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

BY E-MAIL

April 16, 2025

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

Dear Nancy Marconi:

Re: E.L.K. Energy Inc. (E.L.K. Energy)
Application for 2025 Distribution Rates
Ontario Energy Board (OEB) File Number: EB-2024-0015

In accordance with Procedural Order No. 2, please find attached the Ontario Energy Board (OEB) staff supplemental interrogatories in the above proceeding. The applicant and intervenors have been copied on this filing.

E.L.K. Energy's responses to the supplemental interrogatories are due by April 30, 2025.

Any questions relating to this letter should be directed to Harshleen Kaur at harshleen.kaur@oeb.ca or at 416-440-8136. The OEB's toll-free number is 1-888-632-6273.

Yours truly,

Harshleen Kaur
Digitally signed by Harshleen Kaur
Date: 2025.04.16 13:23:32 -04'00'

Harshleen Kaur
Advisor, Incentive-Rate Setting

Attach.

OEB Staff Supplemental Interrogatories
E.L.K. Energy Inc.
EB-2024-0015

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

Supplemental Staff-1

Adjustments to Accounts 1588 and 1589 Audited Balances

Ref 1: E.L.K. 2025 IRM Application, Attachment C, KPMG 2016-2023 DVA Accounts 1588 and 1589 Audit Report
Ref 2: E.L.K. Interrogatory Responses, 2025 IRM RGM_20250127
Ref 3: E.L.K. Interrogatory Responses, pp. 1 – 8
Ref 4: E.L.K. Interrogatory Responses, Attachment 1: KPMG Letter re. Materiality
Ref 5: E.L.K. Interrogatory Responses, p. 2, Table 1
Ref 6: E.L.K. Interrogatory Responses, p. 6, Table 2s
Ref 7: E.L.K. Interrogatory Responses, 2025 GA Analysis Workform_20250127
Ref 8: E.L.K. Interrogatory Responses, 2025 GA Analysis Workform 2016-2018_20250127
Ref 9: 2025 GA Analysis Workform Instructions
Ref 10: E.L.K. Interrogatory Responses to Staff Question - 9

Preamble:

OEB staff has compiled Table 1, summarizing the adjustments made to Accounts 1588/1589 based on the evidence provided in Ref 5 and Ref 6.

Table 1: Additional Adjustments Made to Accounts 1588/1589

Years	1588			1589		
	Formula Error Correction (Ref. 5)	ED Invoice Impacts (Ref. 6)	Total Adjustments ($)	Formula Error Correction (Ref. 5)	ED Invoice Impacts (Ref. 6)	Total Adjustments ($)
2020	39,150	-	**39,150**	(39,150)	-	**(39,150)**
2021	(282)	(6,599)	**(6,881)**	-	7,578	**7,578**
2022	(3,713)	(1,108)	**(4,820)**	-	7,401	**7,401**
2023	24,476	(27,216)	**(2,740)**	-	(198)	**(198)**
Net Impact	**59,632**	**(34,923)**	**24,709**	**(39,150)**	**14,781**	**(24,369)**

OEB staff notes discrepancies between the principal balances reported in the revised Rate Generator Model (RGM) and the KPMG audited balances for Accounts 1588 and 1589, as summarized in Table 2.

Table 2: Differences Between the KPMG Audited Principal Balances and RGM for Accounts 1588 and 1589

Years	**1588**			**1589**		
	Ref. 1: KPMG Audit Report	Ref.2 RGM	Variances ($)	Ref. 1: KPMG Audit Report	Ref.2 RGM	Variances ($)
2020	(2,818,813)	(2,740,513)	**78,300**	(3,115,263)	(3,193,563)	**(78,300)**
2021	(3,030,497)	(2,959,205)	**71,292**	(3,569,166)	(3,640,810)	**(71,644)**
2022	(3,204,047)	(3,146,604)	**57,443**	(2,923,103)	(2,987,956)	**(64,853)**
2023	(3,163,925)	(3,109,378)	**54,547**	(2,807,992)	(2,873,662)	**(65,670)**

Additionally, OEB staff has compiled Table 3 and Table 4 below to highlight the differences between the net changes to Accounts 1588/1589 provided in Ref 1 and those reported in the updated RGM and GA Analysis Workform.

