



Ontario
Energy
Board

Commission
de l'énergie
de l'Ontario

DECISION AND RATE ORDER

EB-2020-0003

ALGOMA POWER INC.

Application for rates and other charges to be effective January 1, 2021

By Delegation, Before: Jane Scott

[date]

1 INTRODUCTION AND SUMMARY

Through this Decision and Rate Order, the Ontario Energy Board (OEB) approves the incentive rate-setting mechanism (IRM) application filed by Algoma Power Inc. (Algoma Power) for new rates effective January 1, 2021.

Algoma Power serves approximately 12,000 mostly residential and commercial electricity customers in the Algoma District of Ontario. The company is seeking the OEB's approval for the rates it charges to distribute electricity to its customers, as is required of licensed and rate-regulated distributors in Ontario.

A distributor may choose one of three rate-setting methodologies approved by the OEB. Each of these is explained in the [Handbook for Utility Rate Applications](#).

Algoma Power's application is based on a Price Cap Incentive Rate-setting option (Price Cap IR), with a five-year term. The Price Cap IR option involves the setting of rates through a cost of service application in the first year. Mechanistic price cap adjustments, based on inflation and the OEB's assessment of the distributor's efficiency, are typically then approved through IRM applications in each of the ensuing four (adjustment) years.

As a result of this Decision, there would be a monthly total bill increase of \$0.82 for a residential customer consuming 750 kWh, effective January 1, 2021. The increase does not factor in applicable taxes or the Ontario Electricity Rebate.¹

There is an additional adjustment to rates related to the funding provided to eligible customers of Algoma Power for rural or remote electricity rate protection (RRRP).² For 2021, RRRP funding of \$14,253,193 will be provided to Algoma Power so that the rates to Algoma Power's Residential - R1 (i), Residential - R1 (ii)³ and Residential - R2 are set lower than they otherwise would have been.

The estimated monthly total bill continues to include the effect of the Distribution Rate Protection (DRP) program. The DRP program caps the base distribution charge for certain residential customers in the province of Ontario. Algoma Power is one of eight electricity distributors in Ontario to which the DRP applies.⁴ This tax-funded program

¹ O.Reg 363/16, S. 3, effective November 1, 2019

² The setting of rates for Algoma Power's Residential R-1 and R-2 classes is subject to subsections 4(3.1) and 4(3.2) of Ontario Regulation 442/01 (Rural Or Remote Electricity Rate Protection), and Ontario Regulation 445/07 (Reclassifying Certain Classes Of Consumers As Residential-Rate Class Customers: Section 78 of the Act), each made under the *Ontario Energy Board Act, 1998*

³ Algoma Power's R1 class was segregated into residential (i) and non-residential (ii) sub-groups in the OEB's EB-2015-0051 proceeding.

⁴ O. Reg. 198/17, s. 2

has been in effect since July 2017 and the current monthly distribution charge is capped at \$36.86.⁵ If there is a change to the DRP cap as of July 1, 2021, there could be a further bill impact for residential customers.

2 THE PROCESS

This Decision is being issued by delegated authority, without a hearing, under section 6 of the *Ontario Energy Board Act, 1998* (the OEB Act).

The OEB follows a standardized and streamlined process for hearing IRM applications filed under Price Cap IR. In each adjustment year of a Price Cap IR term, the OEB prepares a Rate Generator Model that includes, as a placeholder, information from the distributor's past proceedings and annual reporting requirements.⁶ A distributor will then review and complete the Rate Generator Model, and include it with its application.

Algoma Power filed its application on August 12, 2020 under section 78 of the OEB Act and in accordance with the Chapter 3 of the OEB's [Filing Requirements for Incentive Rate-Setting Applications](#) (Filing Requirements).

The application was supported by pre-filed written evidence and a completed Rate Generator Model. During the course of the proceeding, the applicant responded to OEB staff questions through emails and phone calls and, where required, updated and clarified the evidence.

