.K. Energy's latest Asset Condition Assessment results, pole mounted transformers, overhead switches, pad mounted switchgears, and underground cables have no other information other than age. Additionally, there is less than 50% of data available on poles.

According to E.L.K. Energy's maintenance and inspection plan (reference 3), E.L.K. Energy performs asset inspection on pole mounted transformers, switches and switchgears, as well as pole testing on a three-year cycle. According to E.L.K. Energy's replacement strategy (reference 4), poles are replaced on a proactive basis, whereas underground primary cable and pole mounted transformers are replaced on a reactive/proactive strategy.

The 2025 Asset Condition Assessment contains data up to the end of June 2025.

**Question(s):**

a) What percentage of poles from 2022-2025 (one inspection cycle) were inspected? What percentage of poles have inspection data included in the Asset Condition Assessment? If there is a difference, why is that data not included in the 2025 Asset Condition Assessment?
b) What percentage of pole mounted transformers have been inspected from 2022-2025?
c) Given that E.L.K. Energy performs inspections on pole mounted transformers, overhead switches and pad mounted switchgears, why is that data not included in the 2025 Asset Condition Assessment? As part of the response, please indicate where the inspection data for pole mounted transformers, overhead switches and pad mounted switchgears is available.
d) How did E.L.K. Energy use the Asset Condition Assessment results for pole mounted transformers when developing its proactive capital plan given that inspection results have not been incorporated?

e) When are data gaps expected to be filled and incorporated into the Asset Condition Assessment as per E.L.K. Energy's commitment in reference 1?

At reference 5, it is noted that ENWIN Utilities is launching a pilot project to evaluate AI assisted technology for the inspection and management of utility infrastructure.

f) Please confirm if this is true, and if so, is there any discussion to expand the use of the technology to E.L.K. Energy during the forecast period if the pilot is successful?

**2-Staff-12**
**Asset Condition Assessment Recommendations**
**Ref. 1: EB-2026-0032, Asset Condition Assessment, p.vi**

**Preamble:**
In its 2025 Asset Condition Assessment, Kinectrics made the following recommendations:

- Collection of inspection and maintenance data for all the asset groups.
- Acquisition of loading data for all the transformers.
- Historic records of asset removal and removal causes for all the asset groups to allow for development of E.L.K. Energy specific asset degradation curves.

**Question(s):**

a) Please note whether E.L.K. Energy plans to complete all or some of Kinectrics' recommendations during the forecast period.

**2-Staff-13**
**Defective Equipment**
**Ref. 1: EB-2026-0032, Distribution System Plan, Table 5.2-11**
**Ref. 2: EB-2026-0032, Distribution System Plan, Table 5.2-12**

**Preamble:**
E.L.K. Energy noted that 46% of outages, 10% of customer interruptions, and 7% of customer hours of interruption from 2021-2025 were caused by defective equipment.

**Question(s):**

a) Please confirm whether pole-related outages fall under defective equipment.
b) Please provide a breakdown of defective equipment customer interruptions and customer hours of interruption by asset type, including poles, pole-mounted transformers, pad-mounted transformers, switches, switchgears, etc.
c) Why did defective equipment outages peak in 2025?

d) How does 2026 detective equipment outage data to-date compare to 2021-2025?

**2-Staff-14**
**Metering Renewal**
**Ref. 1: Chapter 2 Appendices, 2-AA**

**Preamble:**
Between 2022-2025, E.L.K. Energy split the cost of new meters for residential and commercial customers in System Access with metering renewal in System Renewal. Between 2026-2031, E.L.K. Energy forecasted $100k annually in System Access for metering renewal.

**Question(s):**
a) Has E.L.K. Energy aggregated costs into one category starting in 2026? If so, please explain E.L.K. Energy's reasoning.

**2-Staff-15**
**Service Quality Metrics**
**Ref. 1: EB-2026-0032, Distribution System Plan, Table 5.2-4**

**Preamble:**
E.L.K. Energy noted that its service quality metric for 'rescheduling a missed appointment' in 2021 and 2022 were 100% but noted N/A for the years 2023-2025.

**Question(s):**
a) Please note why E.L.K. Energy noted N/A for this metric from 2023-2025. Were there no missed appointments during this period?

**2-Staff-16**
**Reliability Metrics**
**Ref. 1: E.L.K. Energy Scorecard 2020**
**Ref. 2: Distribution System Plan, Table 5.2-6**
**Ref. 3: Distribution System Plan, p.16**

**Preamble:**
OEB staff has put together the two tables below based on references 1 and 2.

**Table 2-1: System Reliability (2016-2020) Excluding MED and LOS**

| | 2016 | 2017 | 2018 | 2019 | 2020 | Avg |
|---|---|---|---|---|---|---|
| **SAIDI** | 0.25 | 0.63 | 1.63 | 1.85 | 3.34 | 1.54 |
| **SAIFI** | 0.09 | 0.21 | 0.48 | 0.72 | 1.15 | 0.53 |

**Table 2-2: System Reliability (2021-2025) Excluding MED and LOS**

| | 2021 | 2022 | 2023 | 2024 | 2025 | Avg |
|---|---|---|---|---|---|---|
| **SAIDI** | 0.65 | 0.32 | 0.71 | 1.31 | 0.37 | 0.67 |
| **SAIFI** | 0.20 | 0.12 | 0.29 | 0.47 | 0.19 | 0.25 |

In reference 3, E.L.K. Energy noted that its target SAIDI and SAIFI are 1.62 and 0.55 respectively under regular conditions.

**Question(s):**

a) Please confirm the tables above are accurate.
b) Please confirm if the targets in reference 3 are excluding MEDs and LOS and please provide a breakdown of how these targets were established.
c) If the targets exclude MEDs and LOS, E.L.K. Energy has been under these targets for the last five years by a large margin. Is it E.L.K. Energy's goal to continue to reduce the SAIDI and SAIFI or to maintain current levels? If it aims to improve reliability, what is E.L.K. Energy's target over the next five years?
d) What is the forecasted reliability improvement, at the end of the DSP period, based on completing all the investments outlined in the DSP.

**2-Staff-17**
**Data Reporting**
**Ref. 1: Distribution System Plan, p.32**

**Preamble:**
E.L.K. Energy noted that it enhanced its ability to track momentary and power flicker outages.

E.L.K. Energy also noted that reliability data is reviewed at the feeder and system level to evaluate outage risk and to support the prioritization of assets for inclusion.

**Question(s):**

a) Please provide annual data for years 2022 to 2025 on momentary and power flicker outages.
b) Please provide reliability data for years 2022 to 2025 at the feeder level as noted in reference 1.
c) Please explain how the momentary outage data and feeder level reliability data were used to prioritize projects and provide examples of which projects address the concerns shown in the data.

**2-Staff-18**
**Project Prioritization**
**Ref. 1: Distribution System Plan, pp.52-53**
**Ref. 2: Distribution System Plan, Table 5.4-19**

**Preamble:**
E.L.K. Energy noted that each investment receives an overall score indicating its contribution to the achievement of E.L.K. Energy's asset management objectives, which E.L.K. Energy uses to rank each project in order of need and value.

E.L.K. Energy noted that it will likely leverage a more-formal risk-based prioritization model employed by ENWIN Utilities in the future.

**Question(s):**
a) Please confirm who determines the score for each asset management objective and if the score is determined qualitatively or quantitatively.
b) How are SAIDI and SAIFI reliability metrics and Asset Condition Assessment results considered when scoring projects against the reliability objective?
c) Please provide the latest scoring results for all projects beyond those shown in Table 5.4-19. The table should include:
    i. the project score for each objective;
    ii. the weight of each objective
    iii. the weighted average priority rank;
    iv. the cost of each project;
    v. and the table should include projects for which E.L.K. Energy chose to defer from the 2027 test year.
d) Please provide any documentation produced during the scoring stage to justify how each project was scored against the objectives.
e) When does E.L.K. Energy plan to adopt ENWIN Utilities prioritization process and what effect does E.L.K. Energy think it will have over the forecast period?

