

Introduction

API has organized this reply submission to reflect API's general submissions, followed by replies to the detailed submissions made by OEB Staff with respect to Fixed Rate Transition as well as Deferral and Variance Account Disposition.

API notes that along with this reply submission, some minor updates or additions to portions of API's 2018 Rate Design Model and the OEB's 2018 IRM Rate Generator model were required, as described in more detail herein.

Live Excel versions of both models have been filed in conjunction with this reply submission.

General Submissions

API supports OEB Staff's methodology for the calculation of the 2018 RRRP adjustment factor, as well as the updates made by OEB staff to API's Rate Design model. As a result of the application of the 2.52% RRRP adjustment factor to distribution rates for API's R-1 and R-2 classes, the 2018 RRRP amount required by API is \$13,154,383.

API notes that certain cells on Tab 16 of the OEB's 2018 IRM Rate Generator were previously unlocked to allow API to manually input the rates calculated by the API 2018 Rate Design Model. This was necessary since the number of adjustments required to API's various rate classes were not easily accommodated in the OEB model. The version of the IRM Rate Generator provided to API on December 12 did not include updates to the required cells on Tab 16 to reflect the final RRRP adjustment factor, and API has therefore made the required adjustments in the model filed in conjunction with this reply submission. In reviewing the updated bill impacts generated by Tab 20 of the IRM Rate Generator, API also noted that the fixed rate rider adjustments to account for Distribution Rate Protection at cells H306 and K306 populated as positive values, but that the values should have been negative. API has made the necessary adjustments.

Fixed Rate Transition

OEB Staff supported API's proposed fixed rate adjustment for its Seasonal class, but noted that it wasn't clear from API's IR responses when this class would transition to fully fixed rates. API has added a 2018 Seasonal Decoupling tab to the version of its 2018 Rate Design Model filed in conjunction with this reply submission. This tab contains calculations showing that the fully fixed rate design would be achieved for the 2026 rate

year. API notes that this projection is subject to change depending on total bill impacts in future rate applications.

Deferral and Variance Account Disposition

API takes no issue with OEB staff submissions with respect to adjusting its IESO settlement process going forward. API will adjust its IESO settlement process beginning with January 2018 consumption.

API does however note that the IESO settlement process change suggested by OEB staff cannot be applied retroactively. Therefore API's 2019 IRM application, which will presumably request disposition of 2017 DVA balances, will result in the disposition of 12 months of balances but will require similar adjustments to account for the 1 month lag in 2017 settlements.

All of which is submitted respectfully.