



EB-2011-0102

IN THE MATTER OF the *Ontario Energy Board Act*,
1998, S.O. 1998, c.15 (Schedule B);

AND IN THE MATTER OF an application by Sioux
Lookout Hydro Inc. for an order or orders approving or
fixing just and reasonable distribution rates and other
charges, to be effective May 1, 2012.

BEFORE: Karen Taylor
Presiding Member

Paula Conboy
Member

DECISION AND ORDER

Introduction

Sioux Lookout Hydro Inc. (“Sioux Lookout”), a licensed distributor of electricity, filed an application with the Ontario Energy Board (the “Board”) on November 25, 2011 under section 78 of the *Ontario Energy Board Act*, 1998, S.O. 1998, c. 15, (Schedule B), seeking approval for changes to the rates that Sioux Lookout charges for electricity distribution, to be effective May 1, 2012.

Sioux Lookout is one of 77 electricity distributors in Ontario regulated by the Board. The *Report of the Board on 3rd Generation Incentive Regulation for Ontario’s Electricity Distributors* (the “IR Report”), issued on July 14, 2008, establishes a three year plan term for 3rd generation incentive regulation mechanism (“IRM”) (i.e., rebasing plus three years). In its October 27, 2010 letter regarding the development of a Renewed Regulatory Framework for Electricity (“RRFE”), the Board announced that it was extending the 3rd generation IRM plan until such time as the RRFE policy initiatives

have been substantially completed. As part of the plan, Sioux Lookout is one of the electricity distributors that will have its rates adjusted for 2012 on the basis of the IRM process, which provides for a mechanistic and formulaic adjustment to distribution rates and charges between cost of service applications.

To streamline the process for the approval of distribution rates and charges for distributors, the Board issued its IR Report, its *Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors* on September 17, 2008 (the "*Supplemental Report*"), and its *Addendum to the Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors* on January 28, 2009 (collectively the "Reports"). Among other things, the Reports contain the relevant guidelines for 2012 rate adjustments for distributors applying for distribution rate adjustments pursuant to the IRM process. On June 22, 2011 the Board issued an update to Chapter 3 of the Board's *Filing Requirements for Transmission and Distribution Applications* (the "Filing Requirements"), which outlines the Filing Requirements for IRM applications based on the policies in the Reports.

Notice of Sioux Lookout's rate application was given through newspaper publication in Sioux Lookout's service area advising interested parties where the rate application could be viewed and advising how they could intervene in the proceeding or comment on the application. No letters of comment were received. No intervention requests were received. Board staff participated in the proceeding. The Board proceeded by way of a written hearing.

While the Board has considered the entire record in this proceeding, it has made reference only to such evidence as is necessary to provide context to its findings. The following issues are addressed in this Decision and Order:

- Price Cap Index Adjustment;
- Rural or Remote Electricity Rate Protection;
- Shared Tax Savings Adjustments;
- Retail Transmission Service Rates;
- Review and Disposition of Group 1 Deferral and Variance Account Balances;
- Review and Disposition of Account 1521: Special Purpose Charge;
- Review and Disposition of Account 1562: Deferred Payments in Lieu of Taxes;
- and
- Smart Meter Funding Adder ("SMFA").

Price Cap Index Adjustment

As outlined in the Reports, distribution rates under the 3rd Generation IRM are to be adjusted by a price escalator, less a productivity factor (X-factor) of 0.72% and a stretch factor.

On March 13, 2012, the Board announced a price escalator of 2.0% for those distributors under IRM that have a rate year commencing May 1, 2012.

The stretch factors are assigned to distributors based on the results of two benchmarking evaluations to divide the Ontario industry into three efficiency cohorts. In its letter to Licensed Electricity Distributors dated December 1, 2011 the Board assigned to Sioux Lookout efficiency cohort 2 and a cohort specific stretch factor of 0.4%.

