



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

FINAL RATE ORDER

EB-2018-0271

ALGOMA POWER INC. AND DUBREUIL LUMBER INC.

Application for approval for Dubreuil Lumber Inc. to sell its distribution system to Algoma Power Inc. and Related Matters

BEFORE: **Cathy Spoel**
Presiding Member

Lynne Anderson
Member

June 13, 2019

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1 INTRODUCTION AND SUMMARY

This is the Final Rate Order of the Ontario Energy Board (OEB) regarding an application (Application) filed by Dubreuil Lumber Inc. (Dubreuil) and Algoma Power Inc. (Algoma) (collectively, the Applicants). The Applicants requested that the OEB approve Dubreuil's sale of its distribution system to Algoma, and Algoma's incorporation of that system into its existing regulated distribution business (Proposed Transaction), and to deal with associated licensing and rate-related matters.

On April 4, 2019, the OEB issued its Decision and Order approving the sale of Dubreuil's distribution system to Algoma, and certain additional requests, subject to the conditions and exceptions set out in the Decision and Order. The Decision and Order also established a process for the Applicants to file a draft rate order (DRO) with a revised draft accounting order, and required the Applicants to file a calculation of actual bill impacts of the transaction on customers in the Dubreuil service area, as well as a rate mitigation plan if the bill impact exceeded 10%.

In response to the OEB's Decision and Order, Algoma filed with the OEB a DRO with a revised draft accounting order on April 18, 2019, including a calculation of bill impacts and a rate mitigation plan. On May 3, 2019, OEB staff filed a submission on the DRO in which OEB staff addressed points raised in Algoma's DRO, but largely expressed support for Algoma's DRO and revised draft accounting order. Algoma filed its reply submission on May 18, 2019.

The OEB has determined that there is no reason for balances to be transferred from the Interim Licence Deferral Account (ILDA), established while Algoma was the interim operator of Dubreuil's distribution system, to the Transition and Integration Costs Deferral Account (TICDA). The ILDA shall continue to exist, until the final determination on disposition of the balance. The purpose of the TICDA is to record only transaction and integration costs incurred from September 24, 2018 onwards.

With respect to rate impacts, the OEB approves the rate mitigation plan. The OEB also finds that the draft accounting order filed by Algoma is consistent with the Decision and Order in this proceeding.

2 DRAFT RATE ORDER

On April 18, 2019, Algoma filed a DRO that reflected the April 4, 2019 Decision and Order. In the DRO, Algoma sought clarification and interpretation of certain aspects of the OEB's Decision and Order, and made a proposal for implementing its understanding of the Decision and Order. Algoma also provided alternatives, along with explanations of the options, for consideration by the OEB.

Algoma explained that it requested approval in its Application to establish the TICDA with an effective date of April 4, 2017 to coincide with the licensing order¹ that required Algoma to take possession and control of the Dubreuil distribution system, and at which time Algoma commenced negotiations with Dubreuil that ultimately led to the Proposed Transaction. Algoma noted that the OEB's decision to approve its TICDA with an effective date of September 24, 2018, instead of the requested April 4, 2017, raised a number of concerns with respect to the transfer and cost recovery of balances in the ILDA that was established by the licensing order.

Proposed Transfer of \$383K from ILDA to TICDA

The Application included a request for partial disposition of the ILDA, on an interim basis, through a rate rider charged to acquired DLI customers. However, Algoma also proposed to transfer \$383K (reflecting 50% of the 2017 non-capital costs and a number of "one-time" costs² it incurred as interim operator of Dubreuil's distribution system) from the ILDA to TICDA for disposition as part of Algoma's next rebasing application.

Algoma interpreted the OEB's April 4, 2019 Decision and Order as providing that, even if some of the costs underpinning the proposed \$383K transfer were incurred prior to September 24, 2018, this transfer would not amount to a retroactive adjustment because these costs had already been recorded in an established deferral account (the ILDA).

Alternatively, if the OEB did not permit the \$383K to be transferred between the accounts, Algoma would find it acceptable to interpret the Decision and Order to mean that Algoma may request approval to clear that balance from the ILDA, instead of transferring it to the TICDA, and seek disposition at the next rebasing application with the same proposed treatment as the balance in the TICDA. Algoma noted that it viewed this approach to have the same outcome as its proposed interpretation of the Decision

¹ EB-2017-0153

² Exhibit F, Tab 3, Schedule 1, p. 2

and Order, but to be less desirable as it may require Algoma to apply two different cost disposition methods to the ILDA.

