



DECISION AND RATE ORDER

EB-2022-0014

ALGOMA POWER INC.

Application for rates and other charges to be effective
January 1, 2023

BY DELEGATION, BEFORE: Theodore Antonopoulos
Vice President
Applications

[date of issuance]

1. OVERVIEW

The Ontario Energy Board is approving changes to the rates that Algoma Power Inc. (Algoma Power) charges to distribute electricity to its customers, effective January 1, 2023.

As a result of this Decision, there will be a monthly total bill increase of \$3.72 for a residential customer consuming 750 kWh. This change does not factor in applicable taxes or the Ontario Electricity Rebate but includes impacts resulting from the Distribution Rate Protection program. The applicant is one of eight electricity distributors in Ontario to which this tax-funded program applies. The program has been in effect since July 2017, and currently caps monthly distribution charges at \$38.08.¹

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 2023, RRRP funding of \$16,490,664 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 OEB approves Algoma Power's request to change the composition of its distribution service rates. Residential distribution service rates have historically included a fixed monthly charge and a variable usage charge. In 2015, the OEB issued a policy to transition these rates to a fully fixed rate structure over a four-year period beginning in 2016.⁴ Algoma Power, however, required a transition period of greater than four years. This is the eighth year of the transition period. The monthly fixed rate portion of residential rates has increased, and the variable usage rate has decreased. This rate change does not affect the total revenue that Algoma Power collects from its residential customers.

The OEB also approves of Algoma Power's Advance Capital Module funding request for \$7.5 million for its Echo River Transformation Station.

¹ Decision and Order, EB-2022-0186, June 16, 2022

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 OEB Policy – "[A New Distribution Rate Design for Residential Electricity Customers](#)", EB-2012-0410, April 2, 2015

2. CONTEXT AND PROCESS

Algoma Power filed its application on August 10, 2022 under section 78 of the *Ontario Energy Board Act, 1998* and in accordance with Chapter 3 of the OEB's [Filing Requirements for Incentive Rate-Setting Applications](#) (Filing Requirements). The application was based on the Price Cap Incentive Rate-setting (Price Cap IR) option with a five-year term.

The Price Cap IR option is one of three incentive rate-setting mechanisms (IRM) approved by the OEB.⁵ It involves the setting of rates through a cost of service (CoS) application in the first year and mechanistic price cap adjustments which may be approved through IRM applications in each of the ensuing adjustment years.

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. A distributor will then review, complete, and include the model with its application, and may update the model during the proceeding to make any necessary corrections or to incorporate new rate-setting parameters as they become available.

Algoma Power serves approximately 12,200 mostly residential and commercial electricity customers in the Algoma District of Ontario.

The application was supported by pre-filed written evidence and a completed Rate Generator Model and as required during the proceeding, Algoma Power updated and clarified the evidence.

⁵ Each of these options is explained in the OEB's [Handbook for Utility Rate Applications](#).

3. DECISION OUTLINE

Each of the following issues is addressed in this Decision, together with the OEB's findings.

- Annual Adjustment Mechanism
- Rural or Remote Electricity Rate Protection
- Retail Transmission Service Rates
- Group 1 Deferral and Variance Accounts
- Lost Revenue Adjustment Mechanism Variance Account
- Residential Rate Design
- Advanced Capital Module

Instructions for implementing Algoma Power's new rates and charges are set out in the final section of this Decision.

This Decision does not address rates and charges approved by the OEB in prior proceedings, such as specific service charges⁶ and loss factors, which are out of the scope of an IRM proceeding and for which no further approvals are required to continue to include them on the distributor's Tariff of Rates and Charges.

⁶ Certain service charges are subject to annual inflationary adjustments to be determined by the OEB through a generic order. For example, the Decision and Order EB-2022-0220, issued November 3, 2022 established the adjustment for energy retailer service charges, effective January 1, 2023; and the Decision and Order EB-2022-0221, issued November 3, 2022, established the 2023 Wireline Pole Attachment Charge, effective January 1, 2023.

4. ANNUAL ADJUSTMENT MECHANISM

Algoma Power has applied to change its rates, effective January 1, 2023, based on a mechanistic rate adjustment using the OEB-approved **inflation minus X-factor** formula applicable to IRM applications. The adjustment applies to distribution rates (fixed and variable) uniformly across all customer classes.⁷

The components of the Price Cap adjustment formula applicable to Algoma Power are set out in the table below. Inserting these components into the formula results in a 3.10% increase to Algoma Power's rates: **3.10% = 3.70% - (0.00% + 0.60%)**.