On that basis, the resulting price cap index adjustment is 0.88%. The price cap index adjustment applies to distribution rates (fixed and variable charges) uniformly across customer classes that are not eligible for Rural or Remote Electricity Rate Protection. The price cap index adjustment will not apply to the following components of delivery rates:

- Rate Riders;
- Rate Adders;
- Low Voltage Service Charges;
- Retail Transmission Service Rates;
- Wholesale Market Service Rate;
- Rural Rate Protection Charge;
- Standard Supply service – Administrative Charge;
- Transformation and Primary Metering Allowances;
- Loss Factors;
- Specific Service Charges;
- MicroFIT Service Charges; and
- Retail Service Charges.

Rural or Remote Electricity Rate Protection

On December 21, 2011, the Board issued a Decision with Reasons and Rate Order (EB-2011-0405) establishing the Rural or Remote Electricity Rate Protection (“RRRP”) benefit and charge for 2012. The Board amended the RRRP charge to be collected by the Independent Electricity System Operator from the current \$0.0013 per kWh to \$0.0011 per kWh effective May 1, 2012. The draft Tariff of Rates and Charges flowing from this Decision and Order will reflect the new RRRP charge.

Shared Tax Savings Adjustments

In its Supplemental Report, the Board determined that a 50/50 sharing of the impact of currently known legislated tax changes, as applied to the tax level reflected in the Board-approved base rates for a distributor, is appropriate.

The calculated annual tax reduction over the IRM plan term will be allocated to customer rate classes on the basis of the Board-approved base-year distribution revenue. These amounts will be refunded to customers each year of the plan term, over a 12-month period, through a volumetric rate rider using annualized consumption by customer class underlying the Board-approved base rates.

Sioux Lookout’s application identified a total tax savings of \$3,979 resulting in a shared amount of \$1,989 to be refunded to ratepayers.

In its submission, Board staff noted that Sioux Lookout completed the Tax-Savings Workform with the correct rates and it reflects the Revenue Requirement Work Form from the Board’s 2008 cost of service decision in EB-2007-0785. Board staff had no concerns with the workform as filed.

Board staff also noted that that in its application, Sioux Lookout requested that the entire tax-savings amount be recorded in Account 1595 as the calculated rate riders for one or more classes results in energy based kWh rate riders of \$0.0000 when rounded to the fourth decimal place and demand-based kW rate riders of \$0.00 when rounded to the second decimal place. Board staff agreed and submitted that the credit of \$1,989 should be booked into Account 1595 for future disposition.

The Board approves shared tax savings of \$1,989 and agrees with the submission of Board staff that due to the non-material nature of the rate riders, Sioux Lookout should book the credit of \$1,989 into Account 1595 for disposition in a future rates proceeding.

Retail Transmission Service Rates

Electricity distributors are charged the Ontario Uniform Transmission Rates (“UTRs”) at the wholesale level and subsequently pass these charges on to their distribution customers through the Retail Transmission Service Rates (“RTSRs”). Variance accounts are used to capture timing differences and differences in the rate that a distributor pays for wholesale transmission service compared to the retail rate that the distributor is authorized to charge when billing its customers (i.e. variance Accounts 1584 and 1586).

On June 22, 2011 the Board issued revision 3.0 of the *Guideline G-2008-0001 - Electricity Distribution Retail Transmission Service Rates* (the “RTSR Guideline”). The RTSR Guideline outlines the information that the Board requires electricity distributors to file to adjust their RTSRs for 2012. The RTSR Guideline requires electricity distributors to adjust their RTSRs based on a comparison of historical transmission costs adjusted for the new UTR levels and the revenues generated under existing RTSRs. The objective of resetting the rates is to minimize the prospective balances in Accounts 1584 and 1586. In order to assist electricity distributors in the calculation of the distributors’ specific RTSRs, Board staff provided a filing module.

On December 20, 2011 the Board issued its Rate Order for Hydro One Transmission (EB-2011-0268) which adjusted the UTRs effective January 1, 2012, as shown in the following table:

2012 Uniform Transmission Rates

Network Service Rate	\$3.57 per kW
<u>Connection Service Rates</u>	
Line Connection Service Rate	\$0.80 per kW
Transformation Connection Service Rate	\$1.86 per kW

Board staff noted that it had no concerns with the RTSR Workform as filed.

