



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

DECISION AND RATE ORDER

EB-2017-0036

E.L.K. ENERGY INC.

Application for rates and other charges to be effective May 1, 2018

By Delegation, Before : Jane Scott

[date]

1 INTRODUCTION AND SUMMARY

Through this Decision and Order, the Ontario Energy Board (OEB) approves elements of the incentive rate-setting mechanism (IRM) application filed by E.L.K. Energy Inc. (E.L.K. Energy) on October 16, 2017, as amended during the course of the proceeding.

E.L.K. Energy serves about 11,800 mostly residential and commercial electricity customers in the Towns of Essex, Lakeshore and Kingsville. The company is seeking the OEB's approval for the rates it charges to distribute electricity to its customers, as is required of licenced and rate-regulated distributors in Ontario.

A distributor may choose one of three rate-setting methodologies approved by the OEB. Each of these is explained in the OEB's [Chapter 3 Filing Requirements for Incentive Rate-Setting Applications](#) (Filing Requirements).

E.L.K. Energy's application is based on the Annual IR Index option to set rates for 2018. The Annual IR Index is based on inflation less the OEB's highest stretch factor assessment of a distributor's efficiency. In accordance with the OEB-approved 2018 parameters for an Annual IR Index adjustment, E.L.K. Energy applied for a increase of 0.67% to distribution rates.

As a result of the OEB's findings in this Decision, there will be a monthly bill increase of \$0.68 for a residential customer consuming 750 kWh, effective May 1, 2018.

E.L.K. Energy has also applied to change the composition of its distribution service rates. Residential distribution service rates currently include a fixed monthly charge and a variable usage charge. In 2015, the OEB issued a policy to transition these rates to a fully fixed structure over a four-year period beginning in 2016.¹ Accordingly, the fixed monthly charge for 2018 has once again been adjusted upward in this Decision by more than the mechanistic adjustment alone. The variable usage rate is commensurately lower. This policy change does not affect the total revenue that distributors collect from residential customers.

2 THE PROCESS

This Decision is being issued by delegated authority, without a hearing, under section 6 of the *Ontario Energy Board Act, 1998* (the OEB Act).

¹ OEB Policy – "A New Distribution Rate Design for Residential Electricity Customers." EB-2012-0410, April 2, 2015

The OEB follows a standardized and streamlined process for hearing IRM applications filed under the Annual IR Index option. In each adjustment year of an Annual IR Index term, the OEB prepares a Rate Generator Model that includes information from the distributor's past proceedings and annual reporting requirements. A distributor will then review and complete the Rate Generator Model and include it with its application. During the course of the proceeding, the Rate Generator Model will also be updated or corrected, as required.

The Rate Generator Model updates base rates, retail transmission service rates and, if applicable, shared tax saving adjustments. It also calculates rate riders for the disposition of deferral and variance account balances.

E.L.K. Energy filed its application on October 16, 2017, under section 78 of the OEB Act and in accordance with the Filing Requirements. E.L.K. Energy supported its application with written evidence and a completed rate model. Questions were asked of, and answers were provided by, E.L.K. Energy through emails and phone calls with the OEB. Based on this information, a draft decision was prepared and provided to E.L.K. Energy on March 14, 2018. E.L.K. Energy was given the opportunity to provide its comments on the draft for consideration prior to the OEB issuing this Decision.

3 ORGANIZATION OF THE DECISION

In this Decision, the OEB addresses the following issues and provides reasons for approving or denying E.L.K. Energy's proposals relating to each of them:

- Price Cap Adjustment
- Shared Tax Adjustments
- Retail Transmission Service Rates
- Group 1 Deferral and Variance Accounts
- Residential Rate Design
- Other Matters

In the final section, the OEB addresses the steps to implement the final rates that flow from this Decision.

4 PRICE CAP ADJUSTMENT

E.L.K. Energy seeks to increase its rates, effective May 1, 2018, based on a mechanistic rate adjustment using the OEB-approved *inflation minus X-factor* formula applicable to Annual IR Index applications.

The components of the Annual Index IR adjustment formula applicable to E.L.K. Energy are set out in Table 4.1, below. Inserting these components into the formula results in a 0.60% increase to E.L.K. Energy's rates: $0.60\% = 1.20\% - (0.00\% + 0.60\%)$.

