

December 11, 2018

RESS & COURIER

Ontario Energy Board
P.O. Box 2319
27th Floor, 2300 Yonge Street
Toronto, ON M4P 1E4

Attention: Ms. K. Walli, Board Secretary

Dear Ms. Walli:

**Re: Dubreuil Lumber Inc. and Algoma Power Inc. - Application for Leave to Sell
Distribution System & Related Matters (EB-2018-0271) - Affidavit of Service**

We are legal counsel to Algoma Power Inc. (API), which together with Dubreuil Lumber Inc. (DLI) is the applicant in the above-referenced proceeding. On November 28, 2018 the Ontario Energy Board (the "Board") issued a Letter of Direction and Notice of Application in connection with the proceeding. Enclosed, please find two copies of an Affidavit of Service from Mr. Gregory Beharriell confirming that the requirements set out in the Letter of Direction have been satisfied. A copy has also been filed electronically on the Board's Regulatory Electronic Submission System (RESS).

Please note that Exhibit 'E' of the Affidavit contains the names and addresses of individuals to whom copies of the Notice and Application have been delivered. This personal information is being filed confidentially in accordance with the Board's Practice Direction on Confidential Filings.

Yours truly,



Jonathan Myers

cc: Mr. Ken Buchanan, DLI
Mr. Greg Beharriell, API
Mr. Craig David, API
Mr. Charles Keizer, Torys LLP

ONTARIO ENERGY BOARD

IN THE MATTER OF the Ontario Energy Board Act, 1998, C.S.O. 1998, c.15 (Sched. B) (the “Act”);

AND IN THE MATTER OF an application by Dubreuil Lumber Inc. (“DLI”) for an Order, pursuant to subsection 86(1)(a) of the Act, granting leave to sell its electricity distribution system in the Township of Dubreuilville, substantially in its entirety, to Algoma Power Inc. (“API”);

AND IN THE MATTER OF an application by API for Orders, pursuant to subsection 78(2) of the Act, approving the disposition of the balance in its Interim Distribution Licence Deferral Account established in EB-2017-0153, authorizing the establishment of a new deferral account to record transaction and integration costs incurred in connection with the transaction, determining that the acquired DLI customers shall be classified under its existing rate classes and billed its existing approved rates, and endorsing API’s proposed approach to the future allocation of costs attributable to the DLI service area;

AND IN THE MATTER OF applications by DLI and API for Orders, pursuant to subsections 77(5) and 74(1)(b) of the Act, cancelling DLI’s distribution licence (ED-2012-0074) and API’s interim distribution licence (ED-2017-0153), and amending API’s distribution licence (ED-2009-0072) to include the Township of Dubreuilville in its service territory.

AFFIDAVIT OF SERVICE

I, Gregory Beharriell, of the City of Niagara Falls, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am an employee of Canadian Niagara Power Inc. (“CNPI”), a wholly-owned subsidiary of FortisOntario Inc. FortisOntario Inc. also owns Algoma Power Inc. (“API”), which along with DLI is the applicant in the above-referenced proceeding EB-2018-0271 (the “MAAD Application”). In my role as Manager, Regulatory Affairs - Corporate, I have assisted in the development of the MAAD Application to the Ontario Energy Board (the “Board”) and in that capacity have been responsible for overseeing service of the Notice of Application and Hearing, which was issued by the Board on November 28, 2018 (the “Notice”). As such, I have personal knowledge of the matters herein deposed. Where the information set out in this affidavit is based upon information which I have received from others, I have stated the source of that information and believe it to be true.