Transaction Costs

In the DRO, Algoma noted that the OEB agreed with Algoma on the appropriateness of allowing Algoma to recover its transaction and integration costs through the use of a deferral account.³ Algoma proposed transferring the transaction and integration costs already recorded to date in the ILDA, including the \$71K for transaction costs incurred before September 24, 2018, to the TICDA.

OEB Staff Submission on the DRO

OEB staff submitted that there are three paths that could be taken to address the transaction cost matter. First, the OEB could confirm its finding on this matter to remove the transaction costs incurred before the effective date of the new account. Second, the OEB could seek further submissions from parties as to the nature and scope of the ILDA, and the nature and scope of the operational and transaction costs that were incurred in 2017 and 2018. The OEB could then issue a supplemental decision before issuing the Final Rate Order for this case. The third option was that all transaction-related costs incurred prior to September 24, 2018 be treated similarly to operation and maintenance costs that Algoma incurred as part of operating Dubreuil's system per the April 4, 2017 Order, for purposes of finalizing this Rate Order. This matter could then be tested and determined in Algoma's subsequent 2020 cost of service rate case.

OEB staff also submitted that a finding that pre-September 24, 2018 costs would be non-recoverable may impose costs on Algoma's shareholder and legacy ratepayers, even though these are not the parties that materially caused or benefitted from the Proposed Transaction. OEB staff suggested that, if the OEB wished, this matter could be tested in the proceeding for Algoma's subsequent rate case.

Reply Submission

In its reply submission, Algoma agreed with OEB staff's third option to treat all transaction-related costs incurred prior to September 24, 2018 similar to operations and maintenance costs that Algoma incurred as the interim operator of Dubreuil's distribution system, and that this matter could be tested and determined in Algoma's subsequent 2020 cost of service rate case.

³ DRO, April 18, 2019, p. 10.

Findings

While the OEB finds the \$383K incurred by Algoma for 2017 non-capital and one-time costs to be reasonable, and therefore recoverable by Algoma, the timing and mechanism for recovery will be determined in a future proceeding. The OEB sees no reason why this balance should be transferred from the ILDA to the TICDA. The ILDA shall continue to exist until the final determination on disposition of the balance. The purpose of the TICDA is to record only transaction and integration costs.

In terms of transaction costs, the \$71K of costs incurred before September 24, 2018 should continue to remain in the ILDA and a decision on how it is disposed can be made by the panel in the EB-2019-0019 rates proceeding, which can review the prudence of the costs. This is essentially the third option put forward by OEB staff, which Algoma supports, except that the OEB finds that the amount will remain in the ILDA and not be transferred to the TICDA.

Algoma is relying on the presence of the ILDA to make the argument that recovery of the \$71K is prudent, and the panel for the EB-2019-0019 rates proceeding can make that determination. There was insufficient evidence on the record on the timing and nature of the transaction and integration costs to make a final determination on the prudence of the costs in this proceeding.

3 BILL IMPACTS AND BILL MITIGATION PROPOSAL

As requested in the April 4, 2019 Decision and Order, Algoma provided bill impact information in the DRO comparing 2018 average bills to bills at the rates proposed by Algoma. Algoma also proposed a rate mitigation plan since some customers would experience a bill impact of more than 10%.

Algoma explained in the DRO that Dubreuil's historical billing practice was to calculate a rate to pass the total costs of the Delivery line of its bulk-metered bill through to individual customers, on a monthly basis, inherently including any rate riders. This rate experienced significant volatility over the past five years, and using the average 2018 bills as a baseline results in the highest possible bill impact compared to any other period in the 2015 to 2019 timeframe.

For this reason, Algoma provided three calculations of bill impacts based on the following scenarios:

- The 2018 average bill (average pass-through delivery rate of -\$0.0079/kWh) – bill impacts of 28.85% to 42.70% for residential customers, and 40.27% for commercial customers
- The May to December 2017 average bill, i.e. the portion of 2017 during which Algoma was the interim operator (average pass through of \$0.0250/kWh) – bill impacts of 2.41% to 17.92% for residential customers, and 9.20% for commercial customers
- The average March 2019 bill, i.e., the most recent month (average pass through delivery rate of \$0.0064/kWh) – bill impacts of 15.85% to 30.76% for residential customers, and 24.83% for commercial customers