**2-Staff-19**

**System Access Forecast**
**Ref. 1: Chapter 2 Appendices, tab 2-AB**

**Preamble:**
OEB staff has calculated the annual average system access gross expenditures over the historical period (2022-2026) to be $1.2 million, 7% higher than the planned $1.1 million. While gross spending is expected to be similar, net system access amounts are expected to be $544k, which is 50% higher than planned over the historical period.

**Question(s):**
a) What steps is E.L.K. Energy taking to improve its system access forecast going forward, especially capital contributions?

**2-Staff-20**
**Pole Replacement/Renewal**
**Ref. 1: Distribution System Plan, Material Investment Narrative: Investment Category: System Renewal – Pole Replacement & Restoration**

**Preamble:**
E.L.K. Energy noted that the pole replacement and restoration program includes area rebuilds and reactive replacements.

**Question(s):**
a) Are all poles replaced/restored included in this program? If not, please provide a count of poles replaced/restored or expected to be replaced/restored in all programs each year from 2022-2031 and note how many of those are in poor/very poor condition.
b) There are several programs in the historical period that are not continued into the forecast period according to the Chapter 2 Appendices, tab 2-AA. Please note whether any historical programs have been blended into the pole replacement program costs. For example, have insulator replacements, primary replacements or pole transformer replacements been included in the pole replacement program for the forecast period?
c) Is it E.L.K. Energy's practice to replace pole dressings (i.e. transformers, conductors, and insulators) as part of pole replacements? If so, in which program would these costs be captured?
d) Please provide a version of Table 1 and Table 3 found in reference 1 divided into reactive and proactive replacements and restorations by year from 2022-2031.

e) When does E.L.K. Energy typically reactively replace a pole? Use examples if needed. As part of the response, please identify the triggers that E.L.K. Energy considers when reactively replacing a pole.
f) Please explain what pole restoration encompasses, how E.L.K. Energy decides which pole restoration technique to undergo, and how E.L.K. Energy decides whether a pole can be restored or replaced?

In the Alternative Analysis section of reference 1, E.L.K. Energy noted that it considered a scenario of 'do nothing and run to fail' and 'like for like replacement (proactive)'.

g) Did E.L.K. Energy do a sensitivity analysis to determine the optimum number of poles to replace/restore?
    i. If so, please provide that analysis and how cost and reliability were affected with different scenarios.
    ii. If not, why not and how then did E.L.K. Energy determine the optimum number of poles to replace/restore?

**2-Staff-21**
**Transformer Replacement**
**Ref. 1: Distribution System Plan, Material Investment Narrative: Investment Category: System Renewal – Transformer Replacement**

**Preamble:**
E.L.K. Energy noted in Table 1 of reference 1 that the transformer replacement capital spend is $258k in 2026.

**Question(s):**
a) Please explain why the pole-mounted transformer replacement cost of $240k in 2026 found in the Chapter 2 Appendices 2-AA is not included in reference 1?
b) Please explain why pole-mounted transformer replacements are a separate program only in 2026, despite E.L.K. Energy noting that 35 transformers are being replaced per year, including pad-mount and pole-mount transformers.
c) Please provide a table showing the breakdown of cost and units for pole-mounted transformer replacements, pad-mounted transformer replacements (like-for-like), and live front to dead front transformer replacements by year.
d) Are all transformers replaced included in this program? If not, please provide a count of pole mounted transformers and pad mounted transformers replaced each year from 2022-2031 and note how many of those are in poor/very poor condition.

e) Please provide any internal benefit vs. cost analysis conducted in the decision-making process that triggered the live front transformer replacement program in 2024.
f) How does E.L.K. Energy take into account future growth and electrification when replacing a transformer?

In the Alternative Analysis section of reference 1, E.L.K. Energy noted that it considered a scenario of 'do nothing (reactive replacement),' 'proposed pacing (recommended approach', and 'increased pacing (accelerated replacement program)'.

g) Did E.L.K. Energy do a sensitivity analysis to determine the optimum number of transformers to replace/restore?
    i. If so, please provide that analysis and how cost and reliability were affected with different scenarios.
    ii. If not, why not and how then did E.L.K. Energy determine the optimum number of transformers to replace?

**2-Staff-22**
**Open Bus Conversion Program**
**Ref. 1: Distribution System Plan, Material Investment Narrative: Investment Category: System Renewal – Open Bus Conversion**

**Preamble:**
E.L.K. Energy noted that it is starting its open bus conversion program in 2027 at a cost of $150k in the test year. E.L.K. Energy stated that the open bus conversion program is aimed at improving system reliability by replacing open bus secondary with insulated triplex conductors in rear-yard secondary circuits.

**Question(s):**
a) Please provide a breakdown by cause code of outages, customer interruptions and customer hours of interruption from 2022-2025 caused by open bus secondary.
b) Please provide any internal cost-benefit analysis conducted for this project.
c) Given that this is a new program beginning in 2027, with no historical comparator, please provide a cost breakdown for the program in 2027.
d) What would be the pitfall of deferring this program by a year or more?

**2-Staff-23**
**Voltage Conversion**
**Ref. 1: Distribution System Plan, Material Investment Narrative: Investment Category: System Renewal – Voltage Conversion**

**Preamble:**
E.L.K. Energy noted that it is starting its voltage conversion program in 2026 at a cost of $240k in 2026 and $678k in the 2027 test year and decrease thereafter over the forecast period. E.L.K. Energy will be replacing assets at 8.32kV and 4.16kV to 27.6kV.

**Question(s):**
a) Please provide a breakdown of costs for 2026 and 2027 for this program.
b) Please provide the benefit-cost analysis conducted to determine the amount of assets to replace in each year for this program.

**2-Staff-24**
**Smart Grid**
**Ref. 1: Distribution System Plan, pp.66-67**
**Ref. 2: Distribution System Plan, Material Investment Narrative: Investment Category: System Renewal – Voltage Conversion**

**Preamble:**
E.L.K. Energy noted in reference 1 that reclosers were installed in 2024 with auto-transfer schemes to improve response time for loss of supply outage events. E.L.K. Energy noted that the reclosers are currently accessible manually and the auto-transfer schemes will be addressed in the future with Hydro One.

E.L.K. Energy is continuing its smart grid recloser deployment program in 2026-2031 as per reference 2.

**Question(s):**
a) Please provide a breakdown of the number of reclosers and type already deployed or planned for deployment from 2024-2031, including cost per recloser deployment.
b) For reclosers being installed in collaboration with Hydro One:
    i. How many reclosers are expected to be deployed specifically in collaboration with Hydro One?
    ii. Are there any opportunities to collect contributions for the recloser deployment given the collaboration with Hydro One?
c) When will the auto-transfer scheme be enabled on the reclosers installed in 2024 and how soon will the auto-transfer scheme be enabled on reclosers installed from 2026-2031 (including those installed in collaboration with Hydro One)?

d) Please provide any quantitative cost-benefit analysis conducted, explaining why it is necessary to deploy the number of reclosers planned for 2026 and 2027, and the expected reliability benefits.
e) In each historical year (2022-2026), how many customer-hours of interruption could have been avoided if these reclosers were in place based on actual E.L.K. Energy outages?

