

Sioux Lookout Hydro Inc.
P.O. Box 908, 25 Fifth Ave.
Sioux Lookout, ON P8T 1B3
Phone: (807)737-3800
Fax: (807)737-2832
Email: slhydro@tbaytel.net

February 7, 2008

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

**RE: Sioux Lookout Hydro Incorporated
2008 Electricity Distribution Rates Application
Reply to Staff Submission
Board File No. EB-2007-0785**

Dear Ms. Walli:

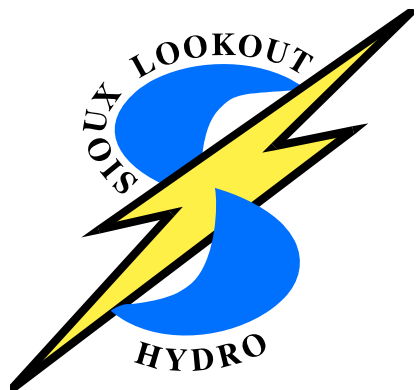
Please find attached Sioux Lookout Hydro Inc.'s reply to Board staff's submission for the above proceeding.

If there are any questions or concerns, please do not hesitate to contact me at (807)737-3800, or via email at slhydro@tbaytel.net.

Yours truly,

Deanne Kulchyski
Financial & Regulatory Affairs Officer

Encl/



Reply to Staff Submission
2008 Electricity Distribution Rates
EB-2007-0785

February 7, 2008

SIOUX LOOKOUT HYDRO INCORPORATED
25 FIFTH AVE, P.O. BOX 908
SIOUX LOOKOUT, ON P8T 1B3



INTRODUCTION

Sioux Lookout Hydro Inc.(SLHI) received the Staff Submissions from the Ontario Energy Board on January 31, 2008 in reply to the responses Sioux Lookout Hydro submitted to Board Staff Interrogatories on January 11, 2008.

These responses are in regards to the questions and concerns included in the Staff Submission.

OM & A

SLHI responds to this staff submission with reference to Table 2 – Controllable Expenses on page 3 of the submission.

The variance from 2006 to 2008 is reduced by \$50,729 when the one-time entry for the sick-time adjustment is removed.

As explained in SLHI's Response to IR 1.10, on page 8, there should have been an entry to normalize meter reading costs of approximately \$17,000 under customer billing. Therefore denial of this amount would be appropriate.

The variance for Collecting expenses from 2007 to 2008 is the result of implementing more aggressive collection procedures for 2008. An amount of \$12,000 is included in the 2008 budget for fees paid to a third party to perform collection calls.

CAPITAL EXPENDITURES

SLHI confirms that the difference arising from Interrogatories #2.2 and 2.8 is due to the capital contributions.

Also, the discrepancy in regard to the total of the 2006 budgeted expenditures as provided in response to Interrogatory #2.10, on page 27 can be explained because the sum of \$208,644 is the actual expenditures whereas the amount of \$229,600 is the approved amount in the budget.

In years prior to 2006, SLHI budgeted \$400,000 for capital expenditures funded by cash. This was decreased in 2006 in order to be able to fund the charges from Hydro One for historic LV charges. The amount budgeted in 2007 more closely reflects what has been budgeted in the past.

Also, the significant increase in 2008 is mostly due to the amount budgeted for smart meters. Since the initial phase of implementation of smart meters is forecasted to begin in 2008, it is important that these expenditures be included in this rate application.



Service Reliability Indices

See Below for the revised Table 10 – Reliability Indices:

	SAIDI	SAIFI	CAIDI
2002	.748505	1.314943	.569
2003	1.239169	.882968	1.403
2004	.768215	1.524585	.504
2005	15.58064	3.549832	4.389
2006	18.06	5.26	3.44

Below are separate tables to illustrate the extent to which loss of supply, extreme weather/foreign interference, faulty equipment and upgrades specific to Sioux Lookout Hydro impact the service reliability indices:

Table 1: Loss of Supply outages

Year	Total Customer Hours of interruptions	Total Customer interruptions	Total number of Customers	SAIDI	SAIFI	CAIDI
2002	272.6	2726	2724.83	0.10	1.00	0.10
2003	0	0	2727.167	0.00	0.00	0.00
2004	220.96	2762	2740.417	0.08	1.01	0.08
2005	38460.75	8277	2756.75	13.95	3.00	4.65
2006	47407.27	13605	2732	17.35	4.98	3.48

Table 2: Weather/foreign interference

Year	Total Customer Hours of interruptions	Total Customer interruptions	Total number of Customers	SAIDI	SAIFI	CAIDI
2002	441.95	380	2724.833	0.16	0.14	1.16
2003	2868.5	1873	2727.167	1.05	0.69	1.53
2004	884.15	579	2740.417	0.32	0.21	1.53
2005	3072.06	1063	2756.75	1.11	0.39	2.89
2006	1519.68	545	2732	0.56	0.20	2.79

Table 3: Faulty equipment

Year	Total Customer Hours of interruptions	Total Customer interruptions	Total number of Customers	SAIDI	SAIFI	CAIDI
2002	47.85	27	2724.833	0.02	0.01	1.77
2003	387.85	409	2727.167	0.14	0.15	0.95
2004	554.87	629	2740.417	0.20	0.23	0.88
2005	890.67	178	2756.75	0.32	0.06	5.00



2006	57.46	53	2732	0.02	0.02	1.08
------	-------	----	------	------	------	------

Table 4: Upgrades

Year	Total Customer Hours of interruptions	Total Customer interruptions	Total number of Customers	SAIDI	SAIFI	CAIDI
2002	1277.15	450	2724.833	0.47	0.17	2.84
2003	123.07	126	2724.833	0.05	0.05	0.98
2004	445.25	208	2740.417	0.16	0.08	2.14
2005	528.45	268	2756.75	0.19	0.10	1.97
2006	184.59	108	2732	0.07	0.04	1.71

Assessment of Asset Condition and Asset Management Plan

SLHI has considered implementing Asset Condition Assessment programs. Due to the small size of the utility, it was concluded that such a program was not necessary. All of the assets can be assessed on a yearly basis.

An Asset Management Plan to prioritize and establish work plans to maintain and operate its assets is currently being developed.

COST OF CAPITAL

To conform with section 2.2.1 and Appendix A of the Board Report, the deemed long-term debt rate, as updated by the Board, should be used.

SMART METERS

As part of the London smart meter consortium, SLHI expects to begin smart meter installations during the current year. The RFP process is well underway, and will be completed sometime within the next few months. Therefore it is important that we include expenditures for smart meters in this rate application.



PILS

The CCA tables below reflect the balances with adjustments made for capital additions using Class 47 instead of Class 1 for the years 2005 to 2008.

