



**EB-2016-0155**

**E.L.K. Energy Inc.**

**Application to amend licensed service area in  
Schedule 1 of electricity distribution licence  
ED-2003-0015**

**PROCEDURAL ORDER NO. 3  
December 20, 2016**

E.L.K. Energy Inc. (ELK) applied to the Ontario Energy Board (OEB) on June 21, 2016 under section 74 of the *Ontario Energy Board Act, 1998* for an order amending ELK's licensed service area in Schedule 1 of its electricity distribution licence ED-2003-0015.

ELK applies to expand its licensed service area to include specific lands currently located in the licensed service area of Hydro One Networks Inc. (Hydro One). Specifically, ELK wishes to supply electricity distribution services to a proposed commercial development, in Hydro One's licensed service area, which is being developed by Sellick Equipment Limited (Customer). Hydro One contests ELK's requested service area amendment.

The OEB issued Procedural Order No. 1 on August 9, 2016, setting dates for interrogatories to ELK and other procedural steps. ELK filed its responses to interrogatories from OEB staff and Hydro One on September 8, 2016.

On September 22, 2016, Hydro One filed its evidence regarding the application and on October 20, 2016, filed its responses to interrogatories on that evidence from OEB staff and ELK.

On October 6, 2016, ELK filed updated evidence which included its amended offer to connect the Customer (dated October 3, 2016).

On November 1, 2016, the OEB issued Procedural Order No. 2, which amended various procedural steps for the proceeding and made provision for interrogatories on the new evidence filed by ELK. ELK responded to these interrogatories on November 10, 2016. In accordance with Procedural Order No. 2, OEB staff and Hydro One filed their written submissions on the application on November 18, 2016.

OEB staff took the position that the record of this proceeding does not provide an accurate “apples to apples” comparison of ELK’s and Hydro One’s connection cost estimates. Such a comparison is required for a proper assessment of economic efficiency of the competing proposals to connect the Customer. Hydro One took the position that ELK did not account for all direct and indirect costs associated with connecting the Customer; in particular, the costs associated with a pole relocation, and incremental sub-transmission charges that ELK would have to pay to Hydro One as an embedded distributor.

ELK filed its reply submission on November 30, 2016. In its reply, ELK reiterated the Customer’s preference to have ELK as its distribution service provider and confirmed that both distributors are equally positioned to provide reliable service to the Customer. However, ELK has not fully addressed informational gaps regarding the competing offers to connect the Customer, specifically with respect to costs associated with relocated, removed and new assets in the area, and incremental sub-transmission charges that ELK would have to pay to Hydro One as an embedded distributor. ELK also raised the incremental volumetric charges that ELK bills Hydro One as an embedded distributor as a new issue requiring further clarification.

The OEB requires a better understanding of the costs and distribution rate impacts of the competing offers to connect the Customer. The OEB will hold a one-day, oral hearing, during which each of ELK and Hydro One is expected to provide a witness panel to speak to the following specific issues relating to their offers to connect the Customer:

- Fully-loaded connection costs;
- Comparison of economic efficiency of the competing proposals;
- Impact of incremental sub-transmission charges on ELK’s customers; and

- Impact of incremental embedded distributor charges on Hydro One's customers.

The OEB will allow for cross-examination of the witness panels by the parties during the oral hearing.

The OEB finds that the record is clear with respect to customer preference, reliability and quality of service issues. The witness panels at the oral hearing will not be required to speak to these specific elements of the application.

**IT IS THEREFORE ORDERED THAT:**

1. An oral hearing on issues of the connection costs, economic efficiency and impact on distribution rates of E. L.K. Energy Inc. and Hydro One Networks Inc. customers will be convened on January 6, 2017 starting at 9:30 a.m. The oral hearing will be held in the OEB's West Hearing Room at 2300 Yonge Street, 25th Floor, Toronto, Ontario.
2. If time permits, and at the discretion of the OEB, argument-in-chief from E. L.K. Energy Inc. and submissions from Hydro One Networks Inc. and OEB staff may also be heard orally on January 6, 2017, after which E. L.K. Energy Inc. may advise if it wishes to provide its reply argument orally or in writing on a date to be determined.

All filings to the OEB must quote the file number, EB-2016-0155, be made in searchable/ unrestricted PDF format electronically through the OEB's web portal at <https://www.pes.ontarioenergyboard.ca/eservice/>. Two paper copies must also be filed at the OEB's address provided below. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at <http://www.ontarioenergyboard.ca/OEB/Industry>. If the web portal is not available parties may email their documents to the address below. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies.

All communications should be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Irina Kuznetsova at [irina.kuznetsova@ontarioenergyboard.ca](mailto:irina.kuznetsova@ontarioenergyboard.ca) and OEB Counsel, Richard Lanni at [richard.lanni@ontarioenergyboard.ca](mailto:richard.lanni@ontarioenergyboard.ca).

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**DATED** at Toronto, December 20, 2016

**ONTARIO ENERGY BOARD**

*Original Signed By*

Kirsten Walli  
Board Secretary