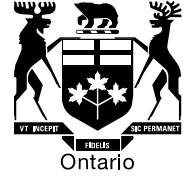


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BY E-MAIL

October 16, 2015

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

Dear Ms. Walli:

**Re: Algoma Power Inc. (“Algoma Power”)
2016 Distribution Rate Application
Board Staff Interrogatories
Board File No. EB-2015-0051**

In accordance with Procedural Order #1, please find attached Board Staff's interrogatories in the above noted proceeding. The applicant and all intervenors have been copied on this filing.

Algoma Power's responses to interrogatories are due on October 28, 2015.

Yours truly,

Original Signed By

Stephen Vetsis
Advisor – Electricity Rates and Prices

Encl.

**Algoma Power Inc. (“Algoma Power”)
EB-2015-0051**

Board Staff Interrogatories

Rate Design for R1 Rate Classification

Interrogatory #1

Ref: Application, page 15

Ref: Application, Schedule B, page 1

Algoma Power states that it “utilized its 2014 sales data” to split the R1 class in to residential and non-residential components.

- a) Please provide details regarding the criterion that was used to split the sales data for the R1 class in to residential and non-residential components.
- b) How closely do those criteria match the two qualifiers, labelled i and ii, on page 1 of Algoma Power’s Tariff of Rates and Charges?
- c) If consumption patterns were used to segregate the class, please explain what criteria were applied to the sales data and why they are appropriate.

Interrogatory #2

Ref: Application, page 16

Algoma Power states that it has proposed to cap the change to the monthly fixed charge for residential customers in the R1 class at \$4.00 for 2016.

- a) If Algoma Power were to increase the fixed charge by \$4.00 each rate year, please state in which rate year Algoma Power will expect to complete its transition to fully fixed rates.
- b) Please provide the rationale for Algoma Power’s proposal to implement the transition to fully fixed rates (i.e. an extended transition period capped at a \$4 change in the fixed charge per rate year). Did Algoma Power consider any alternative approaches to its transition to fully fixed rates (e.g. a higher annual increase to the fixed charge over fewer years)? If so, why were those alternatives rejected?

Seasonal Rate Class

Interrogatory #3

Ref: Application, Schedule B, pages 1 & 3

Ref: Filing Requirements for Electricity Distribution Rate Applications, Chapter 3 - Incentive Rate-Setting Applications, page 10

Algoma Power has not proposed any change in the rate design for its seasonal rate classification. When discussing the rate design change for residential electricity customers, Chapter 3 of the *Filing Requirements* states that “distributors with a seasonal residential class must propose identical rate design treatment for such a class.”

The description for the seasonal class in Algoma Power’s proposed Tariff of Rates and Charges states that:

This classification includes all services supplied to single-family dwelling units for domestic purposes, which are occupied on a seasonal/intermittent basis. A service is defined as Seasonal if occupancy is for a period of less than eight months of the year.

One of the criteria for a service to qualify for the R1 residential service classification is that service is provided to “a dwelling occupied as a residence continuously for at least eight months of the year.”

- a) Please explain why Algoma Power has not proposed a change in the rate design for its Seasonal rate classification.
- b) The descriptions on the Tariff of Rates and Charges for both the R1 and Seasonal rate classifications both require that a service is used as a “dwelling.” Please explain why the Seasonal class would not be considered as a seasonal residential class?
- c) Please provide:
 - 1) the resulting 2016 base rates for the Seasonal rate classification if the same rate design treatment applied to residential customers in the R1 class were applied to the Seasonal rate class (i.e. an increase to the fixed charge of \$4).
 - 2) The number of years required to transition to fully fixed rates under scenario 1) above.
 - 3) the total bill impact for an average customer in the Seasonal rate classification under scenario 1) above.

- 4) the total bill impact for a customer consuming at the greater of the 10th percentile of consumption for the Seasonal rate classification or a customer consuming 50 kWh per month under scenario 1) above.
- 5) A mitigation plan if the calculations in either 3) or 4) above result in a total bill impact greater than 10%.

Proposed Tariff of Rates and Charges

Interrogatory #4

Ref: Application, Schedule B – page 1

Due to Algoma Power's proposal for applying the transition to fully fixed rates for residential customers in its R1 class, Algoma Power has proposed two sets of base rates for the R1 class: an unlabeled set and a set labeled as "general service."

Algoma Power has not proposed any additional wording on the tariff for the definition of the R1 class to explain how the two sets of base rates will be applied to customers.

- a) Please confirm that the intent is to apply only one set of base rates to each customer in Algoma Power's R1 rate class.
- b) Please provide some proposed wording for the description of the R1 class that clarifies the criteria that will be used to evaluate when each set of base rates will apply for a particular customer.