Table 1: Adjusted Capital Cost Allowance – 2005

Class	Class Description	UCC Opening Balance	Additions	Dispositions	UCC Before 1/2 Yr Adjustment	1/2 Year Rule (1/2 Additions Less Disposals}	Reduced UCC	Rate %	CCA	UCC Ending Balance
1	Distribution System - 1988 to 22-Feb-2005	5,164,496	0	0	5,164,496	0	5,164,496	4%	206,580	4,957,916
8	General Office/Stores Equip	25,450	7,296	0	32,746	3,648	29,098	20%	5,820	26,926
10	Computer Hardware/ Vehicles	88,390	54,514	-3,696	139,208	25,409	113,799	30%	34,140	105,068
45	Computers & Systems Software acq'd post Mar 22/04	0	1,736	0	1,736	868	868	45%	391	1,345
47	Distribution System - post 22-Feb-2005	0	216,041	0	216,041	108,021	108,021	8%	8,642	207,399
	TOTAL	5,278,336	279,587	-3,696	5,554,227	137,946	5,416,282		255,571	5,298,656



Table 2: Adjusted Capital Cost Allowance – 2006

Class	Class Description	UCC Opening Balance	Additions	Dispositions	UCC Before 1/2 Yr Adjustment	1/2 Year Rule (1/2 Additions Less Disposals)	Reduced UCC	Rate %	CCA	UCC Ending Balance
1	Distribution System - 1988 to 22-Feb-2005	4,957,916	0	0	4,957,916	0	4,957,916	4%	198,317	4,759,599
8	General Office/Stores Equip	26,926	7,436	0	34,362	3,718	30,644	20%	6,129	28,233
10	Computer Hardware/ Vehicles	105,068	0	-2,291	102,777	0	102,777	30%	30,833	71,944
45	Computers & Systems Software acq'd post Mar 22/04	1,345	1,111	0	2,456	556	1,901	45%	855	1,601
47	Distribution System - post 22-Feb-2005	207,399	109,916	0	317,315	54,958	262,357	8%	20,989	296,326
	TOTAL	5,298,654	118,463	-2,291	5,414,826	59,232	5,355,595		257,122	5,157,704

Table 3: Adjusted Capital Cost Allowance – 2007

Class	Class Description	UCC Opening Balance	Additions	Dispositions	UCC Before 1/2 Yr Adjustment	1/2 Year Rule (1/2 Additions Less Disposals)	Reduced UCC	Rate %	CCA	UCC Ending Balance
1	Distribution System - 1988 to 22-Feb-2005	4,759,599	0	0	4,759,599	0	4,759,599	4%	190,384	4,569,215
8	General Office/Stores Equip	28,233	19,400	0	47,633	9,700	37,933	20%	7,587	40,046
10	Computer Hardware/ Vehicles	71,944	0	0	71,944	0	71,944	30%	21,583	50,361
12	Computer Software	0	2,000	0	2,000	1,000	1,000	100%	1,000	1,000



45	Computers & Systems Software acq'd post Mar 22/04	1,601	0	0	1,601	0	1,601	45%	720	881
47	Distribution System - post 22-Feb-2005	296,326	322,890	0	619,216	161,445	457,771	8%	36,622	582,594
	TOTAL	5,157,703	344,290	0	5,501,993	172,145	5,329,848		257,896	5,244,097

Table 4: Adjusted Capital Cost Allowance – 2008

Class	Class Description	UCC Opening Balance	Additions	Dispositions	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	CCA	UCC Ending Balance
1	Distribution System - 1988 to 22-Feb-2005	4,569,215	0	0	4,569,215	0	4,569,215	4%	182,769	4,386,446
8	General Office/Stores Equip	40,046	10,000	0	50,046	5,000	45,046	20%	9,009	41,037
10	Computer Hardware/ Vehicles	50,361	80,000	0	130,361	40,000	90,361	30%	27,108	103,253
12	Computer Software	1,000	0	0	1,000	0	1,000	100%	1,000	0
45	Computers & Systems Software acq'd post Mar 22/04	881	0	0	881	0	881	45%	396	485
47	Distribution System - post 22-Feb-2005	582,594	561,890	0	1,144,484	280,945	863,539	8%	69,083	1,075,401
	TOTAL	5,244,097	651,890	0	5,895,987	325,945	5,570,042		289,366	5,606,621



The use of the revised 2008 CCA of \$289,366 in the calculation of 2008 PILs along with the combined income tax rate of 16.5 % in effect from January 1, 2008, would result in a decrease from \$52,135 to \$45,471 (with gross up). The impact on the applied for rates is illustrated in the table below:

Customer Class	Billing Determinant	Proposed 2008 Rate	Adjusted 2008 Rate with PILs corrections	Impact
Residential	Customer	23.15	23.06	(0.3888)%
	kWh	.0136	.0136	0.0000%
GS < 50 kW	Customer	41.12	40.95	(0.4134)%
	kWh	.0111	.0111	0.0000%
GS > 50 kW	Customer	473.17	471.26	(0.4037)%
	kW	2.6784	2.6717	(0.2501)%
Street Lighting	Connection	.99	.98	(1.0101)%
	kW	3.6063	3.6218	0.4298%
Unmetered Scattered Load	Connection	20.50	20.42	(0.3902)%

DEFERRAL AND VARIANCE ACCOUNTS

Treatment of RSVAs

SLHI proposes to amend Exhibit 5/Tab 1/Schedule 2 to not apply for the disposition of account 1588.

Transfers to Account 1590, Regulatory Assets Recoveries

Staff's understanding of SLHI's proposal to reflect the transaction of June 2007 in the December 2006 amount to be cleared to eliminate double collection is correct. There were also errors which affect account 1590 and are explained in the Treatment of Account 1550 and 1586 section. An amended continuity statement is provided to illustrate the adjustments.

Treatment of Account 1550 and 1586

Sioux Lookout used account 1586 to record historic LV charges up to April 30, 2006. An entry was done each month as a debit to 1586, 1584, 1525 and 1572 (amounts derived from the regulatory asset worksheet submitted with the 2006 EDR) with a credit to 2205. After reviewing the APH Frequently Asked Questions from December 2005, it was discovered that the entry to record Hydro One LV charges on March 31 2005 and May 1, 2006, was not done. This is the entry that would debit account 1586 and credit account 2405. The charges described above should have been recorded as a debit to 2405 with the credit to 2205.



When the letter issued by the OEB on June 13, 2006 was released, the section regarding Accounts and procedures for low voltage charges was misinterpreted. There was confusion as to what was to be classified as historic LV and approved LV charges, therefore the historic LV charges were tracked in account 1550 from May 1, 2006 to present instead of 2405. Also tracked in 1550 from May 1, 2006 are the rate adders billed to customers for historic LV charges. These should be tracked in account 1590 not 1550.

Only charges approved to be collected in the 2006 EDR under low voltage charges should have been applied to account 1550. Since SLHI did not apply to recover these charges in the 2006 EDR, the only amounts that should be included in 1550 are the ongoing LV charges by Hydro One, not the historic LV Charges.

The following is a detailed explanation of the entries made to 1586, 1550 and other related accounts before the adjustment to correct the above.