Table 4.1: Annual Index IR Adjustment Formula

Components		Amount
Inflation Factor ²		1.20%
X-Factor	Productivity ³	0.00%
	Stretch (0.00% – 0.60%) ⁴	0.60%

The inflation factor of 1.20% applies to all Annual IR Index applications for the 2018 rate year.

The X-factor is the sum of the productivity factor and the stretch factor. It is a productivity offset that will vary among different groupings of distributors. Subtracting the X-factor from inflation ensures that rates decline in real, constant-dollar terms, providing distributors with a tangible incentive to improve efficiency or else experience declining net income.

The productivity component of the X-factor is based on industry conditions over a historical study period and applies to all Annual IR Index applications for the 2018 rate year.

The OEB has established five stretch factor groupings, each within a range from 0.00% to 0.60%. The stretch factor assigned to any particular distributor is based on the distributor's total cost performance as benchmarked against other distributors in Ontario. The most efficient distributor would be assigned the lowest stretch factor of 0.00%. Conversely, a higher stretch factor would be applied to a less efficient distributor (in accordance with its cost performance relative to expected levels) to reflect the incremental productivity gains that the distributor is expected to achieve. For Annual IR

² Report of the Board – “Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario’s Electricity Distributors.” EB-2010-0379, December 4, 2013

³ Ibid.

⁴ The stretch factor groupings are based on the Report to the Ontario Energy Board – “Empirical Research in Support of Incentive Rate-Setting: 2016 Benchmarking Update”, prepared by Pacific Economics Group LLC., July 2017

Index applications, the OEB applies a default stretch factor of 0.60%.

Findings

The OEB finds that E.L.K. Energy's request for a 0.60% rate adjustment is in accordance with the annually updated parameters set by the OEB. The adjustment is approved, and E.L.K. Energy's new rates shall be effective May 1, 2018.

The adjustment applies to distribution rates (fixed and variable charges) uniformly across all customer classes.⁵

5 SHARED TAX ADJUSTMENTS

In any adjustment year of an Annual IR Index term, a change in legislation may result in a change to the amount of taxes payable by a distributor. For IRM applications, the OEB has long held that a 50/50 sharing of the impact of legislated tax changes between shareholders and ratepayers is appropriate in these situations. The shared tax change amount, whether in the form of a credit or a debit, will be assigned to customer rate classes in the same proportions as the OEB-approved distribution revenue by rate class from a distributor's last COS proceeding.

The application identifies a \$30,725 increase in the amount of taxes payable by E.L.K. Energy in the 2018 rate year. Therefore, an amount of \$15,362 is to be collected from rate payers.

Findings

The OEB approves the tax charge of \$15,362.

The amount shall be disposed through a fixed monthly rate rider for residential customers, and through riders calculated on a volumetric basis for all other customers over a one-year period from May 1, 2018 to April 30, 2019.

6 RETAIL TRANSMISSION SERVICE RATES

Distributors charge retail transmission service rates (RTSRs) to their customers to recover the amounts they pay to a transmitter, a host distributor or both for transmission

⁵ Price Cap IR and Annual IR Index adjustments do not apply to the following rates and charges: rate riders, rate adders, low voltage service charges, retail transmission service rates, wholesale market service rate, rural or remote electricity rate protection charge, standard supply service – administrative charge, transformation and primary metering allowances, loss factors, specific service charges, microFIT charge, and retail service charges.

services. All transmitters charge Uniform Transmission Rates (UTRs) approved by the OEB to distributors connected to the transmission system. Host distributors charge host-RTSRs to distributors embedded within the host's distribution system.

E.L.K. Energy is fully embedded within Hydro One Network Inc.'s distribution system and is requesting approval to adjust the RTSRs that it charges its customers to reflect the rates that it pays for transmission services included in Table 6.1.

Table 6.1: Hydro One Networks Inc. Sub-Transmission Host-RTSRs⁶

Current Approved Sub-Transmission Host-RTSRs (2017)	per kWh
Network Service Rate	\$3.19
<u>Connection Service Rates</u>	
Line Connection Service Rate	\$0.77
Transformation Connection Service Rate	\$1.75

Findings

E.L.K. Energy's proposed adjustment to its RTSRs is approved. The RTSRs were adjusted based on the current host-RTSRs.

