



December 2, 2016

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

Dear Ms. Walli:

**RE: DEVELOPMENT OF AN ON-RESERVE FIRST NATIONS RATE
(EB-2016-0274)**

In response to the Board's letter of August 10, 2016, please find accompanying this letter, the comments of Algoma Power Inc. ("API"), and Cornwall Electric ("CE").

If you have any questions in connection with the above matter, please do not hesitate to contact the undersigned at (905) 871-0330 extension 3278.

Yours truly,

Original Signed by

Gregory Beharriell
Manager, Regulatory Affairs

Enclosure

Background and General Comments

On June 27, 2016, the Minister of Energy required the OEB to examine options for an appropriate electricity rate (or rate assistance) for on-reserve First Nations electricity consumers, and to report back to the Ministry of Energy with advice on these options by no later than January 1, 2017. The OEB consulted with all impacted LDC's, including API and CE, to provide historical consumption information for on-reserve consumers. The OEB also facilitated discussions with impacted LDC's on issues of implementation, including potential system impacts, intake considerations, and the impact of potential funding mechanisms.

API and CE General Comments on First Nation Engagement

The OEB has indicated that engagement sessions have taken place with First Nation communities and organizations, through a number of engagement sessions held in London, Couchiching, Sudbury, Toronto, and Thunder Bay. API and CE collectively supply electricity to five First Nation communities in the Algoma and Cornwall Island areas. The extent to which local leadership from any or all of these communities have been included in engagement efforts to date is unclear.

API and CE respectfully request that the OEB provide all impacted LDC's with comprehensive information on all engagement activities undertaken to date, as well as any plans for future engagement. Understanding the extent to which local leadership within each community have been or will be engaged is critical to API and CE developing their own consultation and engagement framework to work collaboratively with local First Nations through the implementation phase of this initiative.

Unique Circumstances Related to Cost Recovery.

The Akwesasne First Nation on Cornwall Island is supplied by CE, which is in turn supplied by Hydro Quebec. CE submits that any regulatory amendments required to implement this program will need to consider an appropriate method for settlement with the IESO. CE submits that this

should be treated in a manner similar to past rate relief programs, and that this issue should be identified in the OEB's report back to the Ministry.

Specific Comments Requested by the OEB

By email dated November 16, 2016, the OEB requested specific comments from impacted LDC's in relation to system impacts, intake, and funding mechanisms. API and CE's comments on these issues are as follows.

System Impacts

API understands the preferred options for rate relief to be centred on rate assistance as opposed to the development of an alternate rate structure. Specifically, the proposals include either a fixed monthly credit for on-reserve residential customers, or alternately some form of total bill reduction.

API and CE have previously implemented variations of both options in relation to the Ontario Electricity Support Program, and the Ontario Clean Energy Benefit. As a result, API and CE anticipate being able to implement either alternative with minimal impact to billing systems and minimal implementation cost.

Intake

API and CE submit that the OEB should adopt the First Nations consensus position that the program intake should be automatic, as opposed to application based. API and CE's customer information system already includes an identifier for tax-exempt status for on-reserve customers. Combining this identifier with the rate class identifier can easily produce a list of on-reserve residential customers that can be used to determine initial eligibility for rate assistance. API and CE have already completed this exercise for the purpose of responding to the OEB's initial data request in this proceeding.

In addition to the initial qualification process identified above, API and CE encourage the OEB to maintain flexibility for LDC's to work with Band Councils and/or other administrative agencies to identify potentially eligible customers who were not correctly identified as being eligible during the initial qualification process.

In consideration of any verification or reporting requirements, API and CE respectfully request that consideration be given to the cost of any additional administrative requirements in relation to the overall cost of this program.

Funding Mechanism

API and CE support recovery of the program costs through a province-wide charge, and agree that RRRP or another regulatory charge could be an appropriate means by which to collect the charge. While some lead time (ideally 3-6 months) would be required to manage the system issues associated with applying different regulatory rates to a sub-group of residential customers, API and CE do not expect that excessive cost would be incurred to do so.