Account 1586 – Before adjustment

Date	Description	Principal entry Debit/(credit)	Principal Balance	Interest entry debit/(credit)	Interest - Balance
April 30, 2005	Balance Forward	(847152.13)	(847152.13)	(5118.21)	(5118.21)
May 1 to December 31, 2005	Hydro One Charge – Historic LV Charges	326644.80	(520,507.33)	1973.50	(3144.71)
May 1 to December 31, 2005	Charges – CN less Billed CN	(200,635.37)	(721142.70)	(1212.17)	(4356.88)
Jan 1 to April 30, 2006	Hydro One Charge – Historic LV Charges	97993.44	(623149.26)	507.39	(3849.49)
Jan 1 to December 31, 2006	Charges – CN less Billed CN	(-299464.20)	(922613.46)	(1334.21)	(5183.70)

Account 1550– Before adjustment

Date	Description	Principal entry Debit/(credit)	Principal Balance	Interest entry debit/(credit)	Interest - Balance
May 1 to December 31, 2006	Hydro One Charge – Historic LV Charges	520848.00	520848.00		



May 1 to December 31, 2006	Billed for Hydro One Charge – Historic LV Charges	(339142.51)	181705.49		
May 1 to December 31, 2006	Charges – current ongoing LV	252605.21	434310.70		

Account 1584– Before adjustment

Date	Description	Principal entry Debit/(credit)	Principal Balance	Interest entry debit/(credit)	Interest - Balance
April 30, 2005	Balance Forward	(23370.13)	(23370.13)	(141.20)	(141.20)
May 1 to December 31, 2005	Hydro One Charge – Historic LV Charges	(5754.70)	(29124.83)	(34.80)	(176.00)
May 1 to December 31, 2005	Charges – NW less Billed NW	31320.52	2195.69	189.24	13.24
Jan 1 to April 30, 2006	Hydro One Charge – Historic LV Charges	(1726.41)	469.28	(8.95)	4.29
Jan 1 to December 31, 2006	Charges – NW less Billed NW	(40145.75)	(39676.47)	(230.48)	(226.19)

Account 1525– Before adjustment

Date	Description	Principal entry Debit/(credit)	Principal Balance
April 30, 2005	Balance Forward	0	0
May 1 to December 31, 2005	Hydro One Charge – Historic LV Charges	10844.70	10844.70
Jan 1 to April 30, 2006	Hydro One Charge – Historic LV Charges	3253.41	14098.11



Account 1572– Before adjustment

Date	Description	Principal entry Debit/(credit)	Principal Balance
April 30, 2005	Balance Forward	12836.24	12836.24
May 1 to December 31, 2005	Hydro One Charge – Historic LV Charges	15.20	12851.44
Jan 1 to April 30, 2006	Hydro One Charge – Historic LV Charges	4.56	12856.00

From the above tables, the amounts highlighted in yellow should have been recorded in account 2405. The amount highlighted in green should have been recorded in account 1590.

The below tables show the correct entries as per the APH FAQ's December 2005 questions #8 & #9, and restated balances as of December 31, 2006.

Account 1586 - Corrected

Date	Description	Principal entry Debit/(credit)	Principal Balance	Interest entry debit/(credit)	Interest - Balance
April 30, 2005	Balance Forward	(847152.13)	(847152.13)	(5118.21)	(5118.21)
March 31, 2005	Record Hydro One LV charge as per Board Decision and order(to Dec 2003)	1194317.00	347164.87		
May 31 to December 31, 2005	Charges – CN less Billed CN	(200,635.37)	146529.50	(1212.17)	(6330.38)
May 1, 2006	Record Hydro One LV charge as per Board Decision and order(to Apr 30 2006)	1089268.00	1235797.50		
May 1,	Record the	(2283585.00)	(1047787.50)	(2521.00)	(8851.38)



2006	transfer of Hydro One charges approved to be recovered to account 1590				
May 1, 2006	Record the transfer of CN variance approved to be recovered to account 1590	765702.00	(282085.50)	5545.00	(3306.38)
Jan 1 to December 31, 2006	Charges – CN less Billed CN	(299464.20)	(581549.70)	(1334.21)	(4640.59)
Balance December 31, 2006			(581549.70)		(4640.59)

Account 1550- Corrected

Date	Description	Principal entry Debit/(credit)	Principal Balance	Interest entry debit/(credit)	Interest - Balance
May 1 to December 31, 2006	Charges – current ongoing LV	252605.21	252605.21	950.66	950.66
Balance December 31, 2006			252605.21		950.66

Account 1584- Corrected

Date	Description	Principal entry Debit/(credit)	Principal Balance	Interest entry debit/(credit)	Interest - Balance
April 30, 2005	Balance Forward	(23370.13)	(23370.13)	(141.20)	(141.20)
May 1 to December 31, 2005	Charges – NW less Billed NW	31320.52	7950.39	189.24	48.04
May 1, 2006	Record the transfer of NW variance approved to	6140.00	14090.39	341.00	389.04



	be recovered to account 1590				
Jan 1 to December 31, 2006	Charges – NW less Billed NW	(40145.75)	(26055.36)	(230.48)	158.56
Balance December 31, 2006			(26055.36)		158.56

Account 1525

There should have been no entries to this account.

Account 1572- Corrected

Date	Description	Principal entry Debit/(credit)	Principal Balance
April 30, 2005	Balance Forward	12836.24	12836.24
May 1, 2006	Record the transfer of account variance approved to be recovered to account 1590	(6519)	6317.24
Balance December 31, 2006			6317.24

See the revised Continuity statement below, which shows adjustments in the “Adjustments during 2006 – other” column to remove the above amounts highlighted in yellow and green from the original entries. Also, the entries to record the approved amounts and subsequent transfers to account 1590 have been entered as per the APH and Board Decision.

Account 1586 shows an amount of \$447,364 in the Forecasted Transactions, Excluding Interest from Jan 1, 2008 to April 30, 2008. This is the amount of the Hydro One Charges to April 30, 2006 that was mitigated in the 2006 EDR.



Sioux Lookout Hydro Inc.
EB-2007-0785
Reply to Staff Submission
Page 13 of 23

SHEET 1 - Regulatory Assets - Continuity Schedule

NAME OF UTILITY	SIOUX LOOKOUT HYDRO INC.	LICENCE NUMBER	ED-2002-0514
NAME OF CONTACT	DEANNE KULCHYSKI	DOCID NUMBER	EB-2007-0785
E-mail Address	shydro@bavtel.net		
VERSION NUMBER	v4.0	PHONE NUMBER	807-737-3800
Date	05-Feb-08	(extension)	

Enter appropriate data in cells which are highlighted in yellow only.
Enter the total applied for Regulatory Asset amounts for each account in the appropriate cells below.
Debits should be recorded as positive numbers and credits should be recorded as negative numbers.
Repeat cells going across as necessary for each year in application