The differences resulting from the approval of new 2018 RTSRs will be captured in Accounts 1584 and 1586 for future disposition.

7 GROUP 1 DEFERRAL AND VARIANCE ACCOUNTS

In each year of an IRM term, the OEB will review a distributor's Group 1 deferral and variance accounts in order to determine whether their balance should be disposed.⁷ OEB policy requires that Group 1 accounts be disposed if they exceed (as a debit or credit) a pre-set disposition threshold of \$0.001 per kWh, unless a distributor justifies

⁶ Decision and Order, EB-2016-0081, December 21, 2016

⁷ Group 1 accounts track the differences between the costs that a distributor is billed for certain IESO and host distributor services (including the cost of power) and the associated revenues that the distributor receives from its customers for these services. The total net difference between these costs and revenues is disposed to customers through a temporary charge or credit known as a rate rider.

why balances should not be disposed.⁸ If the balance does not exceed the threshold, a distributor may elect to request disposition.

The 2016 actual year-end total balance for E.L.K. Energy's Group 1 accounts (excluding Accounts 1588 and 1589) including interest projected to April 30, 2018 is a debit of \$850,010. This amount represents a total debit claim of \$0.0036 per kWh, which exceeds the disposition threshold. E.L.K. Energy proposes the disposition of this debit amount over a one-year period.

In E.L.K. Energy's 2017 rate proceeding, the OEB accepted a settlement proposal between participating parties, which formed a part of the OEB's Decision and Order.⁹ Among other things, the settlement proposal provided that Group 1 accounts would be disposed as at December 31, 2015, with the exception of Accounts 1588 and 1589. Accounts 1588 and 1589 were to be included as part of a regulatory audit to be completed before E.L.K. Energy files its next cost of service rebasing application for 2022 rates.¹⁰ Therefore, there is no request for disposition of these accounts in this application.

E.L.K. Energy has included variances associated with Capacity Based Recovery (CBR) charges for Class B customers related to the IESO's wholesale energy market Demand Response 3 program as part of control Account 1580 – Wholesale Market Service Charge, per the deferral and variance account continuity schedule. Distributors pay CBR charges to the IESO and are required to record these to a dedicated sub-account Account 1580 – Wholesale Market Service Charge, CBR Class B.¹¹ In response to OEB staff question # 4 E.L.K. Energy stated it would update the Reporting and Record-Keeping Requirements 2.1.7 report to reflect the balances relating to the CBR Class B sub-account.

The disposition of this sub-account is impacted by whether or not a distributor had any customers who were part of Class A during the period from January 2016 to December 2016. E.L.K. Energy had no Class A customers during the period from January 2016 to December 2016 so it applied to have the balance of this account disposed along with Account 1580 - Wholesale Market Service Charge through the general Deferral and Variance Account rate rider.

⁸ Report of the OEB on Electricity Distributors' Deferral and Variance Account Review Initiative, July 31, 2009

⁹ Decision and Order, EB-2016-0066, November 2, 2017

¹⁰ Ibid.

¹¹ Guidance on Wholesale Market Services Accounting for Capacity Based Demand Responses and new IESO Charge Type 9920, March 29, 2016.

The remaining Group 1 accounts being sought for disposition, through the general Deferral and Variance Account rate rider, include the following flow through variance accounts: Low Voltage Charges, Smart Meter Entity Charges, Wholesale Market Service Charges, Retail Transmission Service Charges, and Account 1595 residual balances. These Group 1 accounts have a total debit balance of \$850,010, which results in a charge to customers.

The balances proposed for disposition reconcile with the amounts reported as part of the OEB's *Electricity Reporting and Record-Keeping Requirements*. E.L.K. Energy proposes a one-year disposition period.

Findings

The OEB approves the disposition of a debit balance of \$850,010 as of December 31, 2016, including interest projected to April 30, 2018 for Group 1 accounts, excluding Accounts 1588 and 1589.

The following table identifies the principal and interest amounts which the OEB approves for disposition.