**2-Staff-25**
**Global Information System (GIS)**
**Ref. 1: Distribution System Plan, p.69**
**Ref. 2: Distribution System Plan, Material Investment Narrative: Investment Category: System Renewal – GIS**

**Preamble:**
In reference 2, E.L.K. Energy noted that the Utility Network project was initiated in 2022 and completed in 2025. E.L.K. Energy noted in reference 1 that there are ongoing efforts to improve asset data quality within the GIS as part of the Utility Network implementation in 2026. In reference 2, E.L.K. Energy also stated that in 2027 it is planning to invest approximately $100k in 2027 for GIS data cleanup.

As per the Chapter 2 Appendices, tab 2-AA, between 2022-2025, E.L.K. Energy spent $175k on the GIS Utility Network project.

**Question(s):**
a) Were there cost overruns for the GIS installation project compared to the planned amount in the previous cost of service, including hardware or software costs not directly included in the GIS line item? Please explain and indicate the magnitude of any cost overruns.
b) Please provide a breakdown of what cleanup activities have been completed to date and are forecasted to be completed in 2026 and 2027.
c) Did E.L.K. Energy hire a temporary employee or hire a third-party consultant to perform the work in 2026 and will that continue in 2027?
    i. If a third-party consultant was hired, how were costs determined?
d) Please explain why data clean-up is estimated to cost $200k between 2026-2027 when the implementation of the GIS Utility Network cost $175k.
e) Is it E.L.K. Energy's intention to adopt ENWIN Utility's GIS system in the future or to maintain two separate GIS systems?

**2-Staff-26**
**Building Renovations**

**Ref. 1: Distribution System Plan, p.69**

**Preamble:**
E.L.K. Energy noted in reference 1 that it needed to perform building renovations in 2026 to address aging and essential building components. The cost is estimated at $50k.

**Question(s):**

a) Please provide a breakdown of the cost and need for the renovations in 2026.
b) Please explain in greater detail beyond the explanations provided Table 5.4-8 and Table 5.4-9 of the Distribution System Plan, the need and scope of the building and yard renovations ($188k from 2022-2024).

**2-Staff-27**
**Kingsville and Belle River Feeders**
**Ref. 1: Distribution System Plan, p.68, Table 5.4-8**
**Ref. 2: Distribution System Plan, p.8**
**Ref. 3: Distribution System Plan, p.11**

**Preamble:**
In reference 1, E.L.K. Energy noted that it installed additional feeders in 2025 at Kingsville and Belle River to improve load switching when there is a loss of supply event.

In reference 2, E.L.K. Energy noted that Hydro One Networks intends to replace and upgrade the existing transformer station (TS) transformers and reconfigure low voltage equipment due to the assets being at or near the end of life from a condition standpoint. E.L.K. Energy stated that upgrades are presently underway for Belle River TS with Lauzon TS being flagged for renewal and upgrade by 2035. In reference 3, E.L.K. Energy noted that it is not forecasting any capital expenditures during the 2027-2031 period in relation to the upgrades.

**Question(s):**

a) Please confirm whether the additional feeder projects identified in reference 1 were included in the previous Distribution System Plan.
    i. If not, please provide any available cost-benefit analysis conducted for this project.
    ii. If yes, please provide explanations for any cost overruns compared to the previous Distribution System Plan.

b) In each historical year (2022-2025), how many customer-hours of interruption could have been avoided if these additional feeders identified in reference 1 were in place?
c) While there were no E.L.K. Energy capital expenditures for the Belle River TS upgrades, please confirm if any of the DSP projects were indirectly prioritized because of these upgrades. If so, please explain the rationale.

**2-Staff-28**
**Underground Primary Replacement Program**
**Ref. 1: Distribution System Plan, Material Investment Narrative: Investment Category: System Renewal – Underground Primary Replacement Program**

**Preamble:**
E.L.K. Energy noted that it will begin an underground primary replacement program starting in 2030. E.L.K. Energy noted that the program is informed by E.L.K. Energy's asset condition assessment results and the observed fault history of specific underground primary cable segments.

**Question(s):**
a) Please note whether E.L.K. Energy intends to capture cable condition through testing during the forecast period.
b) Please explain why E.L.K. Energy is not planning to invest in cable restoration through technologies such as cable injection.

**2-Staff-29**
**Loss Study**
**Ref. 1: Distribution System Plan, p.36**

**Preamble:**
E.L.K. Energy stated that its next step is to commission a thorough engineering system loss study to help identify the reason for increased system losses and the potential solutions that can be implemented to reduce them.

**Question(s):**
a) When does E.L.K. Energy plan to conduct this loss study? If it's in 2026 or 2027, in what OM&A program is the study found and at what cost?

**2-Staff-30**
**Potential for Shared Synergies of Cost**
**Ref. 1: Exhibit 4, p.11**

**Ref. 2: Exhibit 4, p.14**

**Preamble:**
WCUL (the parent company of ENWIN Utilities) purchased the shares of E.L.K. Energy.

**Question(s):**

a) Have any Phase 2 synergies been included in the five-year DSP forecast? If so, please identify and quantify those synergies. Does the forecast period capital rely at all on the approval of the Phase 2 transaction?
b) Has E.L.K. Energy yet explored any opportunity to share tools and/or fleet with ENWIN Utilities as part of this Application?
c) Has E.L.K. Energy explored how its voltage conversion program aligns with voltage levels used by ENWIN Utilities, and if there are opportunities to reduce material storage space if voltage levels are aligned?
d) In reference 2, E.L.K. Energy noted that it is building its cybersecurity readiness and defense posture. Has E.L.K. Energy explored opportunities to leverage ENWIN Utilities' cybersecurity system or other software?
e) Has E.L.K. Energy explored any other capital or OM&A program synergies as part of this Application?
f) In reference 1, E.L.K. Energy noted that mitigation strategies are being employed to reduce the impact of market volatility, including leveraging larger volume purchasing with ENWIN Utilities and participation in group purchasing activities. When did E.L.K. Energy begin doing this, and what are some examples of cost savings arising from bulk purchasing?

**2-Staff-31**
**Control Room**
**Ref. 1: EB-2025-0172, OEB Staff – 5a,c Response**
**Ref. 2: Distribution System Plan, Material Investment Narrative: Investment Category: System Service – Smart Grid**

**Preamble:**
In reference 1, the Applicants of the MAADs application noted that E.L.K. Energy did not have a Control Room and that E.L.K. Energy's system would be displayed, managed, and operated from the ENWIN Utilities 24/7/365 Control Room. The Applicants also stated that it is envisioned that any system enhancements and automation investments to facilitate the 24/7/365 Control Room operations will be encompassed in the plans contained in E.L.K. Energy's 2027 cost of service rate application.

In reference 2, E.L.K. Energy noted that Smart Grid investments support ongoing grid modernization, improved reliability and sets the stage for future reliability improvements through advanced monitoring and control systems that are part of a future operation of the E.L.K. Energy distribution system through a 24/7 Control Room.

**Question(s):**

a) Please confirm if the Control Room in reference 2 of the cost of service application is ENWIN Utilities' 24/7/365 Control Room or a new Control Room dedicated to E.L.K. Energy's territory.
b) When is it expected that the E.L.K. Energy territory will have a 24/7 Control Room? If it already does, please quantify the benefits E.L.K. Energy experienced to-date.
c) Please provide the estimated capital and OM&A costs associated with the implementation of the 24/7/365 Control Room model and indicate whether any portion of these costs has been included in the forecast underlying this application.

**2-Staff-32**
**Alignment with OEB Non-Wires Solution Policy**
**Ref 1: Exhibit 2 / Attachment 2-A / 5.3.5 Non-Wires Solutions ("NWS") to Address System Needs**

**Preamble:**
E.L.K. Energy states that it does not have any specific projects with an expected capital cost exceeding $2 million during the forecast period and, accordingly, is not proposing any NWS initiatives. E.L.K. Energy further states that it will continue to explore NWS opportunities as they arise during the forecast period.

