



April 12, 2016

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli

Re: Electricity Distribution Service Area Amendment Application – E.L.K. Energy Inc. (O.E.B. Electricity Distributor Licence No. ED-2003-0015)

I am writing on behalf of the Board of Directors of E.L.K. Energy Inc. (“E.L.K.”) to request the Ontario Energy Board make an amendment to our Distribution Licence No. ED-2003-0015 to include said lands within the application.

E.L.K. provides electricity distribution services to customers in the Towns of Essex, Lakeshore and Kingsville. The Town of Essex is the sole shareholder of the Applicant. Within those towns, which cover a large geographic area in southwestern Ontario, the applicant has six non-contiguous service areas, serving the former municipalities of Belle River, Comber, Cottam, Essex, Harrow and Kingsville. Hydro One Networks Inc. (“Hydro One”) is the electricity distributor for customers located beyond the boundaries of these six service areas.

1710690 Ontario Inc. is in the process of developing a commercial subdivision located in the municipal boundaries of the Corporation of the Town of Essex. Within the commercial subdivision, Sellick Equipment Limited (“Sellick”) is scheduled to commence construction of a new commercial facility on the 20th day of April 2016. Sellick requested an Offer to Connect from each E.L.K. and Hydro One. Sellick has made a written request that E.L.K. provide electricity service to their new commercial facility. 1710690 Ontario Inc has also provided written support for the E.L.K. service area amendment application.

This service area amendment should occur as it would be more economically efficient to the customers both in connection costs and in delivery charges. By way of this SAA, the applicant is looking to preclude the creation of new load transfer connections or new retail points of supply. The proposed SAA neither enhances nor decreases the reliability of the infrastructure in the area that is subject of the SAA application. . There will be no adverse impact on costs, rates, service quality, and reliability as a result of this proposed SAA.



Due to the construction timelines of the customer, Sellick, E.L.K., is respectfully requesting that the Ontario Energy Board dispose of this matter in an expeditious manner.

Please find accompanying this letter 9 copies of our Service Area Amendment application for an Order bringing the lands on which the Property is located into the E.L.K. distribution service area, together with an electronic copy of the same.

Regards,

Mark Danelon
Director, Finance & Regulatory Affairs

Cc: Pasquale Catalano, Regulatory Analyst, Major Projects and Partnerships, Regulatory Affairs, Hydro One Networks Inc.

Service Area Amendment Application

Hydro One Networks Inc.

And

E.L.K. Energy Inc.

April 12, 2016

7.0 Introduction

This application for a Service Area Amendment is structured and follows the minimum filing requirement for SAA assigned by the Ontario Energy Board. The section numbers follow the filing requirement of the base reference.

E.L.K. Energy (the “Applicant”) hereby applies to the Ontario Energy Board (the “OEB”) for an Order or Orders:

- a) Amending Schedule 1 of its Electricity Distribution Licence (No. ED-2003-0015) by including the lands described at 7.1.3 to this Application, to permit the connection of these said lands located within the municipal boundaries of the Corporation of the Town of Essex, to the Applicant’s electricity distribution system;
- b) Excluding the lands on which these said lands are located from the licenced service territory of Hydro One Networks Inc. (“Incumbent Distributor”); and
- c) Granting this relief in an expeditious manner without a hearing, pursuant to Subsection 21(4) of the Ontario Energy Board Act, 1998 (the “OEB Act”).

The Applicant is a local electricity distribution company (an “LDC”) that distributes electricity to customers in the Towns of Essex, Kingsville and Lakeshore. The Corporation of the Town of Essex is the sole shareholder of the Applicant. Within those towns, which cover a large geographic area in southwestern Ontario, the Applicant has six non-contiguous service areas, serving the former municipalities of Belle River, Comber, Cottam, Essex, Harrow and Kingsville. Hydro One Networks Inc. (“Hydro One”) is the electricity distributor for customers located beyond the boundaries of these six service areas.

7.1 Basic Facts

General

7.1.1 (a)

Provide the contact information for the applicant. Contact information includes the name, postal address, telephone number, and, where available, the email address and fax number of the person.

The Applicant:

Mark Danelon
Director, Finance & Regulatory Affairs
172 Forest Avenue
Essex, ON N8M 3E4
Canada
Telephone: 519-776-5291 ext 204
Fax: 519-776-5640
Email address: mdanelon@elkenenergy.com

7.1.1 (b)

Provide the contact information for the incumbent distributor. Contact information includes the name, postal address, telephone number, and, where available, the email address and fax number of the person.

The Incumbent Distributor:

Pasquale Catalano
Regulatory Analyst, Major Projects and Partnerships, Regulatory Affairs
7th Floor, South Tower
483 Bay Street
Toronto, Ontario M5G 2P5
Telephone: 416-345-5405
Fax: 416-345-5866
Email address: regulatory@HydroOne.com

7.1.1 (c)

Provide every affected customer, landowner, and developer in the area that is the subject of the SAA Application. Contact information includes the name, postal address, telephone number, and, where available, the email address and fax number of the person.

There are two affected parties in the area that is the subject of the SAA Application. Provided below is the contact information of this affected customer and developer.

Sellick Equipment Limited (Customer)
358 Erie Street North
Harrow, Ontario
N0R 1G0
Tel: 519-738-2255
Fax: 519-738-3477

1710690 Ontario Inc. (Developer)
4955 Walker Road
Windsor, Ontario
N9A 6J3
Tel.: 519-737-1216
Fax: 519-737-6464

7.1.1 (d) & (e)

Provide any alternate distributor other than the applicant and the incumbent distributor, if there are any alternate distributors bordering on the area that is the subject of the SAA application; and any representative of the persons listed above including, but not limited to, a legal representative.

Not applicable. There are no alternate distributors other than the applicant and the incumbent distributor.

7.1.1 (f) & (g)

Indicate the reasons why this amendment should occur and identify any load transfers eliminated by the proposed SAA.

This amendment should occur as it would be more economically efficient to the customer both in connection costs and in delivery charges. By way of this SAA, the applicant is looking to preclude the creation of new load transfer connections or new retail points of supply.

DESCRIPTION OF PROPOSED SERVICE AREA

7.1.3

Provide a detailed description of the lands that are subject of the SAA application. For SAA applications dealing with individual customers, the description of the lands should include the lot number, the concession number, and the municipal address of the lands. The address should include the street number, municipality and/or county, and postal code of the lands.

For SAA applications dealing with general expansion areas, the description of the lands should include the lot number and the concession number of the lands, if available, as well as a clear description of the boundaries of the area (including relevant geographical and geophysical features).

The Applicant provides the following information in this regard:

Legal description of the lands that are subject of this application per Attachment 1.5;

Legal Description: PART LOTS 3, 4 & 5, PL 202 & PART LOT 6, CONCESSION 2, COLCHESTER, DESIGNATED AS PARTS 1, 2 & 3, PLAN 12R-26189; EXCEPT PT 1, 26401; S/T EASEMENT OVER PART 2, PLAN 12R-26189 AS IN CS19391; TOWN OF ESSEX

PIN: 75204-0253 (LT)

OWNER: 1710690 Ontario Inc.

Legal Description: PART OF LOTS 3 & 4 REGISTERED PLAN 202 (BEING A SUBDIVISION OF PART OF LOTS 7 & 8 CONCESSION 2) GEORGRAPHIC TOWNSHIP OF COLCHESTER SOUTH, NOW IN THE TOWN OF ESSEX PT. 1 12R-26401; TOWN OF ESSEX.

PIN: 75204-0252 (LT)

OWNER: Sellick Equipment Limited

7.1.4

Provide one or more maps or diagrams of the area that is subject of the SAA application.

Attachment 1.1: Actual Lots Subject of the SAA Application

The area shaded in green depicts the actual lots which are subject of the SAA application.

Attachment 1.2: Existing Licensed Service Areas

The area shaded in green depicts the Applicants Harrow Service Area in the proximity of the area subject of the SAA application. The area shaded in red depicts the Incumbent Distributor's service area in the proximity of the area subject of the SAA application.

Attachment 1.3: E.L.K. Energy's Harrow Service Area in Relation to the Area Subject of the SAA Application

The area shaded in light green depicts the Applicants Harrow Service Area. The area shaded in dark green depicts the area subject of the SAA application. The Incumbent Distributor's service area is left white for ease of reference.

7.1.4 (a)

Borders of the applicant's service area

Please reference Attachment 1.2 and Attachment 1.3 as well as the detailed descriptions for both attachments provided in Section 7.1.4 of the application.

7.1.4 (b)

Borders of the incumbent distributor's service area

Please reference Attachment 1.2 and Attachment 1.3 as well as the detailed descriptions for both attachments provided in Section 7.1.4 of the application.

7.1.4 (c)

Borders of any alternate distributor's service area

Not applicable as there are no alternate distributor's in the area.

7.1.4 (d)

Territory surrounding the area for which the applicant is making SAA application

As can be seen in Attachment 1.1

The area to the North is mixed commercial, residential and agricultural. To the South and West is mixed residential and agricultural. To the East is mainly commercial and industrial.

7.1.4 (e)

Geographical and geophysical features of the area including, but not limited to, rivers and lakes, property borders, roads, and major public facilities.

As can be seen in Attachment 1.1

The lot fronts onto Roseborough Road and the area is loosely bound by the following roads: County Road 20 and 3rd Concession Road.

7.1.4 (f)

Existing facilities supplying the area that is the subject of the SAA application, if applicable, as well as the proposed facilities which will be utilized by the applicant to supply the area that is the subject of the SAA application (Note: if the proposed facilities will be utilized to also provide for expansion of load in the area that is the subject of the SAA application, identify that as well)

Currently, the applicant has existing facilities located on or immediately adjacent to the area subject of the SAA. The existing facilities would be utilized to also provide for expansion of load in the area that is subject of this SAA application.

See Attachment 1.4 which depicts the applicants existing facilities in relation to the lots that are subject of this SAA application.

7.1.5

Provide a description of the proposed type of physical connection (i.e., individual customer; residential subdivision, commercial or industrial development, or general service area expansion).

The proposed connection is a commercial or industrial development.

7.1.6

Provide a description of the applicant's plans, if any, for similar expansions in lands adjacent to the area that is the subject of the SAA application. Provide a map or diagram showing the lands where expansions are planned in relation to the area that is the subject of the SAA application.

Currently, the applicant has no plans for any similar expansions in lands adjacent to the area that is the subject of the SAA application.

7.2 EFFICIENT RATIONALIZATION OF THE DISTRIBUTION SYSTEM

The proposed SAA will be evaluated in terms of rational and efficient service area realignment. This evaluation will be undertaken from the perspective of economic (cost) efficiency as well as engineering (technical) efficiency.

Applicants must demonstrate how the proposed SAA optimizes the use of existing infrastructure. In addition, applicants must indicate the long term impacts of the proposed SAA on reliability in the area to be served and on the ability of the system to meet growth potential in the area. Even if the proposed SAA does not represent the lowest cost to any particular party, the proposed SAA may promote economic efficiency if it represents the most effective use of existing resources and reflects the lowest long run economic cost of service to all parties.

7.2.1 ECONOMIC AND ENGINEERING EFFECIENCY

In light of the above, provide a comparison of the economic and engineering efficiency for the applicant and the incumbent distributor to serve the area that is the subject of the SAA application. (NOTE: (a), (b), (c), (d), (e), (f), (g), (h),)

7.2.1 (a)

Location of the point of delivery and the point of connection

For the Lots depicted in attachment 1.1

The delivery point is located adjacent at the intersection of McLean Road and Sellick Drive. The connection point is 2.060 Km's South West of the delivery point.

See Attachment 1.4 which depicts the applicants existing facilities in relation to the lots that are subject of this SAA application.

7.2.1(b)

Proximity of the proposed connection to an existing, well developed electricity distribution system

Currently, the applicant has existing facilities located on or immediately adjacent to the area subject of the SAA.

See Attachment 1.4 which depicts the applicants existing facilities in relation to the lots that are subject of this SAA application.

7.2.1 (c)

The fully allocated connection costs for supplying the customer (i.e., individual customers or developers) unless the applicant and the incumbent distributor provide a reason why providing the fully allocated connection costs is unnecessary for the proposed SAA. (Note: the Board will determine if the reason provided is acceptable).

Per the applicants Offer to Connect there is no capital contribution required by the customer. Please reference section 7.5.3.

7.2.1(d)

The amount of any capital contribution required from the customer

Per the applicants Offer to Connect there is no capital contribution required by the customer. Please reference section 7.5.3.

7.2.1(e)

Costs for stranded equipment (i.e., lines, cables, and transformers) that would need to be de-energized or removed

Not applicable as there would be no equipment stranded.

7.2.1(f)

Information on whether the proposed SAA enhances, or at a minimum does not decrease, the reliability of the infrastructure in the area that is the subject of the SAA application and in regions adjacent to the area that is the subject of the SAA application over the long term.

The proposed SAA neither enhances nor decreases the reliability of the infrastructure in the area that is subject of the SAA application.

7.2.1(g)

Information on whether the proposed infrastructure will provide for cost-efficient expansion if there is growth potential in the area that is the subject of the SAA application and in regions adjacent to the area that is the subject of the SAA application.

The existing infrastructure, located on or immediately adjacent to, will provide for cost-efficient expansion if there is growth potential in the area that is subject of the SAA application and in regions adjacent to the area that is subject of the SAA application.

See Attachment 1.4 which depicts the applicants existing facilities in relation to the lots that are subject of this SAA application.

7.2.1(h)

Information on whether the proposed infrastructure will provide for cost-efficient improvements and upgrades in the area that is the subject of the SAA application and in regions adjacent to the area that is the subject of the SAA application.

The existing infrastructure, located on or immediately adjacent to, would provide for cost-efficient improvements and upgrades in the area that is subject of the SAA application and in regions adjacent to the area that is subject of the SAA application.

See Attachment 1.4 which depicts the applicants existing facilities in relation to the lots that are subject of this SAA application.

7.3 IMPACTS ARISING FROM THE PROPOSED AMENDMENT

7.3.1

Identify any affected customers or landowners.

Please reference section 7.1.1 (c)

7.3.2

Provide a description of any impacts on costs, rates, service quality, and reliability for customers in the area that is the subject of the SAA application that arise as a result of the proposed SAA. If an assessment of service quality and reliability impacts cannot be provided, explain why.

The proposed SAA neither enhances nor decreases the reliability of the infrastructure in the area that is subject of the SAA application. There will be no adverse impact on costs, rates, service quality, and reliability as a result of this proposed SAA. The applicant calculated the monthly charge of the customer using the current Tariff Rate Sheet and applicable rate class from both the applicant as well as the incumbent distributor. In order to truly compare the costs of both distributors, the rate riders were removed due to the fact that these are truly variable in nature, can fluctuate with increases and decreases from year to year and are primarily short lived, and as such should be removed from the analysis to create a stable result. Further, the electricity charges, as well as the monthly regulatory component charges were removed from the analysis, due the fact, that these costs would be identical with both utilities.

Provided below is the analysis performed that clearly indicates the economic (cost) efficiency that would result to all parties. Table A below shows the monthly cost to the customer with the incumbent distributor totalling \$7,010.63. Table B below shows the monthly cost to the customer with the applicant totalling \$3,847.71.