Table 4.1: Price Cap IR Adjustment Formula

Components		Amount
Inflation factor ⁸		3.70%
Less: X-factor	Productivity factor ⁹	0.00%
	Stretch factor (0.00% to 0.60%) ¹⁰	0.60%

An inflation factor of 3.70% applies to all IRM applications for the 2023 rate year. The X-factor is the sum of the productivity factor and the stretch factor. It is a productivity offset that varies 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 IRM applications for the 2023 rate year. The stretch factor component of the X-factor is distributor specific. The OEB has established five stretch factor groupings, ranging from 0.00% to 0.60%. The stretch factor assigned to any distributor is based on the distributor's total cost performance as benchmarked against other distributors in Ontario. The stretch factor assigned to Algoma Power is 0.60%, resulting in a rate adjustment of 3.10%.

⁷ The adjustment does not apply to the following components of delivery rates: 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.

⁸ [OEB Letter, 2023 Inflation Parameters, issued October 20, 2022](#)

⁹ Report of the Ontario Energy Board – “Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario’s Electricity Distributors” EB-2010-0379, December 4, 2013.

¹⁰ Report to the Ontario Energy Board – “Empirical Research in Support of Incentive Rate-Setting: 2021 Benchmarking Update”, prepared by Pacific Economics Group LLC., July 2022.

Findings

Algoma Power's request for a 3.10% rate adjustment is in accordance with the annually updated parameters set by the OEB. The adjustment is approved, and Algoma Power's new rates shall be effective January 1, 2023.

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5. RURAL OR REMOTE ELECTRICITY RATE PROTECTION (RRRP)

Under the RRRP regulation, certain ratepayers in rural and remote areas of Ontario qualify for rate relief. This includes ratepayers in Algoma Power's R-1 and R-2 rate classes. The RRRP funding to be received by Algoma Power to provide rate relief to those ratepayers must be calculated in accordance with the regulation and related OEB decisions. OEB staff calculated that Algoma Power is entitled to \$16,490,664 in RRRP funding and has applied that funding using an adjustment factor of 3.11% to reduce rates for R-1 and R-2 class customers. The accuracy of that calculation and the corresponding reduction in the proposed R-1 and R-2 rates has been reviewed and confirmed by Algoma Power.

Findings

The OEB approves the RRRP funding amount of \$16,490,664. This amount includes the ACM funding for the R1 and R2 classes as explained further below.¹¹ The OEB finds that the RRRP adjustment factor, calculated at 3.11%, is in accordance with the regulations and previous OEB decisions.¹²

6. RETAIL TRANSMISSION SERVICE RATES

Algoma Power is transmission connected.

To recover its cost of transmission services, Algoma Power requests approval to adjust the retail transmission service rates (RTSRs) that it charges its customers in accordance with the Uniform Transmission Rates (UTRs) currently in effect.

Findings

Algoma Power's proposed adjustment to its RTSRs is approved. The RTSRs were adjusted based on the current OEB-approved UTRs.¹³

UTRs are typically approved annually by the OEB. In the event that new UTRs take effect during Algoma Power's 2023 rate year, any resulting differences (from the prior-approved UTRs) are to be captured in Retail Settlement Variance Accounts 1584 (Retail Transmission Network Charge) and 1586 (Retail Transmission Connection Charge).

¹¹ See API_IRM_2023 Rate Design Model_20220805_updated.xlsx

¹² See footnotes 2 and 3 above.

¹³ EB-2022-0084, Decision and Order, April 7, 2022

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 to determine whether those balances should be disposed. OEB policy states that Group 1 account balances should be disposed if they exceed, on a net basis (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.¹⁴ If the net balance does not exceed the threshold, a distributor may still request disposition.¹⁵

The 2021 year-end net balance for Algoma Power's Group 1 accounts eligible for disposition, excluding Accounts 1588 and 1589 and including interest projected to December 31, 2022, is a debit of \$774,420, and pertains to variances accumulated during the 2021 calendar year. This amount represents a total claim of \$0.0032 per kWh, which exceeds the disposition threshold. Algoma Power has requested the disposition of this amount over a 1-year period.

