



December 7, 2018

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

Dear Ms. Walli:

**Re: Algoma Power Inc. (“API”)
2019 IRM Distribution Rate Application (EB-2018-0017)
Comments on Draft Rate Order**

API has reviewed the draft decision and the accompanying draft Rate Order issued by the OEB on December 6, 2018. API confirms that the draft Rate Order is accurate and complete.

API suggests the following two changes in the language of the Decision. While these changes have no impact on the rates calculated in the draft Rate Order, API believes that these clarifications could avoid potential misunderstanding in the event that the current decision is referenced by parties to a future proceeding:

1. The Findings in Section 4 of the draft decision imply that the Price Cap IR adjustment applies directly to distribution rates for all customer classes. This contradicts the description of RRRP rate adjustments described in Section 5, and the Revenue-to-Cost ratio adjustments described in Section 6. API therefore suggests the following edits on page 5 of the draft decision:

The OEB finds that Algoma Power’s request for a 0.90% ~~rate~~ Price Cap IR adjustment is in accordance with the annually updated parameters set by the OEB. The adjustment is approved, and Algoma Power’s new rates shall be effective January 1, 2019.⁸ Impacts to distribution rates resulting from this finding are addressed in Sections 5 and 6.

~~The adjustment applies to distribution rates (fixed and variable charges) uniformly across all customer classes.⁸~~

2. The references to other API rate applications in Section 5 imply that the annual RRRP adjustment methodology applies only during IRM rate applications. The OEB has however applied the annual rate adjustment methodology consistently during both cost of service and IRM application years. It is only the method for determining API's annual revenue requirement (and hence the amount of RRRP funding required) that differs between IRM and cost of service applications. API therefore suggests the following edits on page 5 of the draft decision:

Under Ontario regulations, the rates for eligible customers of Algoma Power have been decreased because of funding provided for rural or remote electricity rate protection (RRRP). ~~The amount of the decrease was first determined in Algoma Power's last cost of service rate application. In a prior Algoma Power cost of service application, the OEB confirmed its intention to calculate a RRRP adjustment factor annually for API in order to calculate the annual change in distribution rates and RRRP funding.~~⁹ During all subsequent ~~IRM~~ rate applications, ~~such as this proceeding~~, rates have then been adjusted to reflect the average annual change in distribution rates for Residential and GS<50 kW customer rate classes across all rate regulated distributors in Ontario.

[Footnote 9]: ~~Decision and Order, EB-2014-0055, January 8, 2015. Decision and Order, EB-2009-0278, November 11, 2010, p.8~~

The above suggestions are submitted respectfully for the OEB's consideration in any edits to its final Decision and Rate Order.

Sincerely,

Original Signed By:

Gregory Beharriell
Manager Regulatory Affairs