2. Further to Section 1 of the Board's Letter of Direction dated November 28, 2018 (the "Letter") (a copy of which is attached hereto as **Exhibit "A"**), I can confirm that, on December 3, 2018, Jody Tait, Energy Efficiency Advisor for API served copies of the English and French language versions of the Notice (copies of which are attached hereto as **Exhibit "B"**), the Application (a copy of which is attached hereto as **Exhibit "C"**) and the evidence (comprised of a full copy of the pre-filed evidence filed with the Board on September 24, 2018) directly on the Clerk of the Township of Dubreuilville;
3. Further to Section 2 of the Letter, I oversaw and arranged for copies of the English and French language versions of the Notice contained in Exhibit "B" and the Application contained in Exhibit "C" to be served, on December 3, 2018, directly on all of DLI's current customers residing in the Township of Dubreuilville, as evidenced by the Neighbourhood Mail Delivery Slip attached hereto as **Exhibit "D"**. This same information was served on December 3, 2018, directly on all of DLI's current customers residing outside of the Township of Dubreuilville, as evidenced by the registered mail tracking slips, attached hereto as **Exhibit "E"**.
4. As of December 11, 2018, all of the Notices and Applications sent out for delivery in accordance with paragraph 3, above, have been successfully delivered to their intended addressees, with the following exceptions:
 - a. in respect of eight of the intended recipients residing outside of the Township of Dubreuilville, for which the deliveries were sent out December 3, 2018, the Canada Post website indicates that the items are still in transit to their final destinations;
5. Further to Section 3 of the Letter, I can confirm that as of December 3, 2018, API has posted copies of the English and French language Notices, the Application and the evidence in a prominent place on its website at www.algomapower.com;
6. Further to Section 4 of the Letter, I can confirm that as of December 3, 2018, API has made copies of the English and French language Notices, the Application and the evidence available for public review at its offices located at 2 Sackville Rd., Sault Ste. Marie, ON.
7. The Notices, Application and evidence as posted on API's website and made available at API's offices are in an identical form to that which are posted on the Board's Regulatory Electronic Submission System in connection with EB-2018-0271.

SWORN BEFORE ME at the City of
 Fort Erie this 11 day of December,
 2018.


 A Commissioner for taking Affidavits

Craig Robert Arthur David


 Gregory Beharriell

Exhibit "A"

Letter of Direction

Algoma Power Inc. and Dubreuilville Lumber Inc.

This Exhibit "A" referred to in the affidavit of Gregory
Beharriell sworn before me this 11 day of December, 2018.



A Commissioner for taking Affidavits

Craig Robert Arthur David

**Ontario Energy
Board**
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BY E-MAIL

November 28, 2018

Mr. Greg Beharriell
Manager, Regulatory Affairs
Algoma Power Inc.
RegulatoryAffairs@FortisOntario.com

Mr. Craig David
Legal Counsel
Algoma Power Inc.
Craig.David@FortisOntario.com

Mr. Charles Keizer
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Mr. Jonathan Myers
Counsel to Algoma Power Inc.
jmyers@torys.com

Mr. Ken Buchanan
President
Dubreuil Lumber Inc.
ken.buchanan@thunderpine.ca

Dear Applicants:

Re: Application under sections 86(1)(a), 78(2), 74(1)(b), and 77(5) of the *Ontario Energy Board Act, 1998* (Act) for leave to sell Dubreuil Lumber Inc.'s electricity distribution system to Algoma Power Inc.

OEB File Number: EB-2018-0271

The Ontario Energy Board (OEB) has now issued its Notice of Hearing relating to the above referenced application (Notice). The Notice will be published by the OEB, in accordance with directions to the OEB's agent which were copied to you. Please note

that you must comply with the directions in paragraphs 1 and 2 below **prior to December 11, 2018**, which is the publication date of the newspapers in which the Notice will appear last. If you are unable to comply with the directions within this timeframe, you must inform the Registrar immediately at Registrar@oeb.ca.

You are directed:

1. No later than the date the English and French Notices are posted on Algoma Power Inc.'s website, in accordance with paragraph 3, to arrange for the service of the enclosed Notice, in the exact form accompanying this letter and the application (at Exhibit B/Tab 1/Schedule 1) and the evidence, directly on the Clerk of the Township of Dubreuilville.
2. No later than the date the English and French Notices are posted on Algoma Power Inc.'s website, in accordance with paragraph 3, to arrange for the service of the enclosed Notice, in the exact form accompanying this letter and the application (at Exhibit B/Tab 1/Schedule 1), directly on all of Dubreuilville Lumber Inc.'s current customers.
3. To post a copy of the English and French Notices, the application and evidence in a prominent place on the website of Algoma Power Inc.
4. To make a copy of the English and French Notices, the application and evidence, and any amendments thereto, available for public review at the offices of Algoma Power Inc.
5. To file with the OEB an affidavit in both electronic and paper forms proving completion of the matters in paragraphs 1 to 4 above immediately thereafter.
6. To provide a copy of the English and French Notices, application and evidence, and any amendments thereto, to anyone requesting the material.

Yours truly,

Original signed by

Rudra Mukherji
Acting Manager, Registrar

Encl.

Exhibit "B"

English and French Language Notices of Application

Algoma Power Inc. and Dubreuilville Lumber Inc.