2005										
Account Description	Account Number	Opening Principal Amounts as of Jan-1:05 ¹	Transactions (additions) during 2005, excluding interest and adjustments ⁶	Transactions (reductions) during 2005, excluding interest and adjustments ⁶	Adjustments during 2005 - instructed by Board ²	Adjustments during 2005 - other ³	Closing Principal Balance as of Dec-31:05	Opening Interest Amounts as of Jan-1:05	Interest Jan.1 to Dec-31:05	Closing Interest Amounts as of Dec-31:05
RSVA - Wholesale Market Service Charge	1580	\$ 62,550	\$ 58,223			\$ 20,853	\$ 141,625	\$ 378	\$ 478	\$ 856
RSVA - One-time Wholesale Market Service	1582	\$ 23,019	\$ 4,817				\$ 27,837	\$ 139	\$ 29	\$ 168
RSVA - Retail Transmission Network Charge	1584	\$ (6,140)	\$ 8,335			\$ 5,755	\$ 7,950	\$ (37)	\$ 85	\$ 48
RSVA - Retail Transmission Connection Charge	1586	\$ (765,702)	\$ 44,560			\$ (326,645)	\$ (1,047,788)	\$ (4,826)	\$ (1,704)	\$ (6,330)
Sub-Totals		\$ (686,273)	\$ 115,935		\$ -	\$ (300,037)	\$ (870,375)	\$ (4,146)	\$ (1,112)	\$ (5,258)
Other Regulatory Assets - Sub-Account - OEB Cost Assessments	1508		\$ 12,129				\$ 12,129			\$ -
Other Regulatory Assets - Sub-Account - Pension Contributions	1508		\$ 25,633				\$ 25,633			\$ -
Other Regulatory Assets - Sub-Account - Other ⁷	1508						\$ -			\$ -
Other Regulatory Assets - Sub-Account - Other ⁷	1508						\$ -			\$ -
Other Regulatory Assets - Sub-Account - Other ⁷	1508						\$ -			\$ -
Retail Cost Variance Account - Retail	1518	\$ 2,868	\$ 4,665				\$ 7,333			\$ -
Retail Cost Variance Account - STR	1548						\$ -			\$ -
Misc. Deferred Debits	1525		\$ 10,845			\$ (10,845)	\$ (0)			\$ -
LV Variance Account	1550						\$ -			\$ -
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Capital	1555						\$ -			\$ -
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Recoveries	1555						\$ -			\$ -
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Met	1555						\$ -			\$ -
Smart Meter OM&A Variance	1556						\$ -			\$ -
Conservation and Demand Management Expenditures and Recoveries	1556						\$ -			\$ -
CDM Contra	1566						\$ -			\$ -
Qualifying Transition Costs ⁵	1570	\$ 14,486	n/a	n/a			\$ 14,486			\$ -
Pre-Market Opening Energy Variances Total ⁵	1571	\$ 276,745	n/a	n/a			\$ 276,745			\$ -
Extra-Ordinary Event Costs	1572	\$ 6,519	\$ 6,337			\$ (15)	\$ 12,841			\$ -
Deferred Rate Impact Amounts	1574						\$ -			\$ -
Other Deferred Credits	2425						\$ -			\$ -
Sub-Totals		\$ 300,418	\$ 59,608	\$ -	\$ -	\$ (10,860)	\$ 349,166	\$ -	\$ -	\$ -
Deferred Payments in Lieu of Taxes	1562									
2006 PILs & Taxes Variance	1592									
Sub-Totals										
Total		\$ (385,855)	\$ 175,543	\$ -	\$ -	\$ (310,897)	\$ (521,209)	\$ (4,146)	\$ (1,112)	\$ (5,258)
The following is not included in the total claim but is included on a memo basis:										
Deferred PILs Contra Account ⁸	1563									
RSVA - Power (including Global Adjustment)	1588	\$ 446,852	\$ (74,412)				\$ 372,239	\$ 2,728	\$ (480)	\$ 2,249
RSVA - Power - Sub-Account - Global Adjustment ⁴	1588		\$ (445,764)				\$ (445,764)	\$ (2,693)		\$ (2,693)
Recovery of Regulatory Asset Balances	1590	\$ (46,423)	\$ (269,680)				\$ (316,102)			\$ -

C:\Documents & Settings\truman\My Documents\2008\Rate Rebasing\Rate Rebasing\2005_electrly_egrataryasset_recoveryworksheet_us_04

¹ As per general ledger, if does not agree to Dec-31-04 balance filed in 2006 EDR then provide supplementary analysis

² Provide supporting statement indicating whether due to denial of costs in 2006 EDR by the Board, 10% transition costs write-off, and etc.

³ Provide supporting statement indicating nature of this adjustments and periods they relate to

⁴ Not included in sub-total

⁵ Closed April 30, 2002

⁶ For RSVA accounts only, report the net additions to the account during the year. For all other accounts, record the additions and reductions separately.

⁷ Please describe "other" components of 1508 and add more component lines if necessary.

⁸ 1563 is a contra-account and is not included in the total but is shown on a memo basis. Account 1562 establishes the obligation to the ratepayer.

⁹ Interest projected on December 31, 2006 closing principal balance.



Sioux Lookout Hydro Inc.
EB-2007-0785
Reply to Staff Submission
Page 14 of 23

SHEET 1 - Regulatory Assets - Continuity Schedule

NAME OF UTILITY SIOUX LOOKOUT HYDRO INC
NAME OF CONTACT DEANNE KULCHYSKI
E-mail Address skhydro@bayerl.net
VERSION NUMBER v4.0
Date 05-Feb-08

