

July 31, 2012  
Ontario Energy Board  
P.O. Box 2319  
27<sup>th</sup> Floor  
2300 Yonge Street  
Toronto ON, M4P 1E4

Dear Ms. Walli

**RE: Fort Frances Power Corporation  
Request to Defer 2013 Cost of Service Rate Rebasing - Board File Number EB-2012-0083**

Fort Frances Power Corporation (FFPC) operates as not-for-profit local distribution company with a zero percent rate-of-return. Operating under this model has allowed FFPC to extend its cost of service rate setting horizon beyond the traditional four-year cycle without undermining financial performance, consumer rates, customer service or distribution system reliability.

On January 26, 2012 by way of Board letter FFPC was identified as a distributor that is expected to file a cost of service application in respect of their 2013 rates. FFPC believes that proceeding with an unnecessary scheduled cost of service application would not be of benefit to our Customers, our Corporation, the Board and our Shareholder due to the significant financial and human resource burdens imposed on all parties involved. FFPC believes that a more suitable mechanism to adjust its 2013 distribution rates is the Third Generation Incentive Mechanism (IRM3), which FFPC also utilized to set 2012 distribution rates.

On March 1, 2012 FFPC submitted a formal request to defer the scheduled 2013 rate rebasing with supporting evidence as outlined in the Board's January 26, 2012 letter, but to date FFPC has not received a formal response regarding this matter. Since FFPC's original request to defer the 2013 rebasing, FFPC has submitted a standalone Smart Meter Disposition application as well as FFPC has recently participated in extensive Group 1 and Group 2 Deferral and Variance Account regulatory audits, having implemented audit findings. FFPC therefore believes that it does not have any significant outstanding elements to bring before the Board to warrant a costly and labour intensive Cost of Service Rate Rebasing under the current process. FFPC is also hopeful that the rate rebasing process will be

streamlined in the near future as a result of the Board's June 26, 2012 announced "Review of the Rate Applications and Hearing Process."

FFPC respectfully requests that the Board remove FFPC from the list of Distributors scheduled to file a 2013 Cost of Service Application and to place FFPC on the 2013 list of Distributors scheduled to file a 3<sup>rd</sup> Generation Incentive Rate Mechanism Application. Thank you for your consideration.

Yours truly,

*Original Signed By*

Joerg Ruppenstein  
President & CEO

Attch: FFPC March 1, 2012 Request To Defer 2013 Rate Rebasings