The Board finds that the 2012 UTRs are to be incorporated into the filing module.

Review and Disposition of Group 1 Deferral and Variance Account Balances

The *Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative* (the "EDDVAR Report") provides that, during the IRM plan term, the distributor's Group 1 account balances will be reviewed and disposed if the preset disposition threshold of \$0.001 per kWh (debit or credit) is exceeded. The onus is on the distributor to justify why any account balance in excess of the threshold should not be disposed.

Sioux Lookout's 2010 actual year-end balance for Group 1 Accounts including interest projected to April 30, 2012 is a credit of \$130,818. This amount results in a total claim of \$0.00184 per kWh and, as such, Sioux Lookout requested disposition of these accounts over a one year period.

In its submission, Board staff noted that the principal amounts to be disposed as of December 31, 2010 reconcile with the amounts reported as part of the *Reporting and Record-keeping Requirements*. Board staff took no issue with Sioux Lookout's request to dispose of its 2010 Deferral and Variance Account balances at this time over the requested one year period.

The Board notes that the EDDVAR disposition threshold of \$0.001/kWh has been exceeded. The Board approves, on a final basis, the disposition of Sioux Lookout's Group 1 Deferral and Variance account balance of a credit \$130,818 representing principal as at December 31, 2010 and interest to April 30, 2012, over a one year period, May 1, 2012 to April 30, 2013.

The table below identifies the principal and interest amounts approved for disposition for Group 1 Accounts.

Account Name	Account Number	Principal Balance	Interest Balance	Total Claim
LV Variance Account	1550	\$44,149	-\$83	\$44,066
RSVA - Wholesale Market Service Charge	1580	-\$109,753	-\$2,086	-\$111,839
RSVA - Retail Transmission Network Charge	1584	-\$13,347	-\$272	-\$13,619
RSVA - Retail Transmission Connection Charge	1586	-\$50,583	-\$1,121	-\$51,704
RSVA - Power (excluding Global Adjustment)	1588	-\$179,717	\$432	-\$179,285
RSVA - Power - Sub-Account - Global Adjustment	1588	-\$60,781	-\$2,425	-\$63,206
Recovery of Regulatory Asset Balances	1590	\$1	\$13	\$14
Disposition and Recovery of Regulatory Balances (2008)	1595	\$347,330	\$38,599	\$385,929
Disposition and Recovery of Regulatory Balances (2009)	1595	-\$205,130	\$63,956	-\$141,174
Group 1 Total				-\$130,818

For accounting and reporting purposes, the respective balance of each Group 1 account approved for disposition shall be transferred to the applicable principal and interest carrying charge sub-accounts of Account 1595 pursuant to the requirements specified in Article 220, Account Descriptions, of the *Accounting Procedures Handbook for Electricity Distributors*. The date of the journal entry to transfer the approved account balances to the sub-accounts of Account 1595 is the date on which disposition of the balances is effective in rates, which generally is the start of the rate year (e.g. May 1). This entry should be completed on a timely basis to ensure that these adjustments are included in the June 30, 2012 (3rd Quarter) RRR data reported.

Review and Disposition of Account 1521: Special Purpose Charge

The Board authorized Account 1521, Special Purpose Charge Assessment (“SPC”) Variance Account in accordance with Section 8 of Ontario Regulation 66/10 (Assessments for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program Costs) (the “SPC Regulation”). Accordingly, any difference between (a) the amount remitted to the Minister of Finance for the distributor’s SPC assessment and (b) the amounts recovered from customers on account of the assessment were to be recorded in “Sub-account 2010 SPC Assessment Variance” of Account 1521.

In accordance with Section 8 of the SPC Regulation, distributors are required to apply no later than April 15, 2012 for an order authorizing the disposition of any residual balance in sub-account 2010 SPC Assessment Variance. The Filing Requirements state the Board's expectation that requests for disposition of this account balance would be heard as part of the proceedings to set rates for the 2012 year.

