



December 18, 2012

Ms. Kirsten Walli, Board Secretary
Ontario Energy Board
P.O. Box 2319, 27th Floor
2300 Yonge Street, Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

Re: Fort Frances Power Corporation –
Response to Interrogatories - for 2012 IRM3 EB-2012-0083

This letter acknowledges the receipt of Board Staff Interrogatories dated December 12th, 2012.

Fort Frances Power Corporation submits two (2) hard copies of Fort Frances Power Corporation's response to Board Staff Interrogatories for the IRM3 Distribution Rate Application and an electronic copy has been submitted through the OEB's RESS on-line filing system.

If you have any further questions, please do not hesitate to contact me at (807)274-9291 or via email at ffpc@fort-frances.com.

Yours truly,

A handwritten signature in dark ink, appearing to read 'Joerg Ruppenstein', with a long, sweeping horizontal line extending to the right.

Joerg Ruppenstein
President and CEO

Att.

/LC

**Fort Frances Power Corporation
EB-2012-0083**

**Response to Board Staff Interrogatories
December 18, 2012**

RTSR Workform

Interrogatory #1

Ref: RTSR Workform, Tab 4 – “RRR Data”

Rate Class	Unit	Non-Loss Adjusted Metered kWh	Non-Loss Adjusted Metered kW	Applicable Loss Factor	Load Factor	Loss Adjusted Billed kWh	Billed kW
Residential	kWh	38,677,253		1.0406		40,247,549	-
General Service Less Than 50 kW	kWh	15,145,342		1.0406		15,760,243	-
General Service 50 to 4,999 kW	kW	24,488,779	63,157		53.14%	24,488,779	63,157
Unmetered Scattered Load	kWh	62,630		1.0406		65,173	-
Street Lighting	kW	1,188,543	3,310		49.22%	1,188,543	3,310

(A) Please confirm if the data entered in columns “Non-Loss Adjusted Metered kWh” and “Non-Loss Adjusted Metered kW” are in fact not adjusted by FFPC’s Board approved loss factor.

Response: *The data entered in columns “Non-Loss Adjusted Metered kWh” and “Non-Loss Adjusted Metered kW” are not adjusted by FFPC’s Board approved loss factor.*

(B) If the answer to (A) is no, please provide the non-loss adjusted data, and Board staff will update the workform with the appropriate data.

Response: *Not applicable.*

Tax-Sharing Workform

Interrogatory #2

Ref: Tax-Sharing Workform, Tab 3 – “Re-Based Bill Det & Rates”

Rate Group	Rate Class	Fixed Metric	Vol Metric	Re-based Billed Customers or Connections A	Re-based Billed kWh B	Re-based Billed kW C	Rate ReBal Base Service Charge D	Rate ReBal Base Distribution Volumetric Rate kWh E	Rate ReBal Base Distribution Volumetric Rate kW F
RES	Residential	Customer	kWh	3,393	38,358,635		11.89	0.0087	
GSLT50	General Service Less Than 50 kW	Customer	kWh	485	21,817,089		28.64	0.0065	
GSGT50	General Service 50 to 999 kW	Customer	kW	43	20,657,710	51,490	238.80		3.5459
USL	Unmetered Scattered Load	Connection	kWh	6	67,445		28.64	0.0065	
SL	Street Lighting	Connection	kW	1,006	1,191,139	2,942	1.15		3.0098

Board staff notes that the data entered in columns D, E and F do not reconcile to FFPC’s current Tariff of Rates and Charges.

(A) If FFPC agrees, please verify, and Board staff will make the necessary corrections to the model.

Response: *FFPC agrees with Board Staff and please correct the model as revised below.*

Rate Group	Rate Class	Fixed Metric	Vol Metric	Re-based Billed Customers or Connections A	Re-based Billed kWh B	Re-based Billed kW C	Rate ReBal Base Service Charge D	Rate ReBal Base Distribution Volumetric Rate kWh E	Rate ReBal Base Distribution Volumetric Rate kW F
RES	Residential	Customer	kWh	3,363	36,358,635		11.99	0.0068	
GSLT50	General Service Less Than 50 kW	Customer	kWh	485	21,817,089		28.69	0.0066	
GSGT50	General Service 50 to 999 kW	Customer	kW	43	20,657,710	51,490	240.90		3.5771
USL	Unmetered Scattered Load	Connection	kWh	6	67,445		28.69	0.0066	
SL	Street Lighting	Connection	kW	1,006	1,191,139	2,942	1.16		3.0363

(B) If the answer to (A) is no, please provide an explanation for the data entered in columns D, E and F.