The resultant monthly cost savings is \$3,162.92

TABLE A

SUB TRANSMISSION - ST
BILLED
HYDRO ONE FEB 1, 2016 RATES

USAGE	LOSS FACTOR
KW	1.02800000

	KW	560	
ELECTRICITY CHARGES			
DELIVERY			
SERVICE CHARGE			
EFF FEB1/16	481.41 PER MTH		481.41
			481.41
METER CHARGE (FOR HYDRO ONE OWNERSHIP)			741.21
EFF FEB1/16	741.21 PER MTH		741.21
FACILITY CHARGE FOR CONNECTION TO COMMON ST LINES (44 kV to 13.8 kV)			
EFF FEB1/16	1.174 KW		657.44
			657.44
FACILITY CHARGE FOR CONNECTION TO HIGH-VOLTAGE (>13.8 kV secondary)			
DELIVERY HV DISTRIBUTION STATION			
EFF FEB1/16	1.8315 KW		1025.64
			1025.64
RETAILER TRANSMISSION RATE NETWORK SERVICE RATE			
EFF FEB1/16	3.3396 KW		1870.18
			1870.18
RETAILER TRANSMISSION RATE LINE & CONNECTION SERVICE RATE			
EFF FEB1/16	0.7791 KW		436.30
			436.30
RETAILER TRANSMISSION RATE- TRANSFORMATION CONNECTION SERVICE RATE			
EFF FEB1/16	1.7713 KW		991.93
			991.93
		SUBTOTAL	6204.10
		HST	806.53
		TOTAL	7010.63

TABLE B

GENERAL SERVICE DEMAND
BILLED
ELK MAY 1, 2016 RATES

USAGE KW	LOSS FACTOR 1.08100000
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KW 560

DELIVERY

SERVICE CHARGE

EFF MAY1/16	187.07 PER MTH	\$ 187.07
		\$ 187.07

DISTRIBUTION VOLUMETRIC RATE (DVC)

EFF MAY1/16	1.5827 KW	\$ 886.31
		\$ 886.31

LOW VOLTAGE SERVICE RATE (LVSR)

EFF MAY1/16	0.4332 KW	\$ 242.59
		\$ 242.59

RETAILER TRANSMISSION RATE NETWORK SERVICE RATE (TNET)

EFF MAY1/16	2.2195 KW	\$ 1,242.92
		\$ 1,242.92

RETAILER TRANSMISSION RATE LINE & CONNECTION SERVICE RATE (TCON)

EFF MAY1/15	1.511 KW	\$ 846.16
		\$ 846.16

SUBTOTAL \$ 3,405.05

HST \$ 442.66

TOTAL \$ 3,847.71

7.3.3

Provide a description of any impacts on costs, rates, service quality, and reliability for customers of any distributor outside the area that is the subject of the SAA application that arise as a result of the proposed SAA. If an assessment of service quality and reliability impacts cannot be provided, explain why.

Not Applicable

7.3.4

Provide a description of the impacts of each distributor involved in the proposed SAA. If these impacts have already been described elsewhere in the application, providing cross-references is acceptable.

See section 7.2.1 (f) of this application.

7.3.5

Provide a description of any assets which may be stranded or become redundant if the proposed SAA is granted.

Not applicable. There will be no assets stranded or become redundant if this application is granted.

7.3.6

Identify any assets that are proposed to be transferred to or from the applicant. If an asset transfer is required, has the relevant application been filed in accordance with section 86 of the Act? If not, indicate when the applicant will be filing the relevant section 86 application.

Not applicable. There are no assets that are proposed to be transferred to or from the applicant.

7.3.7

Identify existing customers that are proposed to be transferred to or from the applicant.

There are no existing customers that are proposed to be transferred to or from the applicant.

7.3.8

Provide a description of any existing load transfers or retail points of supply that will be eliminated.

There will be no existing load transfers or retail points of supply that will be eliminated by this SAA application, however by way of this SAA, the applicant is looking to preclude the creation of new load transfers or new retail points of supply.

7.3.9

Identify any new load transfers or retail points of supply that will be created as a result of the proposed SAA. If a new load transfer will be created, has the applicant requested leave of the Board in accordance with section 6.5.5 of the distribution System Code ("DSC")? If not, indicate when the applicant will be filing its request for leave under section 6.5.5 of the DSC with the Board. If a new retail point of supply will be created, does the host distributor (i.e. the distributor who provides electricity to an embedded distributor) have an applicable Board approved rate? If not, indicate when the host distributor will be filing an application for the applicable rate.

There will be no new load transfers or retail points of supply created as a result of the proposed SAA application, however by way of this SAA, the applicant is looking to preclude the creation of new load transfers or new retail points of supply.

EVIDENCE OF CONSIDERATION AND MITIGATION OF IMPACTS

7.3.10

Provide written confirmation by the applicant that all affected persons have been provided with specific and factual information about the proposed SAA. As part of the written confirmation, the applicant must include details of any communications or consultations that may have occurred between distributors regarding the proposed SAA.

This application provides in writing that all affected persons have been provided with specific and factual information about the proposed SAA. Please refer to Attachment 2.1 and 2.2 for a letter of consent from the customer and the developer respectively. Please also refer to Attachment 3.1, the applicant's notification to the incumbent distributor. The incumbent distributor replied to said email by phone at which time the applicant advised that they would be pursuing the SAA. Additionally, as part of a local planning meeting held on March 8th the applicant advised the incumbent distributor that they would be pursuing the SAA.

7.3.11

Provide a letter from the incumbent distributor in which the incumbent distributor indicates that it consents to the application.

7.3.12

Provide a written response from all affected customers, developers, and landowners consenting to the application, if applicable.

Please refer to Attachment 2.1 and 2.2 for letters from the customer and the developer requesting service from the applicant respectively.

7.3.13

Provide evidence of attempts to mitigate impacts where customer and/or asset transfers are involved (i.e., customer rate smoothing or mitigation, and compensation for any stranded assets).

Not applicable. No customer and/or asset transfers are involved.

7.4 CUSTOMER PREFERENCE

7.4.1

An applicant who brings forward an application where customer choice may be a factor must provide a written statement signed by the customer (which includes landowners and developers) indicating the customer's preference.

Please refer to Attachment 2.1 and 2.2 for letters from the customer and the developer requesting service from the account respectively.

7.5 ADDITIONAL INFORMATION REQUIREMENTS FOR CONTESTED APPLICATIONS

If there is no agreement among affected persons regarding the proposed SAA, the applicant must file the additional information set out below.

7.5.1

If the application was initiated due to an interest in service by a customer, landowner, or developer, evidence that the incumbent distributor was provided an opportunity to make an offer to connect that customer, landowner, or developer.

Attachment 3.3 contains the Customers Emails that were sent to the incumbent requesting their Offer to Connect. The Email chain commenced on February 5, 2016 with the latest one being April 6, 2016. At the time of completing this application the Customer has not received a response or an Offer to Connect from the incumbent. In addition to the Emails the Customer:

- Met with the incumbent at the local area office to discuss the connection requirements to service their new facility on February 1, 2016.

7.5.2

Evidence that the customer, landowner, or developer had the opportunity to obtain an offer to connect from the applicant and any alternate distributor bordering on the area that is the subject of the SAA application.

Attachment 3.2 is the applicants email to the customer advising that the incumbent is their current geographic distributor and they would need to request an Offer to Connect from them.

Attachment 3.3 contains the Customers Emails that were sent to the incumbent requesting their Offer to Connect. The Email chain commenced on February 5, 2016 with the latest one being April 6, 2016. At the time of completing this application the Customer has not received a response or an Offer to Connect from the incumbent. In addition to the Emails the Customer:

- Met with the incumbent at the local area office to discuss the connection requirements to service their new facility on February 1, 2016.

7.5.3

Actual copies of, as well as a summary of, the offers(s) to connect documentation (including any associated financial evaluations carried out in accordance with Appendix B of the Distribution System Code). The financial evaluations should indicate costs associated with the connection including, but not limited to, on-site capital, capital required to extend the distribution system to the customer location, incremental up-stream capital investment required to serve the load, the present value of incremental OM & A costs and incremental taxes as well as the expected incremental revenue, the amount of revenue shortfall, and the capital contribution requested.

Please see attached Draft Offer to Connect

OFFER TO CONNECT



SELICK EQUIPMENT LIMITED.

March 14, 2016

E.L.K. Energy Inc. (hereafter identified as E.L.K. or the Board) makes this Estimated Offer to construct the distribution system upgrade/expansion required for supplying electrical service to

Customer/Developer, Sellick Equipment Limited., at the following Property known municipally as (Registered Plan Details) in the Town of Harrow in the County of Essex as indicated in the single line drawing of Schedule A in accordance with the following terms:

1. The Customer/Developer, along with the signing of this agreement, submits \$0.00 CDN Dollars including HST in cash/cheque payable to E.L.K. as an estimated capital contribution for the engineering design and upgrading/expansion construction costs as detailed in Schedule B.
2. The Customer/Developer submits \$141,607.13 CDN Dollars including HST in cash, letter of credit from a bank as defined in the *Bank Act*, or surety bond as an expansion deposit against the load forecast and as security for those items referenced in Schedule B.
3. The Customer/Developer agrees to pay any increase in the capital contribution amount to E.L.K. and, E.L.K. agrees to refund any reduction in the capital contribution amount to the Customer/Developer that results from a re-calculation of the capital contribution prior to connection of the electrical service. This re-calculation will reflect the actual project costs incurred and include any cost adjustments due to the Alternative Bid Process, using the Economic Evaluation Model of Schedule B.
4. Schedule(s) A, B, C, D, E and F herewith attached will form part of this agreement.
5. Customer/Developer and E.L.K. hereby agree to be bound by, and act at all times in accordance with E.L.K.'s Conditions of Service (on Expansions/Offer To Connect, Connection Denial, Inspection Before Connection, Customer Rights, E.L.K. Rights, Disputes, Easements, etc.) and the Distribution System Code of the Ontario Energy Board. A copy of the Conditions Of Service is available from E.L.K. and a copy of the Distribution System Code is available at www.oeb.gov.on.ca.
6. Customer/Developer hereby agrees to enter into a Connection Agreement, if requested by E.L.K., prior to the termination of this Agreement. Customer/Developer hereby agrees to enter into a Development Agreement, prior to commencement of any work for the installation of any assets required to fulfill this Agreement. A copy of the draft format of the Development Agreement is attached as Schedule F, which shall be completed with necessary information and changes by E.L.K.'s solicitor.

Requirement for Drawings and Specifications

7. Customer/Developer hereby agrees to submit to E.L.K. for final written approval, detailed plans, specifications and drawings, in paper format and digitized AutoCad version 14, and such other material and information that E.L.K. may reasonably require. All design and construction is to be in accordance with the Electrical Safety Authority and E.L.K. Underground Standards (available from E.L.K.). Any changes, modifications, or revisions to the Plans required by E.L.K. shall be made at the expense of the Customer/Developer. After all necessary changes, modifications or

revisions have been made, the Customer/Developer shall furnish E.L.K. with a complete set of paper and digitized format Plans as revised. Upon completion of the installation, the Customer/Developer shall provide a further complete set of "as built" paper and digitized format Plans, to the satisfaction of E.L.K.

Payment of E.L.K. Costs and Expenses

8. Whenever this Agreement shall refer to the payment of costs or expenses for services provided by E.L.K., it is agreed and understood that such costs and expenses shall include all direct and indirect costs of E.L.K. including administrative charges, markup charges and burden calculated in accordance with the policies and directives of E.L.K. in effect at the time such costs and expenses were incurred. E.L.K. may invoice, including interim invoicing, from time to time for all services, materials, or costs and expenses incurred by it pursuant to this Agreement and such invoices shall be due as provided therein.
9. Customer/Developer agrees that no contract shall be awarded under the Alternative Bid Process (which term is defined under the Distribution System Code) and no work shall commence for the installation of any assets required to fulfill this Agreement or portion thereof in respect of which E.L.K. is to bear any portion of cost, without approval in writing of E.L.K. in accordance with the Distribution System Code.

Timing, Access, Easements and Ownership

10. E.L.K. agrees that this Estimated Offer shall be irrevocable by E.L.K. until 4:30 pm. on the 14th day of April 2016, after which time if not accepted this Estimated Offer shall be null and void.
11. E.L.K.'s obligations with respect to accounting for and applying the expansion deposit place under paragraph 2 of this Agreement against sums owing to E.L.K. pursuant to this Agreement shall be completed and satisfied subsequent to a final review of the 5 year Connection Horizon and once the adjusted Capital Contribution amount has been established as agreed in Item #2 of the main body of this Agreement.
12. E.L.K. shall be allowed to inspect, test and commission, at the Customer/Developer's expense, any distribution system assets constructed under the Alternative Bid Process by a pre-qualified contractor. The Customer/Developer shall provide unimpeded access at all times for all employees, contractors, subcontractors and agents of E.L.K. and for their equipment to perform installations, inspections, tests and commissioning works contemplated by this Agreement.
 - 12.1. Provided that if any such inspection, testing or commissioning discloses any valid objection to nonstandard construction, registering of easement(s) on title, or any outstanding work order or deficiency notice, or the fact that the assets in their present state are unacceptable, E.L.K. shall advise the Customer/Developer in writing, If within 20 days of written notice, the Customer/Developer is unable or unwilling to remove, remedy or satisfy the objection, E.L.K., may elect in writing to terminate this Agreement, and upon so electing and notwithstanding any intermediate acts or negotiations in respect of such objection, this Agreement shall be

at an end, and all money therefore paid to E.L.K. shall remain with E.L.K. to the extent of its damages (which damages shall include, without costs on a solicitor and client basis respecting this agreement and its furtherance of this agreement. The Customer/Developer hereby consents to the municipality releasing to E.L.K. details of all outstanding work orders or deficiency notices affecting the expansion assets installed under the Alternative Bid Process and, Customer/Developer agrees to execute and deliver to E.L.K. or E.L.K.'s solicitor such further authorizations in this regard as E.L.K. may reasonably require.

- 12.2. Provided that the distribution system assets constructed under the Alternative Bid Process meet the distribution standards of E.L.K. and free from all restrictions, charges, liens, claims and encumbrances, except as otherwise specifically provided in this Agreement and, providing that where an easement is required, the easement will be acquired, at no cost to E.L.K. (i.e. reference plan, registration on title, etc. and the width and extent of the easement shall be determined by E.L.K.). The Customer/Developer is responsible for the costs of registering the easement on title, and the Customer/Developer shall prepare and deliver a reference plan and associated easement documents to the satisfaction of E.L.K.'s solicitor prior to commencement of the work.

- 12.3. Provided title to and ownership of all distribution system assets constructed under the Alternative Bid Process shall upon, and not earlier than, the Board's written notice of acceptance of the work and services and at all times thereafter be vested in and automatically transferred to the Board and said notice shall in conjunction with this agreement operate as a good and valid transfer effective as of the date of said notice. Provided that and without detracting from the foregoing, the Developer agrees to execute and deliver to the Board, without cost, any transfers, conveyances and other assurances in connection with the foregoing and transferring and conveying title thereto to the Board free and clear of any and all encumbrances and shall do so prior to energizing if called upon, or as may be further required under the Development Agreement, unless otherwise provided for as follows:
 - (a) Street Lighting Services revert to (Town of Harrow)
 - (b)

- 12.4. Where any of the distribution system assets are constructed under the Alternative Bid Process by a pre-qualified contractor, the Developer hereby agrees to construct within 180 days of signing this agreement at his own expense, including where applicable a complete underground electrical distribution system for the Subdivision, including pad-mounted transformers, all trenching and backfilling in earth and also install service conductors to the right-of way limits. The system shall be designed and installed in accordance with the Board's specifications which are in effect at the time of installation of the system and as more specifically illustrated on Schedule C. The Developer agrees to maintain the system in accordance with the Board's specifications in effect from time to time until termination of the maintenance period as identified herein provided that

the Board reserves the right to complete said maintenance work as agent on behalf of and at the cost of the Developer. The installation of the electrical distribution system shall be subject to inspection by the Board from time to time. If the Developer fails to cause the distribution system assets to be constructed within the required 180 days, the Developer acknowledges this Offer to Connect shall be void and E.L.K. shall be at liberty to make the capacity allocated for the Offer to Connect available for other customers. Upon electing to do so in writing to the Developer, E.L.K. will refund the amounts called for in paragraphs 1 and 2 of this Offer to Connect less any and all expenses or costs incurred by E.L.K. under this Offer to Connect up to the date of making its election.