Table 3: Comparison of Net Changes in Principal Balance for Account 1588

Years	**Ref. 2: Continuity Schedule**			**Ref. 7 and 8: GA Analysis Workform**			**Ref. 1: KPMG Audit Report**			**Variances ($)**	
	Transactions During the Year	Principal Adjustments	A. Net Activities	Transactions	Principal Adjustments	B. Total Activities	Net Change	OEB Approved Disposition	C. Net Change Excl. OEB Approved Disposition	A - B: Variances between Ref. 2 and Ref. 7/8	A- C Variance between Ref. 2 and Ref. 1
2016	(450,379)	63,286	(387,093)	(450,379)	63,286	(387,093)	97,208	(484,301)	(387,093)	-	-
2017	27,022	(705,749)	(678,727)	27,022	(705,749)	(678,727)	(678,727)		(678,727)	-	-
2018	(984,957)	(149,558)	(1,134,515)	(984,957)	(149,558)	(1,134,515)	(1,134,515)		(1,134,515)	-	-
2019	(896,143)	342,335	(553,808)	(896,143)	342,335	(553,808)	(553,808)		(553,808)	-	-
2020	(837,254)	1,173,175	335,921	(837,254)	1,173,175	335,921	257,622		257,622	-	**78,299**
2021	(4,185,219)	3,966,527	(218,692)	(4,185,219)	3,966,527	(218,692)	(211,684)		(211,684)	-	**(7,008)**
2022	(2,701,510)	2,836,403	134,893	(2,701,510)	2,836,403	134,893	(173,550)	322,292	148,742	-	**(13,849)**
2023	(7,747,121)	7,784,347	37,226	(7,747,121)	7,784,347	37,226	(40,122)		(40,122)	-	**77,348**

Table 4: Comparison of Net Changes in Principal Balance for Account 1589

Years	Ref. 2: Continuity Schedule			Ref. 7 and 8: GA Analysis Workform			Ref. 1: KPMG Audit Report			Variances ($)	
	Transactions During the Year	Principal Adjustments	A. Net Activities	Transactions	Principal Adjustments	B. Total Activities	Net Change	OEB Approved Disposition	C. Net Change Excl. OEB Approved Disposition	A - B: Variances between Ref. 2 and Ref. 7/8	A- C Variance between Ref. 2 and Ref. 1
2016	(345,005)	(77,966)	(422,971)	(422,971)	57,879	(365,092)	(1,375,480)	952,509	(422,971)	**(57,879)**	-
2017	(249,587)	(299,027)	(548,614)	(548,614)	(36,821)	(585,435)	(548,614)		(548,614)	**36,821**	-
2018	(343,677)	(596,822)	(940,499)	(940,499)	(850)	(941,349)	(940,499)		(940,499)	**850**	-
2019	(294,448)	(42,666)	(337,114)	(337,114)	(11,587)	(348,701)	(337,114)		(337,114)	**11,587**	-
2020	2,380,336	(2,574,251)	(193,915)	(154,765)	(62,117)	(216,882)	(115,315)		(115,315)	**22,967**	**(78,600)**
2021	2,210,977	(2,658,224)	(447,247)	(447,247)	225,529	(221,718)	(453,903)		(453,903)	**(225,529)**	**6,656**
2022	3,788,521	(2,385,216)	1,403,305	(97,596)	4,392	(93,204)	646,063	750,450	1,396,513	**1,496,509**	**6,792**
2023	10,384,703	(10,270,408)	114,295	114,294	(10,756)	103,538	115,111		115,111	**10,757**	**(816)**

Based on Tables 2, 3, and 4, OEB staff notes that the total adjustments made to Accounts 1588 and 1589 do not align with the summary tables provided in E.L.K. Energy's responses or the total adjustments referenced in the KPMG letter in Ref 4.

