FFPC
FORT FRANCES POWER CORPORATION

April 16, 2014

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 26th Floor
Toronto, Ontario M4P 1E4
Attn: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: Fort Frances Power Corporation
Application for 2014 Rates, Application Board File EB-2013-0130

On December 20, 2013, Fort Frances Power Corporation ('FFPC') filed its Cost of Service Application seeking approval for rates effective May 1, 2014.

Pursuant to Procedural Order No. 1 ("PO1") issued on March 20, 2014, Board staff moderated a non-transcribed teleconference on April 4, 2014 by which Board staff and VECC requested clarifying information and material from FFPC that is relevant to the hearing.

In accordance with PO1, two hard copies of the complete response to all clarifying information and materials are now enclosed. An electronic copy of the complete responses in PDF format and required models in Excel format have been submitted through the Board's Regulatory Electronic Submission System ("RESS").

All of which is respectfully submitted for the Board's consideration.

Sincerely,

Joerg Ruppenstein
President and CEO

cc: Intervenors on Record (by email)

- Vulnerable Energy Consumers Coalition – c/o Michael Janigan
- Vulnerable Energy Consumers Coalition – c/o Mark Garner
- Vulnerable Energy Consumers Coalition – c/o Bill Harper

FORT FRANCES POWER CORPORATION (FFPC)

2014 RATE APPLICATION (EB-2013-0130)

RESPONSE TO BOARD STAFF MODERATED TELECONFERENCE REQUESTS FROM BOARD STAFF AND VECC'S CLARIFICATION REQUESTS ON APRIL 4, 2014

The teleconference was moderated by Board Staff during which Board staff and VECC requested clarifying information from Fort Frances Power Corporation (FFPC).

It was determined that FFPC would respond to the requests by written response.

BOARD STAFF CLARIFICATIONS

BOARD STAFF #1

Reference E2/T3/S5, page 2 of 3, Appendix 2-FA, (PDF page 249):

In the 2014 column, the numbers for Project 1 and Project 2, are shown as $32,772 for 2014 and zero dollars for Project 2 for capital cost. The other version of Appendix 2-FA shown in Exhibit 9, Tab 3, Schedule 3, page 2, the 2014 Project 2 is $25,000 and ongoing OM&A for $2,500, which indicates that there are two versions of the Appendix 2-FA. Further, the numbers do not match Table 2.3.1 (b), which indicates $35,000, do not match the numbers in the Distribution System Plan, page 338.

Please file a corrected version of the table.

Response:

FFPC notes that Appendix 2-FA provided on E2/T3/S5, page 2 of 3 (PDF page 249), and on E9/T3/S3, page 2 of 2 (PDF page 1037) both contain transposition errors; specifically in regards to Projects 1, 2, and 6.

Also please note that FFPC incurred costs associated with REG investments prior to 2014 for which FFPC is also seeking recovery and these costs are now also provided in the revised Appendix 2-FA, of which a copy has been provided below. As 2013 actual REG expenses are now available, FFPC has combined all REG expenses that were incurred prior to 2014 as “Project 2011 to 2013”.

Appendix 2-FA

Renewable Generation Connection Investment Summary (over the rate setting period)