Included in the Group 1 accounts are certain variances related to costs that are paid for by a distributor's customers on different bases, depending on their classification. Namely, "Class A" customers, who participate in the Industrial Conservation Initiative, pay for Global Adjustment (GA) charges based on their contribution to the five highest Ontario demand peaks over a 12-month period. "Class B" customers pay for GA charges based on their monthly consumption totals, either as a standalone charge or embedded in the Regulated Price Plan (RPP).¹⁶ A similar mechanism applies to Class A and Class B customers for Capacity Based Recovery (CBR) charges.¹⁷ The balance in the GA variance account is attributable to non-RPP Class B customers and is disposed through a separate rate rider. The balance in the CBR Class B variance account is attributable to all Class B customers.

Algoma Power had Class A customers during the period in which variances accumulated so it has applied to have the balance of the CBR Class B variance account disposed through a separate rate rider for Class B customers to ensure proper allocation between Class A and Class B customers.

¹⁴ Report of the OEB – "Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR)." EB-2008-0046, July 31, 2009

¹⁵ OEB letter, "Update to the Electricity Distributors' Deferral and Variance Account Review ("EDDVAR Report"), released July 2009 (EB-2008-0246)", issued July 25, 2014

¹⁶ For additional details on the Global Adjustment charge, refer to the Independent Electricity System Operator (IESO)'s [website](#).

¹⁷ All Class B customers (RPP and non-RPP) pay the CBR as a separate charge based on their monthly consumption. For additional details on the CBR for Class A customers, refer to the IESO's [website](#).

During the period in which variances accumulated, Algoma Power had a customer transition between Class A and Class B. Under the general principle of cost causality, customer groups that cause variances that are recorded in Group 1 accounts should be responsible for paying (or receiving credits) for their disposal. Algoma Power has proposed to allocate a portion of the CBR Class B balance to its transition customer, based on the customer-specific consumption level.¹⁸ The amounts allocated to the transition customer is proposed to be refunded, by way of 12 equal monthly installments.

With respect to Accounts 1588 and 1589, the variances exceed the OEB's threshold of 1% such that Algoma Power is expected to provide an explanation as to the driver of those variances. In its manager's summary¹⁹, Algoma Power noted that no explanation can be provided at this time and continues to investigate the drivers of the variances. In response to staff questions²⁰, Algoma Power withdrew its request to dispose of the 1588 and 1589 balances until it concludes its investigation of the drivers of the variances.

Findings

The balances proposed for disposition reconcile with the amounts reported as part of the OEB's *Electricity Reporting and Record-Keeping Requirements*.

The OEB approves the disposition of a debit balance of \$774,420 as of December 31, 2021, including interest projected to December 31, 2022, for Group 1 accounts, excluding Accounts 1588 and 1589, on a final basis.

Table 7.1 identifies the principal and interest amounts, which the OEB approves for disposition.

¹⁸ 2023 IRM Rate Generator Model, Tab 6.2a "CBR B_Allocation"

¹⁹ Manager's Summary, Page 23-24

²⁰ Staff Question #9

Table 7.1: 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	(8,898)	(142)	(9,040)
RSVA - Wholesale Market Service Charge	1580	184,028	3,242	187,270
Variance WMS - Sub-account CBR Class B	1580	(13,298)	(251)	(13,549)
RSVA - Retail Transmission Network Charge	1584	448,871	8,056	456,927
RSVA - Retail Transmission Connection Charge	1586	102,652	1,800	104,452
Disposition and Recovery of Regulatory Balances (2019)	1595	45,600	2,760	48,360
Total for Group 1 accounts		758,955	15,465	774,420

The balance of each of the Group 1 accounts approved for disposition shall be transferred to the applicable principal and carrying charge sub-accounts of Account 1595. Such transfer shall be pursuant to the requirements specified in the *Accounting Procedures Handbook for Electricity Distributors*.²¹ 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.

The OEB approves these balances to be disposed through final rate riders, charges, or payments, as calculated in the Rate Generator Model. The final rate riders, charges, and payments, as applicable, will be in effect over a one-year period from January 1, 2023 to December 31, 2023.²²

²¹ Article 220, Account Descriptions, Accounting Procedures Handbook for Electricity Distributors, effective January 1, 2012

²² 2023 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. LOST REVENUE ADJUSTMENT MECHANISM VARIANCE ACCOUNT

The OEB has historically utilized a Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) to capture a distributor's revenue implications resulting from differences between actual and forecast conservation and demand management (CDM) savings included in its last OEB-approved load forecast. The use of the LRAMVA is no longer the default approach for CDM activities.²³

Distributors delivered CDM programs to their customers through the Conservation First Framework (CFF) that began on January 1, 2015 until March 20, 2019, when the CFF was revoked.²⁴

