



Ontario
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BY EMAIL

October 15, 2021

Christine E. Long
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

Dear Ms. Long:

Re: EB-2021-0006 Application for 2022 Rates

In accordance with Procedural Order #1, please find attached the Ontario Energy Board (OEB) staff interrogatories in the above proceeding. The applicant and intervenors have been copied on this filing.

Algoma Power Inc.'s responses to interrogatories are due by October 25, 2021.

Any questions relating to this letter should be directed to Marc Abramovitz at marc.abramovitz@oeb.ca or at 416-440-7690. The Board's toll-free number is 1-888-632-6273.

Yours truly,

Original Signed By

Marc Abramovitz
Incentive Rate Setting & Regulatory Accounting

Encl.

**OEB Staff Interrogatories
Algoma Power Inc. (API)
EB-2021-0006**

Please note, Algoma Power Inc. is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff interrogatories and any other supporting documentation, do not include personal information (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

1-Staff-1

Ref 1: EB-2019-0019 Decision and Order, October 17, 2019 (Schedule A – Settlement Proposal)

In reference 1, it states that “To the extent that API exceeds the approved \$12.69M capital budget when completing the project, API will have to explain and justify the prudence of the overspend if it seeks to include the full capital expenditure in rate base upon rebasing for rate-setting on a going forward basis.”

API stated that the forecasted total cost for the Sault Ste. Marie project is \$14.86M.

- a) Please confirm if at API's next rebasing, API intends to include the full \$14.86M in rate base.
- b) Please provide a breakdown of the cost increase of \$2.17M and details on the prudence of this additional spending. Please also note which costs were higher than anticipated and which costs were unforeseen.

1-Staff-2

Ref 1: ACM Model

Ref 2: EB-2019-0019 ACM Model, August 14, 2019

Ref 3: EB-2019-0019 Chapter 2 Appendices, November 7, 2019

In reference 3, the total capital expenditures for 2022 were \$21.5M. In reference 1, API used a total capital expense of \$38.2M. API explained that it had adjusted the 2022 total capital expenditures by removing capital expenditures for Echo River TS ACM and added back the capital expenditures for Sault Facility Project.

API also stated that majority of the variances in capital expenditures is due to timing of expenditures and higher than planned costs.

- a) Based on API's EB-2019-0019 application, the \$21.5M appears to include the full amount of the Sault Ste. Marie Facility Project in the 2022 capital expenditures. Please explain why API added additional capital expenditures for the Sault Ste. Marie Facility Project to the 2022 total capital expenditure amount in the current ACM model.
- b) The total capital expenditure variance between the ACM model in EB-2019-0019 and the current ACM model for 2022 is \$16.7M. Please provide a specific breakdown of projects that were moved from other years to 2022 and projects that had higher than anticipated costs, along with an explanation of the variance.
- c) For projects that were moved from other years to 2022, please explain how API intends to have the resources available to complete these projects.

1-Staff-3

Ref 1: API_2022_GA_Analysis_Workform_20210818.xlsb, Tab "Account 1588"

Ref 2: 2022 IRM Rate Generator Model, "3. Continuity Schedule"

Large balances are not expected for Account 1588 as it should only hold the variance between commodity costs based on actual line losses and commodity revenues calculated using values for line losses approved by the OEB in the utility's last rebasing application. At reference 1, API calculated the ratio of account 1588 as a percentage of power purchased (account 4705) as follows:

Account 1588 Reasonability Test					
Year	Account 1588 - RSVA Power			Account 4705 - Power Purchased	Account 1588 as % of Account 4705
	Transactions ¹	Principal Adjustments ¹	Total Activity in Calendar Year		
2020	- 335,728	446,596	110,868	18,497,291	0.6%
Cumulative	- 335,728	446,596	110,868	18,497,291	0.6%

OEB staff noted the information in the table above does not match the information included in reference 2. Please see below:

Account 1588 - as per Continuity Schedule

	Account	Transactions	Principal Adjustments
RSVA - Power	1588	831,667	(359,062)

- a) Please confirm this calculation or provide a revised calculation if necessary.

- b) If the revised calculation is greater than 1% of the total power purchased, please provide an explanation, with due consideration to the expected impact of line losses.

1-Staff-4

Ref 1: 2022 IRM Rate Generator Model, “1. Information Sheet”

API noted in its manager’s summary that it had both Class A and Class B customers throughout the underlying period of the Group 1 balances requested for disposition. On Sheet 1 of the IRM model, API answered “no” to questions 5 and 6.

Please confirm that API had no transition customers during the underlying disposition period for its Group 1 balances. If so, please update the necessary worksheets in the IRM model.

1-Staff-5

Ref 1: 2022 IRM Rate Generator Model, “1. Information Sheet”

OEB staff has identified that the Non-RPP Retailer Average Price and Average IESO Wholesale Market Price used at the above reference were incorrectly entered as \$0.2689. OEB staff has updated the pricing to reflect the correct amount of \$0.1060. Please confirm that the updated model included with these interrogatories reflects this update.