REI Investments (Direct Benefit at 6%)		2014	2015	2016	2017	2018
Projects 2011-2013						
Capital Costs		$53,756.55				
OM&A (Start-Up)		$0.00				
OM&A (Ongoing)		$0.00				
Project 1						
Transformer T1 Protection						
Capital Costs		$25,000	$0	$0	$0	$0
OM&A (Start-Up)		$0	$0	$0	$0	$0
OM&A (Ongoing)	Included in 2014 Revenue Requirement	$2,500	$0	$0	$0	$0
Project 2						
Transformer T2 Protection						
Capital Costs		$25,000	$0	$0	$0	$0
OM&A (Start-Up)		$0	$0	$0	$0	$0
OM&A (Ongoing)	Included in 2014 Revenue Requirement	$2,500	$0	$0	$0	$0
Project 3						
Station Data Acquisition System						
Capital Costs		$0	$20,000	$0	$0	$0
OM&A (Start-Up)		$0	$0	$0	$0	$0
OM&A (Ongoing)		$0	$2,000	$0	$0	$0
Project 4						
Station Communication Network Installation						
Capital Costs		$0	$20,000	$0	$0	$0
OM&A (Start-Up)		$0	$0	$0	$0	$0
OM&A (Ongoing)		$0	$2,000	$0	$0	$0
Project 5						
Station OCB Protection						
Capital Costs		$0	$0	$20,000	$0	$0
OM&A (Start-Up)		$0	$0	$0	$0	$0
OM&A (Ongoing)		$0	$0	$2,000	$0	$0
Project 6						
Station Supervisory Control						
Capital Costs		$0	$0	$0	$45,000	$0
OM&A (Start-Up)		$0	$0	$0	$0	$0
OM&A (Ongoing)		$0	$0	$0	$4,500	$0
Project 7						
Station DC System Monitoring & Remote Annunciation						
Capital Costs		$0	$0	$0	$0	$12,000
OM&A (Start-Up)		$0	$0	$0	$0	$0
OM&A (Ongoing)		$0	$0	$0	$0	$1,200
Total Capital Costs		**$ 103,757**	**$ 40,000**	**$ 20,000**	**$ 45,000**	**$ 12,000**
Total OM&A (Start-Up)		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total OM&A (Ongoing)	(Removed total as $5,000 was Included in 2014 Revenue Requirement)		**$ 4,000**	**$ 2,000**	**$ 4,500**	**$ 1,200**

The following table replaces the original found of page 338 of the Distribution System Plan:

Capital Budget Year	Investment Category	Parent Project ID	Project Activity Name	Capital Cost	OM&A Cost	Investment Description	USoA Account	Primary Investment Driver	Kinectrics Asset Group
2011 - 2013	System Access	14-18-004	2011 - 2013 REG Investments - T1 & T2 Breaker Protection	$53,756		REG Investment - T1 & T2 Breaker Protection upgrades.	1531	Mandated Service Obligations	21 - Digital & Numeric Relays
2014	System Access	14-18-004	Transformer T1 Protection	$25,000	$2,500	REG Investment - Transformer Station power transformer T1 control and relaying upgrade.	1531	Mandated Service Obligations	21 - Digital & Numeric Relays
2014	System Access	14-18-004	Transformer T2 Protection	$25,000	$2,500	REG Investment - Transformer Station power transformer T2 control and relaying upgrade.	1531	Mandated Service Obligations	21 - Digital & Numeric Relays
2015	System Access	14-18-004	Station Data Acquisition System	$20,000	$2,000	REG Investment - install data acquisition system to connect to station IED's (intelligent electronic devices).	1531	Mandated Service Obligations	43 - Remote SCADA
2015	System Access	14-18-004	Station Communication Network Installation	$20,000	$2,000	REG Investment - Install local area network at TS to enable connection of IED's and access to operating data.	1531	Mandated Service Obligations	G8 - Communication
2016	System Access	14-18-004	Station OCB Protection	$20,000	$2,000	REG Investment - Upgrade station independent breaker controls and protection.	1531	Mandated Service Obligations	21 - Digital & Numeric Relays
2017	System Access	14-18-004	Station Supervisory Control	$45,000	$4,500	REG Investment - Install station controller and commission station supervisory control (monitor operating conditions and perform appropriate control actions currently performed manually).	1531	Mandated Service Obligations	43 - Remote SCADA
2018	System Access	14-18-004	Station DC System Monitoring & Remote Annunciation	$12,000	$1,200	REG Investment - Install supervisory control over auxiliary station components including DC systems.	1531	Mandated Service Obligations	43 - Remote SCADA

BOARD STAFF #2

Reference E9/T3/S3, page 1 of 2, lines 17-18, (PDF page 1036) that reads:

"Table 9.18 below shows the associated renewable capital investment and the annual program descriptors. FFPC is also seeking the recovery of the audited 2012 DVA balance of Account 1531, Renewable Generation Connection Capital Deferral of $32,142 less the Direct Benefit amount of $1,966."
and then there is another statement in E9/T3/S1, page 2 of 2 (PDF page 1028), line 7, with is a reference to Appendix 2-FA:

"FFPC has reduced the disposition recovery for account 1531 to $1,966, which is 6% of the 2012 account balance of $32,772. FFPC is seeking recovery of the remaining $30,806 from IESO as part of FFPC REI Investment recovery."