Table 7.1: Group 1 Deferral and Variance Account Balances

Account Name	Account Number	Principal Balance (\$) A	Interest Balance (\$) B	Total Claim (\$) C=A+B
LV Variance Account	1550	348,289	10,712	359,001
Smart Meter Entity Variance Charge	1551	8,788	429	9,217
RSVA - Wholesale Market Service Charge	1580	(223,795)	(14,665)	(238,460)
RSVA - Retail Transmission Network Charge	1584	346,899	15,061	361,960
RSVA - Retail Transmission Connection Charge	1586	429,765	14,226	443,991
Disposition and Recovery of Regulatory Balances (2011)	1595	(72,543)	(13,156)	(85,699)
Totals for all Group 1 accounts		837,403	12,607	850,010

The balance of each of the Group 1 accounts approved for disposition shall be transferred to the applicable principal and interest carrying charge sub-accounts of Account 1595. Such transfer shall be pursuant to the requirements specified in Article 220, Account Descriptions, of the *Accounting Procedures Handbook for Electricity Distributors*.¹² The date of the transfer must be the same as the effective date for the associated rates, which is, generally, the start of the rate year. E.L.K. Energy shall ensure these adjustments are included in the reporting period ending June 30, 2018 (Quarter 2).

The OEB approves these balances to be disposed through rate riders as calculated in the Rate Generator Model. The rate riders will be in effect over a one-year period from May 1, 2018 to April 30, 2019.¹³

The OEB notes although E.L.K. Energy has indicated that it does not have Class A customers, E.L.K. Energy strayed from OEB policy and has not followed the OEB's *Guidance on Wholesale Market Services Accounting for Capacity Based Demand Resposne (CBDR) and the new IESO Charge Type 9920*, dated March 29, 2016 as well as the CBR conditions found in the Filing Requirements. The OEB expects E.L.K. Energy to follow these guidelines.

8 RESIDENTIAL RATE DESIGN

All residential distribution rates currently include a fixed monthly charge and a variable usage charge. The OEB's residential rate design policy stipulates that distributors will transition residential customers to a fully fixed monthly distribution service charge over a four-year period, beginning in 2016.¹⁴ The OEB requires that distributors filing IRM applications affecting 2018 rates continue with this transition by once again adjusting their distribution rates to increase the fixed monthly service charge and decrease the variable charge consistent with the policy.

The OEB expects an applicant to apply two tests to evaluate whether mitigation of bill impacts for customers is required during the transition period. Mitigation usually takes the form of a lengthening of the transition period. The first test is to calculate the change in the monthly fixed charge, and to consider mitigation if it exceeds \$4. The second is to calculate the total bill impact of the proposals in the application for low volume residential customers (defined as those residential RPP customers whose consumption

¹² Accounting Procedures Handbook for Electricity Distributors, effective January 1, 2012.

¹³ 2018 IRM Rate Generator Model Tab 6.1 "GA" and Tab 7 "Calculation of Def-Var RR".

¹⁴ As outlined in the Policy cited at footnote 1 above.

is at the 10th percentile for the class). Mitigation may be required if the bill impact related to the application exceeds 10% for these customers.

E.L.K. Energy notes that the implementation of the transition results in an increase to the fixed charge prior to the price cap adjustment of \$1.68. The bill impacts arising from the proposals in this application, including the fixed rate change, are below 10% for low volume residential customers.

Findings

The OEB finds that the proposed 2018 increase to the monthly fixed charge is calculated in accordance with the OEB's residential rate design policy. The results of the monthly fixed charge, and total bill impact for low consumption residential consumers show that no mitigation is required. The OEB approves the increase as proposed by the applicant and calculated in the final Rate Generator Model.

9 OTHER MATTERS

In addition to the matters discussed previously, E.L.K. Energy sought approval for the following rates and charges¹⁵ in its application:

1. Continuance of the Specific Services charges and Loss Factors as approved in E.L.K. Energy's 2017 application (EB-2016-0066);

These rates and charges were approved by the OEB in previous proceedings. No further approval is required in this Decision to include these on E.L.K. Energy's Tariff of Rates and Charges.

E.L.K. Energy also sought approval to clarify future charges for streetlight attachments to its power poles by adding to the description "Specific Charge for Access to the Power Poles", to state: "Specific Charge for Access to the Power Poles including Streetlight Attachments - \$/pole/year (with the exception of wireless attachments)". OEB staff note that E.L.K. Energy did not provide evidence detailing its itemized costs for each of the power pole attachments and the streetlight attachments to substantiate the request.