**Questions:**

a) Please describe how E.L.K. Energy ensures compliance with the OEB's expectations regarding the consideration of non-wires solutions in its distribution system planning process for projects with an expected capital cost of $2 million or greater. In the response, please: a. Describe the process used to identify projects that are subject to NWS consideration; b. Describe any screening criteria, assessment methodology, or decision-making framework used to evaluate NWS alternatives; and c. Provide any relevant policies, procedures, guidelines, templates, or other supporting documentation.

**2-Staff-33**
**UsoA 1995 – Capital Contributions**

**Ref 1: Exhibit 2, p.14**
**Ref 2: Exhibit 2, p.19**
**Ref 3: EB-2021-0016, Exhibit 2 / Tab 1 / Page 1**

**Preamble:**
E.L.K. Energy states in reference 1 that prior to 2025, capital contribution amounts were all recorded in USoA 1995, rather than treated as deferred revenue as required by MIFRS. E.L.K. Energy made this reporting change effective for 2025 year-end.

Further, in reference 2, E.L.K. Energy states that in 2025 it started to record deferred revenue amortization consistent with MIFRS requirements (utilizing USoA 2440 and amortizing to income through USoA 4245) – therefore, total depreciation for purposes of rate setting now includes these amortization amounts.

In reference 3, E.L.K. Energy stated that it had converted to MIFRS on January 1, 2015 and has prepared its previous cost of service application under MIFRS.

**Question(s):**
a) Please explain why E.L.K. Energy recorded post-2011 capital contributions in Account 1995 rather than Account 2440, despite stating that it had adopted MIFRS in 2015.
b) Please confirm whether this accounting treatment was applied consistently from 2015 through 2024, and confirm when E.L.K. Energy first became aware of the discrepancy.
    i. Please provide the total value of capital contributions recorded in Account 1995 that should have been recorded as deferred revenue, broken down by year from 2015 to 2024.
c) Please explain whether the historical accounting treatment affected E.L.K. Energy's previously reported rate base, depreciation expense, other revenue, net income or regulatory financial reporting.
d) Please quantify the impact on each of the items by year, where applicable.
e) Please confirm whether E.L.K. Energy has reconciled the historical capital contributions recorded in its general ledger, audited financial statements, RRR filings and filed asset continuity schedules. Identify and explain any remaining differences.
    i. Please confirm whether any prior period adjustments or corrections to regulatory reporting are required. If not, why not.
f) Please confirm whether the correction has been fully reflected in the 2025 closing balances and the 2026 and 2027 bridge and test years to establish the proposed

2027 rate base and revenue requirement. Please update the applicable evidence as needed.

**Exhibit 3 – Operating Revenue**

**3-Staff-34**
**Customer Connections**
**Ref. 1: Exhibit 3, pp. 5-6**

**Preamble:**
Customer connections were adjusted in the Residential and GS > 50 rate classes to ensure accurate trending.

**Question(s):**
a) Please provide the un-adjusted customer counts.
b) Please provide any known contributors to the variability of customer counts.
c) Please provide forecasted counts for 2026 and 2027 if the historic actuals were used.

**3-Staff-35**
**Customer Connections**
**Ref. 1: Load Forecast Model, sheet Customer Count**

**Preamble:**
Customer connections were forecasted using historic geometric growth rate.

**Question(s):**
a) Please provide details on new connections expected through connection agreements and/or subdivisions by rate class in 2026 and 2027.

**3-Staff-36**
**Demand Forecast**
**Ref. 1: Exhibit 3, p. 8, 17-18**

**Preamble:**
The GS > 50 demand has experienced volatility from 2019 to 2023, as shown in the table below.

| Year | Demand (kW) |
|---|---|
| 2019 | 201,036 |

| | |
|---|---|
| 2020 | 126,949 |
| 2021 | 231,007 |
| 2022 | 151,124 |
| 2023 | 215,107 |

**Question(s):**

a) Please explain the drivers of the historic volatility in GS > 50 kW demand.

**3-Staff-37**
**Demand Forecast**
**Ref. 1: Exhibit 3, p. 6**

**Preamble:**
Demand was adjusted for 2023 in the Embedded Distributor and Sentinel Light rate classes for accurate trending.

**Question(s):**

a) Please provide the un-adjusted demand.
b) Please provide any known contributors to the variability of demand.
c) Please provide forecasted demand for 2026 and 2027 if the historic actuals were used.

**3-Staff-38**
**Load Forecast**
**Ref. 1: Load Forecast Model, Rate Class Energy Model**
**Ref. 2: Load Forecast Model, Rate Class Load Model**

**Preamble:**
Sentinel Light Energy use dropped from 137,220 kWh in 2024 to 117,253 kWh in 2025. Conversely, demand for the same rate class increased from 352 kW to 376 kW in the same period.

**Question(s):**

a) Please provide an explanation for the divergent trends in energy and load.

**Exhibit 4 – Operating Costs**

**4-Staff-39**
**Inflation**

**Ref. 1: Exhibit 4 – Updated October 20, 2026, p. 9**
**Ref. 2: Exhibit 4 – Updated October 20, 2026, p.17**

**Preamble:**
E.L.K. Energy noted that it calculated the inflation on non-labour items for 2026 based on an inflation factor of 2.5% and 2.0% for 2027 in reference 1.

According to reference 2, inflation on services has increased by $335k from the 2022 OEB-approved amount to the 2027 forecast.

**Question(s):**
a) Please provide escalation factors used for union and non-union employee salaries from 2022-2027.
b) Please provide E.L.K. Energy's calculation of inflation on its services as noted in reference 2.

**4-Staff-40**
**Bad Debt**
**Ref. 1: Chapter 2 Appendices, 2-JD**

**Preamble:**
E.L.K. Energy recorded a bad debt expense of $288k in 2023, $5k in 2024, and $253k in 2025, and $175k in 2026 and 2027.

**Question(s):**
a) Please explain the decrease in bad debt expenses in 2024.
b) Collection costs have increased from $5k in 2023 to $117k in 2027. Please explain the measures undertaken that have resulted in the increase in costs from 2023 to 2027. Does E.L.K. Energy expect its increased collection efforts to decrease bad debt year-over-year?

**4-Staff-41**
**Outside Services Employed**
**Ref. 1: Chapter 2 Appendices, 2-JD**
**Ref. 2: Exhibit 4 – Updated October 20, 2026, p.18**

**Preamble:**
According to reference 1, E.L.K. Energy estimated $146k for outside services employed in its 2022 OEB-approved application. E.L.K. Energy is forecasting $437k in 2027.

According to reference 2, E.L.K. Energy noted that third-party professional services increased by $154k from the 2022 OEB-approved amount, and represents the addition of multiple third-party vendors for ongoing business support, including regulatory, GIS, and IT.

**Question(s):**

a) Please confirm that Account 5630: Outside Services Employed does not include shared services received from ENWIN Utilities as that falls under Account 5665.
b) Please provide a table with a breakdown of third-party vendors employed by year and cost from 2022-2027.
c) Please explain what ongoing business support, GIS, website/customer portal, and IT services are employed by third-party services.
d) Does the GIS services include data clean-up? How does this differ from the 2026-2027 capital costs associated with the GIS?

**4-Staff-42**
**Salary Adjustments**
**Ref. 1: Exhibit 4, pp.28-29**
**Ref. 2: Exhibit 4, pp.32-33**

**Preamble:**
According to reference 1, ENWIN Utilities' compensation program for E.L.K. Energy legacy employees includes both base salary and a comprehensive benefits package. To support informed, consistent, and market-based decision-making, ENWIN Utilities subscribes to the MEARIE Management Salary Survey, which is used as a key reference for compensation analysis and benchmarking in the sector.