Page 5 of Ref 9 states the following:

> Input the Net Change in Principal Balance in the General Ledger. This should equal the GA transactions recorded in Account 1589 for the year.
>
> - Do not include dispositions in this amount.
> - Do not include principal adjustments in this amount as that will be shown in the "Principal Adjustments" column in the Deferral and Variance Accounts (DVA) Continuity Schedule.
> - This amount should agree to the "Transactions Debit/(Credit)" column shown in the DVA Continuity Schedule.

Additionally, OEB staff notes consistent variances between the net activities (excluding OEB-approved dispositions) reported in the GA Analysis Workform and the Continuity Schedule in the RGM. These variances are outlined in Table 4, Column "A-B".

Question(s):

a) Please confirm OEB staff's calculation of the total adjustments made to the audited balances for Accounts 1588 and 1589 as outlined in Table 1.

b) Given that the adjustments made to the disposition balances for Group 1 accounts are solely due to impacts from subsequent events and corrections, as clarified by E.L.K. Energy in Ref 3, please provide an itemized explanation for why the variances in net changes (Column "A-C") outlined in Tables 3 and 4 differ from the variances in principal balances noted in Table 2.

c) Please provide any updated models, as applicable.

d) Please provide an updated summary of the additional adjustments and corrections made to the audited balances for Accounts 1588 and 1589, following the format used by OEB staff in Table 1.
   i. Please address any instances where the audit materiality threshold for the year is exceeded, if applicable.
e) Please confirm OEB staff's observation regarding the variances between the GA Analysis Workform and the Continuity Schedule for net activities in Account 1589.
   i. Please explain the variances (Columns "A-B") noted in Table 4.
   ii. Please provide any updated models, if applicable.
   iii. Please explain any instances where the materiality threshold for the year was exceeded, if applicable.
f) Please provide an itemized explanation for the years 2019-2021 in which the Account 1588 balance exceeded the 1% reasonability threshold.

<u>Supplemental Staff-2</u>

2022 OEB approved Disposition

Ref 1: IRM-Rate-Generator-Model_20250127, Tab 3

Ref 2: Decision and Rate Order, EB-2021-0016, Table 4.2A

Preamble:

OEB staff has compiled the following table showing the differences between the 2022 OEB-approved disposition principal and interest amounts on the DVA continuity schedule (Ref 1), and those amounts shown in 2022 Decision and Order (Ref 2).

	Account 1588 (2022)		**Account 1589 (2022)**	
	Principal	Interest	Principal	Interest
Ref 1 (a)	322,292	(188,911)	750,450	0
Ref 2 (b)	(322,292)	(188,911)	(750,450)	138,561
Variance (a-b)	**$ 644,584**	**$ 0**	**$ 1,500,900**	**$ (138,561)**

Question(s):

a) Please confirm that the 2022 OEB-approved disposition amounts entered for principal and interest for Accounts 1588 and 1589 should be the amounts approved in row (b), which are taken from E.L.K. Energy's 2022 Decision and Order. If confirmed, please update the DVA continuity schedule using the correct figures.

<u>Supplemental Staff-3</u>
Account 1595 (2018 and pre-2018)
Ref 1: IRM-Rate-Generator-Model_20250127, Tab 3
Ref 2: EB-2021-0016, DVA Continuity_Settlement_20220610, Tab 2a

Preamble:
Per Ref 1 and Ref 2, OEB staff has compiled the following table showing the difference of Account 1595 Sub-Account (2018 and pre-2018) between the DVA continuity schedule and the last cost of service application.