- 12.5. Where any of the distribution system assets are not constructed under the Alternative Bid Process and are to be constructed by E.L.K., the Developer hereby agrees and undertakes to complete such pre-servicing site work as is necessary within 120 days of acceptance of this Offer to Connect to allow E.L.K. to complete underground electrical distribution system for the subdivision, including pad mount transformers, all trenching and backfilling in earth and also install service conductors to the right of way limits .

Liability and Default of this Agreement

13. The Customer/Developer agrees to indemnify and save harmless E.L.K. from and against all loss or damage, expense, claims, suits and liability on account of any and all damage to or loss or destruction of any property (including without limitation, the work hereby covered and all property of the Customer/Developer and E.L.K.), or injury to or death of any person (including without limitation, employees of the Customer/Developer and E.L.K.) arising directly or indirectly out of or in connection with any willful or negligent act or unlawful or non-performance of any obligation of the Customer/Developer, its contractors, employees and invitees under this Agreement or on any lands of the Customer/Developer or on any lands, easements or rights-of-way conveyed or to be conveyed to E.L.K.
 - 13.1. During the construction of the expansion or during any other construction or attendance on lands, easements or rights-of-way to be conveyed to E.L.K., pursuant to this Agreement, the Customer/Developer shall maintain a policy of public liability insurance in the amount of not less than \$5,000,000.00 and containing endorsements showing E.L.K. as an additional named Insured and having a cross-liability clause and in a form satisfactory to E.L.K. or the Solicitors for E.L.K. Before commencing construction of assets contemplated by this Agreement or entering upon any lands, right-of-ways, easements or municipal road allowance, the Customer/Developer shall provide E.L.K. with a certified copy of such an insurance policy.
14. The Customer/Developer acknowledges that in the event of default by the Customer/Developer in performing its obligations under this Agreement, E.L.K. may elect, in addition to any other remedies available at law, including but not limited to those remedies provided to E.L.K. under the Development Agreement, to vigorously pursue realization of all security to ensure that the work under this Agreement is

completed. The Customer/Developer agrees that any persons or other entities, including E.L.K., may make use of all installations constructed by the Customer/Developer to complete the work and that ownership of all assets installed by the Customer/Developer revert to E.L.K. except for any Street Lighting Services which revert to the (Town of Harrow) upon completed installation.

Notice

15. Any notice, acceptance or other communication required or permitted to be given in this agreement shall be in writing and may be sufficiently given by personal notice, or by sending same by facsimile or other prepaid recorded communication, or by ordinary mail, to the other party at the addresses set out herein, or by leaving it at the addresses set out herein. All such notices, acceptances or other communications shall be deemed to have been validly and effectively given at the time and date of service, where personally served, or at the time and date of delivery, where left at the party's address, or on the third day following sending, where sent by ordinary mail, or on the next business day following sending, when sent by other means set out herein.

Successors and Assigns

16. This Agreement and its attached Schedules shall extend to and be binding upon and inure to the benefit of the Customer/Developer and E.L.K., and to their respective successors and assigns. In the event of a successor or assign, the Customer/Developer or E.L.K. is required to give written notice to the other Party to this Agreement, identifying the name of the successor or assign and the date that the change comes into effect.

Miscellaneous

17. Time shall in all respects be of the essence hereof provided that the time for doing or completing of any matter provided for herein may be extended or abridged by an agreement in writing signed by Customer/Developer and E.L.K. or by their respective solicitors.
18. If there is a conflict between any provision written or typed in this agreement (including any Schedule to this Agreement and the Development Agreement in its executed format) and any provision in the printed portion hereof, the written or typed provision shall supercede the printed provision to the extent of such conflict. This agreement including any Schedules attached hereto, shall constitute the entire Agreement between the Customer/Developer and E.L.K.
19. Where Harmonized Sales Tax (H.S.T.) is applicable, then such H.S.T. shall be in addition to and not included in the amounts quoted in this Agreement and services provided to the Customer/Developer by E.L.K. unless otherwise stated to be inclusive of H.S.T. (such as paragraphs 1. And 2. Above)
20. It is intended that, without in any way varying the express terms of this agreement, the Policy Statement regarding Customer and Complaint Dispute Resolution shall be of application to this agreement.

21. Definitions: The following words and terms shall have the following meanings where used throughout this document and the schedules attached to it:

- a) "DSC" shall mean the Distribution System Code set forth by the Ontario Energy Board as amended or replaced from time to time and any numbers after such term shall represent the section of the DSC being referenced;
- b) "EEM" shall mean the Economic Evaluation Model used to calculate the Developer's Capital Contribution for the purposes of this document;

SIGNED BY THE AUTHORIZED OFFICERS AND COPIES RECEIVED

DATED at the Town of Essex in the County of Essex and Province of Ontario on this ____ day of _____ 2016.

Sellick Equipment Limited.:

Per: _____ Date: _____

Per: _____ Date: _____

We have authority to bind the Corporation.

E.L.K. Energy Inc.:

Per: Michael J. Audet, Chief Executive Officer Date: _____

Per: Ron McDermott, Chairman of the Board Date: _____

We have authority to bind the Corporation.

ACKNOWLEDGEMENT

I acknowledge receipt of my signed copy of this accepted Agreement For Construction Of Distribution System Expansion.

E.L.K. Energy Inc.:

Sellick Equipment Limited:

Per: Michael J. Audet,
Chief Executive Officer

Per: _____

Per: Ron McDermott,
Chairman of the Board

Per: _____

172 Forest Avenue
Essex, ON N8M 3E4

Address

Telephone (519) 776-5291

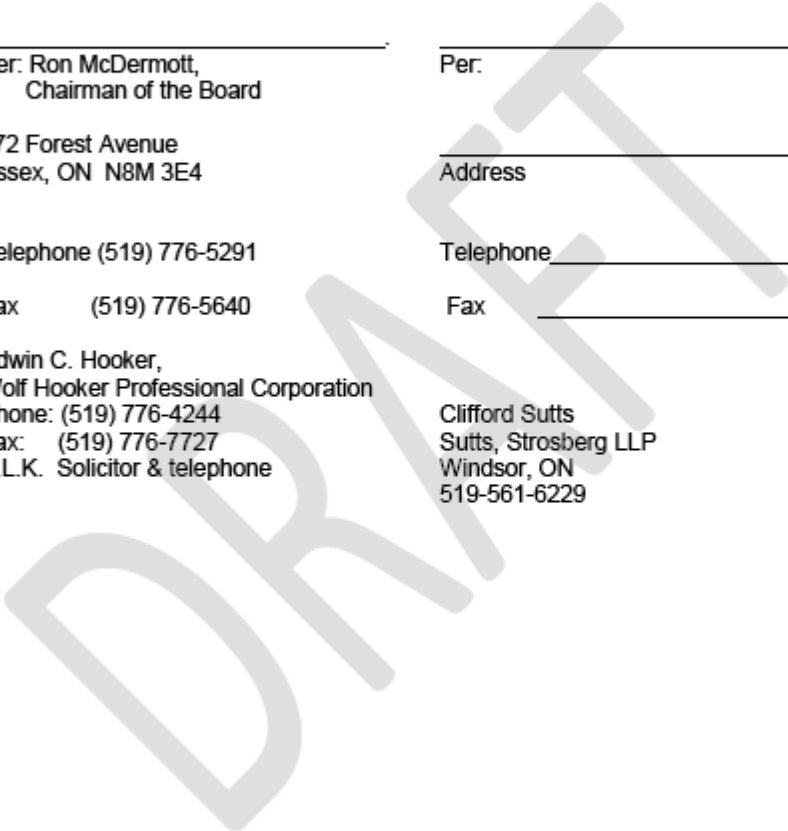
Telephone

Fax (519) 776-5640

Fax

Edwin C. Hooker,
Wolf Hooker Professional Corporation
Phone: (519) 776-4244
Fax: (519) 776-7727
E.L.K. Solicitor & telephone

Clifford Sutts
Sutts, Strosberg LLP
Windsor, ON
519-561-6229



Schedule B: Estimate of Work

The following capital contribution amount for the construction work associated with the distribution system upgrade/expansion was calculated using the E.L.K. Economic Evaluation Model as noted in Schedule D. The input quantities to the E.L.K. EEM came from the Customer/Developer's forecast of load to be connected over a 5 year connection horizon as detailed in Schedule C and the associated revenues and costs resulting from the connected load as determined by E.L.K..

The E.L.K. Economic Evaluation Model calculates that a Capital Contribution of \$0.00 is to be paid by the Customer/Developer to E.L.K. for the engineering design and construction of the upgrade/expansion to the main distribution system to supply the Customer/Developer's new electrical service. This Contributed Capital amount will be recalculated using the actual costs and connections over the 5-year connection horizon as noted in Items #3 & #11 in the main body of this agreement.

Listed below is a description of all the items associated with this upgrade/expansion work. Shown also is the estimated costs for each item and whether the item is eligible for the Alternative Bid Process which is described in Schedule E.

Item	Description	E.L.K. Estimated Cost	Eligible for Alter. Bid option (Y/N)	Initial to select Alter. Bid Item
1	Supply & install 750KVA 600/347 Volt padmounted transformer, transformer vault, high voltage duct structure, high voltage cable and ancillary equipment.	\$48,217.68	Y	
2	Install 2 new 45' poles into existing overhead line at the intersection of Roseborough and Clark to facilitate new connection.	\$20,619.35	N	
3	Place new distribution assets into service	\$14,958.77	N	
4				
5				
Etc.				

(1) The breakdown of the total engineering and design, materials, labour, equipment and administration costs for E.L.K. to complete the project are as follows:

Engineering and Design	
Materials	\$ 46,674.52
Labour	\$ 18,443.96
Equipment	\$ 10,019.82
Administration	\$ 8,657.50
Total	<u>\$ 83,795.80</u>

(2) If the Customer/Developer uses the Alternative Bid Process as described in Schedule E, the additional E.L.K. costs to service the Alternative Bid Process is \$ 3,230.00

These E.L.K. services costs, to be paid by the Customer/Developer through periodic invoicing by E.L.K., may include but not be limited to, the following:

- a) Analysis of alternatives bid submissions,
- b) Supervision of work by pre-qualified contractor, and
- c) Costs of inspection and commissioning by E.L.K. staff.

If the Customer/Developer uses the Alternative Bid Process security shall be required as outlined below:

Description	Estimated Cost
Capital contribution as stated in Item #1 in the main body of this Agreement.	\$0.00
Additional E.L.K. costs to service the Alternative Bid Process in Schedule B (2) of this Agreement.	\$3,230.00
Expansion deposit securing: a) shortfalls in the load forecast as stated in Item #2 in the main body of this Agreement and b) failure of the i) Developer to construct the expansion to the proper design and technical standards and specifications and ii) the facilities to operate properly when energized 10% of the Expansion deposit, \$14,160.71, will be retained for the two year warranty period set forth in Schedule E of this Agreement.	\$141,607.13

Capital contribution calculation:

Present value of operating cash flow	\$ 135,634
Present value of taxes	\$ (35,943)
Present value of operating cash flow	\$ 99,691
Present value of capital	\$ (81,844)
Present value of CCA tax shield	\$ 12,079
Net present value	<u>\$ 29,926</u>
HST	\$ 3,890
Capital contribution	<u>\$ 33,816</u>

Assumptions (as required by Appendix B of the Distribution System Code):

Customer connection horizon	5 years
Customer revenue horizon	25 years
Customer additions	As provided by customer/developer in Schedule C
Average energy/demand per added customer	Energy is utility/customer class specific historical and demand is as provided by customer/developer in Schedule C
Approved rates	E.L.K. Energy Inc. Tariff of Rates & Charges Effective and Implementation Date May 1, 2015
New facilities/investments/capital	As per Schedule B of the Offer to Connect dated March 14, 2016
Annual operating, maintenance and administration	Utility/customer class specific historical, range of \$2,225.46 to \$3,091.74 per year.
After tax weighted average cost of capital	Based on the prospective capital mix, debt and preference share cost rates, and the latest approved rate of return on common equity.
Marginal income tax rate	Current "substantively enacted" rates

Schedule C: Customer/Developer Information
General Service Greater Than 500 kW

Substation Owned By (check appropriate one): Yes (ELK)
 No

Customer's Forecast of Electric Load:

Month	kW Demand	KWh
1 JAN	500	160,000
2 FEB	500	160,000
3 MAR	500	160,000
4 APR	500	160,000
5 MAY	500	160,000
6 JUN	650	195,000
7 JUL	650	195,000
8 AUG	650	195,000
9 SEP	650	195,000
10 OCT	550	165,000
11 NOV	500	160,000
12 DEC	500	160,000
Average	500	112,000

Design Peak demand 0.65 MW

Forecasted Plant Power Factor 90 %

Customer's Forecasted Load Growth (% of Above Average Demand):

Year 1
 Year 2
 Year 3
 Year 4
 Year 5

Service Voltage (check appropriate one): 600/347 volts
 single phase
 three phase

Generator on Site (check yes or no): Yes
 No

List Large Motors

Type	HP	Voltage
AIR COMP (2)	60	600
CRANE	10	600
PAKE UP A.R. (3)	10	600
WELDER (1)	15A	600
SAW (2)	10	600
MILL (2)	40	600

I acknowledge that:

- The above information will be used by E.L.K. to make me an offer for the connection of my electrical service to their distribution system.
- If I change the above information after signing this form, E.L.K. can charge me for additional costs they incur as a result of my changes.

Customer (please print):

David Sellick

Date: March 9, 2016

Customer (signature):

David Sellick

Date: _____

Schedule D: Expansion Deposit Annual Review

The expansion deposit will be returned in accordance with the *Ontario Energy Board's Distribution System Code* including paragraph 3.2.23:

Once the facilities are energized and subject to sections 3.2.22 and 3.2.25, the distributor shall annually return the percentage of the expansion deposit in proportion to the actual connections (for residential developments) or actual demand (for commercial and industrial developments) that materialized in that year (i.e. if twenty percent of the forecasted connections or demand materialized in that year, then the distributor shall return to the customer twenty percent of the expansion deposit). This annual calculation shall only be done for the duration of the customer connection horizon as defined in Appendix B. If at the end of the customer connection horizon the forecasted connections (for residential developments) or forecasted demand (for commercial and industrial developments) have not materialized, the distributor shall be allowed to retain the remaining portion of the expansion deposit.

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Schedule E: Alternative Bid Process

Step #1

E.L.K. shall calculate the Contributed Capital requirement of the asset upgrade/expansion using the Economic Evaluation Analysis as identified in Schedule D. The data input into the model for calculation was provided by the Customer/Developer (note Schedule C Customer/Developer Information) and by E.L.K.'s forecast of expected revenues and operational maintenance costs over the 5 year connection horizon.

Step #2

The Customer/Developer shall solicit bids, at their own expense, from pre-qualified contractors to construct the assets and perform the work identified in Schedule B as eligible for alternative bids. The Customer/Developer has the prerogative to select all or some of those eligible for alternative bids.

