



Ontario
Energy
Board | Commission
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DECISION AND RATE ORDER

EB-2021-0006

ALGOMA POWER INC.

**Application for rates and other charges to be effective
January 1, 2022**

BEFORE: Allison Duff
Presiding Commissioner

Patrick Moran
Commissioner

December 9, 2021

1 OVERVIEW

The Ontario Energy Board is approving changes to the rates that Algoma Power Inc. charges to distribute electricity to its customers, effective January 1, 2022.

As a result of this Decision, there will be a monthly total bill increase of \$1.95 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 \$36.86.¹

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 2022, RRRP funding of \$15,547,625 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 seventh 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 \$12.69 million for its Sault Ste. Marie facility.

¹ EB-2021-0189, Decision and Order, June 24, 2021

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 18, 2021 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](#). 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 application in the first year and mechanistic price cap adjustments which may be approved through IRM applications in each of the ensuing four 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 12,000 mostly residential and commercial electricity customers in Algoma District of Ontario.

Notice of the application was issued on September 3, 2021. No one asked to intervene.

Four letters of comment were filed, and Algoma Power filed a response on October 28, 2021. The OEB confirms that Algoma Power's seasonal rate class, a topic raised in a letter of comment, will be addressed when Algoma Power applies to rebase its rates. A rebasing application is the appropriate time for the OEB to consider any cost allocation and rate design issues.

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.

Algoma Power responded to interrogatories from OEB staff. OEB staff filed a submission on the application, and Algoma Power filed a reply.

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
- 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 scope in an IRM proceeding and 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-2021-0301, issued November 25, 2021 established the adjustment for energy retailer service charges, effective January 1, 2022; and the Order EB-2020-0288, issued December 10, 2020, set the Wireline Pole Attachment Charge for January 1, 2021 on an interim basis.

4 ANNUAL ADJUSTMENT MECHANISM

Algoma Power has applied to change its rates, effective January 1, 2022, 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 IR adjustment formula applicable to Algoma Power are set out in the table below. Inserting these components into the formula results in a 2.70% increase to Algoma Power's rates: **2.70% = 3.30% - (0.00% + 0.60%)**.

Table 4.1: Price Cap IR Adjustment Formula

Components		Amount
Inflation Factor ⁸		3.30%
X-Factor	Productivity ⁹	0.00%
	Stretch (0.00% to 0.60%) ¹⁰	0.60%

An inflation factor of 3.30% applies to all IRM applications for the 2022 rate year.

On August 6, 2021, the OEB issued a Notice on its own motion to initiate a proceeding to consider the inflation factor to be used to set rates for electricity transmitters and electricity and natural gas distributors for the year 2022. The OEB issued its Decision and Order on November 18, 2021, establishing the 2022 inflation factor.

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

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 EB-2021-0212, Decision and Order, November 18, 2021

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: 2020 Benchmarking Update”, prepared by Pacific Economics Group LLC., August 2021

over a historical study period and applies to all IRM applications for the 2022 rate year. The stretch factor component of the X-factor is distributor specific. The OEB has established five stretch factor groupings, within a range from 0.00% to 0.60%. The stretch factor assigned to any particular 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 2.70%, based on the Price Cap IR adjustment formula.

Findings

Algoma Power's request for a 2.70% rate adjustment is in accordance with the updated parameters set by the OEB for 2022. The adjustment is approved, and Algoma Power's new rates shall be effective January 1, 2022.

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 \$15,547,625 in RRRP funding and has applied that funding using an adjustment factor of 3.28% 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 \$15,547,625. The OEB finds that the RRRP adjustment factor, calculated at 3.28%, is in accordance with the regulations¹¹ and previous OEB decisions.

¹¹ O. Reg. 442/01

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.¹²

UTRs are typically approved annually by the OEB. If new UTRs take effect during Algoma Power's 2022 rate year, any 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).

¹² EB-2021-0176, Decision and Rate Order, June 24, 2021

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 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.¹³ If the net balance does not exceed the threshold, a distributor may still request disposition.

The 2020 year-end net balance for Algoma Power's Group 1 accounts eligible for disposition, including interest projected to December 31, 2021, is a debit of \$569,066, and pertains to variances accumulated during the 2020 calendar year. This amount represents a total debit claim of \$0.0025 per kWh, which exceeds the disposition threshold. Algoma Power has requested disposition of this amount over a one-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. "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).¹⁴ A similar mechanism applies to Class A and Class B customers for Capacity Based Recovery (CBR) charges.¹⁵ 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 a Class A customer during the period in which variances accumulated, however, the CBR Class B rate riders calculated rounded to zero at the fourth decimal place in one or more of the rate classes. In this event, the balance of the CBR Class B variance account is disposed along with Account 1580 – Wholesale Market Service Charge through the general Deferral and Variance Account rate rider.

¹³ Report of the OEB – "Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR)", EB-2008-0046, July 31, 2009

¹⁴ For additional details on the Global Adjustment charge, refer to the Independent Electricity System Operator (IESO)'s [website](#).

