



## **Jay Shepherd**

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### **BY EMAIL and RESS**

December 15, 2011  
Our File No. 20110152

Ontario Energy Board  
2300 Yonge Street  
27<sup>th</sup> Floor  
Toronto, Ontario  
M4P 1E4

### **Attn: Kirsten Walli, Board Secretary**

Dear Ms. Walli:

### **Re: EB-2011-0152 – Algoma 2012 Rates**

We are counsel for the School Energy Coalition. SEC is a registered intervenor in this proceeding, but did not file final argument. We are taking the unusual step of sending this letter to comment on and support one item in the Applicant's Reply Argument, for the reasons set forth below.

Prior to filing this Application, Algoma Power Inc., consulted thoroughly with interested parties to ensure that a reasonable IRM proposal would be made. The consultation included consideration of various approaches to the co-ordination of IRM and RRRP funding, and SEC notes that Algoma was very responsive to the issues raised by SEC and others in that consultation.

In the result, the Application filed was consistent with the final approach SEC had seen and agreed to prior to filing. While we registered as intervenors in order to review the Application, once we realized that it had been filed as agreed, we spent no time on interrogatories and we did not feel the expense of writing final argument was justified.

We were therefore surprised to see Board Staff's opposition to the use of the median stretch factor, 0.4%, for Algoma. While everyone was aware that in March the Board assigned Algoma to the least productive 0.6% tranche, we believed that because of the interaction of IRM and RRRP, this would not be applied without a review of the specific circumstances of Algoma.



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Algoma has never been on IRM, and it is, we think, accepted by all parties that the Algoma franchise area represents unusual challenges. The fact that RRRP applies is evidence of that.

When SEC agreed to the structure of the IRM/RRRP approach included in this Application, it was with the expectation that the stretch factor would be 0.4%. If a higher stretch factor is applied, we believe that unfairly compares Algoma's productivity levels to other utilities that do not have similar characteristics.

We apologize to the Board for not raising this by way of final argument in a timely manner. Had we known, as perhaps we should have, that Board Staff would be proposing a higher stretch factor, we would have filed final argument supporting the lower stretch requested by the Applicant. We respectfully request that the Board accept this submission despite its timing, and note that no party will be prejudiced if the Board does so.

All of which is respectfully submitted.

Yours very truly,

**JAY SHEPHERD P. C.**

Jay Shepherd

cc: Wayne McNally, SEC (email)  
Interested Parties