E.L.K. Energy noted that salary decisions are reviewed through established governance processes to ensure consistency, fairness, and fiscal responsibility.

**Question(s):**

a) Please provide the MEARIE Management Salary Survey used for benchmarking and any other benchmarking studies used.
b) Please explain how E.L.K. Energy (or ENWIN Utilities) uses the MEARIE Management Salary Survey for compensation analysis and benchmarking (i.e., is it ENWIN's goal to match the survey 50$^{th}$ percentile results) and any other benchmarking studies.
c) How did E.L.K. Energy (or ENWIN Utilities) determine an appropriate salary for the customer service representatives given their multi-faceted role that is not typical at other utilities, as described in reference 2.

d) Please detail the steps taken to review salary decisions and how often they take place.

**4-Staff-43**
**ENWIN Utilities – Management Services**
**Ref. 1: Exhibit 4, pp.40-41**

**Preamble:**
According to reference 1, E.L.K. Energy entered into a services agreement with ENWIN Utilities where ENWIN Utilities staff provide a number of shared services to E.L.K. Energy.

**Question(s):**
a) Please provide a cost breakdown by corporate service provided for 2026 to date and an updated forecast for the year. In the breakdown, please include the following:
    i. full cost build-up of $250k;
    ii. direct labour hours by service category;
    iii. fully allocated hourly rates;
    iv. incremental versus avoided FTE analysis; and
    v. evidence that the shared services are less costly than internal staffing.
b) Please provide a similar breakdown from 2022-2024 for the services provided by Entegrus Inc. Please explain major variances between part a and part b.
c) What happened in 2025 when neither Entegrus Inc. nor ENWIN Utilities was providing management services to E.L.K. Energy?
d) Please confirm whether the decrease in expenses in Account 5665 in 2025 is a result of Entegrus Inc. no longer providing services to E.L.K. Energy.
    i. If not, please explain the decrease in the account in 2025.

**4-Staff-44**
**Tree Trimming**
**Ref. 1: Exhibit 4 – Updated October 20, 2026, pp.17-18**
**Ref. 2: Exhibit 1, p.50**

**Preamble:**
According to reference 1, E.L.K. Energy increased tree trimming by $285k from the 2022 OEB-approved amount to the 2027 forecast.

**Question(s):**
a) Please explain the decrease in tree trimming costs in 2024 to $54k.

b) Please explain the jump in tree trimming costs between the 2022-2023 period (average of $259k) and the 2025-2027 period (average of $369k).
c) Please detail how tree trimming practices changed between the 2022 OEB-approved amount and the 2022 actual, as well as from 2024 to 2025.
d) Please provide the reliability impact expected from the increase in tree trimming from 2024 to 2025.

In reference 2, E.L.K. Energy noted that all areas of the distribution system have been trimmed within the past three years.

e) Please confirm if this means that E.L.K. Energy completed an entire cycle of vegetation management from 2023-2025 for a total cost of $662k, per Account 5135 in the Chapter 2 Appendices, tab 2-JD.

**4-Staff-45**
**Maintenance of Poles, Towers and Fixtures, and Overhead Services**
**Ref. 1: Exhibit 4 - Updated on October 20, 2026, pp.23-24**

**Preamble:**
According to reference 1, the maintenance of poles, towers and fixtures is increasing from $50k as per the 2022 OEB-approved amount to $111k in 2027.

The maintenance of overhead services is increasing from $94k to $159k.

**Question(s):**
a) The cost of maintaining poles, towers and fixtures varied greatly annually from 2022-2026. What caused this variation?
b) How did E.L.K. Energy forecast costs of this program, given the variation in spending historically, increased capital spending on assets during the historic period, the Asset Condition Assessment results and reliability metric improvements over the historic period?
c) What caused the increase in maintenance in overhead services in 2025 to $181k from $105k in 2023 and $98k in 2024?

**4-Staff-46**
**Billing Costs**
**Ref. 1: Exhibit 4 – Updated on October 20, 2026, pp.24-25**

**Preamble:**

E.L.K. Energy noted that billing costs increased due to outsourcing billing work to manage workload volumes. Billing costs increased from $284k in 2022 to $472k in 2023 before stabilizing at approximately $688k in 2024.

**Question(s):**

a) Why did outsourcing the work increase billing costs if the work was previously done in-house? What incremental work is being done by outsourced services that was not conducted by E.L.K. Energy staff previously?
b) How is the outsourced work being charged by the third-party?
c) Following the hiring of the 2.5 FTEs for customer service representatives, who perform certain billing tasks, did third-party billing costs decrease? If not, why not?

**4-Staff-47**
**Board of Directors Expenses**
**Ref. 1: Exhibit 4 – Updated on October 20, 2026, p.26**
**Ref. 2: EB-2021-0016: 2022 Cost of Service Interrogatory Responses, 4-Staff-47d**

**Preamble:**
E.L.K. Energy noted that board of directors costs increased for the new eight-member board.

**Question(s):**

a) Please provide a breakdown of board of directors costs per year and the number of members each year from 2017-2027 by completing the table below which uses data found in reference 2.
b) Please confirm whether board of directors costs are included in management salaries and expenses. If not, please specify.
c) Do costs differ between WCUL members and those who are independent of WCUL?

**Table 4-1: Board of Directors Compensation**

| | **2017** | **2018** | **2019** | **2020** | **2021** | |
|---|---|---|---|---|---|---|
| Compensation | $19,696 | $21,884 | $20,052 | $20,529 | $20,579 | |
| # of Members | | | | | | |
| | **2022** | **2023** | **2024** | **2025** | **2026** | **2027** |
| Compensation | | | | | | |
| # of Members | | | | | | |

**4-Staff-48**
**Role Additions and Reductions**
**Ref. 1: Exhibit 4 – Updated on October 20, 2026, pp.32-35**

**Preamble:**
In reference 1, E.L.K. Energy provided a list of role additions, reductions and changes.

**Question(s):**

a) Please note in which year each role was/is being added, removed, and changed.
b) Have all roles been filled in 2026? If not, which have yet to be filled?
c) Please provide any documentation, including needs assessments, benefit-cost analysis, benchmarking studies, workload/overtime studies, etc., conducted that triggered the internal approval of each new role.
d) Please provide metrics showing how the hiring of the customer service representatives, supervisor, and meter technician improved service (i.e., the number of annual customer complaints, billing errors, etc.).

**4-Staff-49**
**Collective Bargaining Update**
**Ref. 1: Exhibit 4 – Updated October 20, 2026, p.28**
**Ref. 2: Exhibit 4 – Cover Letter Update on October 20, 2026**

**Preamble:**
In reference 1, E.L.K. Energy noted that E.L.K. Energy legacy employees are now ENWIN employees, which allows for all employees to be managed by a centralized Human Resources team.

In reference 2, E.L.K. Energy noted that the incremental impact of the collective bargaining update was approximately $45k but has not updated the requested revenue requirement as the amount is not material.

**Question(s):**

a) Please provide a breakdown of the calculated $45k in reference 2. Have cost savings of having a centralized Human Resources team been included when determining the incremental $45k increase?

**4-Staff-50**
**Call Volumes**
**Ref. 1: EB-2021-0016: 2022 Cost of Service Interrogatory Responses, 4-Staff-43**

**Preamble:**
E.L.K. Energy noted in its previous cost of service that it had seen an uptick in call volumes.

**Question(s):**

a) Please provide a table of call volumes from 2017-2025.

**4-Staff-51**
**Turnover**
**Ref. 1: Exhibit 4 – Updated October 20, 2026, p.12**
**Ref. 2: EB-2021-0016: 2022 Cost of Service Interrogatory Responses, 4-Staff-50**

**Preamble:**
E.L.K. Energy noted that in past years, it experienced turnover in its billing/customer service, engineering, and operations roles, with some positions remaining unfilled for extended periods of time.