Sioux Lookout provided a reconciliation of Account 1521 as requested by Board staff during the interrogatory phase. Based on Sioux Lookout's reconciliation, Board staff supported Sioux Lookout's request to dispose of the updated balance in this account of a debit of \$2,176.

Board staff submitted that despite the usual practice, the Board should authorize the disposition of Account 1521 as of December 31, 2010, plus the amounts recovered from customers in 2011, including interest, because the account balance does not require a prudence review and electricity distributors are required by regulation to apply for disposition of this account. Board staff submitted that the \$2,176 debit balance in Account 1521 should be approved for disposition over a one year period, as requested by Sioux Lookout.

The Board approves the disposition, on a final basis, of a debit balance of \$2,176 in Account 1521, representing principal as of December 31, 2010, plus the amount recovered from customers in 2011, including the appropriate carrying charges to April 30, 2012, over one year, May 1, 2012 to April 30, 2013. The Board directs Sioux Lookout to close Account 1521 effective May 1, 2012.

For accounting and reporting purposes, the balance of Account 1521 shall be transferred to the applicable principal and interest carrying charge sub-accounts of Account 1595 pursuant to the requirements specified in Article 220, Account Descriptions, of the *Accounting Procedures Handbook for Electricity Distributors*. The date of the journal entry to transfer the approved account balances to the sub-accounts of Account 1595 is the date on which disposition of the balances is effective in rates, which generally is the start of the rate year (e.g. May 1). This entry should be completed on a timely basis to ensure that these adjustments are included in the June 30, 2012 (3rd Quarter) RRR data reported.

Review and Disposition of Account 1562: Deferred Payments in Lieu of Taxes

In 2001, the Board approved a regulatory payments in lieu of taxes proxy approach for rate applications coupled with a true-up mechanism filed under the RRR to account for changes in tax legislation and rules and to true-up between certain proxy amounts used to set rates and the actual amount of taxes paid. The variances resulting from the true-up were tracked in Account 1562 for the period 2001 through April 30, 2006.

On November 28, 2008, pursuant to sections 78, 19 (4) and 21 (5) of the *Ontario Energy Board Act, 1998*, the Board commenced a Combined Proceeding (EB-2008-0381) on its own motion to determine the accuracy of the final account balances with respect to Account 1562 Deferred Payments in Lieu of Taxes (“Deferred PILs”) (for the period October 1, 2001 to April 30, 2006) for certain electricity distributors that filed 2008 and 2009 distribution rate applications.

The Notice in the Combined Proceeding included a statement of the Board’s expectation that the decision resulting from the Combined Proceeding would be used to determine the final account balances with respect to Account 1562 Deferred PILs for the remaining distributors. In its decision and order, the Board stated that: “Each remaining distributor will be expected to apply for final disposition of account 1562 with its next general rates application (either IRM or cost of service).”¹

In pre-filed evidence, Sioux Lookout applied to refund to customers a credit balance of \$51,982 consisting of a principal credit amount of \$53,412 plus related debit carrying charges of \$1,430. In response to interrogatories, Sioux Lookout filed amended evidence that reflects a refund of \$110,555 consisting of a principal credit amount of \$94,862 plus related credit carrying charges of \$15,693.

History of the 2001 and 2002 Applications and Process

On December 21, 2001 the Board issued filing guidelines to all electricity distribution utilities for the March 1, 2002 distribution rate adjustments. Supplemental instructions were issued on January 18, 2002. The Board issued detailed instructions and several filing models created in Excel to make the application process easier for the distributors. The intent was to have the distributors file in January 2002 and the Board’s Orders would be issued in February and March for rates effective March 1, 2002.

¹ EB-2008-0381 Account 1562 Deferred PILs Combined Proceeding, Decision and Order, p. 28

Sioux Lookout filed a rate application, dated January 25, 2002, for rates effective March 1, 2002. Sioux Lookout filed a revised application dated February 15, 2002 and a “Blue Sheet” update to its evidence on March 11, 2002 to eliminate the first tranche of market adjusted revenue requirement (“MARR”) from the calculations of the 2002 rates to reflect the Board’s 2001 decision described below. The Board issued its decision for this case on March 14, 2002 and approved final rates to be effective March 1, 2002².

