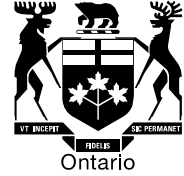


**Ontario Energy
Board**
P.O. Box 2319
27th. Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416-481-1967
Facsimile: 416-440-7656
Toll free: 1-888-632-6273

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



BY EMAIL

February 22nd, 2011

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4

Dear Ms. Walli:

**Re: Grimsby Power Inc.
2011 IRM2 Distribution Rate Application
Board Staff Submission
Board File No. EB-2010-0129**

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 Grimsby Power Inc. and to all other registered parties to this proceeding.

In addition please remind Grimsby Power Inc. that its Reply Submission is due by March 14, 2011.

Yours truly,

Original Signed By

Kelli Dobson
Analyst, Applications & Regulatory Audit

Encl.



ONTARIO ENERGY BOARD

STAFF SUBMISSION

2011 ELECTRICITY DISTRIBUTION RATES

Grimsby Power Inc.

EB-2010-0129

February 22nd, 2011

**Board Staff Submission
Grimsby Power Inc.
2011 IRM2 Rate Application
EB-2010-0129**

Introduction

Grimsby Power Inc. (“GPI”) filed an application (the “Application”) with the Ontario Energy Board (the “Board”) on September 28, 2010, under section 78 of the *Ontario Energy Board Act, 1998*, seeking approval for changes to the distribution rates that GPI charges for electricity distribution, to be effective May 1, 2011. The Application is based on the 2011 2nd Generation Incentive Regulation Mechanism.

In the interrogatory phase, Board staff identified certain discrepancies in the data entered in the application model by GPI. 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, GPI confirmed that they were errors and provided the corrected data. Board Staff will make the necessary corrections to GPI’s model at the time of the Board’s decision on the application.

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 GPI.

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

GPI’s original application proposed to increase the smart meter adder to \$3.66 per meter per month from the existing \$1.00. However, analysis by Board staff revealed some issues with the model as filed. Staff prepared a revised model with a smart meter adder of \$1.99 per month per metered customer and attached the model to interrogatory #1. GPI had no objections to the Board staff changes and accepted the corrections and adjustments proposed by staff. Board staff has no concerns with the updated data supporting the smart meter model. Board Staff notes that the total bill

impact attributable solely to the proposed funding adder of \$1.99 per meter per month (keeping all other proposals in the application model as filed) is an increase of 1.1% for the residential class.

GPI originally proposed to dispose of its deferral and variance account balances as of December 31, 2009 plus interest to April 30, 2011 (a debit of \$168,083) because the total balance had equaled the threshold when rounded (\$0.000936/kWh). In reply to a Board staff interrogatory, GPI withdrew its request to dispose of its balances noting that it was not aware that the threshold (\$0.001/kWh) needed to be exceeded in order to trigger disposition. Staff has no concerns with the revised request.

All of which is respectfully submitted.