

Ontario Energy Board
P.O. Box 2319
27th. Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

Commission de l'énergie de l'Ontario
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone: 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273



BY E-MAIL

January 27, 2014

Joerg Ruppenstein
President and CEO
Fort Frances Power Corporation
320 Portage Avenue,
Fort Frances ON P9A 3P9

Dear Mr. Ruppenstein:

**Re: Fort Frances Power Corporation (“FFPC”)
Application for Rates
Board File Number EB-2013-0130**

A preliminary review of the application has identified that certain sections of the evidence supporting the application do not comply with the Board’s Filing Requirements¹ for cost of service applications and/or the associated spreadsheets, models and work forms. As a result, the Board is unable to process your application at this time.

The missing information includes:

Chapter 2 or 5 Filing Requirement Reference (section)	Description
Ch. 2, sec 2.4.5	Re: the publication in which the notice must appear, it is stated that information must be provided “whether it is a paid publication or not and the readership and circulation numbers.” Exh1.5.1, p.1 states that the publication is the Fort Frances Times “with a circulation of approximately 4,000 unpaid circulation one

¹ Chapters 1, 2 and 5 of the *Filing Requirements for Electricity Transmission and Distribution Applications*, dated July 17, 2013 and subsequent Board communications.

	<p>day a week and paid subscriptions available daily”</p> <p>The number of paid subscriptions is not provided.</p>
Ch. 2, sec. 2.5.1.1 and 2.5.1.2	<p>Not evident whether continuity statements include interest during construction, which in any event is not broken out or referenced.</p> <p>Breakdown by function of Gross Assets is not provided.</p>
Ch. 2, sec. 2.5.1.1	<p>It is stated in this reference that “The opening and closing balances of gross assets and accumulated depreciation that are used to calculate the fixed asset component of rate base must correspond to the respective balances in the fixed asset continuity statements” and in the event they do not, an explanation and reconciliation must be provided.</p> <p>Exh 2.2.1 and App 2BA-1 show differences in Accumulated Depreciation for the 2013 Bridge and 2014 Test years that do not appear to be explained. For 2013, Exh 2.2.1 shows \$8,132,182 versus Appendix 2-BA-1's \$8,246,914 and for 2014 \$8,339,639 versus \$8,548,638.</p> <p>The same issue arises for reconciliation to calculated depreciation expenses.</p>
Ch. 2, sec. 2.5.2.2	<p>Applicants must also provide a complete appendix 2-AA along with the following information about capital expenditures on a project-specific basis. This information is incremental to the requirements in Chapter 5:</p> <ul style="list-style-type: none"> • Written explanation of variances, including that of actuals versus the Board-approved amounts for the applicant’s last Board-approved cost of service application; and • For capital projects that have a project life cycle greater than one year, the proposed accounting treatment, including the treatment of the cost of funds. <p>FFPC has provided Appendix 2-AA, but has not provided the additional information per the Filing Requirements, Chapter 2.</p>
Ch. 2, sec. 2.6.1.3	<p>In Appendix 2-I, FFPC has used a total loss factor of 4.06% to “gross up” the CDM adjustment to adjust the system purchased kWh; this is different from FFPC’s proposed total loss factor of 4.70%. FFPC has not provided any explanation for the difference.</p>
Ch. 2, sec 2.6.2	<p>Load forecast data for Historic Board Approved is required. This is not provided.</p>
Ch. 2, sec. 2.7.3.2	<p>For shared services and Appendix 2-N, pricing methodologies are not adequately described (e.g. descriptions such as “contract,” “based on time sheet” do not describe the pricing methodologies). There is no discussion as to why the pricing methodology was chosen, no ARC conformity statement, no % allocated and no</p>

	variance explanations.
Ch. 2, sec. 2.7.3.3	This section requires that for any transactions above the materiality threshold (which for FFPC is \$50,000) that were procured without a competitive tender, an explanation as to why this was the case. There are a number of transactions shown in Exh 4.2.6, p.2 which exceed the materiality threshold and do not appear to have been procured through competitive tender for which no explanation is provided.
Ch. 2, sec. 2.7.3.4	This section requires the applicant to identify one-time costs in the historical, bridge and test years. FFPC's checklist shows this as n/a. It would not seem to be the case that there would be no one-time costs for this entire period (for instance the costs of the 2014 application preparation would not be ongoing costs).
Ch. 2, sec. 2.7.3.6	In the LEAP Report, the Board determined that the greater of .12% of a distributor's Board approved distribution revenue requirement or \$2,000 should be used. FFPC has used \$2,000, but .12% of the revenue requirement appears to be \$2,388.
Ch. 2, sec. 2.7.4	This section requires detailed explanations for using a service life that is different from the TUL in the Kinectrics Report and to perform a recalculation to determine the average remaining life of the opening assets on the day of making depreciation changes. Neither of these appear to be provided.
Ch. 2, sec. 2.8 and 2.3	Total Capitalization is required to equate to Total Rate Base, but this does not appear to be the case. Total Capitalization for Appendix 2-OA is \$4,856,584 versus Total Rate Base in Exh 2.1.1 of \$4,793,453.
Ch 2, sec 2.11.1	Applicant is required to provide a table comparing current and proposed monthly fixed charges with the floor and ceiling as calculated in the cost allocation study and include an explanation if the monthly fixed charge for any customer class exceeds the ceiling. FFPC has not provided the floor from the cost allocation study, nor explanations for MFCs that exceed the ceiling.
Ch 2, sec 2.11.2	The distributor is required to ensure that the information provided in this section related to RTSRs is consistent with that provided in the working capital allowance section. There does not appear to be a confirmation of this in the application.
Ch 2, sec 2.11.6	Distributors must ensure that the revenue from the proposed specific service charges corresponds with the evidence under Operating Revenues. FFPC is proposing the elimination of a number of specific service charges and increases in others showing a net increase of \$849 from these charges in 2014, but no calculations are provided to tie this increase into the specific changes proposed.
Ch. 2, sec. 2.11.9	The distributor must also provide a marked-up (track changes) version of the currently approved tariff of rates and charges showing each proposed change. A side-by-side comparison is

	shown, but not a track changes version.
Ch 2, sec 2.11.10	Applicant is required to provide detailed calculations of revenue per rate class under current rates and proposed rates by customer class. The information for current rates does not appear to be provided.
Ch 2, sec. 2.12	Applicant is required to identify which Group 2 accounts will continue and discontinue on a going-forward basis, with an explanation for each. This information does not appear to have been provided.
Ch 2, sec 2.12	Applicant is required to provide a breakdown of energy sales and cost of power by USoA as reported in AFS and mapped to USoA. Table 9.8 in Exh 9.2.2, p.2 shows total energy sales in 2012 of \$7,285,061.76, while the AFS shows \$7,148,968, but no reconciliation of these two numbers appears to have been provided.

The Board expects that FFPC will file the above listed required information as soon as possible.

If any of the information that is identified as missing is located in sections other than those identified in the Filing Requirements, or if any of the information is not applicable in your circumstances, please provide an explanation when filing the remainder of the required information.

Please direct any questions relating to this application to Martin Davies, Project Advisor at 416 440 8107 or martin.davies@ontarioenergyboard.ca.

Yours truly,

Original signed by

John Pickernell
Assistant Board Secretary