This Exhibit "B" referred to in the affidavit of Gregory Beharriell sworn before me this 11 day of December, 2018.



A Commissioner for taking Affidavit

Craig Robert Arthur David

ONTARIO ENERGY BOARD NOTICE TO CUSTOMERS OF ALGOMA POWER INC. AND DUBREUIL LUMBER INC.

Algoma Power Inc. and Dubreuil Lumber Inc. have applied to the Ontario Energy Board for approval for Dubreuil Lumber Inc. to sell its electricity distribution system to Algoma Power Inc. to operate as part of its electricity distribution company.

Learn more. Have your say.

Algoma Power Inc. has been the operator of Dubreuil Lumber Inc.'s electricity distribution system in the Town of Dubreuilville since 2017 under an interim electricity distribution licence granted by the Ontario Energy Board. Algoma Power Inc. and Dubreuil Lumber Inc. have asked the Ontario Energy Board to:

- a) Allow Dubreuil Lumber Inc. to sell its electricity distribution system to Algoma Power Inc.
- b) Cancel the electricity distribution licence of Dubreuil Lumber Inc.
- c) Cancel Algoma Power Inc.'s interim electricity distribution licence to operate Dubreuil Lumber Inc.'s distribution system
- d) Amend Algoma Power Inc.'s electricity distribution licence to include Dubreuil Lumber Inc.'s service area
- e) Allow Algoma Power Inc. to reclassify customers previously served by Dubreuil Lumber Inc. within Algoma Power Inc.'s existing rate classes and charge Algoma Power Inc.'s approved rates
- f) Allow Algoma Power Inc. to recover some of the costs it has incurred as interim operator of Dubreuil Lumber Inc. from customers in Dubreuil Lumber Inc.'s service area
- g) Allow Algoma Power Inc. to establish a new deferral account in which it would record certain costs for future recovery

For a full list of the approvals requested, please carefully review the application.

If the application is approved, starting in January 2019 customers of Dubreuil Lumber Inc. will see the following bill impacts when compared to Algoma Power Inc. continuing as interim operator of Dubreuil Lumber Inc.'s electricity distribution system:

- A decrease of \$16.14 per month for a typical residential customer
- An increase of \$23.99 per month for a typical commercial customer

The applicants also say that the costs of the proposed acquisition will not be funded by Algoma Power Inc.'s customers, except for certain costs incurred to bring the Dubreuil Lumber Inc. distribution system into compliance with the Ontario Energy Board's and other regulatory agencies' requirements.

THE ONTARIO ENERGY BOARD IS HOLDING A PUBLIC HEARING

The Ontario Energy Board (OEB) will hold a public hearing to consider the application filed by Algoma Power Inc. and Dubreuil Lumber Inc. We will also hear questions and arguments from individual customers and from groups that represent customers of Algoma Power Inc. and Dubreuil Lumber Inc. At the end of this hearing, the OEB will decide whether to approve the application.

The OEB is an independent and impartial public agency. We make decisions that serve the public interest. Our goal is to promote a financially viable and efficient energy sector that provides you with reliable energy services at a reasonable cost.

BE INFORMED AND HAVE YOUR SAY

You have the right to information regarding the application and to be involved in the process.

- You can review Algoma Power Inc. and Dubreuil Lumber Inc.'s application on the OEB's website now.
- You can file a letter with your comments, which will be considered during the hearing.
- You can become an active participant (called an intervenor). Apply by **December 21, 2018** or the hearing will go ahead without you and you will not receive any further notice of the proceeding.
- At the end of the process, you can review the OEB's decision and its reasons on our website.

LEARN MORE

Our file number for this case is **EB-2018-0271**. To learn more about this hearing, find instructions on how to file letters or become an intervenor, or to access any document related to this case, please select the file number **EB-2018-0271** from the list on the OEB website: **www.oeb.ca/notice**. You can also phone our Consumer Relations Centre at 1-877-632-2727 with any questions.

ORAL VS. WRITTEN HEARINGS

There are two types of OEB hearings – oral and written. Algoma Power Inc. and Dubreuil Lumber Inc. have requested a written hearing. The OEB is considering this request. If you think an oral hearing is needed, you can write to the OEB to explain why by **December 21, 2018**.

PRIVACY

If you write a letter of comment, your name and the content of your letter will be put on the public record and the OEB website. However, your personal telephone number, home address and email address will be removed. If you are a business, all your information will remain public. If you apply to become an intervenor, all information will be public.