**Question(s):**

a) Please provide a table (similar to that provided in reference 2) indicating where positions were vacant in the last five years and state which ones were replaced and when.
b) What has E.L.K. Energy's vacancy rate been over the last five years (2022-2026)? As part of the response, please indicate any challenges experienced in filling vacancies.
c) Has E.L.K. Energy accounted for vacancies in its 2027 OM&A forecast? If not, why not? If yes, how so?

**4-Staff-52**
**Office Supplies and Expenses**
**Ref. 1: Chapter 2 Appendices, 2-JD**

**Preamble:**
Office supplies and expenses varied in the Chapter 2 Appendices, tab 2-JD from $83k (2022 OEB-approved amount) to $303k in 2023 and $155k in 2027.

**Question(s):**

a) Please explain the increase in office supplies and expenses from the 2022 OEB-approved amount and what caused the spike in expenses in 2023.
b) How are office supplies and expenses being forecasted for 2027?

**4-Staff-53**
**Customers Served per FTE**
**Ref. 1: Exhibit 4 – Updated October 20, 2026, p.31, Table 13**

**Preamble:**
E.L.K. Energy provided a table in reference 1 showing customers served per FTE for a selection of distributors.

**Question(s):**
a) Please note on what basis E.L.K. Energy selected the distributors in the table.
b) Please confirm that this comparison does not take into account shared services that E.L.K. Energy or other distributors may have or third-party services.

**4-Staff-54**
**Regulatory Costs**
**Ref. 1: Chapter 2 Appendices, 2-M**

**Preamble:**
In reference 1, E.L.K. Energy provided a table of one-time application costs for legal, consultants, and intervenor costs.

**Question(s):**
a) Please provide the spending to date for each item in the table and break down the consultant costs for each consultant used.
b) Please provide the number of intervenors and the number of hours for each assumed in the intervenor costs estimate.

**Exhibit 5 – Cost of Capital**

**5-Staff-55**
**Long-term Debt**
**Ref. 1: 2027 Cost of Service Rate Application, EB-2026-0032 Evidence Updates, September 10, 2026**
**Ref. 2: Chapter 2 Appendices, 2-OA**

**Preamble:**
As per reference 1, E.L.K. Energy stated that a separate credit facility has been established with the Royal Bank of Canada by Windsor Canada Utilities Ltd. (WCUL) for E.L.K. Energy to exclusively utilize. E.L.K. Energy noted that the shareholder loan shall bear interest at the same rate as the WCUL credit facility. E.L.K. Energy's forecast is

that the actual variable interest rate on this debt will be higher than the OEB's deemed long-term debt rate.

**Question(s):**

a) Please provide the forecast variable interest rate on this debt and any analysis conducted to calculate the forecast.
b) Given that the variable interest rate on the debt will be higher than the OEB's deemed long-term debt rate, what impact does E.L.K. Energy expect to see on its ROE?
c) As per reference 2, all long-term debt has been placed under notional debt, while none is placed under actual debt. Please confirm if this is accurate. If not, please adjust the Chapter 2 Appendices, tab 2-OA and the RRWF, tab 3 as necessary.

**Exhibit 6 – Revenue Requirement**

**6-Staff-56**
**Other Revenue – Interest and Dividend Income**
**Ref. 1: Exhibit 6, p.14**

**Preamble:**
E.L.K. Energy made $342k in 2022 and $181k in 2025 in interest and dividend income. E.L.K. Energy has forecasted zero interest and dividend income in 2026 and 2027.

**Question(s):**

a) Please confirm that E.L.K. Energy has made zero interest and dividend income to date in 2026.
b) Please remove DVA interest from the Chapter 2 Appendices, tab 2-H (see Note 1 in the tab).

**6-Staff-57**
**Other Revenue – Miscellaneous Service Revenues**
**Ref. 1: Exhibit 6, p.14**

**Preamble:**
E.L.K. Energy made $113k miscellaneous service revenues in 2022 and this amount has trended upwards to $184k in 2025. E.L.K. Energy has forecasted $155k in 2027.

**Question(s):**

a) Please explain why E.L.K. Energy is forecasting a decrease in miscellaneous service revenues in 2027 compared to the upward trend seen from 2022-2025.

**6-Staff-58**
**Revenue Requirement Comparison to MAADs Application**
**Ref. 1: EB-2025-0172, MAADs Application, Table 8, p.24**

**Preamble:**
The Applicants in reference 1 provided a table demonstrating the difference in revenue requirement at status quo and post-Phase 2 MAADs.

The table in reference 1 showed that the 2027 revenue requirement forecast was $5.485 million. In the current application, E.L.K. Energy is requesting a service revenue requirement of $7.388 million and a base revenue requirement of $6.721 million.

**Question(s):**

a) Please explain the variance in the 2027 E.L.K. Energy revenue requirement as presented during the MAADs application compared to the revenue requirement presented in this application.
b) Please provide an update to the table in reference 1 (to the extent of the data currently available), including the latest revenue requirement figures, synergies from Phase 1 to date, and forecasted synergies from Phase 1 and 2. Please list and quantify the synergies to date.

**6-Staff-59**
**Accelerated Investment Incentive Program**
**Ref 1**: **Exhibit 6, p.12**
**Ref 2: Exhibit 9, p.24**
**Ref 3: EB-2021-0016, Settlement Proposal dated June 10, 2022, p.6**

**Preamble**:
In reference 1, ELK Energy states that it is applying the Accelerated Investment Incentive Program (AIIP) within its tax returns. In addition, E.L.K. Energy states that it has not recorded any provisions within Deferral and Variance Account 1592 or any other account for the impact of AIIP because E.L.K. Energy has not benefited from that adjustment as of the time of filing.

OEB staff notes that in reference 2, E.L.K. Energy states that as it has not been in a taxable position over the intervening 2022-2025 period and has a loss carry forward balance accumulated, E.L.K. Energy has not recorded a balance in this account for disposition in the current proceeding.

In reference 3, OEB staff notes that as part of E.L.K. Energy's last rebasing, the Parties agreed that Sub-account 1592 – PILs and Tax Variances – CCA Changes would remain available and shall be used by E.L.K. Energy to record the impact of the AIIP that is taken during the rate period.

**Question(s):**

a) Please confirm whether E.L.K. Energy claimed accelerated CCA under the AIIP during 2022-2025.
    i. If confirmed, please provide a year-by-year calculation of the difference between CCA deductions without accelerated CCA and those with accelerated CCA applied.
    ii. Please provide supporting calculations of the impact on E.L.K. Energy's available tax loss carryforwards.

**6-Staff-60**
**Productivity Mega Deduction**
**Ref 1:** Federal Government announcement of PMD
**Ref 2**: Ontario Government announcement of PMD

**Preamble:**
On September 15, 2026, the Federal Government introduced the Productivity Mega Deduction (PMD), which expands the range of capital assets eligible for immediate expensing, and allows businesses to fully write off the cost of an investment in its first year for tax purposes.

On October 28, 2026, the Ontario government announced its intention to introduce corresponding provincial measures, following the passage of the federal measures.

**Question(s):**

a) Please provide E.L.K. Energy's assessment of the impact of the PMD on PILs, including the actual tax filings during the rate term, if the proposed PMD takes effect.
    i. Please explain how the PMD is expected to affect E.L.K. Energy's existing non-capital tax loss carryforwards, including whether the additional CCA deductions are expected to increase or preserve the available losses and defer the year in which E.L.K. Energy anticipates becoming taxable.
b) Please explain how E.L.K. Energy intends to reflect the impacts of the PMD in its regulatory accounting during the rate term, including whether it expects to record any amounts in Account 1592 – sub account CCA Changes, or requesting any new or modified DVA treatment.