In its 2001 application, Sioux Lookout chose to forego the first tranche of MARR.³ Due to an oversight caused by the number of revisions to the evidence in the case, the final version of the 2001 RUD Excel model inadvertently included the first tranche of MARR.

Accounting Procedures Handbook (APH) and Frequently Asked Questions (FAQs)

APH Article 220 was revised on December 20, 2001 and provided minimum guidance for the use of Account 1562. The FAQ of April 2003 provided examples of the accounting entries related to Account 1562 Deferred PILs. The year selected for the example was the twelve month complete year of 2003. This FAQ did not deal with the complexities associated with periods of less than twelve months.

Start Date for Recording the PILs Proxy Entitlement and the Amount

As noted above, the Board issued filing guidelines on December 21, 2001 notifying distributors to file applications to receive the second tranche of MARR and PILs in January 2002.

In interrogatory #8 Board staff asked why Sioux Lookout had billed customers fewer than eight months at the new rates in 2002 when the Board had ordered rates effective March 1, 2002. Sioux Lookout replied as follows:

“The rates approved for March 1, 2002 were not implemented by a decision made by the Sioux Lookout Hydro Board of Directors until May 1, 2002. This explains why the fixed charges were not calculated for ten months.”

In its December 17, 2001 interim decision, the Board approved interim unbundled rates to be effective March 1, 2002. The final decision dated March 17, 2002 for the 2002 rate

² EB-2011-0102, Board Staff Submission, Pages 4-5

³ Market Adjusted Revenue Requirement

adjustment including PILs, ordered rates to be effective March 1st and expected prompt implementation. There was no issue of lost revenue to be recovered since the decision date was so close to the effective date. Board staff noted that Sioux Lookout voluntarily chose to wait until May 1st to implement the rate order.

Since Sioux Lookout voluntarily chose to implement rates on May 1, 2002, Board staff submitted that Sioux Lookout should pro-rate its PILs proxy entitlements in the same time period as it billed its customers for the changed rates as described in the following section.

In its submission in the current application, Board staff offered an alternative of calculating the PILs proxy with effect from May 1, 2002 which Board staff suggested was equitable to ratepayers and to the shareholder. Board staff noted that if its suggestion is accepted by the Board, the credit principal balance to be refunded to ratepayers would be approximately \$115,327.

In arriving at this amount Board staff did not include the 2001 SIMPIL model variances, and also pro-rated the 2002 SIMPIL model variances for 8 months to reflect the implementation date of May 1, 2002. Board staff estimated the credit interest carrying charges to be \$28,134 for the period up to April 30, 2012 based on the restated principal credit amount of \$115,327 for a total to be refunded of \$143,461.

Board staff submitted that this revised credit amount of \$143,461 has been calculated in accordance with the regulatory guidance and the decisions issued by the Board in determining the amounts in Account 1562 Deferred PILs.⁴

Board staff invited Sioux Lookout's comments in its reply submission on this proposal and Board staff estimated a revised credit balance of \$143,461 to be refunded to customers. Board staff requested that Sioux Lookout file active Excel models with its reply submission to facilitate the final review of its evidence.

In its reply submission, Sioux Lookout agreed with Board staff's suggestion to pro-rate the PILs proxy from May 1, 2002 due to Sioux Lookout's late implementation of the 2002 rates. Sioux Lookout also agreed with Board Staff's amended amounts to be credited to customers of \$143,461 which includes a principal credit balance of \$115,327

⁴ Decisions in Combined Proceeding, EB-2008-0381 – August 12, 2011; June 24, 2011; December 23, 2010; December 18, 2009. Hydro One Brampton, EB-2011-0174, December 22, 2011. Whitby Hydro, EB-2011-0206, December 22, 2011. Staff Discussion Paper, August 20, 2008.

and credit interest carrying charges of \$28,134. Sioux Lookout provided all the supporting material.

