



February 27, 2012

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
Suite 2700, P.O. Box 2319
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Notice of Motion and Procedural Order No. 1; EB-2011-0152
Algoma Power Inc. Reply Submission**

Please find accompanying this letter, two copies of API's Reply Submission, dated February 27, 2012, in the matter of the EB-2011-0152.

A PDF version of this Reply Submission has been submitted via the Board's Regulatory Electronic Submission System.

Yours truly,

Original Signed by

Douglas Bradbury
Director Regulatory Affairs

Algoma Power Inc.
Application for 2012 Electricity Distribution Rates
EB-2011-0152
Motion to Review and Vary and Revised Draft Rate Order
Reply Submission

On February 22, 2012, Board Staff filed their Submission with the Board. This is API's Reply Submission in the matter of the Motion.

Relief Sought by the Motion

Board Staff has submitted that the corrected balances accounts 1588 Power and 1588 Global Adjustment should replace the account balances on the record in this proceeding and that the Decision should be varied in light of the corrections. API concurs with Board Staff's submission.

In its Revised Draft Rate Order, API had requested that the term of the Deferral and Variance Account Rate Riders be extended to May 31, 2013 and coincide with the existing rate rider to provide rate stability and predictably. Board Staff has submitted that the term proposed by API and reflected in the Revised Draft Rate Order provides an acceptable degree of rate stability and predictably. API concurs with Board Staff's submission and provides the following information to reinforce Board Staff's position on the topic of implementation and the recovery of foregone revenue.

Implementation Date and Foregone Revenue

The Decision in EB-2011-0152 had determined that the new rates would be effective January 1, 2012 and a February 1, 2012 implementation with the recovery of one month of foregone revenue. In its Revised Draft Rate Order, API has requested that the new rates would be effective January 1, 2012 and implemented on March 1, 2012 with the recovery of two months of foregone revenue.

Board staff has submitted that while API should be accountable for the data it provides, the Board should not disallow the additional month of foregone revenue since this matter arose from a recently completed audit by the Board's Regulatory Audit Group. Board staff also noted that the corrected balances result in higher refunds to the majority of API's customers.

API worked cooperatively with the Board's Audit and Accounting Group to complete the regulatory audit and promptly notified them when the error came to light. API filed the Motion as quickly as was practical to do so and continued to work with the Board's Audit and Accounting Group to resolve the matter in a timely manner. API believes that a rate rider to collect two months of the foregone revenue does not prejudice its customers and ought to be permitted.

API concurs with the Board Staff submission that the Board should allow the additional month of foregone revenue with the new rates being effective January 1, 2012 and implemented on March 1, 2012 with the recovery of two months of foregone revenue.

All of Which is Respectfully Submitted