2006												
Account Description	Account Number	Opening Principal Amounts as of Jan-1-06	Transactions (additions) during 2006, excluding interest and adjustments ⁶	Transactions (reductions) during 2006, excluding interest and adjustments ⁶	Adjustments during 2006 - instructed by Board ²	Adjustments during 2006 - other ³	Transfer of Board-approved amounts to 1590 as per 2006 EDR	Closing Principal Balance as of Dec-31-06	Opening Interest Amounts as of Jan-1-06	Interest Jan-1 to Dec31-06	Transfer of Board-approved amounts to 1590 as per 2006 EDR	Closing Interest Amounts as of Dec-31-06
RSVA - Wholesale Market Service Charge	1580	\$ 141,625	\$ (53,104)		\$ 27,837		\$ (106,421)	\$ 9,937	\$ 856	\$ (84)	\$ (1,114)	\$ (342)
RSVA - One-time Wholesale Market Service	1582	\$ 27,837	\$ -		\$ (27,837)			\$ (0)	\$ 168	\$ (168)		\$ -
RSVA - Retail Transmission Network Charge	1584	\$ 7,950	\$ (41,872)		\$ -	\$ 1,726	\$ 6,140	\$ (26,055)	\$ 48	\$ (230)	\$ 341	\$ 159
RSVA - Retail Transmission Connection Charge	1586	\$ (1,047,788)	\$ (201,471)		\$ 2,283,585	\$ (97,993)	\$ (1,517,883)	\$ (581,550)	\$ (6,330)	\$ (1,334)	\$ 3,024	\$ (4,641)
Sub-Totals		\$ (870,375)	\$ (296,447)		\$ 2,283,585	\$ (96,267)	\$ (1,618,164)	\$ (597,668)	\$ (5,258)	\$ (1,817)	\$ 2,251	\$ (4,824)
Other Regulatory Assets - Sub-Account - OEB Cost Assessments	1508	\$ 12,129	\$ 12,362					\$ 24,491	\$ -	\$ 72		\$ 72
Other Regulatory Assets - Sub-Account - Pension Contributions	1508	\$ 25,633	\$ 29,638					\$ 55,271	\$ -	\$ 234		\$ 234
Other Regulatory Assets - Sub-Account - Other ⁷	1508	\$ -						\$ -	\$ -			\$ -
Other Regulatory Assets - Sub-Account - Other ⁷	1508	\$ -						\$ -	\$ -			\$ -
Other Regulatory Assets - Sub-Account - Other ⁷	1508	\$ -						\$ -	\$ -			\$ -
Retail Cost Variance Account - Retail	1518	\$ 7,333	\$ 3,983				\$ (2,668)	\$ 8,647	\$ -	\$ 29		\$ 29
Retail Cost Variance Account - STR	1548	\$ -						\$ -	\$ -			\$ -
Misc. Deferred Debits	1525	\$ (0)	\$ 3,253			\$ (3,253)		\$ 0	\$ -			\$ -
LV Variance Account	1550	\$ -	\$ 434,311			\$ (181,705)		\$ 252,605	\$ -	\$ 951		\$ 951
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Capital	1555	\$ -						\$ -	\$ -			\$ -
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Recoveries	1555	\$ -		\$ (3,175)				\$ (3,175)	\$ -	\$ (28)		\$ (28)
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Met	1555	\$ -						\$ -	\$ -			\$ -
Smart Meter OM&A Variance	1556	\$ -		\$ (1,349)				\$ (1,349)	\$ -	\$ (24)		\$ (24)
Conservation and Demand Management Expenditures and Recoveries	1565	\$ -	\$ 81,866	\$ (52,580)				\$ 29,286	\$ -			\$ -
CDM Contra	1566	\$ -	\$ (81,866)	\$ 52,580				\$ (29,286)	\$ -			\$ -
Qualifying Transition Costs ⁵	1570	\$ 14,486	n/a	n/a			\$ (13,037)	\$ 1,449	\$ -			\$ -
Pre-Market Opening Energy Variances Total ⁵	1571	\$ 276,745	n/a	n/a			\$ (276,745)	\$ -	\$ -			\$ -
Extra-Ordinary Event Costs	1572	\$ 12,841				\$ (5)	\$ (6,519)	\$ 6,317	\$ -			\$ -
Deferred Rate Impact Amounts	1574	\$ -						\$ -	\$ -			\$ -
Other Deferred Credits	2425	\$ -						\$ -	\$ -			\$ -
Sub-Totals		\$ 349,166	\$ 483,547	\$ (4,524)	\$ -	\$ (184,963)	\$ (298,969)	\$ 344,257	\$ -	\$ 1,233	\$ -	\$ 1,233
Deferred Payments in Lieu of Taxes	1562											
2006 PILs & Taxes Variance	1592											
Sub-Totals												
Total		\$ (521,209)	\$ 187,100	\$ (4,524)	\$ 2,283,585	\$ (281,230)	\$ (1,917,133)	\$ (253,411)	\$ (5,258)	\$ (584)	\$ 2,251	\$ (3,591)
The following is not included in the total claim but is included on a memo basis:												
Deferred PILs Contra Account ⁸	1563											
RSVA - Power (including Global Adjustment)	1588	\$ 372,239	\$ 148,149				\$ (446,652)	\$ 73,737	\$ 2,249	\$ 712	\$ (2,982)	\$ (21)
RSVA - Power - Sub-Account - Global Adjustment ⁴	1588	\$ (445,764)	\$ 336,264					\$ (109,499)	\$ (2,693)	\$ 1,477		\$ (1,216)
Recovery of Regulatory Asset Balances	1590	\$ (316,102)	\$ (396,256)			\$ (339,143)	\$ 2,364,517	\$ 1,313,016	\$ -	\$ (2,099)		\$ (2,099)

C:\Documents and Settings\Tremblay\My Documents\EB-2008 Rate Review\table\regulatory\2006_electrification\global\asset_recovery\recovery\Recovery_Lib_Sheet



Sioux Lookout Hydro Inc.
EB-2007-0785
Reply to Staff Submission
Page 15 of 23

SHEET 1 - Regulatory Assets - Continuity Schedule

NAME OF UTILITY: SIOUX LOOKOUT HYDRO INC
NAME OF CONTACT: DEANNE KULCHYSKI
E-mail Address: shydro@statel.net
VERSION NUMBER: v4.0
Date: 05-Feb-08

Account Description	Account Number	Projected Interest on Dec 31 -06 balance from Jan 1, 2007 to Dec 31, 2007 ⁵	Projected Interest on Dec 31 -06 balance from Jan 1, 2008 to April 30, 2008 ⁵	Claim before Forecasted Transactions	Forecasted Transactions, Excluding Interest from Jan 1, 2007 to Dec 31, 2007	Forecasted Transactions, Excluding Interest from Jan 1, 2008 to April 30, 2008	Projected Interest from Jan 1, 2007 to April 30, 2008 on Forecasted Transx (Excl Interest) from Jan 1, 2007 to December 31, 2007	Projected Interest from Jan 1, 2008 to April 30, 2008 on Forecasted Transx (Excl Interest) from Jan 1, 2008 to April 30, 2008	Total Claim
RSVA - Wholesale Market Service Charge	1580	\$ 456	\$ 152	\$ 10,203					\$ 10,203
RSVA - One-time Wholesale Market Service	1582			\$ (0)					\$ (0)
RSVA - Retail Transmission Network Charge	1584	\$ (1,196)	\$ (399)	\$ (27,492)					\$ (27,492)
RSVA - Retail Transmission Connection Charge	1586	\$ (26,693)	\$ (8,898)	\$ (621,761)		\$ 447,364			\$ (174,417)
Sub-Totals		\$ (27,433)	\$ (9,145)	\$ (639,070)	\$ -	\$ 447,364	\$ -	\$ -	\$ (191,706)
Other Regulatory Assets - Sub-Account - OEB Cost Assessments	1508	\$ 1,124	\$ 375	\$ 26,062					\$ 26,062
Other Regulatory Assets - Sub-Account - Pension Contributions	1508	\$ 2,537	\$ 646	\$ 58,888					\$ 58,888
Other Regulatory Assets - Sub-Account - Other ⁷	1508			\$ -					\$ -
Other Regulatory Assets - Sub-Account - Other ⁷	1508			\$ -					\$ -
Other Regulatory Assets - Sub-Account - Other ⁷	1508			\$ -					\$ -
Retail Cost Variance Account - Retail	1518	\$ 397	\$ 132	\$ 9,205					\$ 9,205
Retail Cost Variance Account - STR	1548			\$ -					\$ -
Misc. Deferred Debits	1525			\$ 0					\$ 0
LV Variance Account	1550	\$ 11,595	\$ 3,865	\$ 269,016					\$ 269,016
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Capital	1555			\$ -					\$ -
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Recoveries	1555	\$ (146)	\$ (49)	\$ (3,398)					\$ (3,398)
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Met	1555			\$ -					\$ -
Smart Meter OM&A Variance	1556	\$ (62)	\$ (21)	\$ (1,456)					\$ (1,456)
Conservation and Demand Management Expenditures and Recoveries	1565	\$ 896	\$ 448	\$ 30,630					\$ 30,630
CDM Contra	1566	\$ (896)	\$ (448)	\$ (30,630)					\$ (30,630)
Qualifying Transition Costs ⁶	1570	\$ 44	\$ 22	\$ 1,515					\$ 1,515
Pre-Market Opening Energy Variances Total ⁵	1571			\$ -					\$ -
Extra-Ordinary Event Costs	1572	\$ 194	\$ 97	\$ 6,608					\$ 6,608
Deferred Rate Impact Amounts	1574			\$ -					\$ -
Other Deferred Credits	2425			\$ -					\$ -
Sub-Totals		\$ 15,683	\$ 5,266	\$ 366,440	\$ -	\$ -	\$ -	\$ -	\$ 366,440
Deferred Payments in Lieu of Taxes	1562								
2006 PILs & Taxes Variance	1592								
Sub-Totals				\$ -					\$ -
Total		\$ (11,750)	\$ (3,879)	\$ (272,631)	\$ -	\$ 447,364	\$ -	\$ -	\$ 174,733
The following is not included in the total claim but is included on a memo basis:									
Deferred PILs Contra Account ⁸	1563								
RSVA - Power (including Global Adjustment)	1588	\$ 3,384	\$ 1,128	\$ 78,228					\$ 78,228
RSVA - Power - Sub-Account - Global Adjustment ⁴	1588			\$ (110,715)					\$ (110,715)
Recovery of Regulatory Asset Balances	1590			\$ 1,310,917	\$ (1,075,844)	\$ (377,132)	\$ 36,010	\$ 1,262	\$ (104,787)

C:\Documents and Settings\Tami\My Documents\2008 Rate Setting\siouxlookout\EB-2007-0785\Worksheet_L09_S04



Treatment of Account 1562 and 1563

In light of the Board staff findings of errors in accounting for account 1562, SLHI proposes not to seek disposition of account 1562 in this rate application. A thorough analysis of this account will have to be undertaken to determine the accuracy of the balances. Given the time constraints, SLHI proposes to apply for disposition of this account in a later rate application.

