

Sioux Lookout Hydro Inc.
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April 28, 2025

Ms. Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 26th Floor
P.O. Box 2319
Toronto, ON M4P 1E4

Delivered via email

Dear Ms. Marconi:

Re: Sioux Lookout Hydro Inc. – Request to Defer 2026 Cost of Service Rate Application

On December 9, 2024, the Ontario Energy Board ("OEB") issued a letter regarding Applications for 2026 Electricity Distribution Rates, which outlined a preliminary schedule of electricity distributors slated to file a Cost of Service ("COS") rate application for the years 2026 to 2029. Sioux Lookout Hydro Inc. ("SLHI") was scheduled to submit a COS application for 2026 rates, following a previous request for deferral from 2023.

SLHI acknowledges that the OEB's directive states that once a deferral is granted, no further deferrals will be permitted. However, SLHI is currently facing an unforeseen and significant challenge. The utility has recently experienced a sudden vacancy within its staff due to the cancellation of a federal pilot program for immigrants in our area. SLHI is a very small utility with a workforce of only eight employees, including the President/CEO. The office staff includes just two individuals: the Billing Clerk and the Accounting & Regulatory Clerk. Unfortunately, the Accounting & Regulatory Clerk position is now vacant due to the aforementioned situation.

This vacancy has created considerable pressure on the President/CEO, who is now tasked with overseeing recruitment, training (which requires at least one month or more of hands-on training and close supervision), and the added responsibilities of day-to-day operational tasks. Consequently, there has been insufficient time and capacity to allocate any resources to work on preparing the COS application. Given these circumstances SLHI will have to hire an external consultant to complete the entire application. This option would place an undue financial burden on our ratepayers, which SLHI seeks to avoid.

In light of these challenges, SLHI respectfully requests a one-year deferral for the submission of its next Cost of Service rate application and submit the filing for 2027 rates. This additional time will allow us to adequately address the staffing issues and ensure that we can complete the application in a manner that is both thorough and in line with OEB requirements.

SLHI's request is supported by the following financial and non-financial performance for the last five years:

Scorecard

Regulatory Return on Equity	2020	2021	2022	2023	2024
Deemed	9.00%	9.00%	9.00%	9.00%	9.00%
Achieved	8.07%	9.26%	11.05%	11.45%	10.19%
System Reliability					
SAIDI	1.34	0.78	1.61	0.35	1.18
SAIFI	1.14	0.39	0.45	0.16	0.67
Efficiency Assessment	2	1	1	1	TBD

SLHI's performance metrics have remained stable and reflect responsible operational management and service reliability over the last five years.

Capital Expenditures

SLHI's budgeted-to-actual capital expenditures have remained consistent with the Distribution System Plan submitted with the 2018 COS rate application. Moreover, SLHI does not anticipate any significant new capital projects during the deferral period that would necessitate an Incremental Capital Module (ICM) request.

Capital Expenditures	2020	2021	2022	2023	2024
Budgeted	625,728	315,333	266,763	303,629	439,377
Actual	720,976	359,980	312,626	388,538	481,957
Variance	95,248	44,647	45,863	84,909	42,580

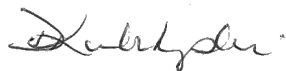
These indicators demonstrate that SLHI continues to operate prudently and effectively manage its assets and services without jeopardizing reliability or financial stability.

Given the circumstances and supporting performance, SLHI respectfully requests a one-year deferral for its 2026 COS rate application.

Should the OEB require any further information or clarification regarding this request, please do not hesitate to contact the undersigned at (807) 737-3800 or via email at dkulchyski@siouxlookouthydro.com.

We appreciate your understanding and consideration.

Sincerely,



Deanne Kulchyski, CPA, CGA, BComm(Hons)
President/CEO