



EB-2013-0130

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B);

AND IN THE MATTER OF an application by Fort Frances Power Corporation for an order approving just and reasonable rates and other charges for electricity distribution to be effective May 1, 2014.

**PROCEDURAL ORDER NO. 1
AND
ORDER FOR INTERIM RATES
March 20, 2014**

Fort Frances Power Corporation ("FFPC") filed a complete cost of service application with the Ontario Energy Board (the "Board") on February 14, 2014 under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B), seeking approval for changes to the rates that FFPC charges for electricity distribution, to be effective May 1, 2014. The Board has assigned the application file number EB-2013-0130.

The Board issued a Notice of Application and Hearing dated February 25, 2014. The Vulnerable Energy Consumers Coalition ("VECC") applied for intervenor status and cost eligibility. No objection was received from FFPC.

The Board approves VECC as an intervenor. The list of parties in this proceeding is attached as Appendix A to this Procedural Order. The Board has also determined that VECC is eligible to apply for an award of costs under the Board's *Practice Direction on Cost Awards*.

Issues List

The approved issues list for this proceeding is attached as Appendix B and is identical to that approved most recently by the Board in the Haldimand County Hydro Inc. proceeding (EB-2013-0134). The Board does not find it necessary to have a process to review the issues list for this proceeding as has been done for certain other 2014 cost of service proceedings. The Board considers that the issues list reviews conducted to date have resulted in a sufficient degree of standardization to make such a review unnecessary for this proceeding.

Procedural Direction

The Board will make provision at this time for written interrogatories. The Board reminds parties that interrogatories must reference the evidence that has been filed. In accordance with Chapter 1 of the *Filing Requirements for Electricity Distribution Rate Applications* (the "Filing Requirements"), parties must sort their interrogatories and responses by issue. Parties must use a continuous numbering system to facilitate subsequent referencing of the interrogatories, as described in Chapter 1 of the Filing Requirements. Parties must use the following acronyms for labelling interrogatories: "VECC" for the Vulnerable Energy Consumers Coalition and "Staff" for Board staff.

At this time, the Board will also make provision for a Technical Conference and a Settlement Conference. The Technical Conference, which will occur prior to the filing of interrogatories will be in the format of Board staff moderating a non-transcribed teleconference during which Board staff and VECC will present clarification questions after which FFPC will file, if necessary, written responses to these questions.

Board staff will be a party to the Settlement Conference and will participate by putting forward its view of the public interest under the Board's statutory mandate. As a party to the settlement conference the responsibilities of Board staff will include participation in the drafting of any settlement proposal. Board staff will be required to comply with the Settlement Conference Guidelines. Board staff will not communicate with any Board member hearing this matter with respect to the discussions at the Settlement Conference or any settlement proposal except in the course of a hearing.

Parties should be mindful that any settlement proposal must be supported with sufficient rationale for the settlement of every issue for which settlement is reached. Parties should indicate how the elements of the settlement proposal are consistent with the Board's *Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach* issued on October 18, 2012 (the "RRFE Report") and other Board policy, and prior Board decisions.

Interim Rates

In the Application, FFPC requested an effective date of May 1, 2014. The Board will make FFPC's current approved rates interim effective May 1, 2014 pending the outcome of this proceeding. This determination is made without prejudice to the Board's decision on FFPC's application, and should not be construed as predictive in any way of the Board's final determination regarding the effective date for FFPC's rates.

The Board considers it necessary to make provision at this time for the following procedural steps.

THE BOARD ORDERS THAT:

1. Board staff shall moderate a non-transcribed teleconference on **April 4, 2014** at 10:00 am during which Board staff and VECC shall request clarifying information and material from FFPC that is relevant to the hearing. Where possible the questions should specifically reference the evidence on the record to which each clarification question pertains.
2. FFPC shall file with the Board complete written responses to all questions arising from the teleconference and deliver them to VECC no later than **April 17, 2014**.
3. Board staff shall request any relevant information and documentation from FFPC that is in addition to the evidence already filed, by written interrogatories filed with the Board and served on all parties on or before **April 28, 2014**.
4. VECC shall request any relevant information and documentation from FFPC that is in addition to the evidence already filed, by written interrogatories filed with the Board and served on all parties on or before **May 2, 2014**.

5. FFPC shall file with the Board complete written responses to all interrogatories and serve them on VECC and Board staff on or before **May 23, 2014**.
6. A Settlement Conference among the parties and Board staff will be convened on **May 29, 2014** starting at 9:30 a.m., at 2300 Yonge Street, 25th floor, Toronto. If necessary, the Settlement Conference will continue on **May 30, 2014**.
7. Any settlement proposal arising from the Settlement Conference shall be filed with the Board on or before **June 18, 2014**. In addition to outlining the terms of any settlement, the settlement proposal should contain a list of any unsettled issues, indicating with reasons which issues the parties believe should be dealt with by way of oral or written hearing.
8. If there is no settlement proposal arising from the Settlement Conference, FFPC shall file a statement to that effect with the Board by **June 4, 2014**. In that event, parties shall file and serve on the other parties by **June 11, 2014** any submissions on which issues shall be heard in writing, and for which issues the Board should hold an oral hearing.
9. FFPC's current rate order is declared interim effective May 1, 2014.

