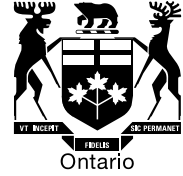


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BY E-MAIL

May 21, 2015

Mark Danelon
E.L.K. Energy Inc.
172 Forest Avenue
Essex ON N8M 3E4

Dear Mr. Danelon:

Re: Applications for 2016 Electricity Rates

The OEB is in receipt of your letter requesting that E.L.K Energy Inc. be permitted to defer the rebasing of its rates beyond the 2016 rate year.

The OEB has considered the rationale for deferral set out in your letter, as well as the following:

- E.L.K Energy's financial position, as shown in its audited financial statements and financial reporting to the OEB; and
- E.L.K Energy's 3-year performance with respect to system reliability indicators and electricity service quality requirements/indicators, as reported to the OEB.

Based on these considerations, the OEB has concluded that it will not require E.L.K Energy's 2016 rates to be set on a cost of service basis. The OEB will place E.L.K Energy on the list of distributors whose rates will be scheduled for rebasing for the 2017 rate year.

If E.L.K Energy intends to seek a rate adjustment for 2016 rates, the OEB expects E.L.K Energy to adhere to the process for Price Cap Incentive Rate-setting applications for the 2016 rate year as may be determined by the OEB.

Yours truly,

Original signed by

Kirsten Walli
Board Secretary