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BY E-MAIL

February 28, 2014

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Algoma Power Inc. ("API")
2014 IRM Distribution Rate Application
Board Staff Comments
Board File No. EB-2013-0110**

In accordance with the Board's Decision and Order in the above noted proceeding, please find attached Board staff comments on API's Draft Rate Order filed February 25, 2014. API has been copied on this filing.

API's responses to the comments are due on Friday, March 7, 2014.

Yours truly,

Original Signed By

Marc Abramovitz

Encl.

**Algoma Power Inc.
2014 IRM (EB-2013-0110)**

Board Staff Comments on Draft Rate Order

On February 20, 2014, the Board issued its Decision and Order on Algoma Power Inc.'s ("API") rate application (the "Decision"). The Decision required API to file a draft Rate Order ("DRO") and supporting calculations within 7 days of the Decision. API filed its DRO on February 25, 2014. The following are Board staff's comments on the material filed.

Draft Tariff of Rates and Charges for all service territories

For each rate class that contains a Monthly Rates and Charges – Regulatory Component, Board staff notes that the third paragraph beneath the "Application" section does not match the Board approved wording. The wording contained in the paragraph should read as follows:

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

Shared Tax Savings Rate Rider

In its submission on November 8, 2013, Board staff took issue with the amount of revenue requirement allocated to the Street Lighting class. Board staff noted that on sheet 3 of the Shared Tax Savings Workform, API inserted the kWh rate for the Street Lighting class into column O as opposed to column N. The results lead to an understated revenue requirement for the Street Lighting class by approximately \$123,000. When corrected, the shared tax savings model computed a 12-month rate rider of \$(0.0004) to the Street Lighting class.

In its reply submission, API agreed with Board staff.

However, in review of API's shared tax savings model, Board staff notes that API did not apply the required change to the Street Lighting class.

Furthermore, once the above change is implemented, Board staff notes that the shared tax savings rate rider for the Residential – R2 class will change from (0.0150) \$/kW to (0.0148) \$/kW (effective for 10 months from March 1, 2014 to December 31, 2014).

Calculation of Foregone Revenue

Board staff notes that effective and implementation dates for API's 2014 rates are different. API has submitted its foregone revenue calculation for the months of January and February 2014. Board staff notes that it has reviewed the calculations and associated rate riders and takes no issue.

Calculation of Rates

Board staff submits that, subject to its comments above, API's models as submitted reflect the Board's approved methodologies and result in appropriate calculations for its rates.

- All of which is respectfully submitted -