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February 25, 2011

Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto, Ontario M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**RE: Northern Ontario Wires Inc.
2011 IRM3 Distribution Rate Application
Board File: EB-2010-0103
Reply Submission to Board Staff Interrogatories**

Northern Ontario Wires Inc. (NOW Inc.) respectfully submits the following comments to the Board Staff Submission dated February 4, 2011.

Smart Meter Funding Adder

Board Staff has indicated that a lower funding adder from the level applied for, may be approved. While NOW Inc. understands that a lower funding adder minimizes the impact to the customer now, it basically delays the inevitable need to recover our full costs of smart meters implementation over a reasonable time period. The Ontario government has mandated NOW Inc. to incur these costs and NOW Inc. will be seeking approval for these costs in the near future. The \$5 applied for funding adder is already lower than that of \$7.86 as calculated by the Model and at \$5 it does not provide for full recovery of costs over a reasonable time period. NOW Inc. has already proposed to minimize the impact to the customer by applying for less than what the model calculates.

If you have any questions or concerns regarding this reply submission and the application, please do not hesitate to contact the undersigned by telephone at 705-272-6669 or via e-mail at monikam@nowinc.ca.

Yours truly,

Monika Malherbe, CA
Chief Financial Officer
Northern Ontario Wires Inc.