Distributors filing an application for 2023 rates are required to seek disposition of all outstanding LRAMVA balances related to program savings related to CFF programs or other conservation programs they delivered, unless they do not have complete information on eligible program savings.²⁵

Distributors are also eligible under the LRAM for persisting impacts of conservation programs until their next rebasing. The OEB provided direction for distributors to seek approval of LRAM-eligible amounts for 2023 onwards on a prospective basis, and a rate rider in the corresponding rate year, to address amounts that would otherwise be recorded in the LRAMVA for all years until their next rebasing application.²⁶

Algoma Power has applied to dispose of its LRAMVA debit balance of \$32,766. The balance consists of lost revenues from 2018 to 2022 from CDM programs delivered during the period from 2018 to 2021 and carrying charges. During the proceeding, Algoma Power updated its LRAMVA balance to incorporate the approved LRAMVA threshold from its 2020 CoS proceeding. The actual conservation savings claimed by Algoma Power under the CFF were validated with reports from the IESO, project level savings files, or both.

²³ Conservation and Demand Management Guidelines for Electricity Distributors, December 20, 2021, chapter 8.

²⁴ On March 20, 2019 the Minister of Energy, Northern Development and Mines issued separate Directives to the OEB and the IESO.

²⁵ Chapter 3 Filing Requirements, section 3.2.6.1

²⁶ [Guidance on Prospective Lost Revenue Adjustment Mechanism \(LRAM\) Amounts – 2023 Rates](#), June 16, 2022

Actual conservation savings were compared against Algoma Power's forecasted conservation savings of 6,306,236 kWh included in its last OEB-approved load forecast²⁷ and 750,000 kWh included in its previous OEB-approved load forecast.²⁸

Algoma Power also applied for approval of LRAM-eligible amounts for the years 2023 to 2024 on a prospective basis, arising from persisting savings from completed CDM programs.

Findings

The OEB finds that Algoma Power's LRAMVA balance has been calculated in accordance with the OEB's CDM-related guidelines and updated LRAMVA policy. The OEB approves the disposition of Algoma Power's LRAMVA debit balance of \$32,766, as set out in Table 8.1 below.

Table 8.1 LRAMVA Balance for Disposition

Account Name	Account Number	Actual CDM Savings (\$) A	Forecasted CDM Savings (\$) B	Carrying Charges (\$) C	Total Claim (\$) D=(A-B)+C
LRAMVA	1568	292,317	261,747	2,196	32,766

The OEB also approves the LRAM-eligible credit amounts for the years 2023 to 2024, arising from persisting savings from completed CDM programs, as set out in Table 8.2 below. These amounts will be adjusted mechanistically by the approved inflation minus X-factor applicable to IRM applications in effect for a given year, and recovered through a rate rider in the corresponding rate year, beginning with the 2023 rate year. For the 2023 rate year, the OEB approves the requested total LRAM-eligible credit amount of \$1,349, to be refunded to customers, and the associated rate riders.²⁹ Should Algoma Power rebase in, or prior to, the last year in table 8.2, amounts shown in table 8.2 in the year of rebasing or later will not be recoverable, as any persisting impacts of CDM can be taken into consideration in setting new base rates.

²⁷ EB-2019-0019, Decision and Order, October 17, 2019

²⁸ EB-2014-0055, Decision and Order, January 8, 2015

²⁹ LRAMVA 2023 Prospective Rate Riders_20221116, filed November 16, 2022

Table 8.2 LRAM-Eligible Amounts for Prospective Disposition

Year	LRAM-Eligible Amount (in 2022 \$)
2023	-\$1,075
2024	-\$1,075

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9. 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 2016.³⁰ Distributors such as Algoma Power, who are in a transition period that is greater than four years, or who commenced transition in a later year, 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.³¹ 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. 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 submitted that the implementation of the transition results in an increase of \$3.57 to the fixed charge prior to the price cap adjustment. 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 2023 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

³⁰ OEB Policy – "A New Distribution Rate Design for Residential Electricity Customers." EB-2012-0410, April 2, 2015

³¹ Decision and Rate Order, EB-2015-0051, December 10, 2015

demonstrate that no mitigation is required. The OEB approves the increase as proposed by Algoma Power and calculated in the final Rate Generator Model. This will be the final year of an eight-year transition period to a fully fixed rate structure for residential customers and the eighth year of a nine-year transition period for seasonal customers.