Algoma proposed a monthly fixed rate rider to recover, on an interim basis, the partial disposition of the ILDA from Dubreuil customers. The fixed rate rider would be an amount of \$11.16/month for a period of six years. Algoma noted that it had considered the bill impacts on Dubreuil customers of the partial disposition of the ILDA on an interim basis, and submitted that its proposed fixed rate rider includes the following mitigation measures:

- Only the return of (depreciation) and return on capital is being recovered for the 2017-2019 period, with the undepreciated capital cost to form part of Algoma's 2020 rate base

- A significant portion of non-capital costs currently in the ILDA were proposed to be transferred to the TICDA, to be recovered as part of Algoma's 2020 revenue requirement
- The proposed 6-year recovery period reduces the level of the rate rider for most Residential and General Service (GS) Dubreuil customers

Algoma also advised that the fixed rate rider was presented at a town hall meeting for Dubreuil customers. Further, there were no interventions or letters of comment filed in this proceeding.

Algoma also proposed an alternative calculation for recovery of the amount via a variable (per kWh) rate rider which would lessen the bill impact on Low Volume customers, but differs from what was communicated at the town hall meeting.

Algoma did not support delaying recovery in order to mitigate bill impacts in the immediate future or lengthening the recovery period for the interim rate rider.

OEB Staff Submission

OEB staff submitted that it considers Algoma's provision of the alternative bill impacts for consideration by the OEB to be appropriate based on Algoma's explanations for the rate volatility. OEB staff noted that, in all three scenarios, at least some customers have a bill impact of more than 10%.

OEB staff supported Algoma's proposed mitigation plan and the fixed rate rider of \$11.16/month for a period of six years.

Findings

With respect to the rate impact, the OEB notes that Algoma had a town hall meeting to explain the proposed fixed rate rider. The OEB also notes that the rates charged by Dubreuil were not sufficient to cover the costs of operating the system. The mitigation plan is approved.

4 DRAFT ACCOUNTING ORDER

The April 4, 2019 Decision and Order in this proceeding authorized the establishment of a new TICDA effective September 24, 2018, the date on which the Application was filed.

On April 18, 2019, Algoma filed its revised draft accounting order showing an effective date of September 24, 2018. OEB staff submitted that the draft accounting order was reasonable and compliant with the OEB's Decision and Order, subject to the OEB's findings on Algoma's proposals on the DRO.

Findings

The OEB finds that the draft accounting order filed by Algoma is consistent with the Decision and Order in this proceeding. A Final Accounting Order is attached as Schedule B.

5 ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Algoma Power Inc. 2019 Tariff of Rates and Charges, attached as Schedule A of this Final Rate Order, is approved effective July 1, 2019 and is approved on a final basis, with the exception of the Rate Rider for Partial Disposition of Interim Licence Deferral Account which is approved on an interim basis and is only applicable to customers in the Township of Dubreuilville upon completion of the approved Proposed Transaction as discussed in item 2 below.
2. Algoma Power Inc. shall charge the approved 2019 Tariff of Rates and Charges attached as Schedule A to this Final Rate Order, including the Rate Rider for Partial Disposition of Interim Licence Deferral Account approved on an interim basis, to customers in the Township of Dubreuilville upon completion of the proposed transaction in accordance with items 3, 4 and 5 of the April 4, 2019 Decision and Order.
3. The approved Accounting Order for API is attached as Schedule B of this Final Rate Order.

DATED at Toronto June 13, 2019

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

SCHEDULE A

FINAL RATE ORDER

ALGOMA POWER INC. AND DUBREUIL LUMBER INC.

EB-2018-0271

JUNE 13, 2019

Algoma Power Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date July 1, 2019
**This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors**

EB-2018-0017
EB-2018-0271

RESIDENTIAL R1 SERVICE CLASSIFICATION

For the purposes of rates and charges, a residential service is defined in two ways:

- i) a dwelling occupied as a residence continuously for at least eight months of the year and, where the residential premises is located on a farm, includes other farm premises associated with the residential electricity meter, and
- ii) consumers who are treated as residential-rate class customers under Ontario Regulation 445/07 (Reclassifying Certain Classes of Consumers as Residential-Rate Class Customers: Section 78 of the Ontario Energy Board Act, 1998) made under the Ontario Energy Board Act, 1998.