⁵ EB-2020-0146, Decision and Order, June 25, 2020, p. 1

⁶ The Rate Generator Model is a Microsoft Excel workbook that is used to update base rates, retail transmission service rates and, if applicable, shared tax saving adjustments. It also calculates rate riders for the disposition of deferral and variance account balances. During the course of an IRM proceeding, the Rate Generator Model may be updated in order to make any necessary corrections, or to incorporate new rate-setting parameters as they become available.

3 ORGANIZATION OF THE DECISION

In this Decision, the OEB addresses the following issues, and provides reasons for approving or denying Algoma Power's proposals relating to each of them:

- Price Cap Adjustment
- Rural or Remote Electricity Rate Protection
- Retail Transmission Service Rates
- Group 1 Deferral and Variance Accounts
- Residential Rate Design

In the final section, the OEB addresses the steps to implement the final rates that flow from this Decision.

This Decision does not address rates and charges approved by the OEB in previous proceedings, which are not part of the scope of an IRM proceeding (such as specific service charges⁷ and loss factors). No further approvals are required to continue to include these items on a distributor's Tariff of Rates and Charges.

⁷ Specific service charges have been amended by the OEB through: the Report of the OEB – "Wireline Pole Attachment Charges", EB-2015-0304, Issued March 22, 2018; and, the Decision and Order on Energy Retail Service Charges EB-2015-0304, Issued on February 14, 2019. Certain Service Charges are subject to annual inflationary adjustments to be determined by the OEB through a generic order. The Decision and Order EB-2019-0280 issued November 28, 2019 for energy retailer service charges, and the cover letter dated November 28, 2019 "Inflation Adjustment for Energy Retailer Service Charges (EB-2019-0280) and Wireline Pole Attachment Charge (EB-2015-0304) for Electricity Distributors", established the adjustments effective January 1, 2020.

4 PRICE CAP ADJUSTMENT

Algoma Power seeks to increase its rates, effective January 1, 2021, based on a mechanistic rate adjustment using the OEB-approved ***inflation minus X-factor*** formula applicable to Price Cap IR applications.

The components of the Price Cap IR adjustment formula applicable to Algoma Power are set out in Table 4.1, below. Inserting these components into the formula results in a 1.60% increase to Algoma Power's rates: **1.60% = 2.20% - (0.00% + 0.60%)**.

Table 4.1: Price Cap IR Adjustment Formula

Components		Amount
Inflation Factor ⁸		2.20%
X-Factor	Productivity ⁹	0.00%
	Stretch (0.00% – 0.60%) ¹⁰	0.60%

A maximum inflation factor of 2.20% applies to all Price Cap IR applications for the 2021 rate year, provided that a utility does not elect a lower inflation factor to be used.

The X-factor is the sum of the productivity factor and the stretch factor. It is a productivity offset that will vary among different groupings of distributors. Subtracting the X-factor from inflation ensures that rates decline in real, constant-dollar terms, providing distributors with a tangible incentive to improve efficiency or else experience declining net income.

The productivity component of the X-factor is based on industry conditions over a historical study period and applies to all Price Cap IR and Annual IR Index applications for the 2021 rate year.

The stretch factor component of the X-factor is distributor specific. The OEB has established five stretch factor groupings, each within a range from 0.00% to 0.60%. The

⁸ For the 2021 Inflation Factor, see Ontario Energy Board 2021 Electricity Distribution Rate applications webpage – November 9, 2020

⁹ Report of the OEB – “Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario’s Electricity Distributors” EB-2010-0379, Issued November 21, 2013, corrected December 4, 2013

¹⁰ The stretch factor groupings are based on the Report to the Ontario Energy Board – “Empirical Research in Support of Incentive Rate-Setting: 2019 Benchmarking Update”, prepared by Pacific Economics Group LLC., August 2020

stretch factor assigned to any particular distributor is based on the distributor's total cost performance as benchmarked against other distributors in Ontario. The most efficient distributor would be assigned the lowest stretch factor of 0.00%. Conversely, a higher stretch factor would be applied to a less efficient distributor (in accordance with its cost performance relative to expected levels) to reflect the incremental productivity gains that the distributor is expected to achieve. The stretch factor assigned to Algoma Power is 0.60%.

