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January 23, 2015

BY FAX & BY COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St, Suite 2701
Toronto ON M4P 1E4

Dear Ms. Walli:

Board File No. EB-2014-0055
Algoma Power Inc. --- 2015 Cost of Service
Energy Probe – Comments Draft Rate Order

Pursuant to the Decision and Order, January 8, 2015, please find the Comments of Energy Probe Research Foundation (Energy Probe) in respect of the draft Rate Order in the EB-2014-0055 proceeding for consideration by the Board.

Should you require additional information, please do not hesitate to contact me.

Yours truly,

David S. MacIntosh
Case Manager

cc. Douglas Bradbury, Algoma Power (By email)
Scott Hawkes, Algoma Power (By email)
Andrew Taylor, The Energy Boutique (By email)
Randy Aiken, Aiken & Associates (By email)
Interested Parties, (By email)

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Ontario Energy Board

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c. 15, (Schedule B);

AND IN THE MATTER OF an application by Algoma
Power Inc. for an order approving just and reasonable rates and
other charges for electricity distribution to be effective January
1, 2015.

**COMMENTS ON DRAFT RATE ORDER OF
ENERGY PROBE RESEARCH FOUNDATION
("ENERGY PROBE")**

January 23, 2015

**ALGOMA POWER INC.
2015 RATES REBASING CASE
EB-2014-0055**

**ENERGY PROBE RESEARCH FOUNDATION
COMMENTS ON DRAFT RATE ORDER**

The following are the comments of Energy Probe Research Foundation ("Energy Probe") on the Draft Rate Order ("DRO") dated January 19, 2015 along with the Addendums filed on January 20, 2015 and January 22, 2015 filed by Algoma Power Inc. ("Algoma").

a) Revenue Requirement

Energy Probe has reviewed the draft rate order and believes that both the service revenue requirement and the base revenue requirement appropriately reflect the approved Settlement Proposal that was filed on October 10, 2014, along with the update for the cost of capital parameters issued by the Board on November 20, 2014. The cost of capital update was not available at the time that the settlement proposal was filed.

b) Cost Allocation and Rate Design

Energy Probe has also reviewed the allocation of costs and the rate design and believes they are in accordance with the Board's Decision and Order dated January 8, 2015.

In particular, the revenue-to-cost ratios for the Seasonal and Street Lighting classes have been set in accordance with the Board's Decision that approved Algoma's revised proposed ratios from 2015 to 2019. These revised ratios were proposed by Algoma in its reply argument where Algoma indicated that the VECC and Energy Probe submissions were similar and reasonable.

However, Energy Probe notes that on page 12 of the DRO it is stated that "*In the Settlement Agreement accepted by the Board, the Board approved the Revenue-to-Cost Ratios outlined in the table below, as the class-specific ratios gradually increase toward the ranges in the Filing Guidelines.*" Energy Probe submits that since the revenue-to-cost ratios were not part of the settlement agreement, this sentence should be removed and replaced with "*The Board accepted the revised revenue-to-cost ratios proposed by Algoma in its reply argument, as the class-specific ratios gradually increase toward the ranges in the Filing Guidelines.*" This more accurately reflects what took place.

Energy Probe further submits that the rate design included in the DRO conforms with the Board Decision on this matter.

c) Calculation of Foregone Revenue Rate Riders

Energy Probe had a concern with the calculation of the foregone revenue rate riders for the R1 rate class in the original DRO. This concern was communicated directly to Algoma and was promptly corrected and filed with the Board as part of the January 22, 2015 Addendum. Energy Probe has reviewed the corrected information and submits that the calculation of the foregone revenue and the associated rate riders is appropriate.

d) Proposed Rate Schedules

Energy Probe has not reviewed the proposed rate schedules in any detail, as that is usually done by Board Staff. As such Energy Probe is relying on Staff's submissions with respect to any changes or corrections that may be required.