

Direct Dial: (416) 216-4771
Direct Fax: (416) 216-3930
ataylor@ogilvyrenault.com

Toronto, April 23, 2010

Kirsten Walli
Board Secretary
Ontario Energy Board
Suite 2700
2300 Yonge Street
Toronto ON M4P 1E4

Dear Ms. Walli:

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

On behalf of Algoma Power Inc. (“API”), we are submitting this letter in response to the Board’s letter dated April 20, 2010 (the “Letter”) regarding the above-referenced matter.

API was acquired by FortisOntario in October of 2009. Since that time, API has been diligently preparing its 2010 cost of service distribution rate application. Prior to this acquisition, API’s predecessor had not commenced preparation of an application or supporting evidence for a 2010 cost of service filing, so a great deal of preparation has been required. Additionally, API has had to prepare a proper weather normalized forecast and cost allocation study, where no such materials had been prepared under API’s predecessor. As such, since October of 2009, API has been preparing all such evidence from scratch.

Further, it is API’s understanding that the Board’s IRM process, as it currently exists, is not compatible with API’s legislated rate setting methodology. Pursuant to Ontario Regulation 442/01, API’s rates will only recover the Board approved average of rate adjustments for other distributors in the same year. Any revenue requirement deficiency resulting from such rates are recovered by API through Rural and Remote Rate Protection (“RRRP”). Therefore, if the Board does not accept a cost of service application from API, it will not be able to apply for distribution rates under the IRM process.

API’s legislated rate setting methodology, in addition to causing an incompatibility with the IRM process, adds to the complexity of API’s cost of service application, which has further contributed to the need for additional time to file. For example, in order to avoid having to re-

apply by August 2010 for the 2011 RRRP adjustment, the application that API is currently preparing includes both a 2010 and 2011 Test Year.

For these reasons, API will regretfully not be in a position to file by the April 30, 2010 deadline set out in the Letter. API plans to file its cost of service distribution rate application on or before June 1, 2010 and requests that the Board accept its application.

Yours very truly,

Ogilvy Renault LLP

A handwritten signature in black ink, appearing to read 'Andrew Taylor', written in a cursive style.

Andrew Taylor

AT/rd