On March 2, 2018, E.L.K. Energy filed evidence to clarify which rates from its November 2, 2017 Tariff of Rates and Charges¹⁶ should apply to a customer that is billed directly by the IESO and is a wholesale market participant (WMP) customer. E.L.K. Energy

¹⁵ E.L.K. Energy Inc.'s 2018 IRM Application, EB-2017-0078, November 20, 2017

¹⁶ Decision and Rate Order, EB-2016-0066, November 2, 2017

indicated that three rate riders from its 2017 Tariff of Rates had inaccuracies, as summarized below:

Rate Rider 1

E.L.K. Energy noted that although the rate rider was calculated correctly as \$0.0056 per kWh, and the kWh consumption data for the WMP was excluded to calculate the rate rider; the rate rider was not named correctly.

Currently Rate Rider 1 is named:

“Rate Rider for Disposition of Account 1595 (2017) Applicable only to Non-RPP customers excluding those customers who paid a rate rider for the disposition of Global Adjustment for a minimum of 12 months – effective until April 30, 2022”

The name of the rate rider did not indicate that the WMP customer should not be charged the rate rider, and E.L.K. Energy requests that Rate Rider 1 be renamed to:

“Rate Rider for Disposition of Account 1595 (2017) Applicable only to Non-RPP customers excluding **WMP customers, and** those customers who paid a rate rider for the disposition of Global Adjustment for a minimum of 12 months – effective until April 30, 2022”

E.L.K. Energy noted that although the rate rider was named incorrectly, it did not charge the WMP customer the preceding rate rider. Other than the request for the rate rider name change, there is no financial impact to any customer associated with this rate rider inaccuracy.

Rate Rider 2

E.L.K. Energy noted that the kWh consumption data for the WMP customer was incorrectly included when calculating the following rate rider and therefore the rate rider amount was understated:

“Rate Rider for Disposition of Account 1595 (2017) Applicable only for Non-RPP customers – effective until April 30, 2022”

E.L.K. Energy indicated that by not excluding the WMP customer kWh consumption data, the rate rider was calculated incorrectly as \$0.0045 per kWh. The rate rider should have been \$0.0046 per kWh. E.L.K. Energy noted that non-RPP customers in all customer classes were impacted by this incorrect rate rider amount. In addition, E.L.K. Energy noted that although the rate rider was calculated incorrectly, it was not charged to the WMP customer. E.L.K. Energy indicated that by leaving the rate rider unchanged

and not charging the rate rider to the WMP customer, E.L.K. Energy would under-recover approximately \$6,600.

Rate Rider 3

The kW demand data for the WMP customer was incorrectly included when calculating the following rate rider:

“Rate Rider for Disposition of Deferral/Variance Accounts (2017) – effective until April 30, 2018”

E.L.K. Energy noted that had the WMP customer demand data been excluded, and the rate riders were calculated correctly, there would have been two separate rate riders for the GS > 50 to 4,999 kW class to dispose of the deferral and variance account balances; specifically, one rate rider for all customers in the class, and another for the non-WMP customers in the class. E.L.K. Energy noted that had this been the case, the WMP would have been required to pay approximately \$6,869 and all other GS > 50 to 4,999 kW customers would pay \$6,869 less. In addition, E.L.K. Energy noted that the rate rider was not charged to the WMP customer.

E.L.K. Energy proposes to make no changes to any of the currently approved rates as the customer impacts are not material. In addition, E.L.K. Energy noted that the WMP customer should not be charged either Rate Rider 1 or 2, as described above, related to Account 1595, but that the WMP customer should be charged Rate Rider 3, the rate rider for the disposition of deferral and variances accounts 2017, as described above.

Findings

E.L.K. Energy’s request to obtain clarity by adding additional wording to the Specific Charge for Access to Power Poles is denied. The OEB finds that this request is outside of the scope of an IRM proceeding and needs to be addressed as part of a COS proceeding. In addition, the Filing Requirements note that changing Specific Service Charges is an example of an excluded item from the IRM process.