All filings to the Board must quote the file number, EB-2013-0130 and be made electronically through the Board's web portal at www.pes.ontarioenergyboard.ca/eservice/, in searchable / unrestricted PDF format. Two paper copies must also be filed at the Board's address provided below. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at www.ontarioenergyboard.ca/OEB/Industry. If the web portal is not available parties may email their documents to the address below. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies.

All communications should be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

Parties should also send all communications and materials for this proceeding to Board staff's case manager, Martin Davies at martin.davies@ontarioenergyboard.ca and Board counsel, Maureen Helt at maureen.helt@ontarioenergyboard.ca.

ADDRESS

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DATED at Toronto, March 20, 2014

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Appendix A

To Procedural Order No. 1 and Order For Interim Rates

Board File No. EB-2013-0130

DATED: March 20, 2014

**Fort Frances Power Corporation
EB-2013-0130**

APPLICANT & LIST OF INTERVENORS

March 20, 2014

APPLICANT

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INTERVENORS

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**Fort Frances Power Corporation
EB-2013-0130**

APPLICANT & LIST OF INTERVENORS

March 20, 2014

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Consumers Coalition**

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Appendix B

To Procedural Order No. 1 and Order For Interim Rates

Board File No. EB-2013-0130

DATED: March 20, 2014

**Issues List
Fort Frances Power Corporation
2014 Cost of Service Rate Application
EB-2013-0130**

1. Foundation

- 1.1 Does the planning (regional, infrastructure investment, asset management, etc.) undertaken by the applicant and outlined in the application support the appropriate management of the applicant's assets?
- 1.2 Are the customer engagement activities undertaken by the applicant commensurate with the approvals requested in the application?

2. Performance Measures

- 2.1 Does the applicant's performance in the areas of: (1) delivering on Board-approved plans from its most recent cost of service decision; (2) reliability performance; (3) service quality, and (4) efficiency benchmarking, support the application?

3. Customer Focus

- 3.1 Are the applicant's proposed capital expenditures and operating expenses appropriately reflective of customer feedback and preferences?

4. Operational Effectiveness

- 4.1 Does the applicant's distribution system plan appropriately support continuous improvement in productivity, the attainment of system reliability and quality objectives, and the level of associated revenue requirement requested by the applicant?
- 4.2 Are the applicant's proposed OM&A expenses clearly driven by appropriate objectives, and do they show continuous improvement in cost performance?
- 4.3 Are the applicant's proposed operating and capital expenditures appropriately paced and prioritized to result in reasonable rate for customers, or is any additional rate mitigation required?

5. Public Policy Responsiveness

- 5.1 Do the applicant's proposals meet the obligations mandated by government in areas such as renewable energy and smart meters and any other government mandated obligations?

6. Financial Performance

- 6.1 Do the applicant's proposed rates allow it to meet its obligations to its customers while maintaining its financial viability?
- 6.2 Has the applicant adequately demonstrated that the savings resulting from its operational effectiveness initiatives are sustainable?

7. Revenue Requirement

- 7.1 Is the proposed Test year rate base including the working capital allowance reasonable?
- 7.2 Are the proposed levels of depreciation/amortization expense appropriately reflective of the useful lives of the assets and the Board's accounting policies?
- 7.3 Are the proposed levels of taxes appropriate?
- 7.4 Is the proposed allocation of shared services and corporate costs appropriate?
- 7.5 Are the proposed capital structure, rate of return on equity and short and long term debt costs appropriate?
- 7.6 Is the proposed forecast of other revenues including those from specific service charges appropriate?
- 7.7 Has the proposed revenue requirement been accurately determined from the operating, depreciation and tax (PILs) expenses and return on capital, less other revenues?

8. Load Forecast, Cost Allocation and Rate Design

- 8.1 Is the proposed load forecast, including billing determinants an appropriate reflection of the energy and demand requirements of the applicant?
- 8.2 Is the proposed cost allocation methodology including the revenue-to-cost ratios appropriate?
- 8.3 Is the proposed rate design including the class-specific fixed and variable splits and any applicant-specific rate classes appropriate?
- 8.4 Are the proposed Total Loss Adjustment Factors appropriate for the distributor's system and a reasonable proxy for the expected losses?
- 8.5 Is the proposed forecast of other regulated rates and charges including the proposed Retail Transmission Service Rates appropriate?

8.6 Is the proposed Tariff of Rates and Charges an accurate representation of the application, subject to the Board's findings on the application?

9. Accounting

9.1 Are the proposed deferral accounts, both new and existing, account balances, allocation methodology, disposition periods and related rate riders appropriate?

9.2 Have all impacts of any changes in accounting standards, policies, estimates and adjustments been properly identified, and is the treatment of each of these impacts appropriate?