Treatment of 1565 and 1566

Yes SLHI has completed its spending commitment on conservation activities.

Summary

As a result of the adjustments required to correctly state the RSVA accounts, Exhibit 5/Tab 1/Schedule 2 and Schedule 3 have been revised and are included below. SLHI will submit revised RRR filings from 2005 to present in order to correct the error.



Exhibit 5/Tab 1/Schedule 2

Calculation of Balances by Account

Deferred Charge Accounts																	
Account Description	Account Number	Dec 31/06 Balance			Apply for Disposal?	Jan1/07 to Apr30/07			May1/07 to Dec31/07			Jan1 to Apr30/08			May1 to Dec31/08		
		Principal Portion	Accum. Interest	Total		Interest	Other	Balance	Interest	Other	Balance	Interest	Other	Balance	Interest	Other	Balance
Unrecovered Plant and Regulatory Study Costs	1505			-	YES	-		-	-		-	-		-	-		-
Other Regulatory Assets	1508	79,793	306	80,098	YES	1,221		81,319	2,442		83,761	1,221		84,982	2,442		87,423
Preliminary Survey and Investigation Charges	1510			-	YES	-		-	-		-	-		-	-		-
Emission Allowance Inventory	1515			-	YES	-		-	-		-	-		-	-		-
Emission Allowances Withheld	1516			-	YES	-		-	-		-	-		-	-		-
Retail Cost Variance Account - Retail	1518	8,647	29	8,676	YES	132		8,808	265		9,073	132		9,205	265		9,470
Power Purchase Variance Account	1520			-	YES	-		-	-		-	-		-	-		-
Misc. Deferred Debits - incl. Rebate Cheques	1525	-		-	YES	-		-	-		-	-		-	-		-
Deferred Losses from Disposition of Utility Plant	1530			-	YES	-		-	-		-	-		-	-		-
Unamortized Loss on Recquired Debt	1540			-	YES	-		-	-		-	-		-	-		-
Development Charge Deposits/ Receivables	1545			-	YES	-		-	-		-	-		-	-		-
Retail Cost Variance Account - STR	1548			-	YES	-		-	-		-	-		-	-		-
LV Variance Account	1550	252,605	951	253,556	YES	3,865		257,421	7,730		265,151	3,865		269,015	7,730		276,745
Smart Meter Capital Variance Account	1555	(3,175)	(28)	(3,203)	NO	(49)		(3,251)	(97)		(3,348)	(49)		(3,397)	(97)		(3,494)
Smart Meters OM&A Variance Account	1556	(1,349)	(24)	(1,373)	NO	(21)		(1,393)	(41)		(1,434)	(21)		(1,455)	(41)		(1,496)
Deferred Development Costs	1560			-	YES	-		-	-		-	-		-	-		-
Deferred Payments in Lieu of Taxes	1562	(48,950)		(48,950)	NO	(749)		(49,699)	(1,498)		(51,197)	(749)		(51,945)	(1,498)		(53,443)
PILS Contra Account	1563	48,950		48,950	NO	749		49,699	1,498		51,197	749		51,945	1,498		53,443
CDM Expenditures and Recoveries	1565	29,286		29,286	YES	-		29,286	896		30,182	448		30,630	896		31,526
CDM Contra Account	1566	(29,286)		(29,286)	YES	-		(29,286)	(896)		(30,182)	(448)		(30,630)	(896)		(31,526)
Qualifying Transition Costs	1570	1,449		1,449	YES	-		1,449	44		1,493	22		1,516	44		1,560
Pre-Market Opening Energy Variances Total	1571	-		-	YES	-		-	-		-	-		-	-		-
Extra-Ordinary Event Losses	1572	6,317		6,317	YES	-		6,317	193		6,510	97		6,607	193		6,800
Deferred Rate Impact Amounts	1574			-	YES	-		-	-		-	-		-	-		-
RSVA - Wholesale Market Service Charge	1580	9,937	(342)	9,595	YES	152		9,747	304		10,051	152		10,203	304		10,507
RSVA - One-time Wholesale Market Service	1582	-		-	YES	-		-	-		-	-		-	-		-
RSVA - Retail Transmission Network Charge	1584	(26,055)	159	(25,896)	YES	(399)		(26,295)	(797)		(27,092)	(399)		(27,491)	(797)		(28,288)
RSVA - Retail Transmission Connection Charge	1586	(581,550)	(4,641)	(586,191)	YES	(8,898)		(595,089)	(17,795)		(612,884)	(8,898)	447,364	(174,418)	(4,106)		(178,524)
RSVA - Power	1588	73,737	(21)	73,716	NO	1,128		74,844	2,256		77,101	1,128		78,229	2,256		80,485
Deferred PILs Account	1592			-	YES	-		-	-		-	-		-	-		-
Other Deferred Credits	2425			-	YES	-		-	-		-	-		-	-		-
Sub-totals		(179,644)	(3,611)	(183,255)		(2,867)	-	(186,122)	(5,497)	-	(191,619)	(2,749)	447,364	252,996	8,192	-	261,188
Recovery of Regulatory Asset Balances (acct #1590)																	
Approved Balance				1,310,912													
Less Period Disposals							358,615		717,229				377,132			754,264	
Plus Period Interest						17,314			18,696			1,262			(14,747)		
Balance to (Refund) or Recover from 2006				1,310,912				969,611			271,078			(104,792)			(873,803)

Bridge Year (2007) Forecast

Customer Class	Metric	kW	kWhs	# Customers	EDR 2006 Approved Rates ^a	EDR 2007 Approved Rates ^{aa}	Jan1/07 to Apr30/07 Disposal	May1/07 to Dec31/07 Disposal	Proportiona l Allocation
Residential	kWhs		33,377,072	2,297	0.0106	0.0106	117,932	235,865	33%
GS < 50 kW	kWhs		15,521,963	389	0.0104	0.0104	53,809	107,619	15%
GS > 50 Non TOU	kW	132,328	52,824,099	47	4.2041	4.2041	185,440	370,880	52%
GS > 50 TOU	kW						-	-	0%