This hearing will be held under sections 74(1), 77(5), 78(2) and 86(1) of the Ontario Energy Board Act, 1998, S.O. 1998 c.15 (Schedule B).



AVIS DE LA COMMISSION DE L'ÉNERGIE DE L'ONTARIO AUX CLIENTS D'ALGOMA POWER INC. ET DE DUBREUIL LUMBER INC.

Algoma Power Inc. et Dubreuil Lumber Inc. ont demandé à la Commission de l'énergie de l'Ontario d'autoriser Dubreuil Lumber Inc. à vendre son réseau de distribution d'électricité à Algoma Power Inc. pour que cette dernière l'exploite dans le cadre de ses activités de distribution d'électricité.

Apprenez-en plus. Donnez votre avis.

Algoma Power Inc. exploite le réseau de distribution d'électricité de Dubreuil Lumber Inc. dans la ville de Dubreuilville depuis 2017 en vertu d'un permis provisoire de distribution d'électricité délivré par la Commission de l'énergie de l'Ontario. Algoma Power Inc. et Dubreuil Lumber Inc. ont demandé à la Commission de l'énergie de l'Ontario ce qui suit :

- Permettre à Dubreuil Lumber Inc. de vendre son réseau de distribution d'électricité à Algoma Power Inc.**
- Annuler le permis de distribution d'électricité de Dubreuil Lumber Inc.**
- Annuler le permis provisoire de distribution d'électricité d'Algoma Power Inc. pour l'exploitation du réseau de distribution de Dubreuil Lumber Inc.**
- Modifier le permis de distribution d'électricité d'Algoma Power Inc. pour inclure la zone de service de Dubreuil Lumber Inc.**
- Permettre à Algoma Power Inc. de reclasser les clients auparavant desservis par Dubreuil Lumber Inc. dans les catégories tarifaires existantes d'Algoma Power Inc. et de facturer aux taux approuvés par Algoma Power Inc.**
- Permettre à Algoma Power Inc. de recouvrer une partie des coûts qu'elle a engagés à titre d'exploitant provisoire de Dubreuil Lumber Inc. auprès des clients dans la zone de service de Dubreuil Lumber Inc.**
- Permettre à Algoma Power Inc. d'établir un nouveau compte de report dans lequel elle comptabiliserait certains coûts en vue de leur recouvrement futur.**

Pour obtenir la liste complète des demandes d'approbation, veuillez examiner attentivement la présente requête.

Si la requête est approuvée, les clients de Dubreuil Lumber Inc. verront, à compter de janvier 2019, les répercussions suivantes sur la facture comparativement à Algoma Power Inc. qui continuera d'exploiter le réseau de distribution d'électricité de Dubreuil Lumber Inc. à titre provisoire :

- une diminution de 16,14 \$ par mois pour un client résidentiel moyen
- une augmentation de 23,99 \$ par mois pour un client commercial moyen

Les requérants affirment également que les coûts de l'acquisition proposée ne seront pas financés par les clients d'Algoma Power Inc., à l'exception de certains coûts engagés pour mettre le réseau de distribution de Dubreuil Lumber Inc. en conformité avec les exigences de la Commission de l'énergie de l'Ontario et d'autres organismes réglementaires.

LA COMMISSION DE L'ÉNERGIE DE L'ONTARIO TIENDRA UNE AUDIENCE PUBLIQUE

La Commission de l'énergie de l'Ontario (CEO) tiendra une audience publique afin d'examiner la demande déposée par Algoma Power Inc. et Dubreuil Lumber Inc. Nous entendrons également les questions et les arguments des clients individuels et des groupes qui représentent les clients de Algoma Power Inc. et Dubreuil Lumber Inc. À la fin de cette audience, la CEO décidera si elle approuve la requête.

La Commission de l'énergie de l'Ontario est une agence publique indépendante et impartiale. Les décisions que nous prenons visent à servir au mieux l'intérêt public. Notre objectif est d'encourager le développement d'un secteur de l'énergie efficace et financièrement viable, afin d'offrir des services énergétiques fiables à un prix raisonnable.

INFORMEZ-VOUS ET DONNEZ VOTRE AVIS

Vous avez le droit d'être informé au sujet de cette demande et de participer au processus.