E.L.K. maintains a list of pre-qualified contractors for all services that are eligible for the Alternative Bid Process. The Customer/Developer shall request and obtain this listing of pre-qualified contractors from E.L.K. staff. Only contractors from this list shall be acceptable to construct the eligible items identified for alternative bids in Schedule B.

Step #3

The Customer/Developer shall take into consideration the estimated additional costs of the E.L.K. services for engineering and managing the Alternative Bid Process for constructing the expansion assets under the Alternative Bid Process. An estimate of these costs are detailed in Schedule B.

These E.L.K. services costs, to be paid by the Customer/Developer through periodic invoicing by E.L.K. may include, but not be limited to, the following:

- a) Analysis of alternatives bid submissions,
- b) Supervision of work by pre-qualified contractor, and
- c) Costs of inspection and commissioning by E.L.K. staff.

Step #4

The Customer/Developer shall evaluate the costs of those items eligible for the alternative bid in Steps #2 plus the additional costs of Step #3 and then decide whether to proceed with the Alternative Bid Process.

If the Customer/Developer chooses to proceed with the Alternative Bid Process then he should go to Step#6.

If the Customer/Developer chooses to have E.L.K. build the expansion assets then go to Step #5.

Step #5

Two Customer/Developer representatives with corporate binding authority shall:

- (a) Initial the attached Schedules to acknowledge their inclusion as a part of this Agreement.
- (b) Sign this Agreement.
- (c) Sign acknowledgement of receipt of a signed copy of this Agreement.

- (d) Submit payment, in cash/cheque payable to E.L.K., as a capital contribution for the construction costs in the amount noted in Item #1 of the main body of this Agreement and the expansion deposit called for in Item #2 of the main body of this Agreement.
- (e) Submit proof of a policy of public liability insurance as outlined in Item #12.1 of the main body of this Agreement.

Two E.L.K. representatives with corporate binding authority shall:

- (a) Initial the attached Schedules to acknowledge their inclusion as a part of the Agreement.
- (b) Sign this Agreement.
- (c) Sign acknowledgement of receipt of signed copy of this Agreement.

This terminates the Alternative Bid Process because of the Customer/Developer's choice to have E.L.K. construct the expansion. Do not proceed to Step #6.

Step #6

Two Customer/Developer representatives with corporate binding authority shall:

- (a) Initial the items on Schedule B for which the Customer/Developer will seek bids from pre-qualified contractors.
- (b) Initial the remaining Schedules to acknowledge their inclusion as a part of the Agreement.
- (c) Sign this Agreement.
- (d) Sign acknowledgement of receipt of signed copy of this Agreement.
- (e) Submit proof of a policy of public liability insurance as outlined in Item 12.1 of the main body of this Agreement.
- (f) Submit payment, in cash/cheque payable to E.L.K., as a capital contribution for the construction costs in the amount noted in Item #1 of the main body of this Agreement and the expansion deposit called for in Item #2 of the main body of this Agreement.

Two E.L.K. representatives with corporate binding authority shall:

- (a) Initial the items on Schedule B for which the Customer/Developer will seek bids from pre-qualified contractors.
- (b) Initial the remaining Schedules to acknowledge their inclusion as a part of the Agreement.
- (c) Sign this Agreement.
- (d) Sign acknowledgement of receipt of signed copy of this Agreement.

Step #7

Customer/Developer shall submit to E.L.K. for final written approval, detailed plans, specifications and drawings, in paper format and digitized AutoCad version 14, and such other material and information that E.L.K. may reasonably require.

The Customer/Developer must provide E.L.K. with original bid documents for review. The costs of the selected Alternative Bid will be borne directly by the Customer/Developer and all costs associated with the electrical distribution servicing shall be separately shown in all tenders and shall be monitored throughout the work by E.L.K. staff to ensure proper cost assignment.

Step #8

E.L.K. shall inspect, test and commission, at the Customer/Developer's expense, any distribution system assets constructed under the Alternative Bid Process. The Customer/Developer shall provide unimpeded access at all times for all employees,

contractors, subcontractors and agents of E.L.K. and for their equipment to perform installations, inspections, tests and commissioning works contemplated by this Agreement.

Step #9

Re-calculate the costs to identify the amount to be refunded or the increased cost to the Customer as per Item #2 of the main body of the Agreement. The settlement shall be refunded to the Customer/Developer on or before the completion of this Agreement as noted in Item #10, but not before the date and time of Item #11, in the main body of this Agreement.

Step#10

The initial demand or connections proposed by the Customer, as submitted in Schedule C, for the EEM, must be reasonable and shall be subject to acceptance by E.L.K. The Customer and E.L.K. agree that on the one year anniversary of the first dollars spent by E.L.K., the average demand and or customer connections for the period will be compared to the forecasted demand or customer connections as provided in Schedule C of this Agreement. E.L.K. shall, subject to Step #11, return annually the percentage of the expansion deposit in proportion to the actual demand or connections that materialized in that year. (i.e. if twenty percent of the forecasted connections or demand materialized in that year, then E.L.K. shall return to the customer twenty percent of the expansion deposit) This annual calculation shall only be done for the duration of the customer connection horizon, not to exceed five years. If at the end of the customer connection horizon the forecasted connections (for residential developments) or forecasted demand (for commercial and industrial developments) have not materialized, E.L.K. shall be allowed to retain the remaining portion of the expansion deposit.

After the five year Connection Horizon, E.L.K. is not obligated to provide any re-evaluation of the proposed development.

Step #11

E.L.K. reserves its right to retain up to ten percent of the expansion deposit for a warranty period of two years. This portion of the expansion deposit can be applied to any work required to repair the expansion facilities within the two year warranty period. The two year warranty period begins:

- (a) when the last forecasted connection in the expansion project materializes (for residential developments) or the last forecasted demand materializes (for commercial and industrial developments); or
- (b) at the end of the customer connection horizon, five years from the energization date of the facilities, which ever is first. E.L.K. shall return any remaining portion of this part of the expansion deposit at the end of the two year warranty period.

Step #12

When the Customer/Developer transfers the expansion facilities that were constructed under the alternative bid option to E.L.K., and provided that E.L.K. has inspected and approved the constructed facilities, E.L.K. shall pay the Customer/Developer a transfer

price. The transfer price shall be the lower of the cost to the Customer/Developer to construct the expansion facilities, which is the sum of;

- a) Additional E.L.K. costs to service the Alternative Bid Process in Schedule B (2) of this Agreement.
- b) The Customer/Developer's contractor costs to construct the expansion facilities.

or the amount set out in Schedule B of this offer to do the contestable work. If the Customer/Developer does not provide E.L.K. with the Customer/Developer's cost information in a timely manner, then E.L.K. may use the amount for the contestable work as set out in this offer for the transfer price instead of the Customer/Developer's cost.

Step #13

A settlement of the Capital Contribution amount may require the Customer/Developer to pay E.L.K. or it may be necessary for E.L.K. to refund the Customer/Developer the settlement amount depending on the results of the Economic Evaluation Analysis as identified in Schedule D. Where E.L.K. is required to pay a transfer price, the transfer price shall be considered a cost to E.L.K. for the purposes of completing the final Economic Evaluation Analysis.

Schedule F: Development Agreement

THIS AGREEMENT made in duplicate this ____ the day of _____, 20__.

BETWEEN:

hereinafter called the **DEVELOPER**
OF THE FIRST PART

- and -

E.L.K. Energy Inc.

hereinafter called the **BOARD**
OF THE SECOND PART

Where, in this agreement, the following words are used, it shall be used to refer to and to mean:

Board E.L.K. Energy Inc.

Town The Corporation of the Town of _____

Engineer The Engineer of E.L.K. Energy Inc. or such other person(s) as may be duly authorized and appointed by the Board.

Expansion Deposit Shall mean the Expansion Deposit called for in the Offer to connect

Developer The Developer and/or person(s) who have entered into an agreement with the Town and/or the Board for the development or subdivision of the lands included in those lands shown in schedule "A" attached hereto and more particularly described in Schedule "B" attached hereto and installation of services therein.

Land Shall mean those lands described in Schedule B to this agreement.

Maintenance Period Shall mean the warranty period for the expansion facilities as outlined in the Offer to Connect covering a two year period from the earlier of: (a) the date when the last forecasted connection in the expansion project materializes (for residential developments) or the last forecasted demand materializes (for commercial and industrial developments) or (b) the date which represents the end of the customer

connection horizon being five years from the energization date of the facilities;

Offer to Connect shall mean an Offer to Connect between the Board and Developer dated the ____ day of _____, 20__ by the Developer and dated the ____ day of _____, 20__ by the Board

WHEREAS the Developer intends to develop a subdivision on the lands shown as _____, in Schedule "A" attached hereto (the "Subdivision") and described more particularly in Schedule "B" attached hereto;

AND WHEREAS the Developer is desirous of purchasing electrical utilities from the Board;

THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the mutual covenants hereinafter expressed and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), it is agreed by and between the parties as follows:

1. EXTENT OF WORK

1.1 The extent of the work shall be construed to consist of the labour and material necessary for the construction in a good, substantial, workmanlike manner of all the items required for the completion of the entire work consisting of all the items shown on the project drawings as it relates to Phase ____ indicated thereon (see Schedule "C") as approved by the Board, and which shall be installed according to the Board's specifications; also consisting of all excavations, drains, sheathing, shoring, false-work, forms, tools, appliances and material necessary to the safe, expeditious and effective execution of all temporary and permanent work in connection with the foregoing. Schedule C is not attached hereto but is part of this agreement and is incorporated herein by reference and is filed with the Chief Executive Officer of the Board and is identified by the signatures of the signing officers of the Developer and the Board. Schedule C does not constitute approval of drawings as it relates to other lots not part of Phase ____ and not described in Schedule B.

1.2 The Developer will be responsible for obtaining the location of all utilities (other than utilities of the Board) such as electric underground cables, water pipes, Bell Telephone conduits, sewer catch basins, farm drainage tiles, gas mains, and all other related municipal services from the Utility or other Authority concerned and must protect and/or repair same subject to the regulations of the particular Utility or other Authority involved. The Developer agrees to indemnify and save harmless the Board from any liability, costs, expenses, claims, demands arising out of the Developer's failure to protect and/or repair same.

1.3 Excavations, backfilling and all work on Municipal streets by the Developer must have the approval of the Engineer and/or Board and Municipality.

1.4 Pavements, driveways, entrances to property, lawns, and landscaping must be replaced or restored by the Developer in as good condition as found and developer agrees to fill in all excavations and as far as practicable restore the surface to the same condition as prior to the commencement of construction or of any subsequent work to it

1.5 Barricades and regulation lighting must be installed by the Developer on all works for the protection of vehicles and pedestrians and all precautions taken to minimize risk of damage and inconvenience to others.

1.6 All work shall be carried out by the Developer so that it conforms with the regulations of the Construction Safety Act and the Workplace Safety & Insurance Board as pertains to the safe working conditions of the men employed on the job.

1.7 The Developer shall take full responsibility for pavement breaks which must be approved in advance by the Engineer and/or Board and restored to the regulations applicable.

1.8 In the absence of the Developer from the job (whether permanent or temporary) he shall provide and leave a competent and reliable agent or foreman in charge for him and this person shall be considered as acting in his place and all notices, communications, instructions or orders given, sent or served upon this person shall be taken as served upon the Developer.

2. ELECTRICAL DISTRIBUTION SYSTEM

2.1 The Developer hereby agrees to construct within 180 days of signing this agreement at his own expense, a complete underground electrical distribution system for the Subdivision, including pad-mounted transformers, all trenching and backfilling in earth and also install service conductors to the right-of way limits. The system shall be designed and installed in accordance with the Board's specifications which are in effect at the time of installation of the system and as more specifically illustrated on Schedule C. The Developer agrees to maintain the system in accordance with the Board's specifications in effect from time to time until termination of the maintenance period as identified herein provided that the Board reserves the right to complete said maintenance work as agent on behalf of and at the cost of the Developer. The installation of the electrical distribution system shall be subject to inspection by the Board from time to time.

2.2 The Board consents to the connection of the electrical distribution system proposed by the Developer to the Board's system at such time that the Board is satisfied that the construction of the Subdivision is within the Board's specifications. The Developer will be responsible for all cost associated with the Board making the connection of the developers electrical distribution system to that of the Board's.

2.3 The Developer agrees that he will pay to the Board upon demand, in cash or by certified cheque all inspection fees in respect of the installation and connection of the electrical distribution system.

2.4 Notwithstanding anything contained herein to the contrary, the title to and ownership of the electrical distribution system and all parts thereof, constructed pursuant to this agreement shall upon, and not earlier than, the Board's written notice of acceptance of the work and services and at all times thereafter be vested in and automatically transferred to the Board and said notice shall in conjunction with this agreement operate as a good and valid transfer effective as of the date of said notice. Provided that and without detracting from the foregoing, the Developer agrees to execute and deliver to the Board, without cost, any transfers, conveyances and other

assurances in connection with the foregoing and transferring and conveying title thereto to the Board free and clear of any and all encumbrances and shall do so prior to energizing if called upon.

3. ELECTRICAL DISTRIBUTION SYSTEM PAYMENT

The Developer agrees that he is responsible for all costs associated with the construction of the required electrical distribution system within the lands to be developed. Developer shall be also responsible for all costs associated with this agreement including but not limited to the connections as mentioned in Section 2.2 hereof, the inspections as mentioned in Section 2.3 hereof, including but not limited to the Board's engineering, legal and other costs associated with preparation, negotiation, and enforcement of this agreement and inspection of the system. All payments due the Board will be paid upon demand.

4. WORKS TO BE INSTALLED

4.1 The Developer shall at its expense complete:

- a) Supply and installation of an electrical distribution system including underground service to the street line located in road allowances in front of the properties receiving services and/or side lot;
- b) Electrical secondary services in accordance with all Board regulations of 120/240 volts from transformer locations to the street line; primary voltage power supplies to all other land areas within the subdivision as illustrated on the project drawings as approved by the Board.
- c) A street lighting system meeting the requirements of the Board and the Town.

5. REQUIRED MINIMUM CONDITIONS FOR INSTALLATIONS

5.1 The Developer acknowledges that the said works shall be installed in accordance with the following required minimum conditions applying to the installation of an underground electrical distribution system to residential subdivisions:

- a) Gravel road base must be completed and boulevards must be level and graded to within 100 mm of finished grade with finished grade indicated to the requirement of the Board;
- b) Underground wiring cannot be economically installed in inclement weather. Areas requiring electrical power during the winter must be ready to receive the underground system in early fall. Extra costs resulting from inclement weather shall be the responsibility of the Developer;
- c) The electrical distribution system layout is based on the subdivision as laid out according to Registered Plan (schedule "A"). Any deviation from this or any changes in lots could necessitate a complete new layout. The Developer acknowledges that the Board approval be obtained before any changes are implemented. Should any changes occur after any or all of the electrical plant is installed, alterations to the electrical distribution system layout will be made at the expense of the party applying for such change;

d) The Board is unable to guarantee any date on which power will be available to any specific area. The condition of the subdivision and weather play a much more critical part in underground construction as compared to overhead. Developer shall ensure the building trades keep the boulevards and rear lot easements clear of construction shacks, materials and debris;

e) Requests for temporary building power or temporary full capacity service must be made as soon as possible. These facilities when available will be provided at the cost of the party requiring such service. Labour and unrecoverable material will be charged for erection and dismantling;

f) Developer shall make best efforts to locate poles, pedestals, vaults and other portions of the plant in such a manner as to not hinder the future intended use of the property involved. It is contemplated that some error in the location of the plant is inevitable or that future owners may request relocation of some portions of the plant. The Board does not assume any responsibility in relocation of any of the plant which may be hindering the use of a particular portion of the property to which this agreement applies and relocation of plant will require the consent of the Board, the cost of which will become the responsibility of the owner of the property involved at the time the issue of relocation arises or request for relocation is made;

g) Where underground fixtures are to be installed which will be required to be at or near the finished grade, such as transformer vaults, pads, junction boxes, switching compartments and the like, the Developer assumes the responsibility and agrees that he will provide at no cost to the Board, the necessary Ontario Land Surveyor (herein "surveyor") to supervise the setting of the fixtures at the proper grade as established by the Board prior to setting of the fixtures. Said surveyor shall provide a certificate to the Board certifying that the said fixtures are at the required grade.