The OEB confirms that E.L.K. Energy should not be charging its WMP customer Rate Rider 1 and approves the requested name change for the 2018 tariff. For Rate Rider 2 the OEB finds that E.L.K. Energy incorrectly calculated the rider however, no changes are required for E.L.K. Energy’s current approved rates as the amount is immaterial and at E.L.K. Energy’s cost. WMP customers sell or purchase electricity or ancillary services directly through the IESO and should not be charged associated riders.

The OEB notes that E.L.K. Energy's assertion that its WMP customer should pay \$6,869 more and all other GS > 50 to 4,999 kW customers should pay \$6,869 less related to Rate Rider 3 is inaccurate. The WMP customer should pay more, however, the credit balance of the account being disposed of, in this case Account 1580, would have been allocated to all other rate classes, and not just to the GS > 50 to 4,999 kW rate class. However, the OEB agrees with E.L.K. Energy's note that the difference is immaterial and finds that no changes are required for E.L.K. Energy's current approved rates.

10 IMPLEMENTATION AND ORDER

This Decision is accompanied by a Rate Generator Model, applicable supporting models, and a Tariff of Rates and Charges (Schedule A).

Model entries were reviewed in order to ensure that they are in accordance with E.L.K. Energy's last COS decision, and the 2017 OEB-approved Tariff of Rates and Charges, as well as to ensure that the cost, revenue and consumption results from 2016, are as reported by E.L.K. Energy to the OEB.

The Rate Generator Model was adjusted, where applicable, to correct any discrepancies. The Rate Generator Model incorporates the rates set out in the following table.

Table 10.1: Regulatory Charges

Rate	per kWh
Rural or Remote Electricity Rate Protection (RRRP)	\$0.0003
Wholesale Market Service (WMS) billed to Class A and B Customers	\$0.0032
Capacity Based Recovery (CBR) billed to Class B Customers	\$0.0004

Each of these rates is a component of the "Regulatory Charge" on a customer's bill, established annually by the OEB through a separate, generic order. The RRRP, WMS and CBR rates were set by the OEB on December 20, 2017.¹⁷

The Smart Metering Entity Charge is a component of the "Distribution Charge" on a customer's bill, established by the OEB through a separate order. The Smart Metering

¹⁷ Decision and Order, EB-2017-0333, December 20, 2017

Entity Charge was set at \$0.57 by the OEB on March 1, 2018, effective January 1, 2018 to December 31, 2022.¹⁸ The Rate Generator Model has been adjusted to incorporate this rate.

THE ONTARIO ENERGY BOARD ORDERS THAT

1. The Tariff of Rates and Charges set out in Schedule A of this Decision and Rate Order is approved effective May 1, 2018 for electricity consumed or estimated to have been consumed on and after such date. E.L.K. Energy Inc. shall notify its customers of the rate changes no later than the delivery of the first bill reflecting the new rates.

DATED at Toronto, [date]

ONTARIO ENERGY BOARD

Kirsten Walli
Board Secretary

¹⁸ Decision and Order, EB-2017-0290, March 1, 2018

Schedule A

To Decision and Rate Order

Tariff of Rates and Charges

OEB File No: EB-2017-0036

DATED: March XX, 2018

DRAFT

E.L.K. Energy Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2018
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2017-0036

RESIDENTIAL SERVICE CLASSIFICATION

This classification refers to a service which is less than 50 kW supplied to a single family dwelling unit that is for domestic or household purposes, including seasonal occupancy. At E.L.K.'s discretion, residential rates may be applied to apartment buildings with 6 or less units by simple application of the residential rate or by blocking the residential rate by the number of units. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	16.95
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Rate Rider for Application of Tax Change (2018) - effective until April 30, 2019	\$	0.08
Distribution Volumetric Rate	\$/kWh	0.0021
Low Voltage Service Rate	\$/kWh	0.0012
Rate Rider for Disposition of Deferral/Variance Accounts (2018) - effective until April 30, 2019	\$/kWh	0.0034
Rate Rider for Disposition of Account 1595 (2017)		
Applicable only for Non-RPP Customers - effective until April 30, 2022	\$/kWh	0.0045
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0073
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0053

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

E.L.K. Energy Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2018
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