## Exhibit 7 – Cost Allocation

**7-Staff-61**
**Embedded Distributor**
**Ref. 1: Exhibit 7, p.8**
**Ref. 2: Cost Allocation Model, I8 Demand Data**
**Ref. 3: Cost Allocation Model, I9 Direct Allocation**

**Preamble:**
E.L.K. Energy has used direct allocation of customer related expenses to its Embedded Distributor rate class. The only asset allocation is to fully amortized meters. There are no demand allocators or direct allocation responsible for allocating use of E.L.K. Energy's lines, poles, conduit, or any line transformers.

**Question(s):**
a) Please explain which assets are needed to provide service to its embedded distributor, Hydro One Distribution.
b) Does Hydro One Distribution take power from E.L.K. Energy in the same site where E.L.K. Energy receives power from Hydro One Transmission? If so, please explain the situation that makes this an embedded distributor.

**7-Staff-62**
**Demand Allocators**
**Ref. 1: Cost Allocation Model, I6.1 Revenue**
**Ref. 2: Cost Allocation Model, I8 Demand Data**

**Preamble:**
28,569 kW of load in the GS > 50 kW rate class is subject to a transformer ownership allowance on the basis of these customers being served by customer owned line transformers. However, the demand allocators indicate that all of the load supplied through E.L.K. Energy's primary system is also supplied with the use of E.L.K. Energy owned line transformers and secondary distribution.

**Question(s):**
a) Please explain the apparent inconsistency or revise the models.

## Exhibit 8 – Rate Design

**8-Staff-63**
**Loss Factor**
**Ref. 1: Chapter 2 Appendix 2-R**
**Ref. 2: EB-2021-0016 Chapter 2 Appendix 2-R**
**Ref. 3: Open Data tables 2.1.5.3 and 2.1.5.4**

**Preamble:**
E.L.K. Energy's approved total loss factor is 1.0417. In the current application, the observed loss factor in 2021 to 2023 has fluctuated in a range of 1.0389 to 1.0442. In 2024 the observed loss factor increased to 1.0777. In 2025 it increased further to 1.0892.

In both the current proceeding and in the 2022 proceeding, 2021 is included as a historic year. However, the entries and calculated losses are different between the two proceedings.

The volumes in Appendix 2-R do not reconcile to the above referenced Open Data tables.

**Question(s):**
a) Please explain the cause of the sudden increase in losses in 2024 and 2025, and what E.L.K. Energy is doing to understand and address it.
b) Please explain the difference in the 2021 historic year between the proceedings.
c) Please reconcile values in Appendix 2-R back to the Open Data in table 2.1.5.3 (supply) and 2.1.5.4 (demand).

**8-Staff-64**
**Rate Mitigation**
**Ref. 1: Exhibit 8, pp 22-27**

**Preamble:**
Mitigation is proposed for five rate classes, including Sentinel Lighting. With mitigation, the Sentinel Rate class has a total bill impact of -1.4%. The removal of the mitigation in 2028, and then recovery of the mitigation starting in 2029 would have upward pressure on rates and total bills.

**Question(s):**
a) Please provide the bill impacts on rate classes absent the mitigation proposal.
b) Please explain why Sentinel Lighting is being mitigated to the point of having a negative bill impact, and whether this risks future bill impacts for the rate class.

c) Please provide a table that compares sub-total A and total bill impacts with and without rate mitigation.
d) Did E.L.K. Energy consider any other rate mitigation strategy, including adjustment to its 2027 rate design? If so, why was that not the selected option?

**Exhibit 9 – Deferral and Variance Accounts**

**9-Staff-65**
**PILs and Tax Variances**
**Ref 1**: **Exhibit 9, pp.26-27**
**Ref 2: OEB Accounting Procedures Handbook, Article 330**
**Ref 3: Exhibit 6, pp.10-11**

**Preamble:**
In reference 1, E.L.K. Energy is requesting OEB approval to use Account 1592 PILs and Tax Variances to record any actual PILs payable during the period beginning May 1, 2027, until its next rebasing, on the basis that no PILs are included in the 2027 revenue requirement. E.L.K. Energy states that 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 ensures that E.L.K. Energy 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 OEB's Accounting Procedures Handbook established Account 1592 – PILs and Tax Variances to record the tax impacts associated with changes in tax legislation or regulations, including changes in capital cost allowance rules.

In reference 3, E.L.K. Energy states that it has non-capital tax losses of $5,247,351 and $14,189 of capital losses as of the end of 2025. These losses are available to be carried forward, and it is anticipated that these losses will increase until E.L.K. Energy's distribution rates are adjusted as a result of this Application.

**Question(s):**
a) Please confirm the main reason(s) for the $0 PILs included in the test year revenue requirement.
    i. Please explain the main reason(s) E.L.K. Energy has incurred loss carryforwards noted above.
b) Please explain how E.L.K. Energy's proposal to record any future PILs payable is consistent with the established purpose and accounting requirements of Account

1592, which address tax impacts arising from changes in tax legislation or regulations.

c) Please confirm whether E.L.K. Energy is requesting an expansion of the existing scope of Account 1592 to include PILs payable resulting from changes in taxable income unrelated to changes in tax legislation or regulations. If so, please explain the regulatory basis for the proposed expansion.
    i. Please provide any precedent cases which E.L.K. Energy may be aware of where the OEB approved such treatment.
d) Please confirm whether the proposed account would capture increases in PILs payable arising from ordinary business activities, including higher-than-forecast revenues, lower-than-forecast operating expenses, or the utilization of tax loss carryforwards.
    i. If so, please explain why these amounts should be subject to variance account treatment rather than managed within the existing incentive rate-setting framework.

**9-Staff-66**
**Deferred Distribution Revenue**
**Ref 1**: **Exhibit 9, pp.24-26**

**Preamble**:
E.L.K. Energy is proposing to establish Account 1508 – sub account Deferred Distribution Revenue to defer approximately $1.049 million of its proposed distribution revenue requirement, with recovery in later years and associated carrying charges.

**Question(s):**

a) Please explain why E.L.K. Energy considers carrying charges necessary or appropriate on the deferred distribution revenue, given that the deferral forms part of its proposed rate mitigation strategy.
b) If carrying charges are excluded, please confirm whether E.L.K. Energy can calculate the rate riders necessary to recover the deferred principal amounts and have the corresponding recovery rate riders included in its tariff for the applicable future periods, without the need to establish a deferral account.
    i. Please confirm whether the alternative approach described would achieve the same overall rate mitigation and revenue recovery objectives as E.L.K. Energy's proposed deferral account mechanism, excluding carrying charges. If not, please identify and explain any differences.
c) Please explain if customer and connection account variances would affect the amounts recorded and whether E.L.K. Energy would be protected against revenue shortfalls unrelated to the approved rate mitigation mechanism.

**9-Staff-67**
**Commodity Accounts Analysis Workform**
**Ref 1**: **Exhibit 2, pp.35-36**
**Ref 2: Commodity Accounts Analysis Workform_20260910, tab 1588**
**Ref 3: ELK_2027_COS_DVA_Continuity_Schedule_20260828, tab 2a) Group 1**

**Preamble:**
In reference 1, E.L.K. Energy explains that it undertook extensive efforts to investigate and reconcile the differences observed in the Account 1588, 1589 and 1550 in recent years.

In doing so, E.L.K. Energy engaged KPMG to conduct an independent third-party audit, received operational and analytical support from Entegrus Inc. under a Management Services Agreement (approximately 2,000 hours), and worked closely with Hydro One and the IESO over several weeks to review data and system interactions.

