

November 16, 2015

VIA EMAIL TO: boardsec@ontarioenergyboard.ca

ONTARIO ENERGY BOARD
P.O. Box 2319
2300 Young Street, 27th Floor
Toronto, ON
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FILE NO. EB-2015-0051

Attention: Ms. K. Walli
Board Secretary

Dear Ms. Walli:

RE: **ALGOMA POWER INC.**
Written Submissions of Algoma Coalition
Board File No.: EB-2015-0051
Our File No.: 12524-7

In keeping with the Board's instructions provided in the Decision and Procedural Order No. 3 issued on November 9, 2015 please find accompanying this letter Algoma Coalition's written submissions.

Board Staff, API and the other intervenors have been copied on this filing.

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Enclosures

Algoma Power Inc.

Application for electricity distribution rates and other
charges effective January 1, 2016

Algoma Coalition

**Submissions on the Issue of Algoma Power's Rate Design Proposal
for Customers in the R1 Class.**

November 16, 2015

In Decision and Procedural Order No. 3 Algoma Coalition (the "Coalition") was granted eligibility for an award of costs on the issue of Algoma Power's rate design proposal for customer in the R1 class. The Board has correspondingly, expressly limited the Coalition's written submissions to this same issue. These follow below.

INTRODUCTION

Upon being denied eligibility for costs as an intervenor in this proceeding (per Procedural Order No. 1), the Coalition responded as quickly as possible requesting the Board reconsider its impugned decision. In that response, the Coalition also requested an extension of two weeks from the date of the Board's subsequent decision on the issue of cost eligibility for the Coalition to file its written interrogatories as well as like extensions to all other deadlines set out in Procedural Order No. 1.

In Decision and Procedural Order No. 2, the Coalition was asked to provide further submissions on the issue of its eligibility for an award of costs. The Board stated it would then provide its decision on this issue on November 9, 2015.

As noted above, the Coalition was ultimately granted eligibility for costs on the issue of Algoma Power's rate design proposal for customers in the R1 class. However, no extension was granted for the Coalition to file its interrogatories and the only relevant extension it was granted was with respect to the due date for submissions, which applied equally to all parties.

The Coalition had previously advised the Board that it is funded entirely through cost awards and that such eligibility is a prerequisite to the Coalition's participation in Board proceedings. Because the Coalition was not granted eligibility for an award of costs in this proceeding until approximately 5 p.m. on November 9, 2015 when Decision and Procedural Order No. 3 was issued, it could not engage the work of its consultant, Mr. Rob Reid of N-Sci Technologies, nor that of its counsel (aside from on the limited issue of cost eligibility) until that time. Simply put this gave a total of only five business days for the Coalition's consultant and counsel to familiarize themselves with Algoma Power's application and prepare written submissions — a grossly inadequate amount of time. The denial of entitlement to participate in interrogatories eliminated the Coalition's ability to have input on the evidentiary record.

This has given rise to a paradoxical circumstance for the Coalition. On one hand, the Board correctly recognized that the Coalition should have been eligible for costs from the outset on the basis that it "represents ratepayers in municipalities that would not otherwise be heard". On the other hand, by denying the Coalition its requested extensions and providing a grossly inadequate amount of time for it to prepare its written submissions in the circumstances, the Board has essentially denied the voice of said ratepayers from effectively being heard. The Coalition submits this is a clear access to justice violation and a manifestation of the institutional bias against the Coalition identified in its prior submissions on the issue of cost eligibility.

In short, the Coalition submits that the Board's action have rendered it incapable, in the present circumstances, of making the kind of robust submissions its ratepayers' interests

justify and demand. These marginalized ratepayers will, therefore, continue to go largely unheard, but for the limited submissions that follow.

It has been widely discussed that the API service territory is unique in the Province of Ontario and as such has unique requirements to ensure fair and reasonable rates are set for its consumers. By attempting to “fit” the unique nature of the service territory into the standard approaches for all LDC’s in Ontario, API is doing a disservice to their customers. The RRRP funding is a necessity for the survival of this LDC and its application needs to be done in a manner that ensures the sustainability of the LDC by having rates that are affordable for its customers.

From the very limited time available to review this rate application, the Coalition cannot take a position regarding the application of this change in rate classes. However, from the Table on page 22 of API’s filed application, it appears that they are proposing significant rate changes that are totally unacceptable. The rate payers cannot afford a rate increase especially at this time given the poor economic conditions that exist in the Algoma Region. (St. Mary’s Paper Inc. has closed and been demolished. Essar Steel Algoma has just laid off 100 employees and entered CCAA protection. The economic outlook for the district in light of these direct and indirect job losses is bleak.)

The issue regarding the appropriate rate treatment for API’s seasonal customers’ raised by Board staff in their Interrogatory #3 could have a material impact on the overall payments made through the RRRP process. It would have been interesting to pursue this line of thinking further during this proceeding.

On April 2, 2015, the Board issued the Board Policy, “A New Residential Rate Design for Residential Electricity Customers”; EB-2012-0410. Under this policy, electricity distributors are to structure residential rates so that all the costs for distribution service are collected through a fixed monthly charge. The Board’s desire to see residential rates have only a fixed component could materially change the way that customer’s in API’s service territory are defined. Given the geography of API’s service territory, there is an

argument to be made that the cost associated with servicing a seasonal customer is not greatly different from the cost to service a residential customer.

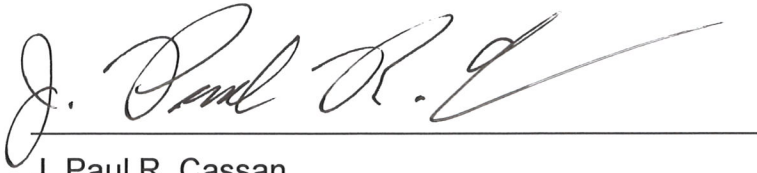
It is not clear why API does not see it as their responsibility to determine the most cost effective method to service their customers and present an alternative solution if there are appropriate options to present.

This is exactly the type of issue that would have been a strong topic for the stakeholder consultation process that was agreed to by API is the settlement agreement for proceeding EB-2014-0055. Given the lack of activity by API with setting up the stakeholder consultation and the inability of the Algoma Coalition to participate in the interrogatory process for this hearing, the analysis of this issue is grossly misrepresented.

Not only has API failed to take any effort whatsoever to consult with the Algoma Coalition per the terms of the Board approved settlement agreement in EB-2014-0055, it has demonstrated bad faith in the performance of that agreement by attempting to improperly oppose the Algoma Coalition's eligibility for costs after the Board's initial decision on that issue. API was fully aware that, if the Coalition was denied costs, it would be unable to participate in Board proceedings in respect of its rate applications, putting it in an informational disadvantage and thereby rendering impossible its effective engagement in the stakeholdering process set out in the agreement.

The Algoma Coalition requests that the Board remind API of their commitment to create a stakeholder process for the purposes laid out in the settlement agreement from proceeding EB-2014-0055 and assign a timeline of 60 days following the resolution of this proceeding for the first meeting to be called.

All of which is respectfully submitted

A handwritten signature in black ink, reading "J. Paul R. Cassan", written over a horizontal line.

J. Paul R. Cassan

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