In light of the continued uncertainty regarding the severity and duration of the COVID-19 emergency, and its impact on electricity utilities and customers alike, for 2021 rate adjustment applications, the OEB allowed utilities the discretion of applying either the calculated inflation factor in accordance with the OEB-approved methodology or a lower value. Utilities were also given the discretion to forego the inflationary increase entirely.¹¹

The OEB required all utilities that filed (or were planning to file) 2021 rate adjustment applications to file a letter on the record of their rates proceedings, indicating the inflation factor that the utility has elected.

On November 16, 2020, Algoma Power filed a letter advising the OEB that it is electing an inflation factor of 2.20% for 2021 rates, resulting in a rate adjustment of 1.60%.¹²

Findings

The OEB finds that Algoma Power's request for a 1.60% rate adjustment is in accordance with the annually updated parameters set by the OEB, as well as the process established for the implementation of the 2021 inflation. The adjustment is approved, and Algoma Power's new rates shall be effective January 1, 2021.

The adjustment applies to distribution rates (fixed and variable) uniformly across all customer classes.¹³

¹¹ [OEB Letter, 2021 Inflation Parameters, issued November 9, 2020](#)

¹² EB-2020-0003, Letter to the OEB re. Inflation Factor Election, November 11, 2020

¹³ Price Cap IR and Annual IR Index adjustments do not apply to the following rates and charges: rate riders, rate adders, low voltage service charges, retail transmission service rates, wholesale market service rate, smart metering entity charge, rural or remote electricity rate protection charge, standard supply service – administrative charge, transformation and primary metering allowances, loss factors, specific service charges, microFIT charge, and retail service charges.

5 RURAL OR REMOTE ELECTRICITY RATE PROTECTION

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). In a prior Algoma Power cost of service application, the OEB confirmed its intention to calculate a RRRP adjustment factor annually for Algoma Power in order to calculate the annual change in distribution rates and RRRP funding.¹⁴ During all subsequent rate applications, 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.

To make this adjustment, OEB staff provided an updated RRRP adjustment factor of 0.80% based on calculating the simple average rate change for all distributors in 2020 for the Residential and GS<50kW customer rate classes.

In a prior decision, the OEB found that RRRP funding for Algoma Power's R-1 and R-2 rate classes during IRM years would be calculated using the difference between:

- i. The total revenue requirement for the R-1 and R-2 rate classes adjusted by the price cap adjustment; and
- ii. The revenues generated by the base rates for the R-1 and R-2 rate classes adjusted by the RRRP Adjustment.¹⁵

Algoma Power has applied for rates in this proceeding using this same methodology. The RRRP funding for 2021 is calculated to be \$14,253,193, which is calculated by applying a price cap index adjustment of 1.60% and a RRRP adjustment of 0.80% to the method outlined above. The rates for all other customer classes not eligible for the RRRP are adjusted by the price cap adjustment of 1.60%.

Findings

The OEB finds that Algoma Power has calculated the RRRP funding amount of \$14,253,193 and applied the RRRP adjustment factor to rates in accordance with the regulations and previous OEB Decisions. The RRRP funding and adjustment is approved. Algoma Power's new rates shall be effective January 1, 2021.

¹⁴ Decision and Order, EB-2009-0278, November 11, 2010, p.8

¹⁵ Decision and Order, EB-2011-0152, January 20, 2012

6 RETAIL TRANSMISSION SERVICE RATES

Distributors charge retail transmission service rates (RTSRs) to their customers in order to recover the amounts they pay to a transmitter, a host distributor, or both, for transmission services. All transmitters charge Uniform Transmission Rates (UTRs) to distributors connected to the transmission system. Host distributors charge host-RTSRs to distributors embedded within the host's distribution system. Each of these rates is OEB-approved.

