

Ontario Energy Board
P.O. Box 2319
27th. Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

Commission de l'énergie de l'Ontario
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone; 416-481-1967
Télécopieur: 416-440-7656
Numéro sans frais: 1-888-632-6273



BY E-MAIL

January 10, 2012

Douglas Bradbury
Director Regulatory Affairs
Algoma Power Inc.
2 Sackville Avenue, Suite A
Sault Ste. Marie ON P6B 6J6

Dear Mr. Bradbury:

**Re: Algoma Power Inc.
Application for 2012 Rates
Application Board File Number EB-2011-0152**

On January 4, 2012 the Board received a letter from Algoma Power Inc. ("Algoma") indicating that it wished to file certain additional information with the Board, subsequent to filing its Reply Submission on December 15, 2011. The additional information consisted of a letter dated April 28, 2008 from Algoma's predecessor, Great Lakes Power Limited ("GLPL") which Algoma had located only recently and considered relevant to the issue of the appropriate stretch factor to be utilized in setting Algoma's 2012 rates.

The Board has reviewed the additional information and does not consider it necessary to add the subject information to the evidentiary record at this late date of this proceeding in order to formulate its decision setting Algoma's 2012 rates.

The April 28, 2008 letter contains GLPL's comments in response to a report of Pacific Economics Group ("PEG") in a Board consultation regarding comparison of distributor costs (EB-2006-0268). The Board is not assisted in this proceeding by revisiting the submissions made during part of the 3rd Generation IRM framework which was developed by the Board following an extensive consultation. The Board considered GLPL's submissions filed at the time of the consultation and determined, among other things, to calculate stretch factors to be applied to cohorts of distributors subject to an IRM regime in a given year.

The Board's Guidelines for 3rd Generation Incentive Regulation Mechanism ("IRM") provides a mechanistic and formulaic adjustment to distribution rates and charges between cost of service applications. The Board finds that it would be inappropriate to introduce judgements and exceptions to the Board's Reports in this case. The IRM plan does contain features to address extraordinary circumstances but this is not one of them.

For these reasons, the Board will not re-open the record of this proceeding in order to allow Algoma to file the April 28, 2008 letter nor does the Board consider it necessary to receive submissions on the matter.

Yours truly,

Original signed by

John Pickernell
Assistant Board Secretary

cc. Parties to the EB-2011-0152 proceeding