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FORT FRANCES POWER CORPORATION

March 1, 2012

Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto, ON M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

RE: Fort Frances Power Corporation
Request To Defer 2013 Rate Rebasing - Board File Number EB-2011-0146

Fort Frances Power Corporation (FFPC) is scheduled to file for rate rebasing for 2013 as per the Board's January 26, 2012 letter regarding *Electricity Distributors Scheduled to Apply for Rebasing for 2013.* FFPC believes that proceeding with the scheduled rate rebasing would not be of benefit to our Corporation, Customers, Shareholder and the Board as per the reasons stated below. FFPC is hereby respectfully requesting to defer its rate rebasing beyond the 2013 rate year.

Rationale:

1. Financial Position:
   FFPC is not profit driven and operates under a zero percent rate-of-return model. Our revenue requirement continues to be adequately met under our current rate structure. FFPC has not experienced any significant changes to its customer base or to the volume of electricity delivered and does not foresee any significant changes in the near future. FFPC continues to operate on a very solid financial platform as illustrated in our audited financial statements and financial reporting to the Board.

2. Transition to 3rd Generation Incentive Rate Mechanism (IRM3):
   FFPC requested deferring its scheduled 2012 rate rebasing beyond 2012 by way of letter to the Board on April 6, 2011 with a similar rationale. On June 17, 2011 FFPC received approval to defer its scheduled rate rebasing from 2012 to 2013 and direction to file its 2012 incentive regulation mechanism (IRM) rate application under the IRM3 framework. FFPC has adhered to this requirement and has filed its 2012 IRM rate application under the IRM3 framework. FFPC believes the IRM3 framework continues to be an adequate model for FFPC to operate under.

3. FFPC Major Commitments:
   FFPC's staff of four (4) continues to be consumed with implementing the multitude of sector changes and we believe that deferring our rate rebasing will result in a higher quality submission. Throughout 2012 FFPC would like to focus its key resources on the following significant initiatives:

   i) Development of Time-of-Use business processes
   ii) Completion of IFRS transition project
   iii) Intensified focus on conservation and demand management initiatives
   iv) Development of an asset management plan (based on IFRS project work)
   v) Development of a Smart Grid Plan in preparation for future rate rebasing
   vi) Development of a Green Energy Plan in preparation for future rate rebasing

4. Performance:
   FFPC continues to perform well with respect to system reliability and electricity service quality requirements/indicators as illustrated in our RRR submissions. FFPC believes that deferring the 2013 rebasing beyond 2013 will not have a negative impact on our performance.

For your ease of reference we have included return of equity, return on rate base calculations, a copy of our 2010 audited financial statements, as well as a copy of our 2011 RRR 2.1.4 Service Quality Indicator submission. If the Board requires a copy of our 2011 audited financial statements as well as our 2012 RRR Service Quality Indicator submission for consideration, we could supply them as soon as they become available.

Thank you for your consideration. We would be pleased to provide any further information that you may require.

Yours Truly,

Original Signed By

Joerg Ruppenstein
President and CEO

Attch: FFPC 2010 Audited Financial Statements
FFPC 2011 RRR 2.1.4 Submission
Rate of Return Calculator