- Vous pouvez examiner la demande de Algoma Power Inc. et Dubreuil Lumber Inc. sur le site Web de la CEO dès maintenant.
- Vous pouvez déposer une lettre de commentaires qui sera prise en compte au cours de l'audience.
- Vous pouvez participer activement au processus (à titre d'intervenant). Inscrivez-vous avant le **21 décembre 2018** faute de quoi l'audience aura lieu sans votre participation et vous ne recevrez plus d'avis dans le cadre de ce dossier.
- Vous pourrez examiner la décision rendue par la CEO à l'issue de la procédure ainsi que les motifs de sa décision sur notre site Web.

EN SAVOIR PLUS

Le numéro de référence de ce dossier est **EB-2018-0271**. Pour obtenir de plus amples renseignements sur cette audience, la marche à suivre pour déposer une lettre, la manière de participer en tant qu'intervenant ou de consulter les documents relatifs à cette affaire, veuillez sélectionner le numéro de dossier **EB-2018-0271** dans la liste qui figure sur le site Web de la CEO : www.oeb.ca/fr. Pour toute question, vous pouvez également communiquer avec notre centre des relations avec les consommateurs au 1 877 632-2727.

AUDIENCES ORALES OU AUDIENCES ÉCRITES

Il existe deux types d'audiences à la CEO : les audiences orales et les audiences écrites. Algoma Power Inc. et Dubreuil Lumber Inc. ont demandé une audience écrite. La CEO examine cette demande à l'heure actuelle. Si vous pensez qu'une audience orale est nécessaire, vous pouvez justifier votre demande par écrit à la CEO avant le **21 décembre 2018**.

PROTECTION DES RENSEIGNEMENTS PERSONNELS

Si vous écrivez une lettre de commentaires, votre nom et le contenu de cette lettre seront ajoutés au dossier public et au site Web de la CEO. Toutefois, votre numéro de téléphone, votre adresse de domicile et votre adresse électronique ne seront pas rendus publics. Si vous représentez une entreprise, tous les renseignements de l'entreprise demeureront accessibles au public. Si vous participez à titre d'intervenant, tous vos renseignements personnels seront rendus publics.

Cette audience sur les tarifs sera tenue en vertu des articles 74(1), 77(5), 78(2) et 86(1) de la Loi de 1998 sur la Commission de l'énergie de l'Ontario, L.O. 1998, chap. 15 (annexe B).



Ontario

Ontario Energy Board Commission de l'énergie de l'Ontario

Exhibit "C"

Application

Algoma Power Inc. and Dubreuilville Lumber Inc.

This Exhibit "C" referred to in the affidavit of Gregory Beharriell sworn before me this 11 day of December, 2018.



A Commissioner for taking Affidavits

Craig Robert Arthur Dand

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
C.S.O. 1998, c.15 (Sched. B) (the “Act”);

AND IN THE MATTER OF an application by Dubreuil Lumber Inc. (“DLI”) for an Order, pursuant to subsection 86(1)(a) of the Act, granting leave to sell its electricity distribution system in the Township of Dubreuilville, substantially in its entirety, to Algoma Power Inc. (“API”);

AND IN THE MATTER OF an application by API for Orders, pursuant to subsection 78(2) of the Act, approving the disposition of the balance in its Interim Distribution Licence Deferral Account established in EB-2017-0153, authorizing the establishment of a new deferral account to record transaction and integration costs incurred in connection with the transaction, determining that the acquired DLI customers shall be classified under its existing rate classes and billed its existing approved rates, and endorsing API’s proposed approach to the future allocation of costs attributable to the DLI service area;

AND IN THE MATTER OF applications by DLI and API for Orders, pursuant to subsections 77(5) and 74(1)(b) of the Act, cancelling DLI’s distribution licence (ED-2012-0074) and API’s interim distribution licence (ED-2017-0153), and amending API’s distribution licence (ED-2009-0072) to include the Township of Dubreuilville in its service territory.

APPLICATION

1. Dubreuil Lumber Inc. (“DLI”) and Algoma Power Inc. (“API”) (together the “Applicants”) are hereby applying to the Ontario Energy Board (the “OEB”) for approvals in connection with API’s planned purchase of DLI’s electricity distribution system in the Township of Dubreuilville (the “Township”) and the incorporation of that system into API’s existing regulated distribution business. The DLI distribution system is currently operated by API pursuant to an interim distribution licence issued by the OEB pursuant to section 59 of the

Ontario Energy Board Act (the “OEB Act”). In addition to seeking approval for the transaction, the Applicants seek specific relief in relation to related aspects, such as cost recovery, rate treatment and licensing.

