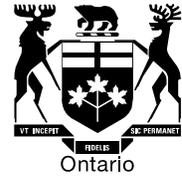


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VIA E-MAIL

April 20, 2010

Douglas Bradbury
Director, Regulatory Affairs
Algoma Power Inc.
1130 Bertie Street
Fort Erie ON L2A 5Y2

Dear Mr. Bradbury:

**RE: Application for Rates for the 2010 Rate Year
Direction Regarding Filing**

By letter dated March 5, 2009, all licensed electricity distributors were advised that cost of service rate applications should be filed no later than August 28, 2009 for rates to be effective May 1, 2010.

To date, the Board has not received your cost of service rate application for the 2010 rate year. The 2010 rate year is intended to cover the period May 1, 2010 to April 30, 2011. Cost of service applications are assessed on a future test year basis, and the Board therefore expects that these filings be made substantially before the beginning of the rate year. In addition, a rate proceeding based on a cost of service application typically lasts between seven (written hearing) and nine (oral hearing) months from the date of filing. As such, any new cost of service rates established for your utility may not be effective until well into the rate year. A standard incentive regulation mechanism application can be processed in substantially less time than a cost of service application.

Please be advised that, if the Board does not receive your cost of service application by **April 30, 2010**, any application that you file for 2010 rates should be filed on the basis of the 3rd generation incentive regulation mechanism.

Yours truly,

Original signed by

John Pickernell
Assistant Board Secretary