



Manager's Summary
2008 Electricity Distribution Rate Application
File No. EB-2007-0529

IN THE MATTER OF the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Schedule B of the Energy Competition Act, 1998:

AND IN THE MATTER OF an Application by Fort Frances Power Corporation for an order or orders approving of fixing just and reasonable rates.

1. Introduction

- 1.1 Fort Frances Power Corporation (the "Company") operates as an electricity distribution business in Ontario under Distribution Licence ED-2003-0028.
- 1.2 The Company submits this 2008 Electricity Distribution Rate Application ("Application") documentation for distribution rates pursuant and in accordance to the Ontario Energy Board ("Board") Filing Requirements for 2008 Incentive Regulation Mechanism Distribution Rate Adjustments.
- 1.3 The submission presents rate proposals pursuant to "Filing Requirements for May 1, 2008 Rate Adjustments" of the December 20, 2006 "Report of the Board on the Cost of Capital and 2nd Generation Incentive Regulation for Ontario's Electricity Distributors" (the "Board Report") and subsequent relevant Board Decisions.
- 1.4 The Company recognizes the possibility of negative customer reaction as a result of the new rate adjustments identified through the Application. For purposes of this Application, the Company has determined that no "significant bill impacts" have resulted, based on the Application, as submitted.

2. 2008 Electricity Distribution Rates

A summary for each major component of the Rate Application follows:

2.1 2007 Board Approved Tariff of Rates and Charges

As per the 2007 IRM Adjustment Model, the Company's 2008 Application is based on the Board-Approved 2007 Board Approved Tariff of Rates and Charges, Effective May 1, 2007 under Appendix "A" of the Board Decision and Order pertaining to Fort Frances Power Corporation File No. EB-2007-0529 dated April 12, 2007.

All Board-Approved 2007 service classifications, rate classifications, descriptions, rates and charges have been included in the 2008 application.

2.2 Smart Meter Information

The Company did not file a Smart Meter Investment Plan as part of the 2006 EDR Application. As a result, a Board-Approved smart meter plan rate adder, which equated to an equivalent amount of \$0.30 per month per residential customer was included in the Monthly Service Charge for metered customers in the Board-Approved 2006 Tariff of Rates and Charges, in accordance with the Decision With Reason RP-2005-0020 / EB-2005-0529.

As a result, per the 2008 IRM Adjustment Model, the current smart meter plan rate adder was removed in the 2008 Application to determine the "Base" Monthly Service Charge.

2.3 Conservation and Demand Management Adjustment

The Company did not apply for or receive approval for incremental Conservation and Demand Management spending over and above the third tranche in the 2006 EDR Application.

As a result, per the 2007 IRM Adjustment Model, no Conservation and Demand Management adjustment was required in the 2007 EDR Application.

2.4 K-Factor Derivation

The Company's completion of the K-Factor Derivation will begin the transition, for rate making purposes only, to a common deemed capital structure of 60% debt and 40 % equity.

2.5 Price Cap Adjustment

The Company has followed the Board determined GDP-IPI for final domestic demand as the price escalator for the 2nd Generation IRM and used, as a proxy per the 2008 IRM Adjustment Model, the current value of 1.9% in the 2008 IRM Application. When the final 2007 data is published by Statistics Canada, the Board will adjust the inflation index in the 2008 IRM Adjustment Model.

As per the 2008 IRM Adjustment Model, the Company has applied the Board determined X-Factor value of 1.00% to reduce the upward adjustment resulting from the GDP-IPI value.

The net result for the Company is a Price Cap Adjustment to the “Basic” Distribution Rates of 1.6% in the submitted 2008 EDR Application. The price cap was not applied to rate riders or Specific Service Charges.

3. Summary of 2008 Distribution Rate Impacts on Total Bill by Customer Class:

(Total Bill Impact before GST)		<u>Impact \$</u>	<u>Impact %</u>
Residential	750 kWh	\$0.26	0.3%
	1,000 kWh	\$0.28	0.3%
General Service <50KW	2,000 kWh	\$0.64	0.3%
	5,000 kWh	\$0.94	0.2%
General Service <50KW	60kW 15,000 kWh	\$6.90	0.4%
	100kW 40,000 kWh	\$9.06	0.2%
Unmetered Scattered Load	40,000 kWh	\$4.44	0.10%
Street Lighting	275kW 100,000 kWh	\$12.67	0.11%

Signed this 2nd day of November, 2008 at Fort Frances, on behalf of the Board of Directors of the Fort Frances Power Corporation by:

Joerg Ruppenstein. E. Eng.
CEO