	Closing Principal-2020			**Closing Interest-2020**		
	Ref 1	Ref 2	Variance	Ref 1	Ref 2	Variance
1595 (2018 & Pre 2018)	**0**	**532,466** **(1,022,479-144,741-345,272	**$ (532,466)**	**114,260**	**113,298** **(101,952+2,612+8,734)	**$ 962**

Question(s):
a) Please explain the variance noted above and make the correction on the DVA continuity schedule.

<u>Supplemental Staff-4</u>
Account 1595 (2020-2023)
Ref 1: IRM-Rate-Generator-Model_20250127, Tab 3
Ref 2: 2020 Decision and Rate Order, EB-2019-0029, Table 7.1
Ref 3: 2021 Decision and Rate Order, EB-2020-0014, Table 7.1
Ref 4: 2022 Decision and Rate Order, EB-2021-0016, Table 4.2A

Preamble:
Per Ref 1 to 4, OEB staff has compiled the following table showing the differences between OEB-approved dispositions in respective years and the amounts that are in sub-accounts under Account 1595 on the DVA continuity schedule of the IRM rate generator model.

	OEB Approved Disposition			
	Ref 1	Respective OEB Decisions	Variance	
1595 (2020) Principal	(247,593)	(229,415)	(18,178)	Ref 2
1595 (2020) Interest	0	(18,179)	18,178	Ref 2

1595 (2021) Principal	338,798	(328,826)	667,624	Ref 3
1595 (2021) Interest	0	(9,971)	9,971	Ref 3
1595 (2022) Principal	0	1,062,375	(1,062,375)	Ref 4
1595 (2022) Interest	0	28,389	(28,389)	Ref 4

Question(s):

a) Please explain the variance noted in the table above.
b) Please resubmit DVA continuity after making the correction per question a).

<u>Supplemental Staff-5</u>

IESO Adjustments

Ref 1: E.L.K. Interrogatory Responses, Staff Question - 11
Ref 2: E.L.K. Interrogatory Responses, Attachment 1- 1588-1589 Adjustments_20250127
Ref 3: E.L.K. Interrogatory Responses, 2025 IRM RGM_20250127

Preamble:

In Ref 1, E.L.K. Energy clarifies that if the OEB issues an Order allowing E.L.K. Energy to recover the identified $2.8 million from the Independent Electricity System Operator (IESO), this amount will be netted against the total credit disposition to ratepayers. E.L.K. Energy states that this netting will not affect the total amount proposed for disposition, as the $2.8 million sought from the IESO is already included within the total credit disposition to ratepayers.

OEB staff notes that the “IRR Adjustment Required in 2025” for both accounts, as reported in the attachment to Ref 1, does not align with the additional adjustments made to these accounts as reflected in OEB staff’s Table 2. Additionally, OEB staff notes that the corrections for the Embedded Distributor invoice error are not captured in Ref 2.

E.L.K. Energy states that all three types of adjustments should be made with the IESO at the same time. Further, E.L.K. Energy states that the total disposition request for Accounts 1588 and 1589 is a credit balance of $7.1 million. Without the OEB Order, E.L.K. Energy will be in a cashflow position with respect to these accounts of $7.1 million. Additionally, E.L.K. Energy’s customers may be impacted by the OEB’s Decision in this respect, as the material detrimental impact on E.L.K. Energy’s cash position may have an impact on the utility’s ability to fund the work required in support of E.L.K. Energy’s system and customers.

Question(s):

a) Please explain why the “IRR Adjustment Required in 2025” for Accounts 1588 and 1589 reported in Ref 2, does not align with OEB staff’s Table 2.
b) Please confirm whether the Embedded Distributor invoice error is captured in Ref 2.
c) Please update applicable models and supporting schedules, if necessary.
d) Please confirm the impact on E.L.K. Energy if the OEB does not grant an Order directing the IESO to accept the out-of-period adjustments related to the FIT Contract and Class A Volumes.
    i. Please confirm if E.L.K. Energy will submit the RPP True-Up Adjustment to the IESO, if the OEB does not grant an Order for the out-of-period adjustments related to the Class A Volumes and FIT Contracts.
e) Please confirm whether all adjustments reflected in Ref 2 are also captured in Ref 3.

