

**Fort Frances Power Corporation (“FFPC”)
2012 Application for Smart Meter Cost Recovery (EB-2012-0327)**

Board Staff Comments on Draft Rate Order

On November 8, 2012, the Board issued its Decision and Order on FFPC’s 2012 application for smart meter cost recovery. The Decision required FFPC to submit a draft Rate Order (“DRO”) by November 15, 2012. FFPC submitted its DRO and supporting documentation on November 19, 2012. Board staff submits that FFPC has appropriately reflected the Board’s findings in all areas of the draft Rate Order, except for the calculation of its rate riders in the DRO as set out below.

Board staff notes that FFPC revised its class specific calculation of the SMIRRs and SMDRs consistent with the methodology approved by the Board. FFPC also properly accounted for the seven months of deferred SMIRR revenue for the period of May 1, 2012 to November 30, 2012. However, Board staff notes that the total customer count, as well as the customer count for the Residential and GS<50 kW rate classes, used in the calculation of its rate riders in the DRO is inconsistent with the evidence filed in FFPC’s application. Specifically, in the Smart Meter Model, Sheet 2, FFPC presented the following actual numbers of installed smart meters per class: Residential – 3,310 meters; GS< 50 kW – 420 meters and GS > 50 kW – 47 meters, for a total of 3,777 installed smart meters. Board staff observes that, in the calculation of the SMDR adjusted for the lost SMIRR revenue, FFPC used an average customer count of 3,831.

Board staff submits that the data used in the calculation is untested and inconsistent with that used elsewhere in FFPC’s application. In addition, FFPC used slightly different cost allocation percentages from those presented in its revised Cost Allocation Guelph Model filed with the DRO in the calculation of the SMIRR.

Board staff has recalculated FFPC’s rate riders based on the evidence filed in the Application and suggests that the following changes be made to class specific SMIRR set out in the DRO:

Class	SMIRR (\$/month)					
	Original (Draft Rate Order)			Revised (Board Staff Submission)		
	Customers	%	Rate Rider	Customers	%	Rate Rider
Residential	3308	76.93	\$3.45	3310	76.47	\$3.43
GS < 50 kW	422	20.00	\$7.03	420	20.38	\$7.19
GS > 50 kW	47	3.08	\$9.72	47	3.16	\$9.97

Board staff has also recalculated class-specific SMDR adjusted for the seven months lost SMIRR revenue based on the actual customer count. Board staff notes that the changes are relatively small as outlined in the table below:

Class	SMDR (\$/month)	
	Original (Draft Rate Order)	Revised (Board Staff Submission)
Residential	\$3.64	\$3.58
GS < 50 kW	\$13.47	\$13.42
GS > 50 kW	\$20.87	\$20.71

Nonetheless, Board staff submits that the methodology employed in calculating the revised SMIRR and SMDR as set out above is consistent with that employed in other applications approved by the Board.

Board staff has filed the revised calculations of the SMIRR and SMDR along with this submission as Appendix A.

Board staff has no further comments regarding the draft Rate Order submitted by FFPC.

- All of which is respectfully submitted -