The Applicants

2. DLI is an Ontario corporation that is primarily focused on the lumber industry and has its head office in the Township. In the early 1960s, Dubreuil Brothers Limited (“DBL”) established the Township as a company town. In connection with its lumber operations and to supply the Township with electricity, DBL developed, owned and operated the Township’s electricity distribution system. The shares of DBL were amalgamated into Dubreuil Forest Products Ltd. (“DFPL”) in 1989. After DFPL filed for bankruptcy in 2011, assets associated with the business, including all of the distribution system assets, were transferred to DLI, which was issued a distribution licence by the OEB in 2012 (ED-2012-0074). DLI continues to own, and until April 4, 2017 operated, the electricity distribution system in the Township, which serves approximately 350 customers. Since April 4, 2017, the DLI distribution system has been operated by API pursuant to an interim distribution licence (ED-2017-0153) that was issued under sections 59(1) and (2) of the OEB Act. This Application concerns only DLI’s electricity distribution system and not any other aspects of DLI’s business.
3. API is a licensed distributor (ED-2009-0072) that owns and operates an electricity distribution system serving approximately 11,500 customers in the Algoma District of Ontario, north and east of the City of Sault Ste. Marie. API is an Ontario corporation with its head office in Sault Ste. Marie, and is a wholly owned subsidiary of FortisOntario Inc. FortisOntario Inc., a wholly owned subsidiary of Fortis Inc., owns and operates Canadian Niagara Power Inc., Cornwall Street Railway Light & Power Company Ltd. and Algoma Power Inc. Together, these entities serve a combined 66,000 customers and operate approximately 3,430 km of transmission and distribution lines in Ontario. FortisOntario also owns a 10 per cent strategic interest in each of Westario Power, Rideau St. Lawrence, and Grimsby Power, which collectively serve approximately 41,000 customers.

Relief Sought

4. DLI hereby applies to the Board, pursuant to subsection 86(1)(a) of the OEB Act, for an order granting leave to sell its electricity distribution system in the Township, substantially in its entirety¹, to API (the “Proposed Transaction”).
5. In addition, in connection with the Proposed Transaction and having regard to the unique context underpinning the Proposed Transaction (described below),
 - a. API requests a determination by the OEB that, upon closing of the Proposed Transaction, the customers to be acquired by API in the DLI service area (the “Acquired Customers”) shall be classified in accordance with API’s existing rate classes and may thereafter be billed in accordance with API’s approved tariff of rates and charges;
 - b. API requests an order, pursuant to s. 78(2) of the OEB Act, approving the disposition of the balance recorded in API’s Interim Distribution Licence Deferral Account, established in EB-2017-0153, by means of the specific disposition proposal set out in Exhibit F, Tab 3, Schedule 1;
 - c. API requests an order, pursuant to s. 78(2) of the OEB Act, authorizing API to establish a new deferral account to record transaction and integration costs incurred by API in connection with the Proposed Transaction, which due to the unique context underlying the Proposed Transaction API will not be in a position to recover through efficiency gains over a deferred rebasing period, and approving API’s proposed approach to the future disposition of the amounts to be recorded therein, as described in Exhibit F, Tab 3, Schedule 2;

¹ Substation #1 will be decommissioned and remediated prior to closing of the Proposed Transaction, and will therefore not be transferred to API. Furthermore, DLI, as an ongoing end-use customer in respect of accounts for the lumber mill and other facilities following the closing of the proposed transaction, will retain ownership of certain service assets, consistent with API’s standard ownership demarcation practices. Ownership of these assets would remain with DLI.

- d. API requests that the OEB endorse its proposed approach of allocating costs attributable to the DLI service area, at the time of API's next rebasing, primarily to API's R1 and R2 rate classes, which are eligible for Rural or Remote Rate Protection;
- e. DLI requests that the Board, pursuant to ss. 77(5) of the OEB Act, cancel DLI's electricity distribution licence (ED-2012-0074) effective upon the closing of the Proposed Transaction;
- f. API requests that the Board, pursuant to ss. 77(5) of the OEB Act, cancel API's interim electricity distribution licence (ED-2017-0153) effective upon the closing of the Proposed Transaction;
- g. API requests that the Board, pursuant to ss. 74(1)(b) of the OEB Act, amend API's electricity distribution licence (ED-2009-0072) effective upon the closing of the Proposed Transaction by:
 - i. adding the Township of Dubreuilville to the description of the service area in which API is authorized to distribute and sell electricity; and
 - ii. adding a condition to provide API with limited relief from regulatory liability for circumstances arising from its acquisition of the DLI system.