Algoma Power is transmission connected and is requesting approval to adjust the RTSRs that it charges its customers to reflect the currently approved rates that it pays for transmission services included in Table 6.1.

Table 6.1: UTRs¹⁶

UTRs (2020)	per kW
Network Service Rate	\$3.92
<u>Connection Service Rates</u>	
Line Connection Service Rate	\$0.97
Transformation Connection Service Rate	\$2.33

Findings

Algoma Power's proposed adjustment to its RTSRs is approved. The RTSRs were adjusted based on the OEB-approved interim 2020 UTRs.

The OEB notes that the interim 2020 UTRs were incorporated into the rate model to adjust the RTSRs that Algoma Power will charge its customers.

Any differences resulting from the approval of final 2020 UTRs, as well as from the approval of new 2021 UTRs, will be captured in Accounts RSVA – Retail Transmission Network Charge 1584 and Retail Transmission Connection Charge 1586.

¹⁶ EB-2020-0180, Decision and Order, July 31, 2020

7 GROUP 1 DEFERRAL AND VARIANCE ACCOUNTS

In each year of an IRM term, the OEB will review a distributor's Group 1 deferral and variance accounts in order to determine whether their total balance should be disposed.¹⁷ OEB policy requires that Group 1 accounts be disposed if they exceed (as a debit or credit) a pre-set disposition threshold of \$0.001 per kWh, unless a distributor justifies why balances should not be disposed.¹⁸ If the balance does not exceed the threshold, a distributor may elect to request disposition.

The 2019 actual year-end total balance for Algoma Power's Group 1 accounts including interest projected to December 31, 2020 is a credit of \$92,425. This amount represents a total credit claim of \$0.0004 per kWh, which does not exceed the disposition threshold. Algoma Power has requested disposition of this credit amount over a one year period.

Although the threshold has not been exceeded, Algoma Power is requesting disposition of its Group 1 accounts within this Application (on a final basis) as the credit claim results in credit rate riders for certain customers.

a) Global Adjustment Variance Account

One of the components of the commodity costs billed by the Independent Electricity System Operator (IESO), which is included in Group 1 accounts, is the Global Adjustment (GA).¹⁹

Different customer groups pay the GA in different ways:

- For Regulated Price Plan (RPP) customers, the GA is incorporated into the standard commodity rates customers pay. Therefore, there is no separate variance account for the GA.

¹⁷ Group 1 accounts track the differences between the costs that a distributor is billed for certain IESO and host distributor services (including the cost of power) and the associated revenues that the distributor receives from its customers for these services. The total net difference between these costs and revenues is disposed to customers through a temporary charge or credit known as a rate rider.

¹⁸ Report of the OEB – "Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR)." EB-2008-0046, July 31, 2009.

¹⁹ The GA is established monthly by the IESO to reflect the difference between the wholesale market price for electricity and regulated rates for:

- Ontario Power Generation's nuclear and hydroelectric generating stations
- payments for building or refurbishing infrastructure such as gas-fired and renewable facilities and other nuclear
- contracted rates paid to a number of generators across the province
- the cost of delivering conservation programs.

- "Class A" customers are allocated GA costs based on the percentage their demand contributes to the top five Ontario system peaks. As distributors settle with Class A customers based on actual GA costs, there is no resulting variance.
- "Class B" non-RPP customers are billed GA based on the electricity they consume in a month at the IESO published GA price. Distributors track any difference between the billed amounts and actual costs for these customers in the GA Variance Account for disposal, once audited.

Algoma Power proposes the refund of its GA variance account credit balance of \$135,278 as at December 31, 2019, including interest to December 31, 2020, in accordance with the following table.