This application refers to a Residential service with a demand of less than, or is forecast to be less than, 50 kilowatts, and which is billed on an energy basis. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Condition of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the **MONTHLY RATES AND CHARGES - Regulatory Component** of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|--|--------|----------|
| Service Charge - Applicable only to customers that meet criteria (i) above | \$ | 42.23 |
| Service Charge - Applicable only to customers that meet criteria (ii) above | \$ | 25.64 |
| Smart Metering Entity Charge - effective until December 31, 2022 | \$ | 0.57 |
| Rate Rider for Partial Disposition of Interim Licence Deferral Account - effective until June 30, 2025 | | |
| Applicable only for customers in the Township of Dubreuilville | \$ | 11.16 |
| Distribution Volumetric Rate - Applicable only to customers that meet criteria (i) above | \$/kWh | 0.0172 |
| Distribution Volumetric Rate - Applicable only to customers that meet criteria (ii) above | \$/kWh | 0.0361 |
| Rate Rider for Disposition of Global Adjustment Account (2019) - effective until December 31, 2019 | \$/kWh | (0.0078) |
| Applicable only for Non-RPP Customers - Approved on an Interim Basis | | |
| Rate Rider for Disposition of Deferral/Variance Accounts (2019) - effective until December 31, 2019 | \$/kWh | (0.0011) |
| Approved on an Interim Basis | | |
| Rate Rider for Disposition of Accounts 1575 & 1576 - effective until December 31, 2019 | \$/kWh | (0.0019) |
| Retail Transmission Rate - Network Service Rate | \$/kWh | 0.0066 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kWh | 0.0060 |

MONTHLY RATES AND CHARGES - Regulatory Component

| | | |
|--|--------|--------|
| Wholesale Market Service Rate (WMS) - not including CBR | \$/kWh | 0.0030 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0005 |
| Standard Supply Service - Administrative Charge (if applicable) | \$ | 0.25 |

Algoma Power Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date July 1, 2019
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EB-2018-0017
EB-2018-0271

RESIDENTIAL R2 SERVICE CLASSIFICATION

This classification refers to a Residential service with a demand equal to or greater than, or is forecast to be equal to or greater than, 50 kilowatts, and which is billed on a demand basis. Class A and Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

The rate rider for the disposition of Global Adjustment is only applicable to non-RPP Class B customers. It is not applicable to WMP, customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new non-RPP Class B customers.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|--|--------|----------|
| Service Charge | \$ | 659.94 |
| Distribution Volumetric Rate | \$/kW | 3.4194 |
| Rate Rider for Partial Disposition of Interim Licence Deferral Account - effective until June 30, 2025 Applicable only for customers in the Township of Dubreuilville | \$ | 11.16 |
| Rate Rider for Disposition of Global Adjustment Account (2019) - effective until December 31, 2019 Applicable only for Non-RPP Customers - Approved on an Interim Basis | \$/kWh | (0.0078) |
| Rate Rider for Disposition of Deferral/Variance Accounts (2019) - effective until December 31, 2019 Approved on an Interim Basis | \$/kWh | (0.4880) |
| Rate Rider for Disposition of Accounts 1575 & 1576 - effective until December 31, 2019 | \$/kW | (0.8010) |
| Retail Transmission Rate - Network Service Rate | \$/kW | 2.5066 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kW | 2.2787 |

MONTHLY RATES AND CHARGES - Regulatory Component

| | | |
|--|--------|--------|
| Wholesale Market Service Rate (WMS) - not including CBR | \$/kWh | 0.0030 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0005 |
| Standard Supply Service - Administrative Charge (if applicable) | \$ | 0.25 |

Algoma Power Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date July 1, 2019
**This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors**

EB-2018-0017

EB-2018-0271

SEASONAL CUSTOMERS SERVICE CLASSIFICATION

This classification includes all services supplied to single-family dwelling units for domestic purposes, which are occupied on a seasonal/intermittent basis. A service is defined as Seasonal if occupancy is for a period of less than eight months of the year. Class B consumers are defined in accordance with O. Reg. 429. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|--|--------|----------|
| Service Charge | \$ | 54.75 |
| Smart Metering Entity Charge - effective until December 31, 2022 | \$ | 0.57 |
| Distribution Volumetric Rate | \$/kWh | 0.1494 |
| Rate Rider for Disposition of Global Adjustment Account (2019) - effective until December 31, 2019 Applicable only for Non-RPP Customers - Approved on an Interim Basis | \$/kWh | (0.0078) |
| Rate Rider for Disposition of Deferral/Variance Accounts (2019) - effective until December 31, 2019 Approved on an Interim Basis | \$/kWh | (0.0012) |
| Rate Rider for Disposition of Account 1574 - effective until June 30, 2019 | \$/kWh | 0.0307 |
| Rate Rider for Disposition of Accounts 1575 & 1576 - effective until December 31, 2019 | \$/kWh | (0.0019) |
| Retail Transmission Rate - Network Service Rate | \$/kWh | 0.0066 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kWh | 0.0060 |