5.2 Following completion of the installation of the underground electrical distribution system, but prior to the acceptance of the system by the Board, no excavation will be carried out in the development without the Developer or contractor or sub-contractors or future owner of the property requesting locations from the Developer or his engineer as to the whereabouts of the underground wiring. This covenant is also required from and shall be deemed to bind any future owners including lot purchasers from the Developer.

6. EASEMENTS

6.1 Where easements, rights of way, and any other rights of entry, access or otherwise (hereinafter "the Easements"), are required by the Board for the purpose of carrying out the distribution of electricity or other work or services hereunder or are otherwise required by the Board in relation to the system, to be provided hereunder, the Developer agrees to provide the Easements, for one (1) dollar to the Board prior to the completion and acceptance by the Board of construction of the services, works and systems, mentioned herein, and as reflected on the approved project drawings free and clear of any prior encumbrances.

6.2 No work shall be commenced until the Easements are provided and the documents associated with the Easements are properly registered, at the cost of the Developer which documents may include, without limitation, any postponements and/or subordination of encumbrances to the Easements. The Easements shall be approved as to form and content by the Board's solicitor. The Board may request that the Developer

provide to the Board an opinion from a duly qualified solicitor in Ontario as to the Developer's title to the lands and any encumbrances affecting title to the lands and no work shall be accepted by the Board until any requested opinion shall have been delivered to the Board in such form and verified in such manner as the Board's solicitor may require.

7. BACKFILL AND COMPACTION

All trenches, regardless of their location, whether they be in the roadways, in the boulevards, or under sidewalks, lawns, etc. are to be backfilled with suitable material and properly compacted. Mechanical compactors are to be used where possible and compaction is to be done at least every 150 mm. No wet, frozen or unsuitable materials are to be used for backfilling, and, all cases, the requirements of the Town Engineer will be met. Where excavations are made in roadways where roadway bases have been laid, new materials will be installed in the top of the trench in accordance with the requirements of the Engineer.

8. SPECIFICATIONS

The installation of the electrical distribution system is to be carried out within 180 days of signing this agreement in accordance with the specifications previously referred to as supplied by the Board. These specifications are considered to be a part of this agreement and the Developer acknowledges having a copy of said specifications.

9. ROAD GRADES

Before actual construction begins, proof must be furnished by the Developer or his agents that the road grades have been approved by the Engineer and/or Board in order that all plant as required by this agreement will be laid to the proper grade.

10. PROPERTY STAKES

Sufficient property stakes shall be available and placed so that the proper and locations limits for all plant to be constructed as required by this agreement and in accordance with the project drawings can be readily determined.

11. ENGINEERING AND INSPECTIONS

11.1 The Developer shall employ the proper Engineers registered with the Association of Professional Engineers of Ontario to design and supervise the construction of all works required to be installed by the Developer pursuant to this agreement at the cost of the Developer.

11.2 All of the works installed in connection with the electrical distribution system shall be constructed and installed under the supervision of Inspectors employed by the Board, and the Developer hereby agrees to pay all accounts of the Board in connection with the services of the said Inspectors. No work specified in the agreement or in the specifications shall be carried out unless there is an Inspector to insure that all work is being completed in accordance with the specifications approved by the Board.

11.3 The Board will issue to the Developer a monthly invoice for the cost of inspection performed in the subdivision during the immediately preceding month. The Developer shall pay such invoices within ten (10) days of receipt thereof.

12. UNCOMPLETED OR FAULTY WORK

If, in the opinion of the Engineer and/or Board the Developer is not executing or causing to be executed the work required in connection with this agreement or is improperly performing the work or shall the Developer neglect or abandon before the completion, or unreasonably delay the same, so that conditions of this agreement are being violated or carelessly executed or in bad faith; or shall the Developer neglect or refuse to renew or again perform such work as may be rejected by the Engineer and/or Board as defective or unsuitable by the Developer, in any manner; or if in the opinion of the Engineer and/or Board the Developer defaults in the performance of the terms of this agreement, then in any such case, the Engineer and/or Board shall promptly notify the Developer, in writing, of such default or neglect and, if such default or neglect is not corrected to the satisfaction of the Board within seven clear days after notice, the Board shall thereupon have full authority and power to exercise its option, hereby granted, to purchase materials and employ workmen and machines for proper completion of the said work at the cost and expense of the Developer and to enter upon the lands to perform the work. In case of an emergency, in the opinion of the Engineer and/or Board such work may be done without notice. The cost of such work shall be calculated by the Engineer and/or Board whose decision shall be final. The cost of this work, together with an Engineering fee of 5% of the cost of materials and work if applicable shall forthwith be paid to the Board by the Developer on demand. It is further understood and agreed between the parties hereto that such exercise of option and entry upon the lands to perform such work shall be as an agent for the Developer and shall not be deemed for any purpose whatsoever as an acceptance of the said services by the Board and shall not serve as a notice of acceptance within the meaning of this agreement .

13. DAMAGE CLAIMS

13.1 The Developer shall be responsible for the total costs associated with the repair of any damage to the said works which damage is caused during the course of construction of buildings within the subdivision. The Developer shall indemnify the Board from and against all damage caused by the Developer, his employees, servants, agents and contractors to the works installed.

13.2 The Board shall give to the Developer notice of any claims arising under the above paragraph upon the report of any such damage to the Board and shall assist the Developer in determining the person or corporation responsible for such damage and in recovering compensation therefore without prejudice or derogating from the indemnity of the Developer.

14. AS-BUILT DRAWINGS AND DOCUMENTATION

Immediately upon completion of the works required by this agreement, and as constructed by the Developer, the Developer will prepare and forward to the Board, as-built drawings and associated documentation which accurately reflect the locations and grades of all the works constructed. Same drawings and documentation will be prepared by the Developer in accordance with the requirements of the Board and at no expense to the Board.

15. LIABILITY INSURANCE

The Developer shall, at its own expense and prior to construction of the works, obtain and lodge with the Board a policy or policies of insurance satisfactory to the Board, indemnifying the Board with cross-liability endorsement against any claim for public liability, personal injury including death, and/or property damages to limits of

\$5,000,000 for any one accident arising in any way out of the construction, installation, repair or maintenance of all works and services required to be done under this agreement. The said policy shall be maintained in full force and effect at the expense of the Developer until the termination of the Maintenance Period outlined herein.

16. PERFORMANCE BOND

The Developer shall, prior to commencing any servicing work, deposit with the Board an irrevocable and unconditional letter of credit of a Schedule 1 chartered bank of Canada to satisfy the Capital Contribution and expansion deposit called for in items #1 and #2 of the Offer to Connect. The Board expressly reserves the right to retain up to 10% of the expansion deposit (herein "the Security") to guarantee the load forecast set forth in the Offer to Connect, the installation of all services required for the expansion, and to otherwise perform the Developer's maintenance obligations under paragraph 17 below and as otherwise required under the DSC. The letter of credit shall be in form and substance satisfactory to the Board. The Security shall not secure the cost of construction of any of said services which are installed by the Board pursuant to an Awarded Contract or otherwise (herein "Board Work"). The Developer acknowledges that the Board may require pre-payment of the costs of Board Work prior to commencement of that particular work in addition to the Capital Contribution and expansion deposit.

17. MAINTENANCE BOND

During the Maintenance Period, the Developer shall be responsible for all the materials, equipment and work until all construction and installation has been completed as described herein .

The Developer shall be responsible during the Maintenance Period for all of the services installed upon the lands and the maintenance thereof, and correct any deficiencies in workmanship, materials and labour installed by the Developer pursuant to this agreement, all to the satisfaction of the Board and the Board's Engineer in the manner outlined in article 2.1 above.

In connection with the foregoing, it is acknowledged that the Board may (without any obligation to do so) bid on and be awarded a contract or contracts (the "Awarded Contract(s)") to perform or provide for the Developer certain workmanship, materials and/or labour in connection with the services to be installed by the Developer under this Agreement. During the maintenance period, the Developer shall not be required to correct any deficiencies in workmanship, materials or labour performed or provided by the Board pursuant to an Awarded Contract so long as and to the extent the Board is required to rectify such deficiencies pursuant to the terms of such Awarded Contract.

18. LIENS OR CLAIMS

The Developer agrees that upon applying for acceptance of the electrical system in the said subdivision, to supply the Board with a Statutory Declaration that all accounts for work and material have been paid or provided for, that there are no claims for liens or otherwise, in connection with such work done or material supplied on behalf of the Developer in connection with the Subdivision and such other proof of compliance with the Construction Lien Act as may be required by the Board, the Engineer and /or the Board's solicitor. And provided further, that should there be any outstanding liens or claims for work and materials from time to time, the Developer shall indemnify the Board from any such liens or claims, including without limitation all liens whatsoever under the Construction Lien Act, R.S.O. 1990.

19. ACKNOWLEDGEMENT

The Developer acknowledges having been given a reasonable and sufficient opportunity to review this agreement and the offer to connect and to obtain independent legal, technical, and business advice as to the developer's rights and obligations under those documents. The person(s) executing this document on behalf of the Developer warrant and represent that they have authority to bind the developer to this agreement and that it is enforceable against the developer.

20. GENERAL

20.1 This agreement shall enure to the benefit of and be binding upon the Parties hereto and their respective heirs, administrators, successor, and assigns.

20.2 Notices and other correspondence given pursuant to the agreement, if required to be given to the Board shall be delivered or mailed by prepaid post to:

**E.L.K. Energy Inc.
172 Forest Avenue
Essex, Ontario
N8M 3E4**

and if required to be given to the Developer, shall be delivered or mailed by prepaid post to:

20.3 Each party has the right to change its address for the purpose of notices hereunder by a notice to the other at the address then in force hereunder. All invoiced or notices shall be deemed to have been received on the date of delivery where the invoice or notice is in fact delivered, or on the second day following the day on which the invoice or notice was mailed.

20.4 Notwithstanding anything hereinbefore mentioned where there is an interpretation of the provisions of this Agreement or of the plans and specifications herein referred to, the Board's interpretation shall be binding on the parties hereto.

20.5 This Agreement is without prejudice to any right, power or authority given to the Board under any statute as that statute may be amended from time to time and the rights of the Board under this agreement are in addition to any of said rights, powers, or authority.

20.6 For greater certainty it is specifically acknowledged and agreed that the burden of this Agreement shall run with the Land. The Developer agrees that this agreement may be registered upon the title to the Land both before and after registration of the Plan of Subdivision or any Reference Plan outlining how the property is to be subdivided. Such registration shall be at the sole discretion of the Board and paid for by the Developer. In the event of registration, the Board may call for the agreement to be registered free and clear of any prior encumbrances in like manner as the Easements. The Board or its solicitor are hereby authorized to add to this agreement the registration number and date of the Plan of Subdivision or Reference Plan after it is registered.

20.7 This agreement and the provisions hereof do not give to the Developer or any person acquiring any interest in the Land (each hereinafter in this clause called "such person") any rights against the Board or the Engineer with respect to the failure of any such person to perform any obligations under this agreement or the failure of the Board to force any such person to perform any obligations under this agreement or any negligence of any such person in the performance of the said obligations. Further, the only duty and responsibility of the Engineer arising out of this agreement is to the Board and this agreement and any work or services done or performed by the Engineer under this agreement do not in any way create any liability on the part of the Engineer to the Developer or any person acquiring any interest in the Land.

20.8 The Developer shall not assign the benefits of this agreement or any interest herein without the written consent of the Board.

20.9 This agreement shall be read with any change of gender or number required by the context.

20.10 It is agreed that interest shall accrue at the rate of eighteen (18%) percent per annum calculated monthly on any moneys payable to the Board under this agreement from the date default in payment of such moneys occurs. All moneys payable to the Board under this Agreement and all interest accruing on moneys in default shall be a charge on the Land. The Board may also claim against any bond, letter of credit or other security filed with the Board with respect to any moneys or interest owing to the Board hereunder.

IN WITNESS WHEREOF the Parties have hereunto set their corporate seals attested by the hands of its proper officers duly authorized in that behalf.

SIGNED, SEALED AND DELIVERED in the presence of:

Developer

Per: _____
_____, President
I have authority to bind the Corporation

E.L.K. Energy Inc.

Per: _____
(Chairman)

Per: _____
(Chief Executive Officer)

We have authority to bind the Corporation

Schedule B

Part Lot _____, Concession _____,

Or Lots _____ on Plan 12M-_____

Town of _____, County of Essex
Province of Ontario

Now designated as Parts/Lots _____, All On Plan _____
(delete/amend as necessary)

DRAFT

7.5.4

If there are competing offers to connect, a comparisons of the competing offers to connect the customer, landowner, or developer.

Not applicable as the incumbent had not provided an Offer to Connect at the time of this application being completed.

7.5.5

A detailed comparison of the new or upgraded electrical infrastructure necessary for each distributor to serve the area that is the subject of the SAA application, including any specific proposed connections.

A new three phase duct structure will be installed along the new road allowance from the existing infrastructure to allow for future connections to the area that is subject of the SAA application. For the one proposed new customer within the area that is subject of the SAA application the applicant proposes to build an eighty metre, three phase underground extension and supply a 750 KVA pad mounted transformer.

7.5.6

Outage statistics or, if outage statistics are not available, any other information regarding the reliability of the existing line(s) of each distributor that are proposed to supply the area that is the subject of the SAA application.

Not applicable as both distributors would be supplying the areas that are subject to the SAA with the same feeders.

7.5.7

Quantitative evidence of quality and reliability of service for each distributor for similar customers in comparable locations and densities to the area that is the subject of the SAA application.

Not applicable as both distributors would be supplying the areas that are subject to the SAA with the same feeders.

7.6 OTHER

It is the sole responsibility of the Applicant to provide all information that is relevant and that would assist the Board in making a determination in this matter. Failure to provide key information may result in a delay in the processing of the application or in the denial of the application.

