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RECEIVED

Bill C.

MAR 20 2007

ONTARIO ENERGY BOARD

19 March 2007

*02/13*  
Kirsten Walli, Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
27<sup>th</sup> Floor  
2300 Yonge Street  
TORONTO, ON M4P 1E4

**RE: Sioux Lookout Hydro Inc. ED-2002-0514 - Self-Nomination for 2008 Rebasing Board File No. EB-2006-0330**

Dear Ms. Walli:

This letter is to notify you of Sioux Lookout Hydro Inc.'s request to be one of the distributors included in the 2008 rebasing. Due to some issues brought forward in the 2006 EDR application as well as some concerns from Sioux Lookout Hydro Inc.'s Shareholder we feel that it is important that we be accepted into the first group.

Special circumstances to consider:

The Board accepted Sioux Lookout Hydro Inc.'s proposal to reduce the recovery of Hydro One Networks' 2006 Regulatory Asset costs by 30% in its 2006 EDR application. Also the company did not choose to include an estimate of on-going Low voltage charges in their 2006 EDR. Therefore rebasing would be beneficial in order for Sioux Lookout Hydro to recover these costs.

The Shareholder's concerns have to do with the 2006 EDR also. The Return on Equity of 9% is calculated on the deemed debt/equity ratio of 50/50 as opposed to the actual. Sioux Lookout Hydro Inc.'s actual debt/equity ratio was approximately 30/70 at the time of the 2006 EDR which brings the actual Return on Equity down to 4.3%. Steps are currently being made to move Sioux Lookout Hydro Inc.'s debt/equity to 50/50. Therefore the Shareholder feels a full cost of service study and rebasing is necessary to bring Sioux Lookout Hydro Inc. back in line with their expectations.

Thank you for your consideration in this matter. If there are any questions please do not hesitate to contact me.

Yours truly,

*Gord Maki*  
Gord Maki  
President/CEO

/dmk

EB-2006-0330

OEB BOARD SECRETARY	
File No.	Sub File: 5
Panel	
Licensing	Bill C.
Other	Neil M. David R.
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