The Board agrees with the submission of Board staff and notes that this approach has been accepted by Sioux Lookout. The Board approves the disposition, on a final basis, of a credit balance of \$143,461, representing principal and interest to April 30, 2012, in Account 1562 over a one year period, May 1, 2012 to April 30, 2013.

For accounting and reporting purposes, the balance of Account 1562 shall be transferred to the applicable principal and interest carrying charge sub-accounts of Account 1595 pursuant to the requirements specified in Article 220, Account Descriptions, of the Accounting Procedures Handbook for Electricity Distributors. The date of the journal entry to transfer the approved account balances to the sub-accounts of Account 1595 is the date on which disposition of the balances is effective in rates, which generally is the start of the rate year (e.g. May 1). This entry should be completed on a timely basis to ensure that these adjustments are included in the June 30, 2012 (3rd Quarter) RRR data reported.

Smart Meter Funding Adder (“SMFA”)

Sioux Lookout requested that the Board approve the continuation of its current SMFA of \$2.91 per metered customer per month on an interim basis only until Sioux Lookout’s stand-alone Smart Meter Application review is completed and final rates are established and approved by the Board.

Sioux Lookout completed 100% of its smart meter installations in 2010, and concluded the implementation of TOU in October of 2011⁵. As such, Sioux Lookout intends to file a stand-alone application for the disposition and revenue requirement rate riders by April 30, 2012⁶.

In its submission, Board staff noted that the Board may wish to consider that the cessation of the SMFA without replacement until the Board can render its decision on a utility’s application for final smart meter cost disposition would create rate fluctuations, and possibly result in customer confusion.

⁵ EB-2011-0102, Application, Sched. 2, Page 3

⁶ EB-2011-0102, Interrogatory Responses, #7(A)

With this in mind, Board staff submitted that the Board may wish to consider continuance of the SMFA with a specific termination date, or until it is replaced by a Smart Meter Disposition Rider ("SMDR") and Smart Meter Incremental Rate Rider resulting from the Board's decision in a stand-alone application seeking disposition of the utility's smart meter costs.

Board staff stated that it is of the view that there are two options for the Board's consideration if it decides to approve the continuation of Sioux Lookout's SMFA beyond April 30, 2012. First, Board staff noted that establishing a termination date of October 31, 2012 may be reasonable. Board staff noted that if this option were to be approved by the Board, such an application should be filed by no later than May 31, 2012 to allow sufficient time for the application to be processed in time for a November 1, 2012 implementation.

Alternatively, Board staff noted that Sioux Lookout is expected to rebase its rates through a cost of service application for the 2013 rate year and therefore establishing a termination date of April 30, 2013 for the SMFA may also be reasonable.

Board staff noted that in its reply submission, Sioux Lookout may wish to discuss the practicality of each option with respect to the continuation of a SMFA beyond the April 30, 2012 sunset date if approved by the Board.

Board staff also noted that, in its decisions for many 2011 EDR applications, the Board capped the SMFA at \$2.50/month per metered customer. Taking into consideration the fact that Sioux Lookout has completed its smart meter deployment and the implementation of TOU, the Board may wish to reduce the SMFA, if approved, from the \$2.91 requested to \$2.50 per metered customer per month, or some lower amount.

In its reply submission, Sioux Lookout noted that it prefers Option 2, to establish a termination date of April 30, 2013. As noted by Board Staff, Sioux Lookout will be filing a cost of service application for the 2013 rate year and considers that option 1, i.e. extending the termination date to October 31, 2012 to allow sufficient time for the utility to prepare and file an application for the final disposition, may result in unnecessary rate fluctuations if the stand alone application is not approved by that date.

Sioux Lookout also stated that it has no issue with lowering the SMFA to \$2.50/month per metered customer. Sioux Lookout agreed with Board staff that reducing the adder,

as opposed to discontinuing it, will decrease the risk of a credit SMDR while at the same time avoid a significant increase in the deferred revenue requirement to be recovered by the SMDR once the smart meter application for final disposition is approved.