7.7 WRITTEN CONSENT

E.L.K. Energy Inc. consents to all the statements made in this application

Mark Danelon, Director, Finance & Regulatory Affairs
E.L.K. Energy Inc.
Dated:_____

7.8 REQUEST FOR NO HEARING

Does the applicant request that the application be determined by the Board without a hearing? If yes, please provide:

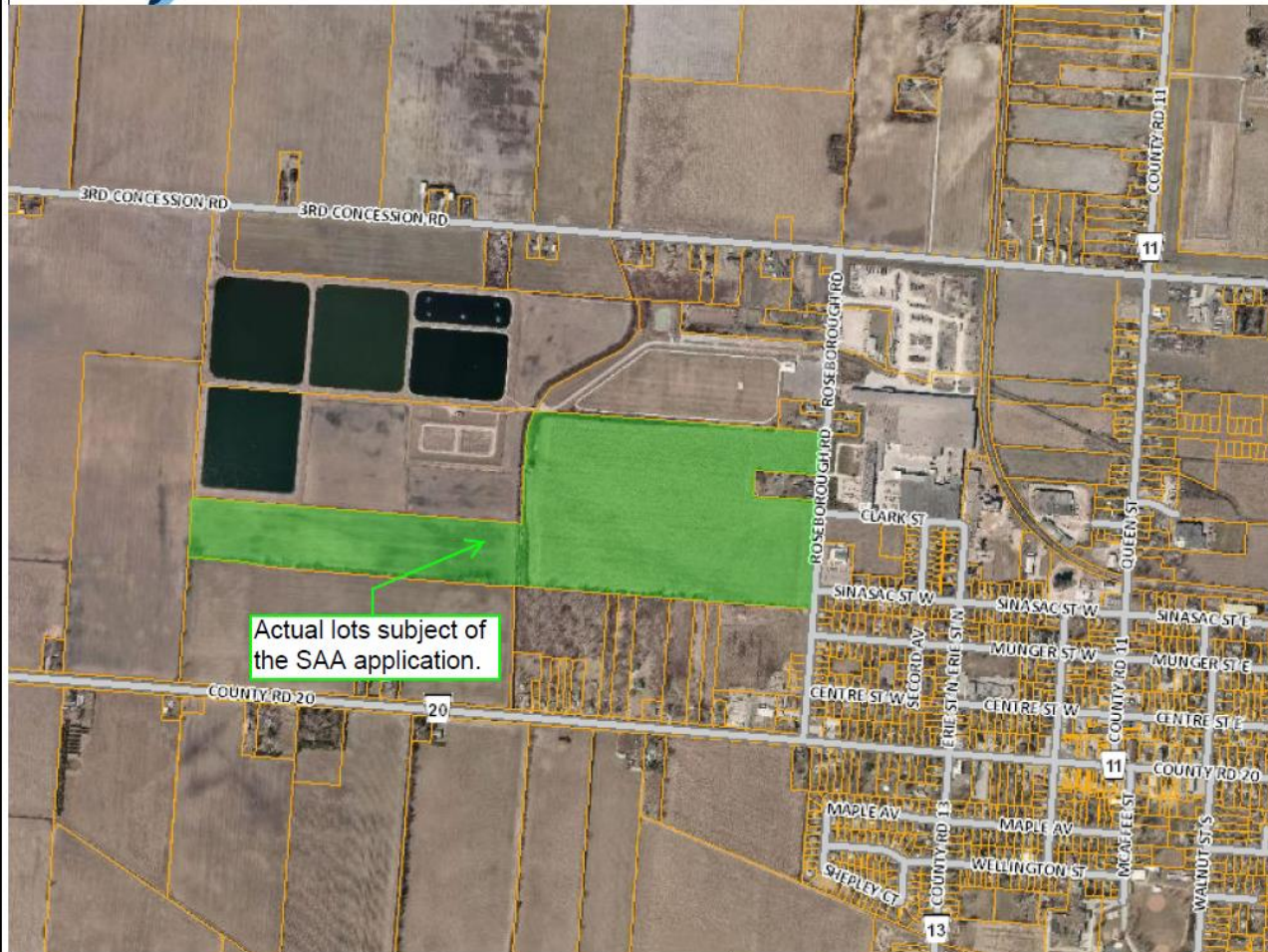
- a) An explanation as to how no person, other than the applicant and the proposed recipient, will be adversely affected in a material way by the outcome of the proceeding AND
- b) The proposed recipient's written consent to the disposal of the application without a hearing
- c) There will be no adverse impacts on existing customers as this application.
- d) E.L.K. Energy Inc. requests that the Board dispose of this proceeding without a hearing under Section 21(4)(b) of the Act.

The applicant requests that the Board dispose of this proceeding without a hearing under Section 21(4)(b) of the Act as no person, other than the applicant and the proposed recipient, will be adversely affected in a material way by the outcome of the proceeding. This amendment should occur as it would be more economically efficient to the customers both in connection costs and in delivery charges. By way of this SAA, the applicant is looking to preclude the creation of new load transfer connections or new retail points of supply. The proposed SAA neither enhances nor decreases the reliability of the infrastructure in the area that is subject of the SAA application. . There will be no adverse impact on costs, rates, service quality, and reliability as a result of this proposed SAA. The applicant calculated the monthly charge of the customer using the current Tariff Rate sheet and applicable rate class. A monthly savings of \$3,163 is being achieved for the customer.

Mark Danelon, Director, Finance & Regulatory Affairs
E.L.K. Energy Inc.
Dated:_____



Town of Essex Mapping



Legend

- Roads
 - County Roads
 - Municipal
 - Private
 - Provincial
- Essex Assessment
- Water
- Essex County Municipalities

Notes

Enter Map Description

THIS MAP IS NOT TO BE USED FOR NAVIGATION
 Copyright the Corporation of the Town of Essex, 2014. Data herein is provided by the Corporation of the Town of Essex on an 'as is' basis. Assessment parcel provided by Teranet Enterprises Inc. Data layers that appear on this map may or may not be accurate, current, or otherwise reliable.

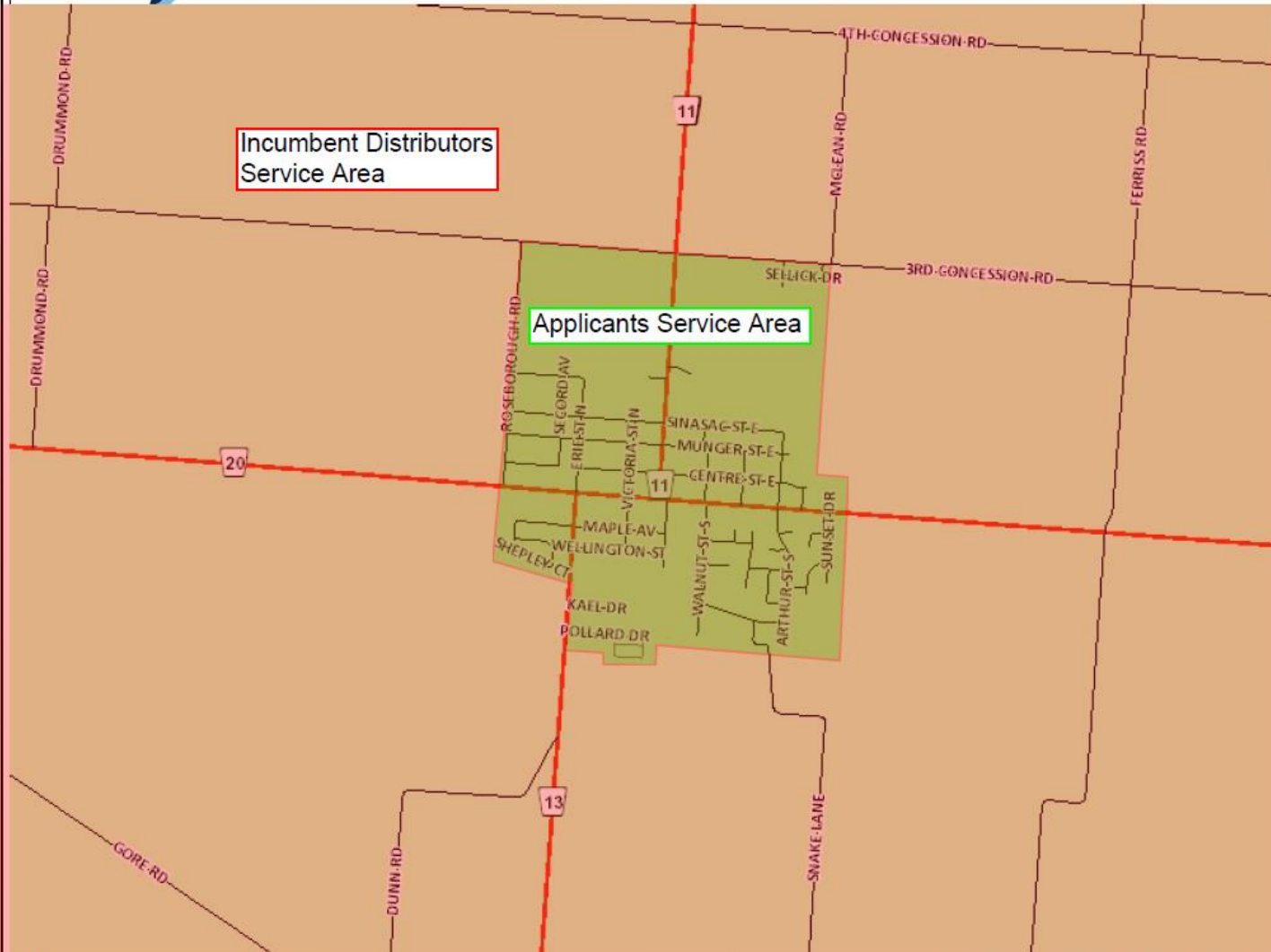
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7/23/2014



Town of Essex Mapping



Legend

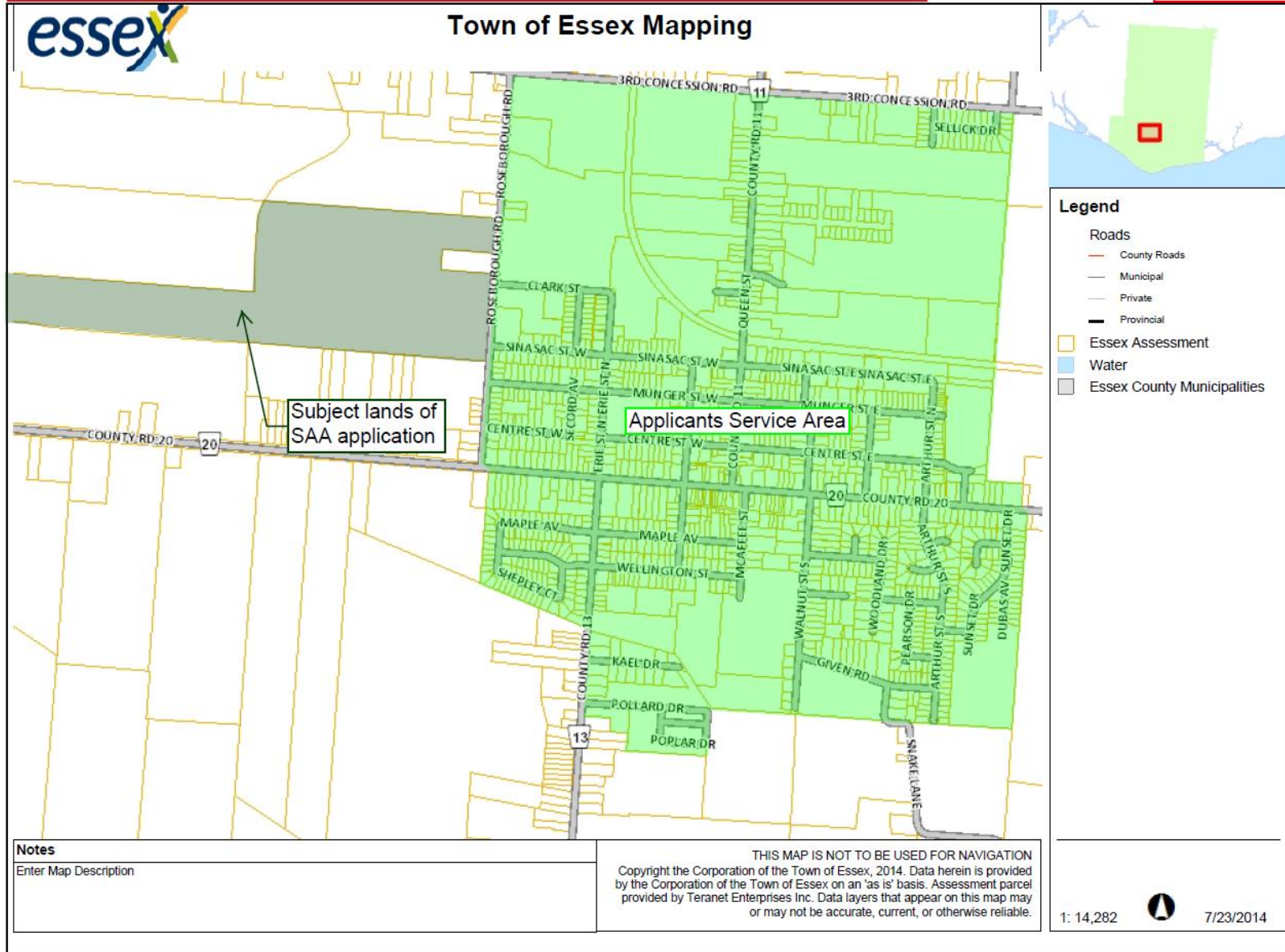
- Roads
 - County Roads
 - Municipal
 - Private
 - Provincial
- Water
- Essex Outline
- Essex County Municipalities

