

Algoma Power Inc.

**Application for electricity distribution rates and other
charges beginning January 1, 2020**

**DECISION ON CONFIDENTIALITY AND ISSUES LIST
August 23, 2019**

Algoma Power Inc. (Algoma Power) filed a cost of service application with the Ontario Energy Board (OEB) on May 17, 2019 under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B), seeking approval for changes to the rates that Algoma Power charges for electricity distribution, to be effective January 1, 2020.

A Notice of Hearing was issued on June 7, 2019. The School Energy Coalition and Vulnerable Energy Consumers Coalition were granted intervenor status in the proceeding.

Procedural Order (PO) No. 1, issued on July 3, 2019, set out dates for an issues list process and a discovery process.

This decision addresses two matters: the finalization of the issues list; and the disposition of a request by Algoma Power for the confidential treatment of certain material.

Issues List

On August 20, 2019, in accordance with PO No. 1, OEB staff informed the OEB that all parties had reached an agreement on a proposed issues list.

Findings

The OEB has reviewed the proposed issues list and approves it for the purpose of this proceeding. The approved issues list is attached as Schedule A.

Confidentiality

In the cover letter accompanying Algoma Power's responses to interrogatories, filed August 14, 2019, and pursuant to the OEB's *Practice Direction on Confidential Filings*

(Practice Direction), Algoma Power requested confidential treatment for documents and associated appendices in two interrogatory responses related to its proposed Sault Ste. Marie facility:

1. Cost breakdown provided in response to 2-Staff-29
2. Cost breakdown provided in response to 2-Staff-30

Algoma Power redacted the following information:

- Identification of the preferred property on which Algoma Power proposes to construct its new Sault Ste. Marie work center
- Identification of Algoma Power's forecasted purchase price for this property
- Identification of other properties which Algoma Power also considered for the construction of the work center
- The detailed breakdown of estimated construction costs for the project, which has not yet been tendered, and a potential alternative which could be considered if the project is not approved

Algoma Power noted that it is in the process of preparing a conditional offer to purchase the preferred property and believes that public disclosure of the redacted information at this point could impair its ability to acquire the preferred property at competitive market rates. Algoma Power further stated that it has not yet tendered the detailed design and [construction of the new facility and believes that disclosure of a detailed cost breakdown on the public record could jeopardize the competitiveness of the tendering process.

The OEB issued PO No. 2 on August 15, 2019, which set out a schedule for submissions and a reply submission on the confidentiality requests.

OEB staff submitted that given the specific information and ongoing nature of negotiations, the redacted information should be maintained in confidence. No intervenor submissions were received.

In reply, Algoma Power noted that since it did not receive any submissions objecting to its request to maintain the confidentiality of the redacted information, there was no need for Algoma Power to file a reply submission.

Findings

The OEB adopts OEB staff's recommendations and approves Algoma Power's request for confidentiality related to documents filed in response to interrogatory 2-Staff-29 and 2-Staff-30 and all associated appendices.

DATED at Toronto, **August 23, 2019**

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

SCHEDULE A

APPROVED ISSUES LIST

Algoma Power Inc.

EB-2019-0019

August 23, 2019

APPROVED ISSUES LIST
EB-2019-0019
Algoma Power Inc.

1.0 PLANNING

1.1 Capital

Is the level of planned capital expenditures appropriate and is the rationale for planning and pacing choices appropriate and adequately explained, giving due consideration to:

- customer feedback and preferences
- productivity
- benchmarking of costs
- reliability and service quality
- impact on distribution rates
- trade-offs with OM&A spending
- government-mandated obligations
- the objectives of API and its customers
- the distribution system plan
- the business plan

1.2 OM&A

Is the level of planned OM&A expenditures appropriate and is the rationale for planning choices appropriate and adequately explained, giving due consideration to:

- customer feedback and preferences
- productivity
- benchmarking of costs
- reliability and service quality
- impact on distribution rates
- trade-offs with capital spending
- government-mandated obligations
- the objectives of API and its customers
- the distribution system plan
- the business plan
- affiliate relationships and shared services

1.3 Shared Service and Corporate Cost Allocation

Is the proposed corporate cost allocation methodology and the quantum for shared service appropriate?

2.0 REVENUE REQUIREMENT

- 2.1** Are all elements of the revenue requirement reasonable, and have they been appropriately determined in accordance with OEB policies and practices?
- 2.2** Has the revenue requirement been accurately determined based on these elements?

3.0 LOAD FORECAST, COST ALLOCATION AND RATE DESIGN

- 3.1** Are the proposed load and customer forecast, loss factors, CDM adjustments and resulting billing determinants appropriate, and, to the extent applicable, are they an appropriate reflection of the energy and demand requirements of API's customers?
- 3.2** Are the proposed cost allocation methodology, allocations, and revenue-to-cost ratios, appropriate?
- 3.3** Is API's methodology for allocating costs attributable to the Dubreuilville service area appropriate?
- 3.4** Are API's proposals for rate design appropriate?
- 3.5** Is API's proposal for RRRP funding appropriate?
- 3.6** Are the proposed Retail Transmission Service Rates appropriate?

4.0 ACCOUNTING

- 4.1** Have all impacts of any changes in accounting standards, policies, estimates and adjustments been properly identified and recorded, and is the rate-making treatment of each of these impacts appropriate?
- 4.2** Are API's proposals for deferral and variance accounts, including the balances in the existing accounts and their disposition, requests for new accounts and the continuation of existing accounts, appropriate?
- 4.3** Is API's proposal for disposition of the Interim Licence Deferral Account and the Transaction and Integration Cost Deferral Account, including the balances and cost recovery mechanism appropriate?

5.0 OTHER

- 5.1** Is the microFIT monthly service charge appropriate?
- 5.2** Are the Specific Service Charges appropriate?

- 5.3** Is the proposal for an Advanced Capital Module for the Echo River TS appropriate, and does the proposal include sufficient justification and cost estimates to show need and prudence?
- 5.4** Is the proposal for an Advanced Capital Module for the Sault Ste. Marie facility appropriate, and does the proposal include sufficient justification and cost estimates to show need and prudence?
- 5.5** Is API's proposal for alternate funding treatment for ACM projects, under the RRRP framework, appropriate?
- 5.6** Is the proposed effective date (i.e. January 1, 2020) for 2020 rates appropriate?