



December 22, 2015

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

Dear Ms. Walli:

**Re: Algoma Power Inc., ("API") Annual Progress Report on Transition to TOU
Pricing Decision and Order – EB-2013-0056**

Please find accompanying this letter two (2) copies of API's annual progress report on transition to TOU pricing for hard to reach customers. This report is being filed in accordance with the Board's Decision and Order in EB-2013-0056.

A PDF version of the report will, coincidentally with this written submission, be filed via the Board's Regulatory Electronic Submission System.

If you have any questions in connection with the above matter, please do not hesitate to contact the undersigned at (905) 994-3634.

Yours truly,

Original Signed by:

Douglas Bradbury
Director Regulatory Affairs

(page left blank intentionally)

Background

Algoma Power Inc. filed an application on June 11, 2015 (EB-2015-0199) with the Ontario Energy Board (OEB), under section 74 of the *Ontario Energy Board Act, 1998* (OEB Act) for an exemption to Sections 2.10.1 and 7.11.1 to 7.11.7 of the Distribution System Code (DSC) and an extension to its mandated date for Time-of-Use (TOU) pricing for certain “hard to reach” Regulated Price Plan customers.

In its Decision and Order dated October 8, 2015, the Board ordered that Algoma Power shall file a report on its progress to transition the identified hard to reach customers to TOU pricing on December 31, 2015.

Customer Groups Affected by the TOU Extension

In its EB-2015-0199 application, Algoma Power identified two distinct groups of customers affected by the TOU Extension:

1. The up to 127 customers identified as likely candidates for transition to TOU pricing due to recent improvement in the availability of third-party communication options in certain areas, as well as the installation of additional AMI repeaters and AMI network “tuning”.
2. Approximately 220 customers that are either beyond the reach of Algoma Power’s AMI network, or where technical issues result in prolonged periods of non-communication. For this group of customers, the Decision and Order in EB-2015-0199 accepted Algoma Power’s reasoning that it is not possible to economically make all meters communicate reliably enough to issue regular monthly TOU bills based on actual meter readings.

Progress on TOU Transition

In October of 2015, Algoma Power performed a detailed review of communications performance for the 127 customer accounts previously identified as likely candidates for transition to TOU pricing. To ensure that TOU bills continue to be based as much as possible on accurate hourly meter readings, the communications review considered a number of metrics available in Algoma Power's AMI system including Read Interval Success rates, Raw Message Throughput percentages and Signal-to-Noise ratios.

Following this review, 90 customer accounts were successfully transitioned to TOU pricing where Algoma Power was confident that AMI communication statistics will support successful billing on TOU pricing. For these customers, Algoma Power provided advanced written notification of their pending transition to TOU pricing as well as educational materials on the TOU pricing structure.

Of the remaining 37 customer accounts in the group identify as candidates for TOU transition, Algoma Power found that the AMI communication metrics did not provide sufficient confidence for TOU transition for 36 accounts. The other account became inactive prior to the October review.

Algoma Power intends to continue periodic reviews of AMI communication metrics for all non-TOU accounts, however it is expected that the number of accounts transitioned to TOU pricing between January 2016 and the expiry of the TOU Extension on December 31, 2019. Also, as per its commitment in its interrogatory responses, Algoma Power intends to add "TOU Transition" as an agenda item to annual API / Algoma Coalition Stakeholder sessions, with a view of incorporating customer/stakeholder feedback into its next Cost of Service application.