

**Ontario Energy  
Board**  
P.O. Box 2319  
27<sup>th</sup> Floor  
2300 Yonge Street  
Toronto ON M4P 1E4  
Telephone: 416- 481-1967  
Facsimile: 416- 440-7656  
Toll free: 1-888-632-6273

**Commission de l'énergie  
de l'Ontario**  
C.P. 2319  
27<sup>e</sup> étage  
2300, rue Yonge  
Toronto ON M4P 1E4  
Téléphone : 416-481-1967  
Télécopieur: 416-440-7656  
Numéro sans frais: 1-888-632-6273



**BY E-MAIL**

July 18, 2011

Mr. Mark Danelon  
Manager, Finance and Regulatory Affairs  
E.L.K. Energy Inc.  
172 Forest Ave.  
Essex, ON N8M 3E4

Dear Mr. Danelon:

**Re: 2012 Electricity Distribution Rates  
Board File No. EB-2011-0099**

The Board is in receipt of your letter dated June 28, 2011 responding to the Board's letter dated June 17, 2011 in regard to E.L.K.'s request to be permitted to defer the rebasing of its rates beyond the 2012 rate year.

The Board notes that E.L.K. has confirmed that its return levels for both 2009 and 2010 are above the level that underpins E.L.K.'s rates. The Board has reviewed E.L.K.'s reasons provided in the June 28 letter explaining why it is nonetheless appropriate for the Board to defer rebasing of E.L.K.'s rates. The Board is not persuaded by the reasons provided by E.L.K. and does not accept E.L.K.'s request to defer rebasing from 2012 to 2013.

In light of the information provided by E.L.K. with respect to its earnings for 2009 and 2010, the Board will commence a cost of service rate proceeding on its own motion in respect of E.L.K.'s 2012 rates, and will declare E.L.K.'s rates as interim effective as of the date of the commencement of that proceeding. A Notice of Proceeding will be issued shortly.

Yours truly,

*Original Signed by*

Kirsten Walli  
Board Secretary