Response: *Not applicable*

Interrogatory #3

Rate Class	Total Revenue \$ by Rate Class A	Total Revenue % by Rate Class B = A / \$H	Total Z-Factor Tax Change\$ by Rate Class C = \$I * B	Billed kWh D	Billed kW E	Distribution Volumetric Rate kWh Rate Rider F = C / D	Distribution Volumetric Rate kW Rate Rider G = C / E
Residential	\$816,406,5645	56.07%	-\$1,722	36,358,635	0	\$0.0000	
General Service Less Than 50 kW	\$308,496	21.19%	-\$651	21,817,089	0	\$0.0000	
General Service 50 to 999 kW	\$305,799	21.00%	-\$645	20,657,710	51,490		-\$0.0125
Unmetered Scattered Load	\$2,500	0.17%	-\$5	67,445	0	\$0.0000	
Street Lighting	\$22,738	1.56%	-\$48	1,191,139	2,942		-\$0.0163
	\$1,455,940	100.00%	\$3,072				

Board staff notes that the calculated rate riders above are negligible for the Residential, General Service Less Than 50 kW and Unmetered Scattered Load rate classes.

(A) Please confirm if FFPC is requesting to record the entire tax-savings amount of a credit of \$3,072 in Account 1595 for future disposition.

Response: *FFPC confirms that we are requesting to record the entire tax-savings amount of \$3072 in Account 1595 for future disposition.*

Rate Generator Model

Interrogatory #4

Ref: Rate Generator Model, Tab 5 – “2013 Continuity Schedule”

Board staff notes that FFPC has not calculated projected interest on its Group 1 balances for the period from January 1, 2013 to April 30, 2013.

(A) Please calculate carrying charges for the period noted above, and provide these amounts for each account. Board staff will update the model accordingly.

Response: *FFPC calculated the carrying charges (below) from January 1, 2013 to April 30, 2013, for the rate year beginning May 1, 2013 on the December 31, 2011 balances adjusted for the disposed balances approved by the Board in 2012. The Q1 2013 prescribed interest rate of 1.47%, as published on December 14, 2012, was used.*

December 18, 2012

Projected Interest from January
1, 2013 to April 30, 2013 on Dec
31 -11 balance adjusted for
disposition during 2012 ³

RSVA - Wholesale Market Service Charge	1580	(373)
RSVA - Retail Transmission Network Charge	1584	85
RSVA - Retail Transmission Connection Charge	1586	(15)
RSVA - Power (excluding Global Adjustment)	1588	46
RSVA - Power - Sub-account - Global Adjustment	1588	(1,499)
Recovery of Regulatory Asset Balances	1590	

(B) Please confirm if the disposition threshold continues to be met when the carrying charges are applied to these accounts. It will not be necessary to provide a new IRM model. This will automatically update with Board staff's adjustments from (A) above.

Response: *FFPC confirms that disposition threshold continues to be met with the application of carrying charges from January 1, 2013 to April 30, 2013.*

(C) If the disposition threshold as calculated by FFPC in part (B) above does not continue to be met, please confirm that FFPC will not seek disposition of its Group 1 Deferral and Variance Account balances.

Response: *Not applicable*

Interrogatory #5

Ref: EB-2011-0146, Decision and Order, Page 12

The Board's decision in EB-2011-0146 stated that:

"The Board notes the submission of Fort Frances that it did not implement the 2002 Board approved rates on March 1, 2002 as ordered by the Board but chose to do so on May 1, 2002 instead. The Board considers the unauthorized deviation from a Board-approved rate order to be a serious matter. When the Board issues a decision and rate order approving certain rates, the distributor is expected to bill its customers the Board-approved rates for the period covered by the rate order. The utility is not authorized to deviate from the approved rate order in any way, whatever its reasons for doing so, without prior Board approval. The Board is of the view that the issue of whether Fort Frances has complied with the Board's Decision and Order in RP-2002-0031/EB-2002-0040 should be considered in Fort Frances' next rates proceeding."

Response: *FFPC seeks further guidance regarding the Board staff requirements regarding this interrogatory.*

This reference, from the 2012 IRM3 Board Decision, was in direct reference to the "Review and Disposition of Account 1562: Deferred Payments in Lieu of Taxes". In that decision, Board staff reported that:

"The net result of Board staff's calculations, including corrections to PILs 2002 recoveries, adjustment to PILS entitlement to May 2002 from March 2002 and..,"

FFPC was of the understanding that Board staff adjusted for the departure from the March 1, 2002 implementation of the 2002 Board approved rates during the review of Account 1562 Disposition in the decision in EB-2011-0146's rate application. Please provide further information regarding this interrogatory.