Table 7.1: Refund of GA Variance

Proposed Amounts	Proposed Method for Refund
\$135,278 refunded to customers who were Class B for the entire period from January 2019 to December 2019	per kWh rate rider

b) Capacity Based Recovery Class B Sub-account

The balance of the Group 1 accounts includes the Capacity Based Recovery (CBR) sub-account for Class B customers for a credit of \$22,441 relating to the IESO's wholesale energy market for the CBR program. Algoma Power had Class A customers during the period from January 2019 to December 2019 so it applied to have the balance of this account disposed through a separate kWh rate rider for Class B customers in order to ensure proper allocation between Class A and Class B customers.

c) Group 1 Accounts

The Group 1 accounts being sought for disposition (excluding GA) include the following flow through variance accounts: Smart Meter Entity Charges, Wholesale Market Service Charges, Retail Transmission Service Charges, and Commodity Power Charges. These Group 1 accounts have a total debit balance of \$42,854, which results in a charge to customers. This balance combined with the balance for the GA account results in the total credit balance for Group 1 accounts of \$92,425.

The balances proposed for disposition reconcile with the amounts reported as part of the OEB's *Electricity Reporting and Record-Keeping Requirements*.²⁰ Algoma Power further submits that its proposal for a one-year disposition period is in accordance with the OEB's policy.²¹

In its Cost of Service application for rates effective January 1, 2020²², in accordance with its approved settlement proposal, Algoma Power was approved to dispose of its 2017 and 2018 Group 1 balances on a final basis. In its interrogatory responses, Algoma Power indicated that it was in the process of implementing the OEB's February 21, 2019 *Accounting Guidance Related to Commodity Pass-Through Accounts 1588 & 1589* (Accounting Guidance)²³ in parallel with the 2020 proceeding.²⁴ Algoma Power further stated that it did not believe there would be material adjusting entries that would be required for 2019 and 2018 Account 1588 – RSVA Power and Account 1589 – RSVA Global Adjustment balances requested for disposition as a result of implementing the Accounting Guidance.²⁵

As set out in the OEB's letter accompanying the Accounting Guidance,

The OEB expects that distributors will consider the accounting guidance in the context of their historical balances (i.e. pre January 1, 2019 that have not been disposed on a final basis). If any distributor is of the view that there may be systemic issues with their RPP settlement and related accounting processes that may give rise to material errors or discrepancies, or if the OEB has identified issues with balances, those distributors are expected to correct those balances before filing for disposition in an annual rate application.

In the current application, in response to OEB staff questions, Algoma Power stated that it reviewed its Regulated Price Plan (RPP) settlement methodology that was applied to its 2017 and 2018 account 1588 and 1589 balances against the methodology as set out in the Accounting Guidance. Algoma Power noted that the difference in methodologies would have resulted in total adjustments to the 2018 closing balances of (\$297,723) to Account 1588 and \$267,030 to Account 1589. Algoma Power has not proposed to record these adjustments to Account 1588 and Account 1589, noting that it had previously received final OEB approval for its 2017 and 2018 balances.

²⁰ Electricity Reporting and Record Keeping Requirements, Version dated May 3, 2016.

²¹ Report of the OEB – "Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR)." EB-2008-0046, July 31, 2009.

²² EB-2019-0019

²³ Accounting Procedures Handbook Update – Accounting Guidance Related to Commodity Pass-Through Accounts 1588 & 1589, February 21, 2019

²⁴ IRR 9-Staff-70, EB-2019-0019

²⁵ Ibid.

Findings

The OEB approves the disposition of a credit balance of \$92,425 as of December 31, 2019, including interest projected to December 31, 2020 for Group 1 accounts on a final basis.

Regarding the potential retroactive adjustments Algoma Power identified for the closing 2018 Account 1588 and Account 1589 balances, the OEB agrees with Algoma Power and will not require the account balances to be adjusted. The OEB notes that the 2017 and 2018 balances were approved on a final basis as part of a settlement proposal, in which none of the parts of the settlement proposal are severable.