Intermediate	kW						-	-	0%
Large Users	kW						-	-	0%
Small Scattered Load	kWhs		24,781	12	0.0104	0.0104	86	172	0%
Standby Power	kW						-	-	0%
Sentinel Lighting	kW						-	-	0%
Street Lighting	kW	1,477	478,103	533	2.7359	2.7359	1,347	2,694	0%
Additional Customer Class 1							-	-	0%
Additional Customer Class 2							-	-	0%
Additional Customer Class 3							-	-	0%
Additional Customer Class 4							-	-	0%
Totals		133,805	102,226,018	3,278			358,615	717,229	100%

Test Year (2008) Forecast

Customer Class	Metric	kW	kWhs	# Customers	Dx Revenue	# Customers w/Rebate Cheques	Additional Allocator 1	Additional Allocator 2	Additional Allocator 3	EDR 2007 Approved Rates	Jan1/08 to Apr30/08 Disposal	May 1/08 to Dec 31/08 Disposal
Residential	kWhs		33,435,195	2,301	989,925					0.0106	118,138	236,275
GS < 50 kW	kWhs		15,113,933	378	304,923					0.0104	52,395	104,790
GS > 50 Non TOU	kW	146,406	58,443,684	52	484,290					4.2041	205,168	410,337
GS > 50 TOU	kW									0.0000	-	-
Intermediate	kW									0.0000	-	-
Large Users	kW									0.0000	-	-
Small Scattered Load	kWhs		24,781	12	3,408					0.0104	86	172
Standby Power	kW									0.0000	-	-
Sentinel Lighting	kW									0.0000	-	-
Street Lighting	kW	1,475	477,656	533	11,121					2.7359	1,345	2,690
Additional Customer Class 1											-	-
Additional Customer Class 2											-	-
Additional Customer Class 3											-	-
Additional Customer Class 4											-	-
Totals		147,881	107,495,249	3,276	1,793,667						377,132	754,264



DVAD.v16_adjusted_20080201

Test Year (2008) Forecast

Customer Class	Metric	kW	kWhs	# Customers	Dx Revenue	# Customers w/Rebate Cheques	Additional Allocator 1	Additional Allocator 2	Additional Allocator 3	EDR 2007 Approved Rates	Jan1/08 to Apr30/08 Disposal	May 1/08 to Dec 31/08 Disposal
Residential	kWhs		33,435,195	2,301	989,925					0.0106	118,138	236,275
GS < 50 kW	kWhs		15,113,933	378	304,923					0.0104	52,395	104,790
GS > 50 Non TOU	kW	146,406	58,443,684	52	484,290					4.2041	205,168	410,337
GS > 50 TOU	kW									0.0000	-	-
Intermediate	kW									0.0000	-	-
Large Users	kW									0.0000	-	-
Small Scattered Load	kWhs		24,781	12	3,408					0.0104	86	172
Standby Power	kW									0.0000	-	-
Sentinel Lighting	kW									0.0000	-	-
Street Lighting	kW	1,475	477,656	533	11,121					2.7359	1,345	2,690
Additional Customer Class 1											-	-
Additional Customer Class 2											-	-
Additional Customer Class 3											-	-
Additional Customer Class 4											-	-
Totals		147,881	107,495,249	3,276	1,793,667						377,132	754,264

* EDR Approved 2006 rates can be found at:
http://www.oeb.gov.on.ca/html/enr/consumers/understanding/2006edr_decisions.htm

** EDR Approved 2007 rates can be found at:
http://www.oeb.gov.on.ca/html/enr/consumers/understanding/2007edr_decisions.htm



Exhibit 5/Tab 1/Schedule 3

2008 Rate Rider Calculation

Account Description	Account Number	Dec31/06 Balance	Apr 30/08 Balance	Allocation Basis	Residential	GS < 50 KW	GS > 50 Non TOU	GS > 50 TOU	Intermediate	Large Users	Small Scattered Load	Standby Power	Sentinel Lighting	Street Lighting	Additional Customer Class 1	Additional Customer Class 2	Additional Customer Class 3	Additional Customer Class 4	Totals
Unrecovered Plant and Regulatory Study Costs	1505	-	-																
Other Regulatory Assets	1508	80,098	84,982	kWh	26,433	11,949	46,203	-	-	-	20	-	-	378	-	-	-	-	84,982
Preliminary Survey and Investigation Charges	1510	-	-																-
Emission Allowance Inventory	1515	-	-																-
Emission Allowances Withheld	1516	-	-																-
Retail Cost Variance Account - Retail	1518	8,676	9,205	# Customers	6,465	1,062	146	-	-	-	34	-	-	1,498	-	-	-	-	9,205
Power Purchase Variance Account	1520	-	-																-
Misc. Deferred Debits - incl. Rebate Cheques	1525	-	-	# Customers w/Rebate Cheques	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Losses from Disposition of Utility Plant	1530	-	-																-
Unamortized Loss on Reacquired Debt	1540	-	-																-
Development Charge Deposits/Receivables	1545	-	-																-
Retail Cost Variance Account - STR	1548	-	-	# Customers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LV Variance Account	1550	253,556	269,015	kWh	83,674	37,824	146,260	-	-	-	62	-	-	1,195	-	-	-	-	269,015
Smart Meter Capital Variance Account	1555	-	-																-
Smart Meters OM & A Variance Account	1556	-	-																-
Deferred Development Costs	1560	-	-																-
Deferred Payments in Lieu of Taxes	1562	-	-	kWh	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PILS Contra Account	1563	-	-	kWh	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CDM Expenditures and Recoveries	1565	29,286	30,630	kWh	9,527	4,307	16,653	-	-	-	7	-	-	136	-	-	-	-	30,630
CDM Contra Account	1566	(29,286)	(30,630)	kWh	(9,527)	(4,307)	(16,653)	-	-	-	(7)	-	-	(136)	-	-	-	-	(30,630)
Qualifying Transition Costs	1570	1,449	1,516	# Customers	1,064	175	24	-	-	-	6	-	-	247	-	-	-	-	1,516
Pre-Market Opening Energy Variances Total	1571	-	-	kWh for Non TOU Customers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Extra-Ordinary Event Losses	1572	6,317	6,807	Dx Revenue	3,646	1,123	1,784	-	-	-	13	-	-	41	-	-	-	-	6,807
Deferred Rate Impact Amounts	1574	-	-																-
RSVA - Wholesale Market Service Charge	1580	9,595	10,203	kWh	3,174	1,435	5,547	-	-	-	2	-	-	45	-	-	-	-	10,203
RSVA - One-time Wholesale Market Service	1582	-	-	kWh	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RSVA - Retail Transmission Network Charge	1584	(25,896)	(27,491)	kWh	(8,551)	(3,865)	(14,946)	-	-	-	(6)	-	-	(122)	-	-	-	-	(27,491)
RSVA - Retail Transmission Connection Charge	1586	(586,191)	(174,418)	kWh	(54,251)	(24,523)	(94,829)	-	-	-	(40)	-	-	(775)	-	-	-	-	(174,418)
RSVA - Power	1588	-	-	kWh	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred PILS Account	1592	-	-																-
Other Deferred Credits	2425	-	-	# Customers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total to Dispose at May1/08 or Dec31/06?	Apr30/08	(252,396)	179,619		61,655	25,179	96,190	-	-	-	89	-	-	2,506	-	-	-	-	179,619
Clear residual 1590 balance as of April 30/08?	NO																		
Total to Dispose at May1/08					61,655	25,179	96,190	-	-	-	89	-	-	2,506	-	-	-	-	179,619
Disposal period?	3 YEARS				20,552	8,393	30,063	-	-	-	30	-	-	835	-	-	-	-	59,873
Projected 2008 Rate Riders					0.0006	0.0006	0.2653				0.0012			0.5664	0.0000	0.0000	0.0000		
Rate Determinant					kWh	kWh	kW	kW	kW	kW	kWh	kW	kW	kW					