<u>Supplemental Staff-6</u>

Retroactive Adjustments to Account 1550

Ref 1: 2024 E.L.K. Energy IRM Application Manager’s Summary Section 3.3.3

Ref 2: E.L.K. Interrogatory Responses, Staff Question - 14

Ref 3: ELK_IRM_1550_1551_1580_1584_1586 Supporting calculations_20250127

Ref 4: E.L.K. Interrogatory Responses, 2025 IRM RGM_20250127

Ref 5: E.L.K. Interrogatory Responses, Attachment 1- 1588-1589 Adjustments_20250127

Preamble:

In Ref 1, E.L.K. Energy states:

> Including the above-described error, E.L.K. has recalculated the appropriate Account 1550 principal balance as at December 31, 2023 to be $1,130,428, requiring an adjustment of $882,134 to the principal balance, inclusive of the previously noted $321,388 adjustment described above. E.L.K. has included this amount in the 2023 Adjustments column BF of the Continuity Schedule within its attached IRM Model, with a corresponding adjustment to interest.

According to Tab “2021-2024 REG ASSET 1550-00 LV” of Ref 2, the total adjustment required to Account 1550 is a debit of $899,207. OEB staff notes that the amounts calculated in the “Adjustment Required” cells (Cell S54 to Cell U54) include the OEB-approved disposals.

OEB staff has compiled a summary table (Table 5) below based on the information provided in Ref 3.

Table 5: Summary of Principal Adjustment Required to Account 1550

Account 1550	2021	2022	2023	Accumulative Total
Beginning Balance	928,473	1,315,976	1,143,525	3,387,973
A: Current Year (CY) Additions	798,733	344,792	(19,996)	1,123,529
OEB Approved Disposals	411,230	517,243	-	928,473
Reconstructed Ending Balance	1,315,976	1,143,525	1,123,528	3,583,029
B: Previously Reported CY Transactions	88,415	(229,424)	(563,143)	(704,152)
A - B: Principal Adjustment Required	$ 710,318.58	$ 574,215.35	$ 543,146.46	$ 1,827,680

OEB staff notes that the principal adjustment required, as calculated in Table 5, aligns with the principal adjustments reported in Ref 4.

Additionally, in Ref 5, OEB staff notes that a total debit of $321,388 is reported in Account 1589, and a debit of $59,645 is reported in Account 1588 under the description of “Hydro One Purchase (Reclass from LV Acc 4722-00)”

Question(s):

a) Please confirm OEB staff’s calculation of the total principal adjustments of debit $1,827,680 requested by E.L.K. Energy to Account 1550.
   i. Please clarify whether the Low Voltage (LV) charge reclassification is included in the total principal adjustment of $1,827,680 within the disposition balance for Account 1550.
   ii. If so, please specify the cell(s) in which this reclassification adjustment is recorded.

b) The current year additions are calculated based on the difference between billings to customers and LV charges received from Hydro One Networks Inc. Please provide a detailed explanation for the significant year-over-year variance in current-year additions, which decreased from $800K in 2021 to a credit of $19K in 2023.

c) Please provide the details and composition of the proposed adjustments of $321,888 to Account 1550, broken down by month and year, along with supporting calculations for 2016 to 2019, following the same format as Ref 3.
   i. Additionally, please provide the interest calculations for the adjustments accruing from 2016.

d) Please confirm whether the debit adjustments of $321,888 in Account 1589 and $59,645 in Account 1588, as reported in Ref 5, are related to the reclassification of LV charges to Account 1550.
   i. If so, please explain why the reclassifications of the LV purchases from Accounts 1588 and 1589 are recorded as debits to the accounts.
   ii. If not, please provide an explanation.