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10. ADVANCED CAPITAL MODULE (ACM)

In Algoma Power's last CoS proceeding, two projects under the OEB's ACM funding mechanism were approved through a settlement proposal accepted by the OEB: (i) the Echo River Transformer Station (TS) and (ii) the Sault Ste. Marie facility.³² In its last IRM application³³, Algoma Power updated the expected in-service date of the Echo River TS from 2021 to 2023 and deferred the ACM cost recovery associated with this project to its current application. Algoma Power noted that the Echo River TS is expected to be delivered in Q3 of 2022, and work will proceed for a mid-2023 in-service date.³⁴

For the Echo River TS, the parties to the 2020 settlement proposal agreed to an ACM in the amount of \$7.5 million, as well as the recovery of an annual revenue requirement impact of \$614,380, with the assumption that Algoma Power will populate the OEB's most current ACM/Incremental Capital Model as required to determine the actual incremental revenue requirement.³⁵

In this proceeding, Algoma Power initially applied for a forecasted project cost of \$8.01 million and noted this was approximately 7% higher than the \$7.5 million amount agreed to in the 2020 settlement proposal. Algoma Power claimed the increased cost to be associated with a slightly higher than anticipated transformer cost and completion of the distribution study.³⁶

On November 16, 2022, Algoma Power filed a letter, accompanied by updated models, to reinstate the ACM rate rider funding for Echo River TS proposal to \$7.5 million, reflecting the level originally included in the 2020 settlement proposal to simplify the funding request currently before the OEB, and to avoid potential delays to the implementation of its 2023 rates.

The letter noted that, in its last CoS application, the Echo River TS project was estimated by Hydro One Networks Inc. (HONI) to be between \$6M and \$9M. Algoma Power included a proposal of \$7.5 million in its Distribution System Plan and ACM request, which was based on HONI's high-level estimate at the time. This amount was accepted in its 2020 settlement proposal. HONI provided an updated estimate of \$7.8M on December 15, 2020. The updates that Algoma Power has received from HONI in 2022 have led to a total forecasted project cost exceeding the 30% threshold

³² EB-2019-0019

³³ EB-2021-0006

³⁴ Manager's Summary, Page 29

³⁵ EB-2019-0019, Settlement Agreement, Page 58

³⁶ Ibid.

contemplated in the ACM framework. Algoma Power states that it has requested further details from HONI on the cost drivers for these increases.

Findings

The OEB approves the proposed ACM funding effective January 1, 2023 based on the \$7.5 million capital amount, consistent with the settlement proposal approved in Algoma Power's 2020 CoS proceeding. The approved ACM funding will provide incremental funds to Algoma Power commencing in 2023 when the Echo River TS is scheduled to go into service until Algoma Power's rates are rebased by the OEB. The OEB expects to review the final costs of the project at rebasing including the provision of a new business case should the final costs exceed the OEB's 30% threshold. The OEB notes that costs to date and revenues collected will be tracked in the OEB established variance account.³⁷

There are no ACM rate riders for the R-1 and R-2 rate classes. Based on the 2020 settlement proposal, the ACM revenue requirement allocated to the R-1 and R-2 classes has been incorporated into the revenue requirement for those classes as part of the process to determine the applicable RRRP funding amount and therefore, rate riders are not necessary. The proposed ACM rate riders for Algoma Power's other customer classes are approved.

³⁷ [Ontario Energy Board Accounting Procedures Handbook Guidance March 2015, pg. 14](#)

11. IMPLEMENTATION

This Decision is accompanied by a Rate Generator Model, applicable supporting models, and a Tariff of Rates and Charges (Schedule A). The Rate Generator Model also incorporates the rates set out in Table 11.1.

Table 11.1: 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 and WMS rates were set by the OEB on December 16, 2021 and July 12, 2022.³⁸

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 at \$0.42 on September 8, 2022.³⁹

In the *Report of the Board: Review of Electricity Distribution Cost Allocation Policy*,⁴⁰ 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 2023 rate year.

³⁸ EB-2021-0300, Decision and Order, December 16, 2021 and EB-2021-0300, Supplemental Decision and Order, July 12, 2022

³⁹ EB-2022-0137, Decision and Order, September 8, 2022

⁴⁰ EB-2010-0219, Report of the Board “Review of Electricity Distribution Cost Allocation Policy”, March 31, 2011

12. ORDER

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, 2023 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 rates.