The Board will not approve the continuation of Sioux Lookout's current SMFA beyond the current expiry of April 30, 2012. The Board is of the view the relevant metric to consider with respect to whether it is appropriate to extend a SMFA is the date by which smart meter deployment was or will be substantially complete. In this case, smart meter deployment was 100% complete by the end of 2010. The SMFA was designed to fund the prospective deployment of smart meters with minimum functionality. The Board believes that the current expiry date (April 30, 2012) of the current SMFA best aligns the interests of ratepayers and the utility, by balancing potential rate volatility with the need to ensure that monies collected from ratepayers serve the intended purpose. The Board stresses that it is incumbent on Sioux Lookout to manage the timing of its regulatory filings to ensure that costs are reflected in rates in a timely way and to minimize any subsequent rate volatility.

Rate Model

With this Decision, the Board is providing Sioux Lookout with a rate model (spreadsheet) and applicable supporting models and a draft Tariff of Rates and Charges (Appendix A) that reflects the elements of this Decision. The Board also reviewed the entries in the rate model to ensure that they were in accordance with the 2011 Board approved Tariff of Rates and Charges and the rate model was adjusted, where applicable, to correct any discrepancies.

THE BOARD ORDERS THAT:

1. Sioux Lookout's new distribution rates shall be effective May 1, 2012.
2. Sioux Lookout shall review the draft Tariff of Rates and Charges set out in Appendix A. Sioux Lookout shall file with the Board a written confirmation assessing the completeness and accuracy of the draft Tariff of Rates and Charges, or provide a detailed explanation of any inaccuracies or missing information within **7 days** of the date of issuance of this Decision and Order.

3. If the Board does not receive a submission from Sioux Lookout to the effect that inaccuracies were found or information was missing pursuant to item 2 of this Decision and Order, the draft Tariff of Rates and Charges set out in Appendix A of this order will become final effective May 1, 2012, and will apply to electricity consumed or estimated to have been consumed on and after May 1, 2012. Sioux Lookout shall notify its customers of the rate changes no later than with the first bill reflecting the new rates.
4. If the Board receives a submission from Sioux Lookout to the effect that inaccuracies were found or information was missing pursuant to item 2 of this Decision and Order, the Board will consider the submission of Sioux Lookout and will issue a final Tariff of Rates and Charges.
5. Sioux Lookout shall pay the Board's costs incidental to this proceeding upon receipt of the Board's invoice.

All filings to the Board must quote file number **EB-2011-0102**, be made through the Board's web portal at, www.errr.ontarioenergyboard.ca and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. 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 www.ontarioenergyboard.ca. If the web portal is not available parties may email their document 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 2 paper copies.

DATED at Toronto, April 19, 2012

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Appendix A

To Decision and Order

Draft Tariff of Rates and Charges

Board File No: EB-2011-0102

DATED: April 19, 2012

Sioux Lookout Hydro Incorporated

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2011-0102

RESIDENTIAL SERVICE CLASSIFICATION

This classification applies to an account taking electricity at 750 volts or less where the electricity is used exclusively in a separate metered living accommodation. Customers shall be residing in single-dwelling units that consist of a detached house or one unit of a semi-detached, duplex, triplex or quadruplex house, with a residential zoning. Separately metered dwellings within a town house complex or apartment building also qualify as residential customers. All customers are single-phase. 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 Board, and amendments thereto as approved by the 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 Board, and amendments thereto as approved by the 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.

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 Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	24.26
Distribution Volumetric Rate	\$/kWh	0.0104
Low Voltage Service Rate	\$/kWh	0.0030
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kWh	(0.0035)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013 Applicable only for Non RPP Customers	\$/kWh	(0.0023)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0055
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0013

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Sioux Lookout Hydro Incorporated

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2011-0102

GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION

This classification applies to a non residential account taking electricity at 750 volts or less whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW. 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 Board, and amendments thereto as approved by the 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 Board, and amendments thereto as approved by the 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.