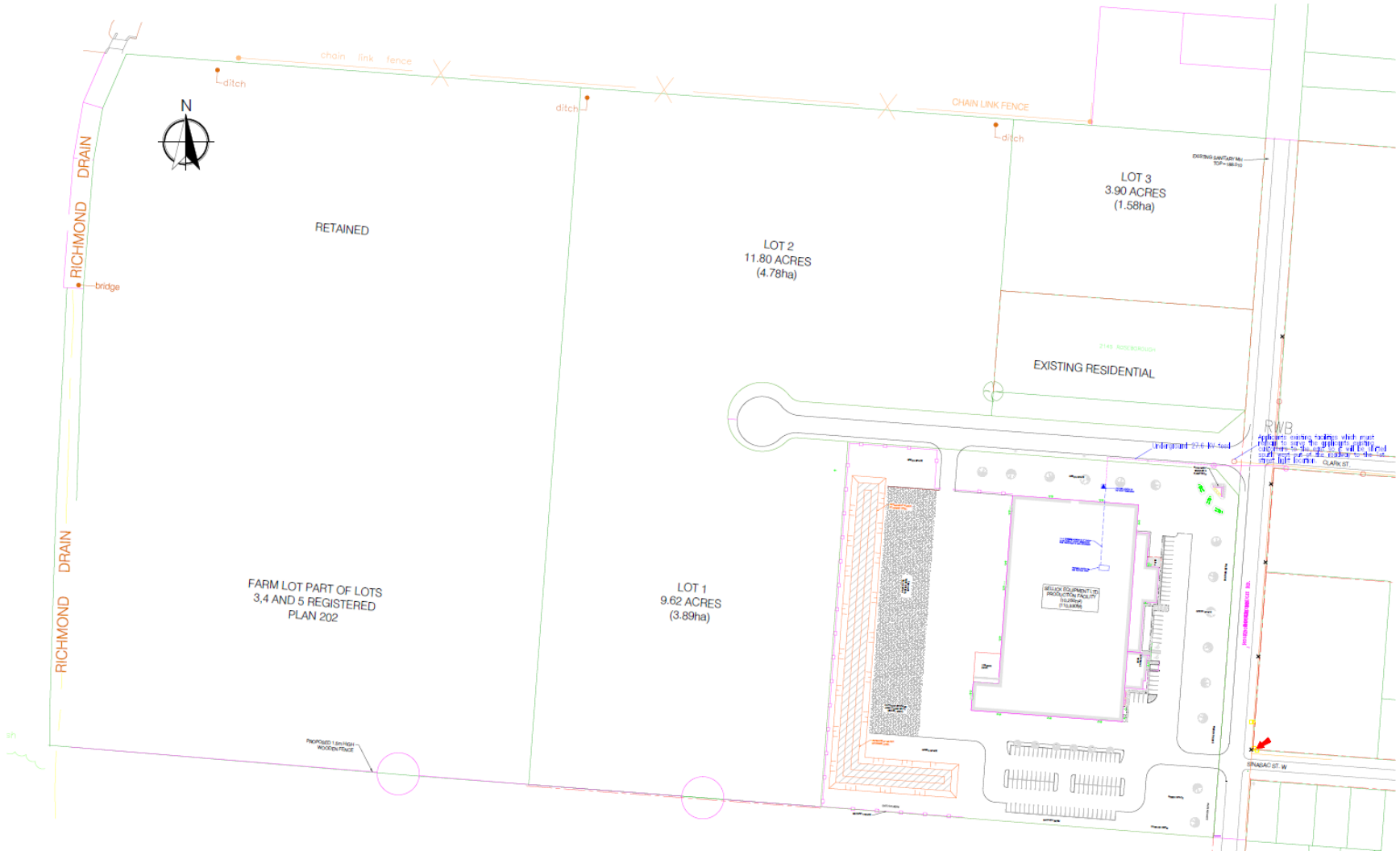
Notes

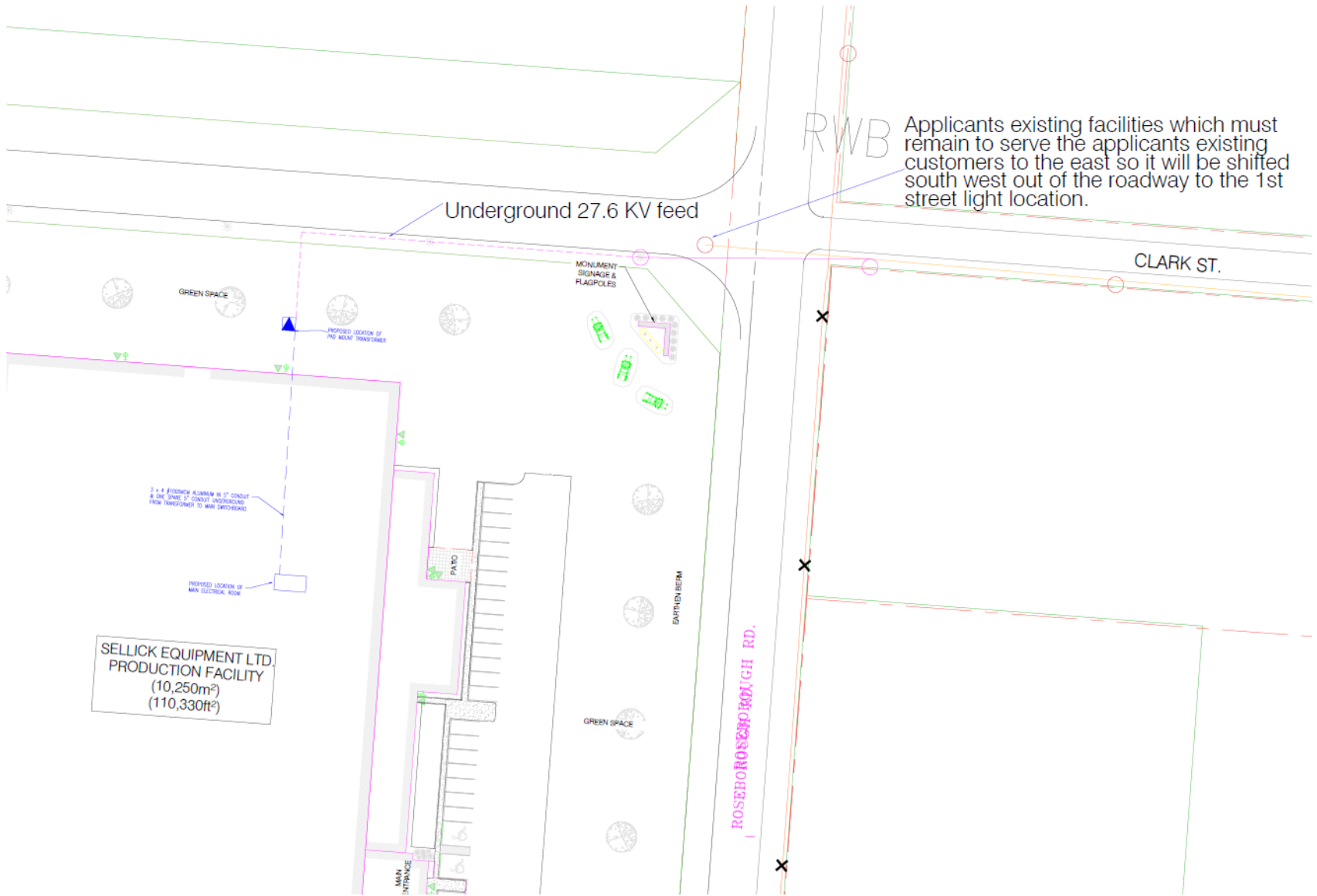
Enter Map Description

THIS MAP IS NOT TO BE USED FOR NAVIGATION
 Copyright the Corporation of the Town of Essex, 2014. Data herein is provided by the Corporation of the Town of Essex on an 'as is' basis. Assessment parcel provided by Teranet Enterprises Inc. Data layers that appear on this map may or may not be accurate, current, or otherwise reliable.



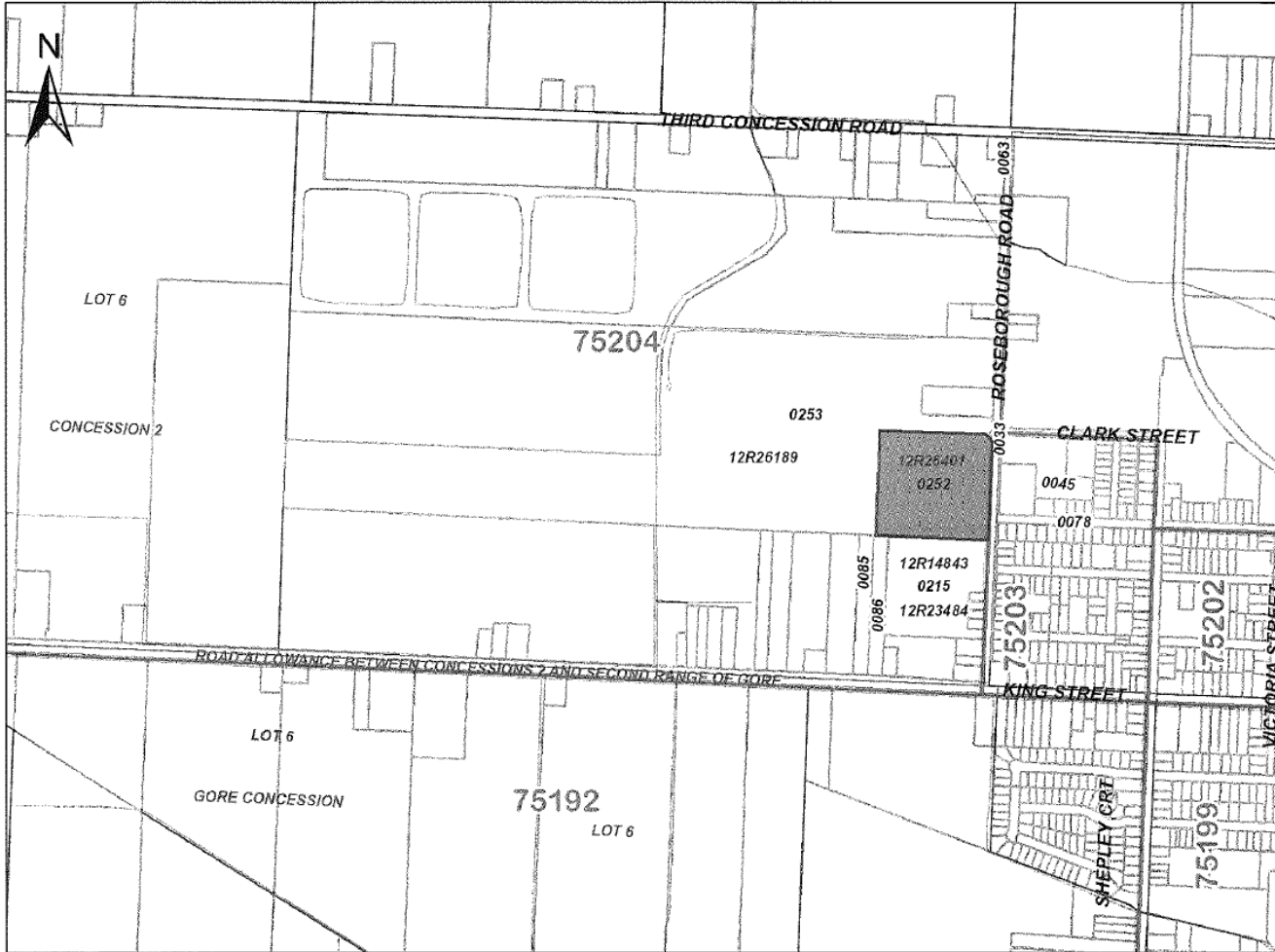






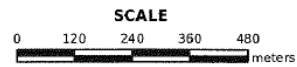
Applicants existing facilities which must remain to serve the applicants existing customers to the east so it will be shifted south west out of the roadway to the 1st street light location.

**SELICK EQUIPMENT LTD.
PRODUCTION FACILITY**
(10,250m²)
(110,330ft²)



ServiceOntario

PRINTED ON 04 APR, 2016 AT 15:09:54 FOR DRAINVILLE



PROPERTY INDEX MAP ESSEX(No. 12)

LEGEND

FREEHOLD PROPERTY	
LEASEHOLD PROPERTY	
LIMITED INTEREST PROPERTY	
CONDOMINIUM PROPERTY	
RETIRED PIN (MAP UPDATE PENDING)	
PROPERTY NUMBER	0449
BLOCK NUMBER	08050
GEOGRAPHIC FABRIC	
EASEMENT	

THIS IS NOT A PLAN OF SURVEY

NOTES

REVIEW THE TITLE RECORDS FOR COMPLETE PROPERTY INFORMATION AS THIS MAP MAY NOT REFLECT RECENT REGISTRATIONS

THIS MAP WAS COMPILED FROM PLANS AND DOCUMENTS RECORDED IN THE LAND REGISTRATION SYSTEM AND HAS BEEN PREPARED FOR PROPERTY INDEXING PURPOSES ONLY

FOR DIMENSIONS OF PROPERTIES BOUNDARIES SEE RECORDED PLANS AND DOCUMENTS

ONLY MAJOR EASEMENTS ARE SHOWN

REFERENCE PLANS UNDERLYING MORE RECENT REFERENCE PLANS ARE NOT ILLUSTRATED



LAND
 REGISTRY
 OFFICE #12

75204-0252 (LT)

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

PROPERTY DESCRIPTION: PART OF LOTS 3 & 4, REGISTERED PLAN 202 (BEING A SUBDIVISION OF PART OF LOTS 7 & 8, CONCESSION 2) GEOGRAPHIC TOWNSHIP OF COLCHESTER SOUTH, NOW IN THE TOWN OF ESSEX, PT 1, 12R26401; TOWN OF ESSEX

PROPERTY REMARKS: *FOR THE PURPOSE OF THE QUALIFIER THE DATE OF REGISTRATION OF ABSOLUTE TITLE IS 2015/06/10*. PLANNING ACT CONSENT IN DOCUMENT CE703414.

ESTATE/QUALIFIER: FSE SIMPLE
RECENTLY: DIVISION FROM 75204-0238
FIN CREATION DATE: 2016/03/10

OWNERS' NAMES: SELICK EQUIPMENT LIMITED
CAPACITY SHARE: CROWN

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES (DELETED INSTRUMENTS NOT INCLUDED) **						
**SUBJECT TO SUBSECTION 44 (1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPHS 3 AND 14 AND *						
** PROVINCIAL SUCCESSION DUTIES AND EXCEPT PARAGRAPH 11 AND ESCHEATS OR FORFEITURE **						
** TO THE CROWN UP TO THE DATE OF REGISTRATION WITH AN ABSOLUTE TITLE. **						
R449586	1969/09/10	ORDER				C
R1119576	1990/02/23	NOTICE				C
CE661697	2015/06/10	APL ABSOLUTE TITLE		1710690 ONTARIO INC.		C
12R26401	2015/12/03	PLAN REFERENCE				C
CE703414	2016/03/04	TRANSFER	\$416,000	1710690 ONTARIO INC.	SELICK EQUIPMENT LIMITED	C
REMARKS: PLANNING ACT STATEMENTS.						

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
 NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

PROPERTY DESCRIPTION: PART LOTS 3, 4 & 5, PL 202 & PART LOT 6, CONCESSION 2, COLCHESTER, DESIGNATED AS PARTS 1, 2 & 3, PLAN 12R-26189; EXCEPT PT 1, 26401; S/T EASEMENT OVER PART 2, PLAN 12R-26189 AS IN CS19391; TOWN OF ESSEX

PROPERTY REMARKS: "FOR THE PURPOSE OF THE QUALIFIER THE DATE OF REGISTRATION OF ABSOLUTE TITLE IS 2015/06/10". PLANNING ACT CONSENT IN DOCUMENT CE703414.

ESTATE/QUALIFIER: FEE SIMPLE
RECENTLY: DIVISION FROM 75204-0238

PIN CREATION DATE: 2016/03/10

OWNERS' NAMES: CAPACITY SHARE
1710690 ONTARIO INC.

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES (DELETED INSTRUMENTS NOT INCLUDED) **						
**SUBJECT TO SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPHS 3 AND 14 AND *						
** PROVINCIAL SUCCESSION DUTIES AND EXCEPT PARAGRAPH 11 AND ESCHEATS OR FORFEITURE **						
** TO THE CROWN UP TO THE DATE OF REGISTRATION WITH AN ABSOLUTE TITLE. **						
CS19391	1950/12/06	TRANSFER EASEMENT			THE BELL TELEPHONE COMPANY OF CANADA	C
R449586	1969/09/10	ORDER				C
R1119576	1990/02/23	NOTICE				C
CE658646	2015/05/21	TRANSFER	\$1,062,180	Z-COL WINDSOR LIMITED	1710690 ONTARIO INC.	C
REMARKS: PLANNING ACT STATEMENTS.						
12R26189	2015/06/10	PLAN REFERENCE				C
CE661697	2015/06/10	APL ABSOLUTE TITLE		1710690 ONTARIO INC.		C

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

ATTACHMENT 2.1 CUSTOMER REQUEST LETTER FOR E.L.K. TO SERVICE



April 6, 2016

Norman D. MacAulay
Operations Manager
E.L.K. Energy Inc.
172 Forest Avenue
Essex ON N8M 3E4

Dear Mr. MacAulay,

Re: Sellick Equipment Limited, Town of Harrow.

This letter is to advise you, Sellick Equipment Limited recently acquired the commercial building lot at 2131 Roseborough Road, Harrow, ON. The lands in question are loosely bound by Essex County Road 20 and 3rd Concession Road in the Town of Essex immediately adjacent the former municipality of Harrow. Attached for your reference is a map depicting the subject lands and the 12R plan.

It is Sellick Equipment Limited's intention to construct a new manufacturing facility on said lot and relocate our current operations to the new facility. Currently E.L.K. Energy Inc. (E.L.K.) provides electrical servicing to our existing facility located in the former municipality of Harrow. As part of the new commercial build we will require electrical servicing to these yet to be serviced lands.

An Offer to Connect (OTC) was requested from both Hydro One and E.L.K. The OTC received from E.L.K. was inclusive of the high voltage underground distribution system and pad mount transformer. There was no Capital Contribution required in E.L.K.'s OTC.