Context for the Application

- 6. The Application and supporting evidence have been prepared generally in accordance with the OEB's *Filing Requirements for Consolidation Applications* (the "Filing Requirements"), which are set out in Schedule 2 of the OEB's January 19, 2016 *Handbook to Electricity Distributor and Transmitter Consolidations* (the "Handbook"). However, due to the unique context underpinning the Proposed Transaction, as summarized below, many of the assumptions that are made in the Handbook in relation to the circumstances and drivers of a consolidation transaction will not be relevant to this Application. As such, for the OEB to effectively consider through the 'no harm' test whether the Proposed Transaction will have an

adverse effect on the attainment of its statutory objectives, the Applicants request that the OEB focus on different elements of its statutory objectives than it would in the circumstances of a more typical, efficiency-driven, consolidation transaction.

7. The Township is located approximately 40 km north of Wawa, in the Algoma District of Ontario. It has an area of approximately 90 km² with a population of 635 (2011) and approximately 300 dwellings. The Township's electricity distribution system was formerly owned and operated by DFPL. After DFPL filed for bankruptcy in 2011, the assets associated with the system were transferred to DLI. On March 5, 2012, the OEB issued DLI a distribution licence (ED-2012-0074) for a term of one year, authorizing it to own and operate the system. The licence was renewed annually until 2017.
8. The OEB received letters from DLI on December 29, 2016 and February 17, 2017, stating that it would not be able to continue providing distribution service beyond April 27, 2017 due to financial and staffing issues. The correspondence also confirmed that DLI did not intend to apply for an extension of, and was agreeable to surrendering, its distribution licence.
9. On April 4, 2017, the OEB issued an order in EB-2017-0153, pursuant to subsections 59 (1) and (2) of the OEB Act, appointing API as interim licensee for the DLI service area, and requiring DLI to surrender possession and control of the electricity distribution system in the Township to API (the "Interim Licence Order"). An interim electricity distribution licence (the "Interim Licence"), valid until October 3, 2017, accompanied the Order. In designating API as the interim licensee, the OEB noted that the DLI system is embedded within API's electricity distribution system, that API serves customers in the area near the Township, and that API had previously provided services to assist DLI and DFPL in emergencies.
10. The OEB has since extended the term of API's Interim Licence for additional 6-month periods (currently to October 3, 2018). In its October 3, 2017 Decision and Order in EB-2017-0303, extending the term of the Interim Licence, the OEB noted its view that it is in the public interest to have a viable and committed owner and operator for the distribution system in the Township and, on that basis, required DLI to either renew its licence or dispose of its ownership interest

in the distribution system to another licensed electricity distributor. The OEB has also extended the term of DLI's distribution licence, which continues to authorize DLI's ownership of the system, for additional 6-month periods (currently to October 26, 2018).

11. In accordance with the Interim Licence Order, API provided the OEB with a Notice of Transition report on April 26, 2017, as well as a 60-day Status Report on June 7, 2017. These reports informed the OEB of the steps taken by API to assume operational control of the distribution system in the Township, and provided detailed information with respect to distribution system assets, capabilities and risks. The reports also highlighted a number of concerns in relation to metering and billing, health, safety and the environment, regulatory compliance, asset management, and reliability. In addition, the reports advised the OEB of the commercial discussions then taking place regarding API's potential acquisition of the DLI system.
12. Also notable is that the Interim Licence Order established a deferral account in which API is required to record revenues collected from customers served by the DLI system and the costs of operating and maintaining that system. The October 3, 2017 Decision and Order in EB-2017-0303 required API to provide the OEB with an update on the amounts recorded in the Interim Distribution Licence Deferral Account. That update was provided to the OEB on January 30, 2018 (in respect of amounts to December 31, 2017).
13. It is within the foregoing context, and based on the recognition (1) that no licensed electricity distributor other than API has been identified as having a potential interest in acquiring the DLI system, (2) that as the host distributor and interim operator of the DLI system, and as the most geographically proximate licensed distributor, API is well positioned to provide a long-term solution and effective, ongoing distribution service within the DLI service area, and (3) that the OEB sees it as being in the public interest to have a viable and committed owner and operator for the DLI system, that the Applicants are seeking approval for the Proposed Transaction and the related grounds for relief.