DATED at Toronto, [date of issuance]

ONTARIO ENERGY BOARD

Nancy Marconi
Registrar

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SCHEDULE A
DECISION AND RATE ORDER
ALGOMA POWER INC.
TARIFF OF RATES AND CHARGES
EB-2022-0014
[DATE OF ISSUANCE]

Algoma Power Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2023

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

EB-2022-0014

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	\$	62.11
Service Charge - Applicable only to customers that meet criteria (ii) above	\$	27.85
Smart Metering Entity Charge - effective until December 31, 2027	\$	0.42
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 (ii) above	\$/kWh	0.0392
Rate Rider for Disposition of Capacity Based Recovery Account (2023) - effective until December 31, 2023		
Applicable only for Class B Customers	\$/kWh	(0.0001)
Rate Rider for Disposition of Deferral/Variance Accounts (2023) - effective until December 31, 2023	\$/kWh	0.0031
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2023)		
- effective until December 31, 2023	\$/kWh	0.0001
Rate Rider for Prospective Lost Revenue Adjustment Mechanism Variance Account Disposition (2023)		
- effective until December 31, 2023	\$/kWh	0.0006
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0105
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0073

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

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Standard Supply Service - Administrative Charge (if applicable)

\$

0.25

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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	\$	716.69
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	3.7135
Rate Rider for Disposition of Capacity Based Recovery Account (2023) - effective until December 31, 2023 Applicable only for Class B Customers	\$/kW	(0.0297)
Rate Rider for Disposition of Deferral/Variance Accounts (2023) - effective until December 31, 2023	\$/kW	1.5642
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2023) - effective until December 31, 2023	\$/kW	(0.1723)
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2020) - effective until December 31, 2023	\$/kW	(0.0035)
Rate Rider for Prospective Lost Revenue Adjustment Mechanism Variance Account Disposition (2023) - effective until December 31, 2023	\$/kW	(0.0383)
Retail Transmission Rate - Network Service Rate	\$/kW	3.9978

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Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	2.7668
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MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0030
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Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
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Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0005
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Standard Supply Service - Administrative Charge (if applicable)	\$	0.25
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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	\$	75.61
Rate Rider for Recovery of Advanced Capital Module (2023) - effective until effective until the date of the next cost of service-based rate order	\$	1.80
Rate Rider for Recovery of Advanced Capital Module - effective until December 31, 2024	\$	3.48
Smart Metering Entity Charge - effective until December 31, 2027	\$	0.42
Distribution Volumetric Rate	\$/kWh	0.0601
Rate Rider for Disposition of Capacity Based Recovery Account (2023) - effective until December 31, 2023 Applicable only for Class B Customers	\$/kWh	(0.0001)
Rate Rider for Disposition of Deferral/Variance Accounts (2023) - effective until December 31, 2023	\$/kWh	0.0028
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2023) - effective until December 31, 2023	\$/kWh	0.0005
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
Rate Rider for Prospective Lost Revenue Adjustment Mechanism Variance Account Disposition (2023) - effective until December 31, 2023	\$/kWh	0.0001
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0105
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0073

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

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 (per connection)	\$	2.00
Rate Rider for Recovery of Advanced Capital Module (2023)		
- effective until effective until the date of the next cost of service-based rate order	\$	0.32
Rate Rider for Recovery of Advanced Capital Module - effective until December 31, 2024	\$	0.64
Distribution Volumetric Rate	\$/kWh	0.3226
Rate Rider for Disposition of Capacity Based Recovery Account (2023) - effective until December 31, 2023		
Applicable only for Class B Customers	\$/kWh	(0.0001)
Rate Rider for Disposition of Deferral/Variance Accounts (2023) - effective until December 31, 2023	\$/kWh	0.0039
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2023)		
- effective until December 31, 2023	\$/kWh	0.0964
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2020) - effective until December 31, 2023	\$/kWh	0.0545
Rate Rider for Prospective Lost Revenue Adjustment Mechanism Variance Account Disposition (2023)		
- effective until December 31, 2023	\$/kWh	0.0124
Retail Transmission Rate - Network Service Rate	\$/kW	2.8948
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.9959

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

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 Global Adjustment and the HST.

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

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

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)	\$	36.05
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

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Temporary service install & remove - overhead - with transformer \$ 1,000.00

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 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	\$	111.66
Monthly fixed charge, per retailer	\$	44.67
Monthly variable charge, per customer, per retailer	\$/cust.	1.11
Distributor-consolidated billing monthly charge, per customer, per retailer	\$/cust.	0.66
Retailer-consolidated billing monthly credit, per customer, per retailer	\$/cust.	(0.66)
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	\$	0.56
Processing fee, per request, applied to the requesting party	\$	1.11
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)	\$	4.47
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)	\$	2.23

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