The following table identifies the principal and interest amounts, which the OEB approves for disposition.

Table 7.2: Group 1 Deferral and Variance Account Balances

Account Name	Account Number	Principal Balance (\$) A	Interest Balance (\$) B	Total Claim (\$) C=A+B
Smart Meter Entity Variance Charge	1551	(2,016)	(39)	(2,055)
RSVA - Wholesale Market Service Charge	1580	(51,405)	(651)	(52,056)
Variance WMS - Sub-account CBR Class B	1580	(21,986)	(455)	(22,441)
RSVA - Retail Transmission Network Charge	1584	99,904	2,476	102,380
RSVA - Retail Transmission Connection Charge	1586	1,409	112	1,521
RSVA - Power	1588	11,307	4,197	15,504
RSVA - Global Adjustment	1589	(113,753)	(1,525)	(135,278)
Totals for Group 1 accounts (excluding Account 1589)		37,214	5,640	42,854
Totals for all Group 1 accounts		(96,539)	4,114	(92,425)

The balance of each of the Group 1 accounts approved for disposition shall be transferred to the applicable principal and interest carrying charge sub-accounts of Account 1595. Such transfer shall be pursuant to the requirements specified in Article 220, Account Descriptions, of the *Accounting Procedures Handbook for Electricity Distributors*.²⁶ The date of the transfer must be the same as the effective date for the associated rates, which is, generally, the start of the rate year. Algoma Power shall ensure these adjustments are included in the reporting period ending March 31, 2021 (Quarter 1).

The OEB approves these balances to be disposed through final rate riders, as calculated in the Rate Generator Model. The final rate riders, will be in effect over a one-year period from January 1, 2021 to December 31, 2021.²⁷

²⁶ Accounting Procedures Handbook for Electricity Distributors, effective January 1, 2012.

²⁷ 2021 IRM Rate Generator Model Tab 6.1 GA, Tab 6.1a GA Allocation, Tab 6.2 CBR B, Tab 6.2a CBR B_Allocation and Tab 7 Calculation of Def-Var RR.

8 RESIDENTIAL RATE DESIGN

Some residential distribution rates currently include a fixed monthly charge and a variable usage charge. The OEB's residential rate design policy stipulates that distributors will transition residential customers to a fully fixed monthly distribution service charge over a four-year period, beginning in 2016.²⁸ Distributors, such as Algoma Power, who are in a transition period that is greater than four years, are required to continue with this transition until the monthly service charge is fully fixed.

In Algoma Power's 2016 rates proceeding, the OEB found that the impact of transitioning the utility's customers over four years was too great.²⁹ To mitigate the impact, the OEB determined that the transition would be over eight years for the traditional residential customers in Algoma Power's R1 customer class (non-residential customers in the class would not be transitioned to fixed rates, consistent with the OEB's policy). The OEB also determined that seasonal customers would transition to fixed rates over a nine-year period; eight years at \$4.00, and the residual increase over the ninth year.

The OEB expects a distributor to apply two tests to evaluate whether mitigation of bill impacts for customers is required during the transition period. Mitigation usually takes the form of a lengthening of the transition period. The first test is to calculate the change in the monthly fixed charge, and to consider mitigation if it exceeds \$4.00. The second is to calculate the total bill impact of the proposals in the application for low volume residential customers (defined as those residential RPP customers whose consumption is at the 10th percentile for the class). Mitigation may be required if the bill impact related to the application exceeds 10% for these customers.

Algoma Power notes that the implementation of the transition results is an increase to the fixed charge prior to the price cap adjustment of \$4.00. The bill impacts arising from the proposals in this application, including the fixed rate change, are below 10% for low volume residential customers.