Applicant Contacts

14. The Applicants request that copies of all materials filed with or issued by the Board or any party be served on the Applicants and their counsel as follows:

Dubreuil Lumber Inc.²

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² Under the Asset Purchase Agreement entered into by DLI and API, DLI agreed that API would be responsible for preparing and bringing all aspects of the Application, including those elements involving relief requested on behalf of DLI. As such, this contact is provided for information purposes only.


15. Additional written evidence, as required, may be filed in support of this Application, which may be amended from time to time prior to the Board's final decision.
16. The Applicants request that the Board proceed by way of a written hearing, pursuant to Section 32.01 of the Board's *Rules of Practice and Procedure*.

Dated at Toronto, Ontario, this 24th day of September, 2018.

**ALGOMA POWER INC. on its own behalf
and on behalf of DUBREUIL LUMBER INC.**

By its counsel, Torys LLP



Charles Keizer

Jonathan Myers

Exhibit "D"

Neighbourhood Mail Delivery Slip

Algoma Power Inc. and Dubreuilville Lumber Inc.

This Exhibit "D" referred to in the affidavit of Gregory Beharriell sworn before me this 4 day of December, 2018.

A handwritten signature in black ink, appearing to be "Craig Robert Arthur David", is written over a horizontal line.

A Commissioner for taking Affidavits

Craig Robert Arthur David



Neighbourhood Mail™ Delivery Slip

Feuille de dépôt Courrier de quartier^{MC}

☒ Upon receipt
Sur réception or/ou

Delivery Start Date Premier jour
Year Année Month Mois Day Jour

Customer Identification

Identification du client

Customer Name Nom du client

Customer/Account No. N° du client/compte

Mailed by Expédié par
(Name and complete address) (nom et adresse complète)

Customer/Account No. N° du client/compte

Delivery Instructions

Instructions de livraison

Delivery Office Address

Adresse du bureau de livraison

FSA(s), Delivery Mode(s)
and Number(s)

RTA, mode(s) de
livraison et numéro(s)

☐ All FSAs, Delivery Modes and Numbers
Tous les RTA, modes de livraison et numéros

Indicate specific FSA(s), Delivery Mode(s) and Number(s): Précisez les RTA, les modes de livraison et numéros :

Title of mail piece Titre de l'article

☐ Version specific Version spécifique

Statement of Mailing No.

N° de déclaration de dépôt

Office of payment

Bureau de paiement

Weight per item (g)

Poids par article (g)

Items per bundle

Articles par liasse

Number of residue items

Nombre des articles résiduels

Number of containers

Nombre de conteneurs

Number of bundles

Nombre de liasses

Total Number of items

Nombre total des articles

Coverage - Indicate if delivery required to:

Couverture - Indiquez le mode de distribution :

☒ Houses
Domiciles

☒ Apartments
Appartements

☒ Farms
Fermes

☒ Businesses
Commerces

Size Selection

Dimensions

Thickness/Épaisseur

Standard Up to
30.5 X 15.24 cm (12" X 6")

Oversize 1 Up to
30.5 X 27.94 cm (12" X 11")

Oversize 2 Up to
35.56 X 28 cm (14" X 11")

More than
1.9 cm (0.75")

☐ Standard Jusqu'à
30,5 cm X 15,24 cm
(12 po X 6 po)

☐ Surdimensionné 1 Jusqu'à
30,5 cm X 27,94 cm
(12 po X 11 po)

☐ Surdimensionné 2 Jusqu'à
35,56 cm X 28 cm
(14 po X 11 po)

☐ Plus de
1,9 cm (0,75 po)



0 064 176 520

FOR CPC USE ONLY

Receipt - Office of Delivery
Signature

Réception - Bureau de livraison
Date

A L'USAGE DE LA SCP SEULEMENT

Delivery completed
Signature

Livraison complétée

Date

Mailer Copy

Copie de l'expéditeur

2

Exhibit "E"

Registered Mail Tracking Slips

Algoma Power Inc. and Dubreuilville Lumber Inc.

This Exhibit "E" referred to in the affidavit of Gregory Beharriell sworn before me this 11 day of December, 2018.



A Commissioner for taking Affidavits

Craig Robert + Arthur David

**[INTENTIONALLY DELETED - FILED IN ACCORDANCE WITH THE ONTARIO
ENERGY BOARD'S *PRACTICE DIRECTIONS ON CONFIDENTIAL FILINGS*]**