¹⁵ 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](#).

Findings

The Group 1 account 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 \$569,066 as of December 31, 2020, including interest projected to December 31, 2021 on a final basis.

Table 6.1 identifies the principal and interest amounts, which the OEB approves for disposition.

Table 6.1: Group 1 Deferral and Variance Account Balances

Account Name	Account Number	Principal Balance (\$) A	Interest Balance (\$) B	Total Claim (\$) C=A+B
Smart Metering Entity Charge Variance Account	1551	(4,840)	(34)	(4,874)
RSVA - Wholesale Market Service Charge	1580	(146,904)	(1,245)	(148,149)
Variance WMS – Sub-account CBR Class B	1580	(4,709)	(95)	(4,805)
RSVA - Retail Transmission Network Charge	1584	63,762	972	64,734
RSVA - Retail Transmission Connection Charge	1586	31,493	627	32,120
RSVA - Power	1588	144,514	(616)	143,899
RSVA - Global Adjustment	1589	438,959	3,903	442,862
Disposition and Recovery/Refund of Regulatory Balances (2018)	1595	41,534	1,744	43,278
Totals for Group 1 accounts		563,810	5,256	569,066

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 the

Accounting Procedures Handbook for Electricity Distributors.¹⁶ 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, 2022 to December 31, 2022.¹⁷

¹⁶ Article 220, Account Descriptions, Accounting Procedures Handbook for Electricity Distributors, effective January 1, 2012

¹⁷ 2022 IRM Rate Generator Model 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 2016.¹⁸ 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.¹⁹ 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 \$4.00 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 2022 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

¹⁸ OEB Policy – "A New Distribution Rate Design for Residential Electricity Customers", EB-2012-0410, April 2, 2015

¹⁹ 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 seventh year of an eight-year transition period to a fully fixed rate structure for residential customers and the seventh year of a nine-year transition period for seasonal customers.

9 2022 ADVANCED CAPITAL MODULE (ACM)

In Algoma Power's last cost of service proceeding, two projects under the OEB's ACM funding mechanism were approved through a settlement proposal: (i) the Echo River Transformer Station (TS) and (ii) the Sault Ste. Marie facility.²⁰ In this application, 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 subsequent IRM application for 2023 rates.

For the Sault Ste. Marie facility, the parties to the settlement proposal agreed to a maximum project cost of \$12.69 million and that Algoma Power would populate the OEB's most current ACM model when funding was required, to determine the actual incremental revenue requirement associated with the project. The parties also agreed that "[t]o the extent that Algoma Power exceeds the approved \$12.69M capital budget when completing the project, Algoma Power 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."²¹

Algoma Power updated the forecasted project cost to \$14.12 million in this proceeding, but noted that the ACM cost recovery proposed for the 2022 rate year is still based on \$12.69 million, as per the settlement proposal.²² The project is scheduled to go into service in the third quarter of 2022. Algoma Power further confirmed that it intends to include the actual cost of the Sault Ste. Marie facility in rate base at its next rebasing application and that the prudence of the incremental project costs over \$12.69 million would be assessed as part of that application.²³

OEB staff submitted that it would be consistent with the settlement proposal to assess the prudence of the actual cost for this project in Algoma Power's next cost of service proceeding. In addition, it would also allow the OEB to consider the actual project costs and the net book value to be included in rate base.²⁴

In its reply submission, Algoma Power stated that it had no concerns with OEB staff's submission or comments.

Findings

²⁰ EB-2019-0019

²¹ Ibid, Settlement Proposal, Page 59

²² Manager's Summary, Page 28

²³ IR response to Staff-1

The OEB approves the proposed ACM funding effective January 1, 2022 based on the \$12.69 million capital amount, consistent with the previously approved settlement proposal. The approved ACM funding will provide incremental funds to Algoma Power commencing in 2022 when the Sault Ste. Marie facility is scheduled to go into service, until Algoma Power's rates are rebased by the OEB.

There are no ACM rate riders for the R-1 and R-2 rate classes. Based on the approved settlement proposal in Algoma Power's last cost of service proceeding, 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.²⁵ The proposed ACM rate riders for Algoma Power's other customer classes are approved.

²⁵ EB-2019-0019, Settlement Proposal, Page 60-61

10 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 10.1.

Table 10.1: 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 10, 2020.²⁶

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, 2018.²⁷

In the *Report of the Board: Review of Electricity Distribution Cost Allocation Policy*,²⁸ 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 2022 rate year.