Findings

The OEB finds that the proposed 2021 increase to the monthly fixed charge is calculated in accordance with the OEB's residential rate design policy. The results of the monthly fixed charge, and total bill impact for low consumption residential consumers demonstrate that no mitigation is required. The OEB approves the increase as proposed by the applicant and calculated in the final Rate Generator Model.

²⁸ OEB Policy – "A New Distribution Rate Design for Residential Electricity Customers." EB-2012-0410, April 2, 2015

²⁹ Decision and Rate Order, EB-2015-0051, December 10, 2015

9 IMPLEMENTATION AND ORDER

This Decision is accompanied by a Rate Generator Model, applicable supporting models, and a Tariff of Rates and Charges (Schedule A).

Model entries were reviewed in order to ensure that they are in accordance with Algoma Power's last cost of service decision, and to ensure that the 2020 OEB-approved Tariff of Rates and Charges, as well as the cost, revenue and consumption results from 2019, are as reported by Algoma Power to the OEB.

The Rate Generator Model was adjusted, where applicable, to correct any discrepancies. The Rate Generator Model incorporates the rates set out in the following table.

Table 9.1: Regulatory Charges

Rate	per kWh
Rural or Remote Electricity Rate Protection (RRRP)	\$0.0005
Wholesale Market Service (WMS) billed to Class A and B Customers	\$0.0030
Capacity Based Recovery (CBR) billed to Class B Customers	\$0.0004

Each of these rates is a component of the "Regulatory Charge" on a customer's bill, established annually by the OEB through a separate, generic order. The RRRP, WMS and CBR rates were set by the OEB on December 17, 2019.³⁰

The Smart Metering Entity Charge is a component of the "Distribution Charge" on a customer's bill, established by the OEB through a separate order. The Smart Metering Entity Charge was set by the OEB on March 1, 2018.³¹

In the *Report of the Board: Review of Electricity Distribution Cost Allocation Policy*,³² the OEB indicated that it will review the default province-wide microFIT charge annually to ensure it continues to reflect actual costs in accordance with the established methodology. Distributors shall apply the updated value, if applicable, following the OEB's announcement of the microFIT charge for the 2021 rate year.

³⁰ EB-2019-0278, Decision and Order, December 17, 2019

³¹ EB-2017-0290, Decision and Order, March 1, 2018

³² EB-2010-0219, Report of the Board "Review of Electricity Distribution Cost Allocation Policy", March 31, 2011

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. The Tariff of Rates and Charges set out in Schedule A of this Decision and Rate Order is approved effective January 1, 2021 for electricity consumed or estimated to have been consumed on and after such date. Algoma Power Inc. shall notify its customers of the rate changes no later than the delivery of the first bill reflecting the new final rates.

DATED at Toronto, Month Day, 2020

ONTARIO ENERGY BOARD

Christine E. Long
Registrar

Schedule A

To Decision and Rate Order

Tariff of Rates and Charges

OEB File No: EB-2020-0003

DATED: [Date]

Algoma Power Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2021
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

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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	\$	51.09
Service Charge - Applicable only to customers that meet criteria (ii) above	\$	26.15
Rate Rider for Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Rate Rider for Partial Disposition of Interim Licence Deferral Account		
- effective until December 31, 2024 Applicable only for customers in the Township of Dubreuilville	\$	11.16
Distribution Volumetric Rate - Applicable only to customers that meet criteria (i) above	\$/kWh	0.0083
Distribution Volumetric Rate - Applicable only to customers that meet criteria (ii) above	\$/kWh	0.0368
Rate Rider for Disposition of Global Adjustment Account (2021) - effective until December 31, 2021		
Applicable only for Non-RPP Customers	\$/kWh	(0.0038)
Rate Rider for Disposition of Deferral/Variance Accounts (2021) - effective until December 31, 2021	\$/kWh	0.0003
Rate Rider for Disposition of Capacity Based Recovery Account (2021)		
- effective until December 31, 2021 Applicable only for Class B Customers	\$/kWh	(0.0001)
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2020) - effective until December 31, 2023	\$/kWh	0.0006
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0073
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0062

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 January 1, 2021
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2020-0003

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.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of WMS - Sub-account CBR Class B is not applicable to wholesale market participants (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 Class B customers.