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 Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	43.11
Distribution Volumetric Rate	\$/kWh	0.0082
Low Voltage Service Rate	\$/kWh	0.0027
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kWh	(0.0028)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013		
Applicable only for Non RPP Customers	\$/kWh	(0.0023)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0050
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0011

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Sioux Lookout Hydro Incorporated

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2011-0102

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. Note that for the application of the Retail Transmission Rate – Network Service Rate and the Retail Transmission Rate – Line and Transformation Connection Service Rate the following sub-classifications apply:

General Service 50 to 1,000 kW non-interval metered

General Service 50 to 1,000 kW interval metered

General Service >1,000 to 4,999 kW interval 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 Board, and amendments thereto as approved by the 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 Board, and amendments thereto as approved by the 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.

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 Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	398.88
Distribution Volumetric Rate	\$/kW	1.3832
Low Voltage Service Rate	\$/kW	1.1187
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kW	(0.8074)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013		
Applicable only for Non RPP Customers	\$/kW	(0.8145)
Retail Transmission Rate – Network Service Rate	\$/kW	2.0041
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	0.4581
Retail Transmission Rate – Network Service Rate – Interval Metered >1,000 kW	\$/kW	2.1260
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered >1,000 kW	\$/kW	0.5062

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Sioux Lookout Hydro Incorporated

TARIFF OF RATES AND CHARGES

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UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification applies to an account taking electricity at 750 volts or less whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW 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. 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 Board, and amendments thereto as approved by the 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 Board, and amendments thereto as approved by the Board, or as specified herein.

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	21.50
Distribution Volumetric Rate	\$/kWh	0.0083
Low Voltage Service Rate	\$/kWh	0.0027
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kWh	(0.0081)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0050
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0011

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Sioux Lookout Hydro Incorporated

TARIFF OF RATES AND CHARGES

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STREET LIGHTING SERVICE CLASSIFICATION

This classification applies to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting, controlled by photo cells. The consumption for these customers will be based on the calculated connected load times the required lighting times established in the approved OEB street lighting load shape template. 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 Board, and amendments thereto as approved by the 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 Board, and amendments thereto as approved by the Board, or as specified herein.

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	9.87
Distribution Volumetric Rate	\$/kW	26.0218
Low Voltage Service Rate	\$/kW	0.8534
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kW	(2.1406)
Retail Transmission Rate – Network Service Rate	\$/kW	1.5114
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	0.3542

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Sioux Lookout Hydro Incorporated

TARIFF OF RATES AND CHARGES

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microFIT GENERATOR SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Ontario Power Authority's microFIT program and connected to the distributor's distribution system. 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 Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	5.25
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ALLOWANCES

Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.3741)
Primary Metering Allowance for transformer losses – applied to measured demand and energy	%	(1.00)

SPECIFIC SERVICE CHARGES

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 Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No 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 Board, and amendments thereto as approved by the Board, or as specified herein.

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Customer Administration		
Statement of Account	\$	15.00
Duplicate invoices for previous billing	\$	15.00
Easement Letter	\$	15.00
Income tax letter	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00
Returned cheque charge (plus bank charges)	\$	15.00
Charge to certify cheque	\$	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
Disconnect/Reconnect Charge - At Meter During Regular Hours	\$	110.00
Disconnect/Reconnect Charge - At Meter After Regular Hours	\$	245.00
Disconnect/Reconnect at pole – during regular hours	\$	245.00
Disconnect/Reconnect at pole – after regular hours	\$	415.00
Install/Remove load control device – during regular hours	\$	110.00
Install/Remove load control device – after regular hours	\$	245.00
Temporary service – install and remove – overhead – no transformer	\$	500.00
Temporary service – install and remove – underground – no transformer	\$	300.00
Temporary service – install and remove – overhead – with transformer	\$	1,000.00
Specific Charge for Access to the Power Poles – per pole/year	\$	22.35

Sioux Lookout Hydro Incorporated

TARIFF OF RATES AND CHARGES

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RETAIL SERVICE CHARGES (if applicable)

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 Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

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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	1.0642
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0535