Test Year (2008) Allocations

Customer Class	Metric	kW	KWh	# Customers	KWh for Non TOU Customers	Dx Revenue	# Customers w/Rebate Cheques	Additional Allocator 1	Additional Allocator 2	Additional Allocator 3
Residential	kWhs	0%	31%	70%	31%	55%	0%			
GS < 50 KW	kWhs	0%	14%	12%	14%	17%	0%			
GS > 50 Non TOU	kW	99%	54%	2%	55%	27%	0%			
GS > 50 TOU	kW	0%	0%	0%	0%	0%	0%			
Intermediate	kW	0%	0%	0%	0%	0%	0%			
Large Users	kW	0%	0%	0%	0%	0%	0%			
Small Scattered Load	kWhs	0%	0%	0%	0%	0%	0%			
Standby Power	kW	0%	0%	0%	0%	0%	0%			
Sentinel Lighting	kW	0%	0%	0%	0%	0%	0%			
Street Lighting	kW	1%	0%	16%	1%	1%	0%			
Additional Customer Class 1	0%	0%	0%	0%	0%	0%	0%			
Additional Customer Class 2	0%	0%	0%	0%	0%	0%	0%			
Additional Customer Class 3	0%	0%	0%	0%	0%	0%	0%			
Additional Customer Class 4	0%	0%	0%	0%	0%	0%	0%			
Totals		100%	100%	100%	100%	100%	0%	0%	0%	0%



From the above table, SLHI proposes to amend the rate rider applied for in its 2008 Application as follows as a result of the adjustments made to the deferral accounts:

Rate Class	2008 Rate Rider	Rate Determinant
Residential	0.0006	kWh
GS < 50kW	0.0006	kWh
GS > 50 kW	0.2053	kW
Unmetered Scattered Load	0.0012	kWh
Street Lighting	0.5664	kW

LINE LOSSES

The TLF applied for in the 2006 EDR was 1.05. The actual loss factor of 1.0765 was not applied for to reduce the impact on the customer, and plans for reducing the line loss was included in the application. As shown in Exhibit 4, Tab 2, Schedule 9, page 1 of the 2008 Rebasing application the line loss has decreased from 2004 to 2006 by .015.

The losses calculated by Sioux Lookout Hydro are based solely on losses within Sioux Lookout's distribution system. HONI reads a meter on the load side to determine Sioux Lookout's load and consumption to bill Sioux Lookout Hydro.

SLHI will continue to purchase high efficiency transformers to aid in lowering the line loss. It should be noted that the low density of SLHI's service territory contributes to the line loss. Also, the implementation of smart meters is expected to have an impact on line loss since they are run by electricity.

REVENUE TO COST RATIOS

As stated in our Manager's Summary of the Cost Allocation Study, SLHI proposes not to change street lighting pricing until the issue of cost drivers has been resolved on a provincial level. The Cost Allocation study determines costs using the number of connections as the biggest driver. The study assumes that a street light is equivalent to a customer. SLHI has 533 streetlights which are all billed to one customer. If SLHI were to follow Board policy on the revenue cost ratios for this rate class, the impact would be substantial to the customer.

Monthly Service charges

In response to the submission of the Board to "...comment on the appropriateness of moving the monthly service charge farther from the ceiling calculated in the cost allocation model." SLHI references EB 2007-0003, Cost Allocation Informational Filing, Managers Summary, page 5, paragraph 2:

"Assuming the Minimum System Fixed Charge is the most reasonable scenario, the above results suggest the monthly fixed charge for SLHI Residential customers should



increase and the charge for General Service < 50 kw should decrease slightly. The results also suggest the monthly fixed charge for SLHI customers that are greater than 50 kW should be reduced significantly. These results are somewhat expected as the main cost drivers that produce a difference in the monthly unit customer cost between rate classifications is the difference in cost for meters, meter reading, billing and collecting. However, in reviewing the Model it appears the Miscellaneous Service Revenue allocated to each rate classification is also applied to the calculation of the fixed charges and in the case of General Service > 50 Kw the amount allocated to this rate classification appears to be unreasonable. In SLHI's view, before new monthly fixed charges are implemented, the OEB should revisit the calculation of these fixed charges to ensure the outcomes are reasonable and that Miscellaneous Service Revenues are reflected properly in the calculations. "

TRANSFORMER OWNERSHIP ALLOWANCE

Upon reviewing the calculation of the \$0.305 credit for transformer allowance, there seems to be an error in how the model calculated this figure. It used the test year load projection of customers who own their own transformers and applied the old rate of \$0.60 to determine the total credit of \$36,926.40. This amount was then divided by the total kW load for GS > 50 kW to derive the rate of \$0.305.

It would seem reasonable for SLHI to revise its transformer credit to \$0.3741 based on the cost allocation model calculation. The impact is shown in the table below:

	Volume	Rate	Total \$
Cost Allocation Rate	61,544	0.3741	-23,023.61
Proposed 2008 Rates	121,066	0.305	-36,926.4
Difference			13902.79



RETAIL TRANSMISSION SERVICE RATES

Table 14 in the Board Submission has incorrect values in the proposed column for RTS rates. These values are from the Application submitted on October 2, 2007. An amended application was submitted on October 31, 2007 to correct some errors found by our Case Manager. The following table shows the correct values as submitted with the revised application:

Class and RTS Rate		Existing	Adjustment Factor (E9/T1/S6)	Proposed
Residential				
Network	\$/kWh	0.0057	0.920	0.0052
Connection	\$/kWh	0.0050	0.315	0.0016
GS < 50 kW				
Network	\$/kWh	0.0052	0.920	0.0048
Connection	\$/kWh	0.0045	0.315	0.0014
GS > 50 kW				
Network	\$/kW	2.1218	0.920	1.9521
Connection	\$/kW	1.7882	0.315	0.5633
GS > 50 kW Interval Metered				
Network	\$/kW	2.2535	0.920	2.0732
Connection	\$/kW	1.9603	0.315	0.6175
GS Interval Metered > 1000 kW				
Network	\$/kW	2.2508	0.920	2.0707
Connection	\$/kW	1.9763	0.315	0.6225
Unmetered Scattered Load				
Network	\$/kWh	0.0052	0.920	0.0048
Connection	\$/kWh	0.0045	0.315	0.0014
Street Lighting				
Network	\$/kW	1.6002	0.920	1.4722
Connection	\$/kW	1.3824	0.315	0.4355

The rate adjustment factors were determined based on actual yearly charges to SLHI an embedded distributor for connection and transmission using current rates. As an embedded distributor to Hydro One, SLHI pays a lower rate than a distributor that is a market participant and billed by the IESO. The rate is not affected by the RSVA accounts, which is addressed in the proposed rate rider.

Adjustment for 2007 changes in wholesale transmission rates

SLHI believes that no further adjustment should be made to the RTSR as a result of the HONI application.