If included in the following listing of monthly rates and charges, 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	\$	673.00
Rate Rider for Partial Disposition of Interim Licence Deferral Account		
- effective until December 31, 2024 Applicable only for customers in the Township of Dubreuilville	\$	11.16
Distribution Volumetric Rate	\$/kW	3.4871
Rate Rider for Disposition of Global Adjustment Account (2021) - effective until December 31, 2021		
Applicable only for Non-RPP Customers	\$/kWh	(0.0038)
Rate Rider for Disposition of Deferral/Variance Accounts (2021) - effective until December 31, 2021	\$/kW	0.1317
Rate Rider for Disposition of Capacity Based Recovery Account (2021)		
- effective until December 31, 2021 Applicable only for Class B Customers	\$/kW	(0.0487)
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2020) - effective until December 31, 2023	\$/kW	(0.0035)
Retail Transmission Rate - Network Service Rate	\$/kW	2.7778
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	2.3524

Algoma Power Inc.
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Effective and Implementation Date January 1, 2021
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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-2020-0003

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.

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	63.74
Rate Rider for Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Distribution Volumetric Rate	\$/kWh	0.1032
Rate Rider for Disposition of Global Adjustment Account (2021) - effective until December 31, 2021 Applicable only for Non-RPP Customers	\$/kWh	(0.0038)
Rate Rider for Disposition of Deferral/Variance Accounts (2021) - effective until December 31, 2021	\$/kWh	0.0003
Rate Rider for Disposition of Capacity Based Recovery Account (2021) - effective until December 31, 2021 Applicable only for Class B Customers	\$/kWh	(0.0001)
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2020) - effective until December 31, 2023	\$/kWh	0.0020
Rate Rider for Disposition of Account 1574 - effective until December 31, 2023	\$/kWh	0.0307
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0073
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0062

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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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

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	1.89
Distribution Volumetric Rate	\$/kWh	0.3047
Rate Rider for Disposition of Global Adjustment Account (2021) - effective until December 31, 2021 Applicable only for Non-RPP Customers	\$/kWh	(0.0038)
Rate Rider for Disposition of Deferral/Variance Accounts (2021) - effective until December 31, 2021	\$/kWh	0.0003
Rate Rider for Disposition of Capacity Based Recovery Account (2021) - effective until December 31, 2021 Applicable only for Class B Customers	\$/kWh	(0.0001)
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2020) - effective until December 31, 2023	\$/kWh	0.0545
Retail Transmission Rate - Network Service Rate	\$/kW	2.0114
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.6970

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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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

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	4.55
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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)

SPECIFIC SERVICE CHARGES

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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

Late payment - per month (effective annual rate 19.56% per annum or 0.04896% compounded daily rate)	%	1.50
Reconnection at meter - during regular hours	\$	65.00
Reconnection at meter - after regular hours	\$	185.00
Reconnection at pole - during regular hours	\$	185.00
Reconnection at pole - after regular hours	\$	415.00

Other

Specific charge for access to the power poles - per pole/year (with the exception of wireless attachments)	\$	45.48
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

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RETAIL SERVICE CHARGES (if applicable)

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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	\$	104.24
Monthly fixed charge, per retailer	\$	41.70
Monthly variable charge, per customer, per retailer	\$/cust.	1.04
Distributor-consolidated billing monthly charge, per customer, per retailer	\$/cust.	0.62
Retailer-consolidated billing monthly credit, per customer, per retailer	\$/cust.	(0.62)
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	\$	0.52
Processing fee, per request, applied to the requesting party	\$	1.04
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)	\$	4.17
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)	\$	2.08

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	1.0829
Total Loss Factor - Primary Metered Customer	1.0721