We have yet to receive an OTC from Hydro One though we have been informed that Hydro One's offer will or would not include the high voltage underground distribution system or the pad mount transformer. These costs would be borne by the customer, Sellick Equipment Limited, in addition to any capital contribution required in the OTC. An engineer's estimated costs for this work is \$90,000.

After considering the additional costs noted above, the fact that E.L.K. has existing infrastructure on the North East corner of the lot and E.L.K.'s distribution rates are economically beneficial. Sellick Equipment Limited is therefore requesting that E.L.K. be the electrical service provider for the commercial building lot at 2131 Roseborough Road, Harrow, ON as it promotes economic efficiency, the most effective use of existing resources and reflects the lowest long run economic cost of service.

Sellick Equipment Limited understands that a Service Area Amendment will be required with the Ontario Energy Board and are requesting E.L.K. to proceed with making the necessary application.

Trusting you will find the above satisfactory.

Respectfully,

Handwritten signature of David Sellick in black ink.

David Sellick
Vice President

Handwritten signature of Ken Thoman in black ink.

Ken Thoman
Projects Manager



ATTACHMENT 2.2 DEVELOPER REQUEST LETTER FOR E.L.K. TO SERVICE

1710690 Ontario Inc.

“A company of Loricon Holdings Ltd. ”

4955 Walker Rd.
Windsor, Ontario
N9A 6J3
Office: 519-737-1216
Fax: 519-737-6464

April 12, 2016

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

Attention: Norm MacAulay, Operations Manager

Dear Mr. MacAulay,

Re: **E.L.K. Energy Inc. Application for a Service Area Amendment – 1710690 Ontario Inc. Letter of Consent**

This is to confirm that 1710690 Ontario Inc. (“Developer”) supports your application to amend E.L.K. Energy Inc.’s (“E.L.K.”) Distribution License as proposed in E.L.K.’s service area amendment application for the lands in the Town of Essex as legally described below:

- PART LOTS 3, 4 & 5, PL 202 & PART LOT 6, CONCESSION 2, COLCHESTER, DESIGNATED AS PARTS 1, 2 & 3, PLAN 12R-26189; EXCEPT PT 1, 26401; S/T EASEMENT OVER PART 2, PLAN 12R-26189 AS IN CS19391; TOWN OF ESSEX
- PART OF LOTS 3 & 4, REGISTERED PLAN 202 (BEING A SUBDIVISION OF PART OF LOTS 7 & 8, CONCESSION 2) GEOGRAPHIC TOWNSHIP OF COLCHESTER SOUTH, NOW IN THE TOWN OF ESSEX, PT 1, 12R26401; TOWN OF ESSEX

In addition, the Developer is requesting that E.L.K. be the electrical service provider for the lands subject of the service area amendment application as it promotes economic efficiency, the most effective use of existing resources and reflects the lowest long run economic cost of service to our customer, namely Sellick Equipment Limited.

Furthermore, the Developer supports E.L.K.'s request to proceed with this service area amendment without a hearing.

Thank you and regards,

A handwritten signature in black ink, appearing to read "Loris Collavino", with a long horizontal flourish extending to the right.

Loris Collavino, P. Eng.
C.E.O.





PROPERTY INDEX MAP
ESSEX(No. 12)

- LEGEND**
- FREEHOLD PROPERTY
 - LEASEHOLD PROPERTY
 - CONDOMINIUM PROPERTY
 - RETIRED P/N (MAP UPDATE PENDING)
 - PROPERTY NUMBER
 - BLOCK NUMBER
 - PLANNING FRINGE
 - EASEMENT

THIS IS NOT A PLAN OF SURVEY

NOTES

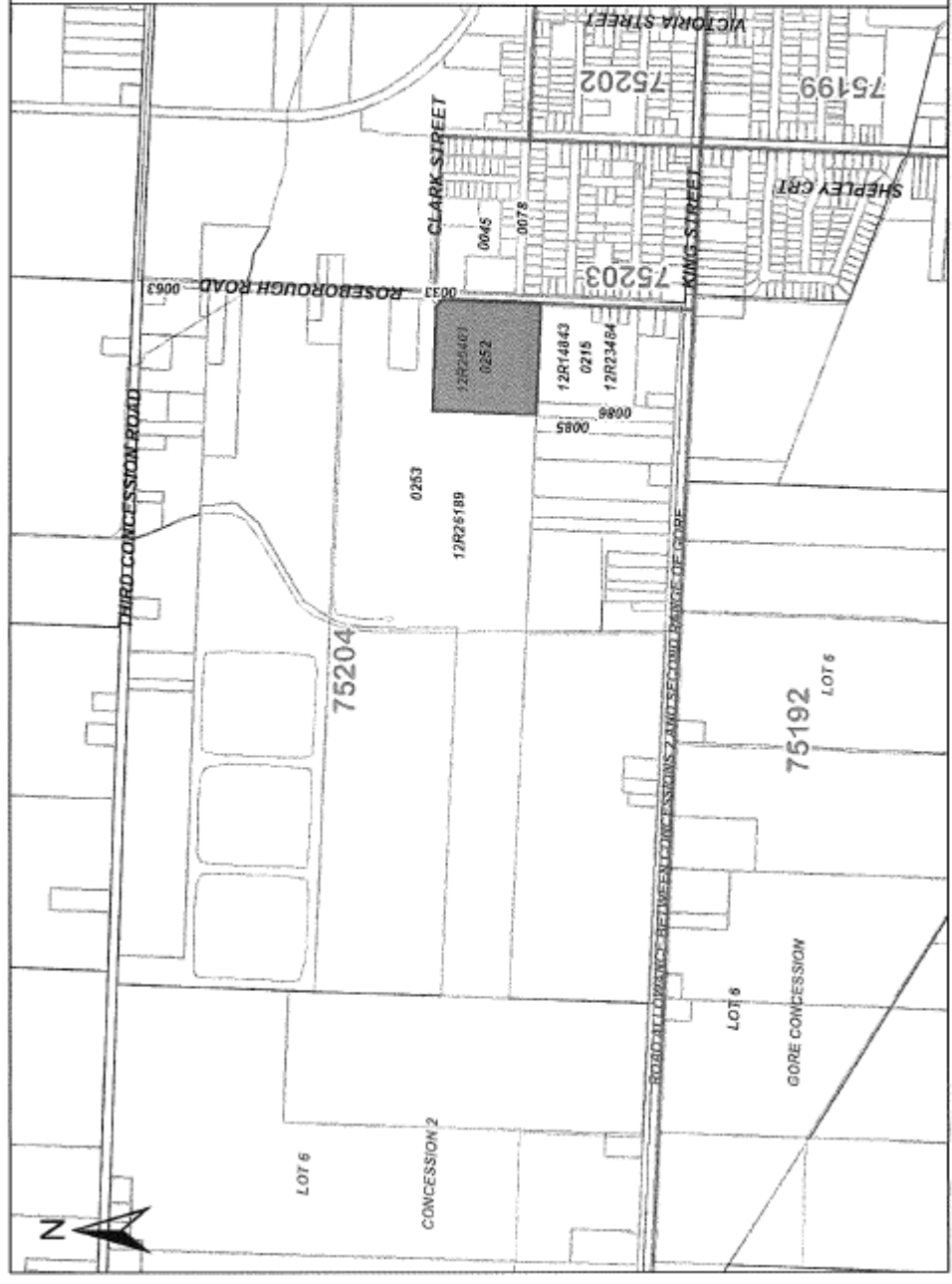
REVIEW THE TITLE RECORDS FOR COMPLETE PROPERTY INFORMATION AS THIS MAP MAY NOT REFLECT RECENT REGISTRATIONS

THIS MAP WAS GENERATED FROM PLANS AND DOCUMENTS RECORDED IN THE LAND REGISTRATION SYSTEM AND HAS BEEN PREPARED FOR PROPERTY INDEXING PURPOSES ONLY

FOR DIMENSIONS OF PROPERTIES BOUNDARIES SEE RECORDED PLANS AND DOCUMENTS

ONLY MAJOR EASEMENTS ARE SHOWN

REFERENCE PLANS UNDERLYING MORE RECENT REFERENCE PLANS ARE NOT ILLUSTRATED



ATTACHMENT 3.1 E.L.K.'s EMAIL TO HYDRO ONE

Norm MacAulay

From: Norm MacAulay
Sent: February-16-16 3:36 PM
To: d.fraser@HydroOne.com
Subject: LTLT

Doug,

Below is a diagram showing some of the properties along Roseborough Road in our Harrow service area. The area in blue is the LTLT that we had been discussed previously including the solar farm. The area in yellow is a new proposed industrial park currently with 3 lots and only 1 tenant. The tenant is a current customer of ours who's operation is located in Harrow. Our customer has approached us about the possibility of servicing them and we have had a brief discussion. I was advised that they had met with Hydro One and as they understood Hydro One was intending to connect them to the existing 27.6 line which would create another LTLT as it is E.L.K.'s metered electrons. E.L.K. does have 27.6 currently on the NE corner of the lot.

With all the LTLT's being addressed now and no new LTLT's to be connected can this be dealt with quickly to minimize the impact to the customer?

Thanks,
Norm



ATTACHMENT 3.2 E.L.K.'s EMAIL TO CUSTOMER ADVISING THEM TO CONTACT HYDRO ONE

From: [Norm MacAulay](#)
To: [Ken Thoman](#)
Cc: "[Mike Ryan \(ryanbros2014@gmail.com\)](#)"; [Colin Sellick](#); [Howard Sellick](#); [David Sellick](#)
Subject: RE: Offer to Connect
Date: February-24-16 9:50:00 AM
Attachments: [Developer Package- USE THIS ONE FOR 2014.doc](#)

Ken,

Please see the attached Developers Package which we will have to be completed and returned to us. It is our understanding that you are working with Ron Shaw from Poirier Electric. Ron is familiar with this package and as always I am available should there be any questions or clarifications required. Once we have received the completed package we will prepare and forward a draft Offer to Connect for discussion purposes. Time permitting I would like to sit down with you to explain the values in the draft Offer to Connect.

As we have discussed previously the current geographic provider for your new build site is Hydro One. The Distribution System Code requires us to advise you that you would need to request an Offer to Connect from them as well to compare the connection costs for your new facility.

Regards,
Norm MacAulay
Operations Manager
E.L.K. Energy Inc.
172 Forest Avenue
Essex, ON N8M 3E4

Phone: 519-776-5291 Ext. 209
Email: nmacaulay@elkenenergy.com

From: Ken Thoman [<mailto:kenthoman@sellickequipment.com>]
Sent: February-24-16 9:16 AM
To: Norm MacAulay
Cc: 'Mike Ryan (ryanbros2014@gmail.com)'; Colin Sellick; Howard Sellick; David Sellick
Subject: Offer to Connect

Good Morning Norm,

I would like to send Sellick Equipment an offer to connect package. We would like to review the package and complete the documents.

Thanks,

Ken Thoman

ATTACHMENT 3.3 CUSTOMERS EMAILS REQUESTING AN OFFER TO CONNECT FROM HYDRO ONE

Norm MacAulay

From: Ken Thoman <kenthoman@sellickequipment.com>
Sent: February-05-16 9:27 AM
To: Jerry Martin
Subject: Loris Colavino Contact Information
Attachments: Loris Collavino.vcf

Hi Jerry,

Here is Loris Colavino contact information.



From: [Ken Thoman](#)
To: [Jerry Martin](#)
Cc: ["Mike Ryan \(ryanbros2014@gmail.com\)"](#)
Subject: Sellick Equipment Limited -Connection Information - 2131 Roseborough Road Harrow , ON N0R 1G0
Attachments: [Sellick Site Electrical FEB 26.pdf](#)
[151216 - 15-074 Sellick Equipment Servicing Plans.pdf](#)
[Sellick 12R26401 - 2131 Roseborough.pdf](#)
[Sellick Site Electrical FEB 26.pdf](#)

Hi Jerry,

I am closing some of the information I know you will be asking for. Please let me know what forms need to be completed and any other information you may require.

Best Regards,

Ken

Norm MacAulay

From: Ken Thoman <kenthoman@sellickequipment.com>
Sent: March-01-16 7:40 AM
To: Jerry Martin
Cc: 'Mike Ryan (ryanbros2014@gmail.com)'
Subject: Offer to Connect

Hi Jerry,

I am back not a 100% but, much better. I would like to ask you for an Offer to Connect form. Along with the form can you answer the questions below?

- What is the rate class. which we will fall into the Urban or General Service Demand?
- Outline, How we will be service? and where the connection will be?
- What does Hydro One include in the scope of work?

Once I have received the Offer to Connect I will send all the required information on the size of service which Mike Ryan has been working on with Ron Shaw.

Regards,

Ken Thoman

Norm MacAulay

From: Ken Thoman <kenthoman@sellickequipment.com>
Sent: March-04-16 10:33 AM
To: Jerry Martin
Cc: 'Mike Ryan (ryanbros2014@gmail.com)'
Subject: FW: Offer to Connect

Hi Jerry,

I left you a voicemail earlier today on the office phone. Just wondering where you might be with the information I requested? Also I have the Sellick address on Roseborough it will be 2131 Roseborough Road.

Give me a call when you get a chance.

Regards,

Ken

From: Ken Thoman
Sent: March-01-16 7:40 AM
To: Jerry Martin <jerry.martin@hydroone.com>
Cc: 'Mike Ryan (ryanbros2014@gmail.com)' <ryanbros2014@gmail.com>
Subject: Offer to Connect

Hi Jerry,

I am back not a 100% but, much better. I would like to ask you for an Offer to Connect form. Along with the form can you answer the questions below?

- What is the rate class. which we will fall into the Urban or General Service Demand?
- Outline, How we will be service? and where the connection will be?
- What does Hydro One include in the scope of work?

Once I have received the Offer to Connect I will send all the required information on the size of service which Mike Ryan has been working on with Ron Shaw.

Regards,

Ken Thoman

Norm MacAulay

From: Ken Thoman <kenthoman@sellickequipment.com>
Sent: March-11-16 10:28 AM
To: Jerry Martin
Cc: 'Mike Ryan (ryanbros2014@gmail.com)'
Subject: Sellick Equipment Limited -Connection Information - 2131 Roseborough Road Harrow , ON N0R 1G0
Attachments: Sellick Site Electrical FEB 26.pdf; 151216 - 15-074 Sellick Equipment Servicing Plans.pdf; Sellick 12R26401 - 2131 Roseborough.pdf; Sellick Site Electrical FEB 26.pdf

Hi Jerry,

I am closing some of the information I know you will be asking for. Please let me know what forms need to be completed and any other information you may require.

Best Regards,

Ken

Norm MacAulay

From: Ken Thoman <kenthoman@sellickequipment.com>
Sent: March-30-16 9:32 AM
To: Jerry Martin
Cc: 'Mike Ryan (ryanbros2014@gmail.com)'
Subject: Offer to Connect

Good Morning Jerry,

I have provided you with some information so we may obtain and Offer to Connect. If you are missing any information or require clarification please do not hesitate to call, or email me.

Thanks,

Ken

Norm MacAulay

From: Ken Thoman <kenthoman@sellickequipment.com>
Sent: April-06-16 7:45 AM
To: Jerry Martin
Subject: Hydro One Offer to Connect

Good Morning Jerry,

Sellick Equipment has planned a ground breaking for April 20th. Construction is scheduled to start immediately after the 20th. We have sized the service and have sent the information to you along with other additional information. We must know if Hydro One is interested in providing us service by noon on Friday. The lead time on transformers is long and we would like to get our order in.

Please let me know what Hydro One intentions are.

Thanks,

Ken Thoman