MONTHLY RATES AND CHARGES - Regulatory Component

| | | |
|--|--------|--------|
| Wholesale Market Service Rate (WMS) - not including CBR | \$/kWh | 0.0030 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0005 |
| Standard Supply Service - Administrative Charge (if applicable) | \$ | 0.25 |

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EB-2018-0017
EB-2018-0271

STREET LIGHTING SERVICE CLASSIFICATION

This classification refers to an account for roadway lighting. The consumption for these unmetered accounts will be based on the calculated connection load times the calculated hours of use established in the approved Ontario Energy Board street lighting load shape template. Class B consumers are defined in accordance with O. Reg. 429. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

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It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|---|--------|----------|
| Service Charge (per connection) | \$ | 2.05 |
| Distribution Volumetric Rate | \$/kWh | 0.3310 |
| Rate Rider for Disposition of Global Adjustment Account (2019) - effective until December 31, 2019 | | |
| Applicable only for Non-RPP Customers - Approved on an Interim Basis | \$/kWh | (0.0078) |
| Rate Rider for Disposition of Deferral/Variance Accounts (2019) - effective until December 31, 2019 | | |
| Approved on an Interim Basis | \$/kWh | (0.0011) |
| Rate Rider for Disposition of Accounts 1575 & 1576 - effective until December 31, 2019 | \$/kWh | (0.0019) |
| Retail Transmission Rate - Network Service Rate | \$/kW | 1.8150 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kW | 1.6438 |

MONTHLY RATES AND CHARGES - Regulatory Component

| | | |
|--|--------|--------|
| Wholesale Market Service Rate (WMS) - not including CBR | \$/kWh | 0.0030 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0005 |
| Standard Supply Service - Administrative Charge (if applicable) | \$ | 0.25 |

Algoma Power Inc.
TARIFF OF RATES AND CHARGES
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EB-2018-0017
EB-2018-0271

microFIT SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Independent Electricity System Operator's microFIT program and connected to the distributor's distribution system. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

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MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|----------------|----|------|
| Service Charge | \$ | 5.40 |
|----------------|----|------|

ALLOWANCES

| | | |
|---|-------|--------|
| Transformer Allowance for Ownership - per kW of billing demand/month | \$/kW | (0.60) |
| Primary Metering Allowance for Transformer Losses - applied to measured demand & energy | % | (1.00) |

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SPECIFIC SERVICE CHARGES

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

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Customer Administration

| | | |
|---|----|-------|
| Arrears certificate (credit reference) | \$ | 15.00 |
| Statement of account | \$ | 15.00 |
| Pulling post dated cheques | \$ | 15.00 |
| Duplicate invoices for previous billing | \$ | 15.00 |
| Request for other billing information | \$ | 15.00 |
| Easement letter | \$ | 15.00 |
| Income tax letter | \$ | 15.00 |
| Notification charge | \$ | 15.00 |
| Account history | \$ | 15.00 |
| Credit reference/credit check (plus credit agency costs) | \$ | 15.00 |
| Account set up charge/change of occupancy charge (plus credit agency costs if applicable) | \$ | 30.00 |
| Returned cheque (plus bank charges) | \$ | 15.00 |
| Charge to certify cheque | \$ | 15.00 |
| Legal letter charge | \$ | 15.00 |
| Special meter reads | \$ | 30.00 |
| Meter dispute charge plus Measurement Canada fees (if meter found correct) | \$ | 30.00 |

Non-Payment of Account (see Note below)

| | | |
|---|----|--------|
| Late payment - per month | % | 1.50 |
| Late payment - per annum | % | 19.56 |
| Collection of account charge - no disconnection - during regular business hours | \$ | 30.00 |
| Collection of account charge - no disconnection - after regular hours | \$ | 165.00 |
| Disconnect/reconnect at meter - during regular hours | \$ | 65.00 |
| Disconnect/reconnect at meter - after regular hours | \$ | 185.00 |
| Disconnect/reconnect at pole - during regular hours | \$ | 185.00 |
| Disconnect/reconnect at pole - after regular hours | \$ | 415.00 |
| Install/remove load control device - during regular hours | \$ | 65.00 |
| Install/remove load control device - after regular hours | \$ | 185.00 |