<u>Supplemental Staff-7</u>

Accounts 1550, 1551, 1580, 1584 and 1586
Ref 1: E.L.K. Interrogatory Responses, 2025 IRM RGM_20250127
Ref 2: E.L.K. Interrogatory Responses, pp. 1 – 8
Ref 3: E.L.K. Interrogatory Responses, p. 2, Table 3
Ref 4: E.L.K. Interrogatory Responses, p. 6, Table 4
Ref 5: E.L.K. Interrogatory Responses, p. 8, Table 5
Ref 6: ELK_IRM_1550_1551_1580_1584_1586 Supporting calculations_20250127
Ref 7: E.L.K. Interrogatory Responses, Staff Question - 15

Preamble:

In Ref 2, E.L.K. Energy identifies a series of corrections required to the balances and requested disposition of Group 1 DVA. One of the subsequent events that impacted on the balances is related to Embedded Distributor (ED) billing. E.L.K. Energy states that the invoice issued to its ED customer for a particular set of costs over the 2021 to 2023 period on October 8, 2024 (prior to the submission of its 2025 IRM application), has been revised to reflect a Cost Netting basis. This revision is consistent with E.L.K. Energy's historical practice for the costs in question. E.L.K. Energy further states that implementing the historical Cost Netting approach results in minor revisions to the majority of the Group 1 DVA balances sought for disposition in this proceeding.

Additionally, E.L.K. Energy identifies another subsequent event that affected the Group 1 DVA balances. E.L.K. Energy states that after submitting its 2025 IRM application on October 28, 2024, it received revised invoices from its host distributor dating back to October 2023.

OEB staff has compiled the following table (Table 6) summarizing the adjustments made to the Group 1 DVAs based on the evidence in Ref 3 and Ref 4.

Table 6: Additional Adjustments Made to Group 1 DVAs

Account/ Year	ED Invoice Correction Impact ($)			Host Distributor Invoice Impact ($)	2023 Total ($)	Total Impact ($)
	2021	2022	2023	2023		
1550	(452)	(1,512)	(2,410)	(9,671)	(12,081)	**(14,044)**
1551	(164)	(138)	(117)	-	(117)	**(419)**
1580	(75)	(72)	297	-	297	**150**
1584	(2,995)	(5,386)	(7,835)	(14,049)	(21,884)	**(30,265)**
1586	(2,308)	(3,654)	(5,440)	(4,571)	(10,011)	**(15,973)**
Total	**(5,993)**	**(10,762)**	**(15,505)**	**(28,291)**	**(43,796)**	**(60,552)**

In the Summary tab of Ref 6, E.L.K. Energy provides a table summarizing both the originally proposed balances and principal adjustments for Accounts 1550, 1551, 1580, 1584, and 1586, as well as the adjusted proposed balances and adjusted principal adjustments reflecting additional adjustments made during the interrogatory process. OEB staff calculates the differences between the newly proposed balances and the originally proposed balances, based on the summary table provided. This calculation is provided in Table 7 below.

Table 7: Summary of Changes Made to the Originally Proposed Balance

Account	Last Approved Balance EB-2021-0016	RRR Balance 12/31/2021	A. Proposed Balance 12/31/2023	Principal Adjustments 12/31/2023	B. New Proposed Balance 12/31/2023 due to Host Distributor Rebill, Accounting Adjs & New LTLT sales for Host Distributor	Adjusted Principal Adjustments 12/31/2023	A- B: Changes Made to the Originally Proposed Blances
1550	$528,099.00	$303,652.00	$1,130,428.13	$882,134.38	1,123,528.42	$875,234.67	**($6,899.71)**
1551	($2,534.00)	($76,466.00)	($68,747.39)	$4,302.64	(69,221.53)	$3,828.50	**($474.14)**
1580	($129,788.00)	$583,040.00	$416,044.96	($163,040.55)	453,466.68	($125,618.83)	**$37,421.72**
1580	($29,711.00)	($33,114.00)	$41,718.83	$74,169.39	4,783.33	$37,233.89	**($36,935.50)**
1584	($170,422.00)	($314,632.00)	($381,873.85)	($77,467.61)	(388,311.45)	($83,905.21)	**($6,437.60)**
1586	$366,584.00	($121,982.00)	($518,734.95)	($399,601.41)	(499,601.69)	($380,468.15)	**$19,133.26**

OEB staff notes that the additional adjustments made to the originally proposed balances do not align with the total impacts summarized in Table 6. Additionally, OEB staff notes that the adjusted principal adjustments calculated in Columns F and H of the Summary tab in Ref 6 incorporate the OEB-approved disposals.