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GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This classification refers to premises other than those designated as residential and do not exceed 50 kW in any month of the year. This includes multi-unit residential establishments such as apartment buildings supplied through one service (bulk-metered). Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	16.08
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Distribution Volumetric Rate	\$/kWh	0.0051
Low Voltage Service Rate	\$/kWh	0.0011
Rate Rider for Disposition of Deferral/Variance Accounts (2018) - effective until April 30, 2019	\$/kWh	0.0037
Rate Rider for Disposition of Account 1595 (2017)		
Applicable only for Non-RPP Customers - effective until April 30, 2022	\$/kWh	0.0045
Rate Rider for Application of Tax Change (2018) - effective until April 30, 2019	\$/kWh	0.0001
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0064
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0046

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

E.L.K. Energy Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2018
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2017-0036

GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION

This classification applies to a non residential account whose average monthly maximum demand used for billing purposes is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 5,000 kW. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	190.64
Distribution Volumetric Rate	\$/kW	1.6129
Low Voltage Service Rate	\$/kW	0.4332
Rate Rider for Disposition of Deferral/Variance Accounts (2018) - effective until April 30, 2019 Applicable only for Non-Wholesale Market Participants	\$/kW	(0.3101)
Rate Rider for Disposition of Deferral/Variance Accounts (2018) - effective until April 30, 2019	\$/kW	1.4080
Rate Rider for Disposition of Account 1595 (2017) Applicable only for Non-RPP Customers - effective until April 30, 2022	\$/kWh	0.0045
Rate Rider for Disposition of Account 1595 (2017) Applicable only for Non-RPP Customers excluding Wholesale Market Participant customers, and those customers who paid a Rate Rider for the Disposition of Global Adjustment for a minimum of 12 months - effective until April 30, 2022	\$/kWh	0.0056
Rate Rider for Application of Tax Change (2018) - effective until April 30, 2019	\$/kW	0.0133
Retail Transmission Rate - Network Service Rate	\$/kW	2.6785
Retail Transmission Rate - Line and Transformation Connection Service Rate (See Note 1)	\$/kW	1.8973

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

E.L.K. Energy Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2018
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UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification applies to an account whose average monthly maximum demand is less than, or is forecast to be less than, 50kW and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. The level of the consumption will be agreed to by the distributor and the customer, based on detailed manufacturer information/documentation with regard to electrical consumption of the unmetered load or periodic monitoring of actual consumption. E.L.K. is not in the practice of connecting new unmetered scattered load services. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	6.53
Distribution Volumetric Rate	\$/kWh	0.0019
Low Voltage Service Rate	\$/kWh	0.0011
Rate Rider for Disposition of Deferral/Variance Accounts (2018) - effective until April 30, 2019	\$/kWh	0.0036
Rate Rider for Disposition of Account 1595 (2017)		
Applicable only for Non-RPP Customers - effective until April 30, 2022	\$/kWh	0.0045
Rate Rider for Application of Tax Change (2018) - effective until April 30, 2019	\$/kWh	0.0001
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0064
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0046

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

E.L.K. Energy Inc.
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SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification refers to accounts that are an unmetered lighting load supplied to a sentinel light. E.L.K. is not in the practice of connecting new unmetered scattered load services. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	3.19
Distribution Volumetric Rate	\$/kW	6.0022
Low Voltage Service Rate	\$/kW	0.3421
Rate Rider for Disposition of Deferral/Variance Accounts (2018) - effective until April 30, 2019	\$/kW	1.4444
Rate Rider for Disposition of Account 1595 (2017)		
Applicable only for Non-RPP Customers - effective until April 30, 2022	\$/kWh	0.0045
Rate Rider for Application of Tax Change (2018) - effective until April 30, 2019	\$/kW	0.0042
Retail Transmission Rate - Network Service Rate	\$/kW	2.0300
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.4986

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

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STREET LIGHTING SERVICE CLASSIFICATION

APPLICATION

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	1.20
Distribution Volumetric Rate	\$/kW	11.6563
Low Voltage Service Rate	\$/kW	0.3351
Rate Rider for Disposition of Deferral/Variance Accounts (2018) - effective until April 30, 2019	\$/kW	0.9438
Rate Rider for Disposition of Account 1595 (2017)		
Applicable only for Non-RPP Customers - effective until April 30, 2022	\$/kWh	0.0045
Rate Rider for Application of Tax Change (2018) - effective until April 30, 2019	\$/kW	0.0878
Retail Transmission Rate - Network Service Rate	\$/kW	2.0202
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.4677