²⁶ EB-2020-0276, Decision and Order, December 10, 2020

²⁷ EB-2017-0290, Decision and Order, March 1, 2018

²⁸ EB-2010-0219, Report of the Board “Review of Electricity Distribution Cost Allocation Policy”, March 31, 2011

11 ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Algoma Power Inc.'s new final distribution rates shall be effective January 1, 2022, in accordance with the Tariff of Rates and Charges set out in Schedule A.
2. The Tariff of Rates and Charges is deemed draft until Algoma Power Inc. has complied with the subsequent procedural steps.
3. Algoma Power Inc. shall review the Tariff of Rates and Charges and shall file with the OEB, as applicable, a written confirmation of its completeness and accuracy, or a detailed explanation of any inaccuracies or missing information, by **December 14, 2021**.
4. This Decision and Rate Order will be considered a final rate order if Algoma Power Inc. does not provide a submission to the OEB that inaccuracies were found or information was missing pursuant to item 3.
5. If the OEB receives a submission from Algoma Power Inc. that inaccuracies were found or information was missing pursuant to item 3, the OEB will consider the submission prior to issuing a final rate order.
6. Algoma Power Inc. shall notify its customers of the rate changes no later than the delivery of the first bill reflecting the new rates.

Parties are responsible for ensuring that any documents they file with the OEB, such as applicant and intervenor evidence, interrogatories and responses to interrogatories or any other type of document, **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](#).

Please quote file number, **EB-2021-0006**, for all materials filed and submit them in searchable/unrestricted PDF format with a digital signature through the [OEB's online filing portal](#).

- Filings should clearly state the sender's name, postal address, telephone number and e-mail address
- Please use the document naming conventions and document submission standards outlined in the [Regulatory Electronic Submission System \(RESS\) Document Guidelines](#) found at the [Filing Systems page](#) on the OEB's website

- Parties are encouraged to use RESS. Those who have not yet [set up an account](#), or require assistance using the online filing portal can contact registrar@oeb.ca for assistance

All communications should be directed to the attention of the Registrar at the address below and be received by end of business, 4:45 p.m., on the required date.

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Marc Abramovitz, at Marc.Abramovitz@oeb.ca and OEB Counsel, Ian Richler at ian.Richler@oeb.ca.

E-mail: registrar@oeb.ca

Tel: 1-877-632-2727 (Toll free)

DATED at Toronto, December 9, 2021

ONTARIO ENERGY BOARD

Original Signed By

Christine E. Long
Registrar

Schedule A

To Decision and Rate Order

Tariff of Rates and Charges

OEB File No: EB-2021-0006

DATED: December 9, 2021

Algoma Power Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2022
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2021-0006

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	\$	56.77
Service Charge - Applicable only to customers that meet criteria (ii) above	\$	27.01
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	0.0040
Distribution Volumetric Rate - Applicable only to customers that meet criteria (ii) above	\$/kWh	0.0380
Rate Rider for Disposition of Global Adjustment Account (2022) - effective until December 31, 2022 Applicable only for Non-RPP Customers	\$/kWh	0.0178
Rate Rider for Disposition of Deferral/Variance Accounts (2022) - effective until December 31, 2022	\$/kWh	0.0002
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	0.0092
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0067

December 9, 2021

Algoma Power Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2022
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2021-0006

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, 2022
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2021-0006

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	\$	695.07
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	3.6015
Rate Rider for Disposition of Global Adjustment Account (2022) - effective until December 31, 2022		
Applicable only for Non-RPP Customers	\$/kWh	0.0178
Rate Rider for Disposition of Deferral/Variance Accounts (2022) - effective until December 31, 2022	\$/kW	0.4286
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	3.5086
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	2.5439

December 9, 2021

Algoma Power Inc.
TARIFF OF RATES AND CHARGES
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EB-2021-0006

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-2021-0006

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	\$	69.46
Rate Rider for Recovery of Advanced Capital Module - effective until December 31, 2024	\$	3.48
Rate Rider for Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Distribution Volumetric Rate	\$/kWh	0.0818
Rate Rider for Disposition of Global Adjustment Account (2022) - effective until December 31, 2022		
Applicable only for Non-RPP Customers	\$/kWh	0.0178
Rate Rider for Disposition of Deferral/Variance Accounts (2022) - effective until December 31, 2022	\$/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	0.0092
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0067

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

December 9, 2021

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EB-2021-0006

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)	\$	1.94
Rate Rider for Recovery of Advanced Capital Module - effective until December 31, 2024	\$	0.64
Distribution Volumetric Rate	\$/kWh	0.3129
Rate Rider for Disposition of Global Adjustment Account (2022) - effective until December 31, 2022		
Applicable only for Non-RPP Customers	\$/kWh	0.0178
Rate Rider for Disposition of Deferral/Variance Accounts (2022) - effective until December 31, 2022	\$/kWh	0.0028
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	2.5406
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.8351

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-2021-0006

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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EB-2021-0006

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)	\$	44.50
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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EB-2021-0006

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	\$	107.68
Monthly fixed charge, per retailer	\$	43.08
Monthly variable charge, per customer, per retailer	\$/cust.	1.07
Distributor-consolidated billing monthly charge, per customer, per retailer	\$/cust.	0.64
Retailer-consolidated billing monthly credit, per customer, per retailer	\$/cust.	(0.64)
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	\$	0.54
Processing fee, per request, applied to the requesting party	\$	1.07
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)	\$	4.31
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)	\$	2.15

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