Further, in Ref 6, OEB staff notes significant fluctuations in the current year additions reported in the accounts from year to year. The current year additions reported in each account are summarized in Table 8 below.

Table 8: Summary of the Current Year Additions

Account	Current Year Additions		
	2021	**2022**	**2023**
1550	798,733	344,792	(19,996)
1551	(2,929)	(36,396)	(29,897)
1580-WMSC	118,212	429,998	(94,743)
1580-CBR Class B	(21,871)	(17,689)	44,344
1584	(348,656)	157,539	(197,194)
1586	(280,101)	14,479	(233,980)

Question(s):

a) Please confirm OEB staff's summary of the additional adjustments made to the Group 1 DVAs in Table 6.
   i. Please explain why the changes made to the originally proposed balances, as outlined in Table 7, do not align with the additional adjustments made to the Group 1 DVAs summarized in Table 6.
b) Please update the adjusted principal adjustments in the Summary tab of Ref 2 to exclude the OEB-approved disposals.
c) Please provide an itemized explanation for the significant fluctuations in the current year additions observed by OEB staff in Table 7, broken down by account and by year.

<u>Supplemental Staff-8</u>

Internal Review Report

Ref 1: E.L.K. Interrogatory Responses, SEC-3, Attachment 1- Special Report to BoD

Ref 2: E.L.K. Interrogatory Responses, pp. 1 – 8

Preamble:

In Attachment C of Ref 1, the internal review team (Management Services Agreement Staff), outlines a list of observed issues and recommendations for resolutions.

Question(s):

a) Please confirm the current status of the recommended resolutions and provide itemized updates for each resolution.

<u>Supplemental Staff-9</u>
Unbilled Cost of Power
Ref 1: E.L.K. Interrogatory Responses, Staff Question - 10
Ref 2: E.L.K. Interrogatory Responses, 2025 GA Analysis Workform 2016-2018_20250127

Preamble:
In Ref 1, E.L.K. Energy provides a breakdown of the estimated unbilled cost of power expenses recorded in Accounts 1588 and 1589 for the years 2017 through 2019 regarding the unbilled electricity of 28 MWh.

Particular	2017	2018	2019	Total
Account 1588	$131,912	$396,452	$60,388	$588,752
Account1589	$740,626	$1,226,795	$333,711	$2,301,132
Total	**$872,538**	**$1,623,247**	**$394,099**	**$2,889,884**

E.L.K. Energy states that it communicated the apparent cost of power underbilling to its host distributor in the summer of 2024 and subsequently attempted to follow up to obtain a billing adjustment, revised invoice, or some other appropriate remedy. E.L.K. Energy further states, to its understanding, the host distributor does not intend to issue a billing adjustment or revised invoice.

Question(s):

a) Please confirm as to the basis for E.L.K. Energy’s “understanding” that the host distributor does not intend to issue a billing adjustment or revised invoice and provide any written confirmation regarding the same from the host distributor.
b) If no such written confirmation has been provided by the host distributor, please ask the host distributor to provide written confirmation of the following:
   - the host distributor’s acknowledgement of the unbilled cost of power of 28 MWh (approximately $2.8 million) for the period from 2017 to 2019; and
   - the host distributor’s agreement that it does not intend to seek collection of the underbilled cost of power of approximately $2.8 million from E.L.K. Energy or E.L.K. Energy’s ratepayers at any point (i.e., the host distributor is writing off these amounts).