Other

| | | |
|---|----|----------|
| Specific charge for access to the power poles - per pole/year (with the exception of wireless attachments) | \$ | 43.63 |
| Service call - customer owned equipment | \$ | 30.00 |
| Service call - after regular hours | \$ | 165.00 |
| Temporary service install & remove - overhead - no transformer | \$ | 500.00 |
| Temporary service install & remove - underground - no transformer | \$ | 300.00 |
| Temporary service install & remove - overhead - with transformer | \$ | 1,000.00 |

Note: Ontario Energy Board Rate Order EB-2017-0183, issued on March 14, 2019, identifies changes to the Non-Payment of Account Service Charges effective July 1, 2019

Algoma Power Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date July 1, 2019
**This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors**

EB-2018-0017
EB-2018-0271

RETAIL SERVICE CHARGES (if applicable)

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment, and the HST.

Retail Service Charges refer to services provided by Algoma Power Inc. to retailers or customers related to the supply of competitive electricity and are defined in the 2006 Electricity Distribution Rate Handbook.

| | | |
|--|----------|-----------|
| One-time charge, per retailer, to establish the service agreement between the distributor and the retailer | \$ | 100.00 |
| Monthly fixed charge, per retailer | \$ | 40.00 |
| Monthly variable charge, per customer, per retailer | \$/cust. | 1.00 |
| Distributor-consolidated billing monthly charge, per customer, per retailer | \$/cust. | 0.60 |
| Retailer-consolidated billing monthly credit, per customer, per retailer | \$/cust. | (0.60) |
| Service Transaction Requests (STR) | | |
| Request fee, per request, applied to the requesting party | \$ | 0.50 |
| Processing fee, per request, applied to the requesting party | \$ | 1.00 |
| Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party | | |
| Up to twice a year | \$ | no charge |
| More than twice a year, per request (plus incremental delivery costs) | \$ | 4.00 |
| Notice of switch letter charge, per letter (unless the distributor has opted out of applying the charge as per the Ontario Energy Board's Decision and Order EB-2015-0304, issued on February 14, 2019) | \$ | 2.00 |

LOSS FACTORS

If the distributor is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

| | |
|--|--------|
| Total Loss Factor - Secondary Metered Customer | 1.0917 |
| Total Loss Factor - Primary Metered Customer | 1.0808 |

SCHEDULE B

FINAL RATE ORDER

ALGOMA POWER INC. AND DUBREUIL LUMBER IINC.

EB-2018-0271

JUNE 13, 2019

DRAFT ACCOUNTING ORDER

TRANSACTION AND INTEGRATION COSTS DEFERRAL ACCOUNT

Algoma Power Inc. shall establish a new “Transaction and Integration Costs Deferral Account”, for the purpose of recording costs incurred in relation to the acquisition of the distribution system assets of Dubreuil Lumber Inc., as well as certain one-time costs and operating costs, as determined by the Board in its Decision and Order in the matter of EB-2018-0271.

The account shall be established as **Account 1508, Other Regulatory Assets – Sub-Account “Transaction and Integration Costs Deferral Account”**, effective September 24, 2018.

The amounts recorded in the above accounts shall be brought forward for disposition in a future proceeding.

The following outlines proposed accounting entries for this account:

| USofA # | Account Description |
|----------------|---|
| Credit: 1508 | Other Regulatory Assets – Sub-Account: “Interim Licence Deferral Account” |
| Debit: 1508 | Other Regulatory Assets – Sub-Account: “Transaction and Integration Costs Deferral Account” |

To transfer certain one-time and operating costs from the Interim Licence Deferral Account to the Transaction and Integration Costs Deferral Account, in accordance with the Board’s Decision and Order in EB-2018-0271.

| USofA # | Account Description |
|----------------|---|
| Debit: 1508 | Other Regulatory Assets – Sub-Account: “Transaction and Integration Costs Deferral Account” |
| Credit: 2205 | Accounts Payable |

To record all costs associated with the preparation of the Asset Purchase Agreement and this Application, as well as all costs related to the OEB’s hearing process, and costs related to the closing of the Proposed Transaction.

| USofA # | Account Description |
|----------------|---|
| Debit: 1508 | Other Regulatory Assets – Sub-Account: “Transaction and Integration Costs Deferral Account” |
| Credit: 4405 | Interest and Dividend Income |

To record interest improvement on the principal balance of the “Transaction and Integration Costs Deferral Account”.