



PUC Distribution Inc.  
765 QUEEN STREET EAST, P.O. Box 9000  
SAULT STE. MARIE, ONTARIO, P6A 6P2

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February 14, 2011

Kirsten Walli, Board Secretary  
Ontario Energy Board  
P.O. Box 2319, 27<sup>th</sup> Floor  
2300 Yonge Street  
Toronto, ON  
M4P 1E4

Attention: Ms. Walli

**Re: PUC Distribution Inc.'s 2011 3<sup>rd</sup> Generation IRM Rate Application**  
**Board File No. EB-2010-0111**  
**Re: Reply Submission**

Please find enclosed PUC Distribution Inc.'s reply submission to the 2011 3<sup>rd</sup> Generation Rate Application that was filed with the Board November 11, 2010. The reply submission including this cover letter has been electronically filed through the Board's web portal.

Sincerely,

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Jennifer Uchmanowicz  
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PUC Distribution Inc.  
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## **PUC Distribution Inc. (“PUC”)**

### **Reply Submission**

2011 Electricity Distribution Rate Application

EB-2010-0111

February 14, 2011

#### **Introduction**

PUC Distribution Inc. (“PUC”) filed an application with the Ontario Energy Board (the “Board”) on November 11, 2010, under section 78 of the *Ontario Energy Board Act*, 1998, seeking approval for changes to PUC’s distribution rates effective May 1, 2011. The application was based on the 2011 3<sup>rd</sup> Generation Incentive Regulation Mechanism. On February 7, 2011 the Board Staff issued a written submission to be provided to the Board based on its review of PUC’s application and evidence. PUC respectfully submits this document as a reply submission to the Board.

#### **Review and Disposition of Deferral and Variance Account Balances**

##### **Issue**

PUC requested that the Board review and approve the disposition of the December 31, 2009 balances of the Group 1 accounts, including interest as of April 30, 2011. PUC proposed to dispose of the Group 1 account balances over a one-year period. In response to Board Staff interrogatory #4, PUC clarified that the sunset date for the 1595 sub-account which tracked 2008 approved balances, is April 30, 2010 and not April 30, 2009 as originally submitted. PUC confirmed that since the sunset date is April 30, 2010, the residual balance in account 1595 should not be disposed. As a result of the correction for the exclusion of the 1595 sub-account the total balance requested for disposition was revised to \$1,020,945 to be returned to ratepayers over a one-year period. This amount results in a total claim per kWh of (\$0.001443). Board staff had no other concerns with the balances or recovery methodology used.

##### **PUC Comment**

PUC Distribution agrees that sub-account 1595 should not be disposed of in this application and the total balance of Group 1 accounts to be disposed of is \$1,020,945 to be returned to ratepayers over a one-year period.