Interrogatory #6**Ref: A portion of the Rate Generator Model, Tab 6 – “Billing Det. For Def-Var”**

Rate Class	Unit	Metered kWh	Metered kW	Billed kWh for Non-RPP Customers	Estimated kW for Non-RPP Customers	Distribution Revenue ¹	1590 Recovery Share Proportion ²
Residential	\$/kWh	38,677,253		1,376,336	0	831,974	49.00%
General Service Less Than 50 kW	\$/kWh	15,145,342		347,354	0	246,889	19.00%
General Service 50 to 4,999 kW	\$/kW	24,488,779	63,157	21,806,991	56,241	352,093	31.00%
Unmetered Scattered Load	\$/kWh	62,630			0	2,098	
Street Lighting	\$/kW	1,188,543	3,310	1,188,543	3,310	23,838	1.00%
MicroFit							
Total		79,562,547	66,467	24,719,224	59,551	1,456,892	100.00%

Board staff is unable to reconcile the data entered in the column “Distribution Revenue” to FFPC’s previous cost of service application (EB-2005-0366).

(A) Please provide evidence for the data entered in the above noted column.

Response: FFPC used the ‘most recent actual 12 month volumetric data’ which are the 2011 statistics, as reported in the RRR 2.1.7 filing in 2012, ‘Customers, Demand and Revenue’. The use of these billing determinants is more accurate, as FFPC has not rebased since EB-2006-0366. The ‘Billed kWh for Non-RPP Customers’ quantities were extracted from the 2011 settlement billing records.

(B) If corrections are required, please provide the corrected information and Board staff will make the necessary corrections to the model.

Response: Not applicable

Interrogatory #7**Ref: Rate Generator Model, Tab 11 – “Proposed Rates”**

Rate Rider for Deferral/Variance Account Disposition (2013) - effective until May 01, 2015

Rate Rider for Global Adjustment Sub-Account Disposition (2013) - effective until May 01, 2015

Applicable only for Non-RPP Customers

Board staff notes that FFPC has entered an “effective until” date of May 1, 2015 for its rate riders for the disposition of its Group 1 Accounts. Board staff notes that FFPC has requested a two-year disposition period, and if approved as such by the Board, the “effective until” date would be April 31, 2015.

(A) Please confirm if FFPC agrees, and Board staff will make the necessary corrections to the workform.

Response: No, FFPC selected a two year disposition period as a one year disposition would result in a negative distribution rate for some customers charged Non-RPP rates. This would create rate instability for the Non-RPP customers and disrupt distribution revenue from the GS>50 kW rate class.

(B) If the answer to (A) is no, please confirm and provide an explanation for the date entered.

Response: Please see the response to Interrogatory #8.

Interrogatory #8**Ref: Manager's Summary, Page 9**

Board staff notes that FFPC has requested a two-year disposition period in the repayment of its Group 1 Accounts.

(A) Please complete the table below showing a comparison between bill impacts for a one-year and two-year disposition period.

Total Bill on TOU Impacts

<u>Rate Class</u>	<u>Current Estimated</u>	<u>1-Year Disposition</u>	<u>2- Year Disposition</u>	<u>Difference</u>
	<u>Percentage Change</u>			
Residential		-7.55%	-2.26%	5.28%
GS<50 kW		-7.34%	-1.86%	5.47%
GS 50 to 4,999 kW		-8.09%	-0.66%	7.43%
Unmetered Scattered Load		2.35%	2.56%	0.22%
Street Lighting		-4.73%	-0.60%	4.13%
	<u>Current Estimated</u>	<u>1-Year Disposition</u>	<u>2- Year Disposition</u>	<u>Difference</u>
	<u>\$ Amount</u>			
Residential	\$102.94	\$95.17	\$100.61	\$5.44
GS<50 kW	\$248.48	\$230.25	\$243.85	\$13.60
GS 50 to 4,999 kW	\$3,500.35	\$3,217.17	\$3,477.33	\$260.16
Unmetered Scattered Load	\$73.33	\$75.05	\$75.21	\$0.16
Street Lighting	\$16,098.51	\$15,336.81	\$16,001.81	\$665.00

Response: FFPC requested a two year disposition to minimize the rate change to Non-RPP customers.

FFPC has approximately 100 Residential and 6 GS<50 kW customers that are serviced through retailers. With a 1-Year Disposition, the monthly customer bills would be reduced by over 7% for a one year period.

FFPC's GS>50kW current proposed Distribution Volumetric Rate within this application effective May 1, 2013 is a charge of \$3.6086 per kilowatt (kW). With a 1-Year Disposition, the combined DVS rate rider of \$(.3329) and the Global Adjustment Rate Rider of \$(4.8703), for a total volumetric rate rider of \$(5.2032), created a negative total end rate of \$(1.5946). A 1-Year repayment within the GS<50kW rate class, with a projected annual billed kilowatts of 63,157, would result in a Volumetric Distribution revenue for this rate class of \$(100,710).