

**Ontario Energy
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**Commission de l'énergie
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BY EMAIL

January 25, 2011

Ontario Energy Board
P.O. Box 2319
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2300 Yonge Street
Toronto ON M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: Sioux Lookout Hydro Incorporated ("Sioux Lookout")
2011 IRM3 Distribution Rate Application
Board Staff Submission
Board File No. EB-2010-0114**

In accordance with the Notice of Application and Written Hearing, please find attached the Board Staff Submission in the above proceeding. Please forward the following to Sioux Lookout Hydro Incorporated and to all other registered parties to this proceeding.

In addition please remind Sioux Lookout Hydro Incorporated that its Reply Submission is due by February 17, 2011.

Yours truly,

Original Signed By

Christiane Wong
Analyst, Applications & Regulatory Audit

Encl.



ONTARIO ENERGY BOARD

STAFF SUBMISSION

2011 ELECTRICITY DISTRIBUTION RATES

Sioux Lookout Hydro Incorporated

EB-2010-0114

January 25, 2011

**Board Staff Submission
Sioux Lookout Hydro Incorporated
2011 IRM3 Rate Application
EB-2010-0114**

Introduction

Sioux Lookout Hydro Incorporated (“Sioux Lookout”) filed an application (the “Application”) with the Ontario Energy Board (the “Board”) on November 1, 2010, under section 78 of the *Ontario Energy Board Act, 1998*, seeking approval for changes to the distribution rates that Sioux Lookout charges for electricity distribution, to be effective May 1, 2011. The Application is based on the 2011 3rd Generation Incentive Regulation Mechanism.

The purpose of this document is to provide the Board with the submissions of Board staff based on its review of the evidence submitted by Sioux Lookout.

In the interrogatory phase, Board Staff identified certain discrepancies in the data entered in the application model by Sioux Lookout. In response to Board staff interrogatories, which requested either a confirmation that these discrepancies were errors or an explanation supporting the validity of the original data filed with the application, Sioux Lookout confirmed that they were errors and provided the corrected data. Board staff will make any necessary corrections to Sioux Lookout’s models resulting from the Board’s findings on this matter.

Staff has no concerns with the data supporting the updated Retail Transmission Service Rates proposed by Sioux Lookout. Pursuant to Guideline G-2008-0001, updated on July 8, 2010, staff notes that the Board will update the applicable data at the time that this IRM decision is issued based on any available updated Uniform Transmission Rates.

Staff notes that Sioux Lookout’s smart meter funding adder is currently at \$2.91 per metered customer per month. Sioux Lookout is proposing to maintain the adder at this level for 2011.

Sioux Lookout is proposing a disposition period of one year for its Group 1 deferral and variance account balances as of December 31, 2009 having exceeded the \$0.001/kWh disposition threshold. The total balance requested for disposition is a credit amount of \$325,914. Credit balances are amounts payable to customers. Board staff notes that the principal amounts to be disposed as of December 31, 2009 reconcile with the amounts reported as part of the Reporting and Record-keeping Requirements. Board staff submits that Sioux Lookout's proposal for a one year disposition period for its Group 1 account balances is in accordance with the EDDVAR Report.

All of which is respectfully submitted.