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

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EMBEDDED DISTRIBUTOR SERVICE CLASSIFICATION

This classification applies to an electricity distributor licensed by the Ontario Energy Board, and provided electricity by means of E.L.K. Energy Inc.'s distribution facilities. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	1,884.96
Distribution Volumetric Rate	\$/kW	0.2804
Low Voltage Service Rate	\$/kW	0.4332
Rate Rider for Disposition of Deferral/Variance Accounts (2018) - effective until April 30, 2019	\$/kW	2.2979
Rate Rider for Application of Tax Change (2018) - effective until April 30, 2019	\$/kW	0.0065
Retail Transmission Rate - Network Service Rate	\$/kW	2.6785
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.8973

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

E.L.K. Energy Inc.
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microFIT SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Independent Electricity System Operator's microFIT program and connected to the distributor's distribution system. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	5.40
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ALLOWANCES

Transformer Allowance for Ownership - per kW of billing demand/month	kW	(0.60)
Primary Metering Allowance for transformer losses - applied to measured demand and energy	%	(1.00)

SPECIFIC SERVICE CHARGES

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Customer Administration

Arrears certificate	\$	15.00
Statement of account	\$	15.00
Pulling post dated cheques	\$	15.00
Duplicate invoices for previous billing	\$	15.00
Request for other billing information	\$	15.00
Easement letter	\$	15.00
Income tax letter	\$	15.00
Notification charge	\$	15.00
Account history	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00
Returned cheque (plus bank charges)	\$	15.00
Charge to certify cheque	\$	15.00
Legal letter charge	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00

Non-Payment of Account

Late payment - per month	%	1.50
Late payment - per annum	%	19.56
Collection of account charge - no disconnection	\$	30.00
Collection of account charge - no disconnection - after regular hours	\$	165.00
Disconnect/reconnect at meter - during regular hours	\$	65.00
Disconnect/reconnect at meter - after regular hours	\$	185.00
Disconnect/reconnect at pole - during regular hours	\$	185.00
Disconnect/reconnect at pole - after regular hours	\$	415.00
Install/remove load control device - during regular hours	\$	65.00
Install/remove load control device - after regular hours	\$	185.00

Other

Special meter reads	\$	30.00
Service call - customer-owned equipment	\$	30.00
Service call - after regular hours	\$	165.00
Temporary service - install & remove - overhead - no transformer	\$	500.00
Temporary service - install & remove - underground - no transformer	\$	300.00
Temporary service - install & remove - overhead - with transformer	\$	1,000.00
Specific charge for access to the power poles - \$/pole/year (with the exception of wireless attachments)	\$	22.35

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RETAIL SERVICE CHARGES (if applicable)

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Retail Service Charges refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity.

One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	\$	100.00
Monthly Fixed Charge, per retailer	\$	20.00
Monthly Variable Charge, per customer, per retailer	\$/cust.	0.50
Distributor-consolidated billing monthly charge, per customer, per retailer	\$/cust.	0.30
Retailer-consolidated billing monthly credit, per customer, per retailer	\$/cust.	(0.30)
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	\$	0.25
Processing fee, per request, applied to the requesting party	\$	0.50
Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party		
Up to twice a year	\$	no charge
More than twice a year, per request (plus incremental delivery costs)	\$	2.00

LOSS FACTORS

If the distributor is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

Total Loss Factor - Secondary Metered Customer < 5,000 kW	1.0810
Total Loss Factor - Primary Metered Customer < 5,000 kW	1.0703

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NOTES

1) The Billing Demand for Line and Transformation Connection Services is defined as the Non-Coincident Peak demand (MW) in any hour of the month. The customer demand in any hour is the sum of (a) the loss-adjusted demand supplied from the distribution system plus (b) the demand that is supplied by the embedded generation installed after October 1998, which have installed capacity of 2 MW or more for renewable generation and 1 MW or higher for non-renewable generation. The term renewable generation refers to a facility that generates electricity from the following sources: wind, solar, Biomass, Bio-oil, landfill gas, or water. The demand supplied by embedded generation will not be adjusted for losses.