In addition, E.L.K. Energy retained legal counsel and expert consultants, while internal staff dedicated significant effort to analyzing and compiling system data. Despite these comprehensive efforts in reconciling prior RSVA balances, E.L.K. Energy has not been able to isolate a definitive root cause for the fluctuations in system losses observed in 2024 and 2025.

E.L.K. Energy stated that its system losses remained relatively stable from 2021 to 2023, which aligns with reasonable expectations. However, losses increased to 7.7% in 2024 and further to 8.8% in 2025, indicating a material deviation from prior trends. E.L.K. Energy's next step is to commission a thorough engineering system loss study to help identify the reason for increased system losses and the potential solutions that can be implemented to reduce them.

In reference 2, E.L.K. Energy reports a reconciling item of ($724,642) in Account 1588, attributed to an actual loss factor approximately 3% higher than the approved loss factor.

In reference 3, E.L.K. Energy is requesting to recover a principal balance in Account 1588 – RSVA – Power of $716,380 from ratepayers.

**Question(s):**
a) Please provide the calculation supporting the ($724,642) reconciling item, including the actual loss factor, consumption volumes and commodity prices

used, and reconcile the calculation to the 2025 loss-factor information provided in reference 1.

b) Please explain how E.L.K. Energy determined that the reconciling item represents a variance attributable to actual system losses rather than other potential causes, such as metering, billing or settlement discrepancies.
c) Please clarify whether the proposed engineering system loss study is intended to validate the reported 2024 and 2025 system losses, investigate their underlying causes, identify corrective measures or some combination of these objectives. Please provide the anticipated scope and timing of the study.
d) Explain how E.L.K. Energy confirmed that the $716,380 principal balance requested for disposition is accurate and appropriate for recovery, notwithstanding the unresolved system loss investigation.
    i. Confirm that the reconciling item is used only for the reasonability assessment of Account 1588, and does not adjust the principal balance requested for disposition.
e) Given the unresolved causes of the increased reported system losses and the pending engineering study, please explain why E.L.K. Energy considers final disposition of Account 1588 appropriate at this time, rather than deferring disposition until the underlying issues have been sufficiently investigated and the accuracy of the balance has been established.

**9-Staff-68**
**Commodity Accounts Analysis Workform**
**Ref 1**: **Commodity Analysis Workform_20260910, GA 2025 tab**

**Preamble:**
E.L.K. Energy reports a $33,208 reconciling item relating to billing adjustments affecting GA revenue and costs recorded in 2025. Under Note 3, E.L.K. Energy also indicates that it does not use the same GA billing rate for all customer classes.

**Question(s):**

a) Please provide a breakdown of the $33,208 reconciling item, identifying the nature of the billing adjustments, the periods to which they relate and the corresponding amounts recorded in Account 1589.
b) Please explain why the billing adjustments are not reflected in the expected GA variance calculation and confirm that they are already included in the G/L balance requested for disposition.
c) Please identify the customer classes that are billed using different GA rates and explain/recalculate how these differences are reflected in the expected GA price variance calculation in Note 4.

**9-Staff-69**
**Commodity Accounts Analysis Workform**
**Ref 1**: **Commodity Analysis Workform_20260910, GA 2025 tab**

**Preamble:**
E.L.K. Energy reports non-RPP Class B consumption of 85,572,477 kWh, excluding losses in Note 2. In Note 4, the annual non-RPP Class B retail billed consumption used to calculate the expected GA volume variance is 88,694,522 kWh, which reconciles to Note 2 after applying the calculated loss factor of 1.03648. However, the sum of monthly non-RPP Class B billed consumption used to calculate the expected GA price variance is only 45,438,203 kWh.

**Question(s):**
a) Please explain why the total annual billed consumption in Note 4 used to calculate the expected GA price variance is approximately 43.3 million kWh lower than the annual non-RPP Class B retail billed consumption used to calculate the expected GA volume variance.
b) Please confirm whether the expected GA price variance has been calculated using the appropriate consumption volumes and provide a revised calculation if necessary.

**9-Staff-70**
**Ref. 1**: **OEB Accounting Guidance Related to Commodity Pass-Through Accounts 1588 & 1589 (Accounting Guidance), April 28, 2025**
**Ref. 2: Updated Illustrative Commodity Model, April 28, 2025**

**Preamble:**
OEB issued final updates to the Accounting Guidance and the updated Illustrative Commodity Model related to the implementation of the Independent Electricity System Operator (IESO)'s Market Renewal Program (MRP), effective May 1, 2025. Page 11 of Reference 1 states that:

In Tab "Variances in ac 1588" of the updated Illustrative Commodity Model, two new tables are added to quantify the energy variances that are included in Account 1588 for records-keeping purposes. While the quantification tables are not required to be filed with the OEB at this time, these tables assist the distributors in explaining the 1% threshold test in Account 1588.

Reference 2 introduced two new reconciliation tables under the “Variances in ac 1588” tab to quantify energy cost variances arising from the implementation of MRP. In Page 11 of Reference 1, the OEB stated that these tables are intended for record-keeping purposes and are not required to be filed with the OEB. However, these two reconciliation tables may assist the distributors in explaining the 1% threshold test in Account 1588 where applicable.

**Question(s):**

a) Has E.L.K. Energy utilized Table 42 and/or 43 of Ref. 2 to track or quantify the MRP-related energy variances recorded in Account 1588?
   i. If so, please explain whether the variances recorded in table 42 and Table 43 were material in 2025, respectively. Please provide the corresponding quantum of the variances if the variance(s) are material.
   ii. If not, please explain why not.

b) Please explain whether MRP-related activities recorded in Account 1588 contributed to E.L.K. Energy’s Account 1588 balance exceeding the +/-1% threshold test in 2025.
   i. If yes, please provide a detailed explanation and the applicable completed reconciliation Table 42 and/or Table 43 from Reference 2 corresponding to the material variances identified in part 1) a).

**9-Staff-71**
**Cloud Computing Incremental Costs Deferral Account**
**Ref 1**: **EB-2024-0063, Decision and Order Cost of Capital, March 27, 2025, pp.106-107**
**Ref 2: Exhibit 9, p.23**

**Preamble:**
In reference 1, the OEB stated that the Cloud Computing deferral account was established on a transitional basis until the utility’s next rebasing application. It also confirmed that utilities may make proposals at rebasing concerning the rate treatment of future cloud computing projects.

E.L.K. Energy states that it 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.

**Question(s):**

a) Please explain why E.L.K. Energy proposes to continue Account 1511 following its 2027 rebasing, including the anticipated need for the account and why any future cloud computing implementation costs cannot be addressed through the approved revenue requirement or another appropriate rate treatment. Alternatively, please confirm whether E.L.K. Energy wishes to discontinue the account.

**9-Staff-72**
**Green Button Initiative Costs**
**Ref 1**: **Exhibit 9, p.19**
**Ref 2: OEB Accounting Order (003-2021), EB-2021-0183, November 1, 2021**

**Preamble**:
E.L.K. Energy is requesting disposition of the balance in its Green Button Initiative Costs account, and provided a table demonstrating its incremental costs directly attributable to the implementation, as reproduced here:

| **Particulars** | **Total Dr/(Cr)** |
|---|---|
| Third-party Vendor Implementation Costs | $170,009 |
| Labour | 1,443 |
| **Total principal** | **$171,452** |
| Interest to Jan 1, 2022-Dec 31, 2025 | 24,334 |
| Interest to Jan 1, 2026 – Apr 30, 2027 | 5,465 |
| **Total Balance Requested for Disposition** | **$201,251** |

**Question(s):**
a) Please provide a detailed breakdown of the $170,009 in third-party vendor implementation costs recorded in the account. Please categorize them by nature, vendor, date incurred and supporting calculation.
b) Please explain how E.L.K. Energy determined that the costs requested for disposition were incremental to those already reflected in its approved distribution rates.