Please clarify which number is correct, $32,142 or $32,272 and if the disposition recovery amount of $1,966 is correct or should it be $2,596?

Response:

FFPC has amended both Appendix 2-FA and Appendix 2-FB to include the recent updated project costs to Year End 2013 for a total of $53,757 in the 2014 column. The 'Total OM&A (Ongoing)' costs (cell C73) for Project 1 and Project 2 totaling $5,000 were removed as these costs are included in the 2014 Test Year OM&A Expenses listed in Appendix 2-JA.

FFPC proposes the recovery of 6% of the Direct Benefit for Year 2014 of $4,709 (Appendix 2-FB, cell E20, calculated at $4,709) as these costs do reflect the direct

benefit associated with 2011 to 2014 projects, of which FFPC proposes to be included in 2014 rate base and resulting revenue requirement.

Since FFPC has proposed to recover the direct benefit portion of the 2011 to 2013 projects in the 2014 rate base, FFPC has removed the Direct Benefit Recovery of $1966, plus interest of $630 for a total of $2596 from account 1531 as detailed in Table 9.10 below:

Table 9.10: Group 2 Deferral/Variance Accounts for Disposition (Revised April 17, 2014)

Group Two Accounts for Disposition - Revision April 17, 2014						
Account Description	**Account**	**December 31, 2012 Principal Balance**	**December 31, 2012 Interest Balance**	**Audited Financial Statement Balances December 31, 2012**	**Projected Interest on December 31, 2012 balances for Jan 1, 2013 to April 30,2014**	**Total**
Group 2 Accounts						
Other Reg Assets - Sub-Acc - OEB Cost Assessments	1508	**$6,914**	**$1,374**	$8,288	$162	$8,450
Other-Reg Assets - Sub-Acc - IFRS Transition Costs	1508	**$26,332**	**$328**	$26,660	$523	$27,183
Renewable Generation Connection Capital Deferral	1531	**$0**	**$0**	$0	$0	$0
RSVA-One Time	1582	**$4,256**	**$2,503**	$6,759	$132	$6,891
Other Deferred Credits- Shared Tax Savings	2425	**($6,144)**	**($26)**	(omission)	($102)	($6,272)
Group 2 Sub-total		**$31,358**	**$4,179**	**$35,537**	$715	**$36,252**

FFPC proposes the following revisions to E9/T3/S1 page 2 of 2 (PDF page 1028), lines 7-9 as below:

'FFPC is requesting the disposition of $36,252 for Group 2 DVA balances as shown in Table 9.10.'

Please note the revised DVA model to adjust for removal of the Direct Benefit Recovery: FFPC_2014_EDDVAR_Revised_20140417

The following DVA rate riders have been revised in Table 9.12 below to dispose of all DVA accounts except account 1589 (RSVA Global Adjustment) and account 1576 (Accounting Changes Under CGAAP). The disposition of these accounts is addressed with separate rate riders that have not been affected by the change to account 1531.

Table 9.12: Allocation of DVA Balances, Excluding 1589- Revision April 17, 2014

Rate Rider Calculation for Deferral / Variance Accounts Balances (excluding Global Adj.)						
Rate Class	Units	kW / kWh / # of Customers		Allocated Balance (excluding 1589)	Rate Rider for Deferral/Variance Accounts	
Residential	kWh	37,751,518	$	14,221	0.0002	$/kWh
General Service Less Than 50 kW	kWh	13,617,679	$	8,960	0.0003	$/kWh
General Service 50 to 4,999 kW	kW	67,294	$	186	0.0014	$/kW
Unmetered Scattered Load	kWh	48,552		-7	-0.0001	$/kWh
Street Lighting	kW	1,055		-1,324	-0.6274	$/kW
Total			$	22,035		

The revisions are highlighted in the submitted revised copy of:
FFPC_2014_Custom_Chapter_2_Appendices_Revised_20140417.

FFPC would like to amend E9/T3/S3 page 1 of 2 (PDF page 1036), lines 17-20 to be replaced with:
"FFPC has revised Appendix 2-FB and is seeking the recovery of the direct benefit portion of the audited 2013 DVA balance of Account 1531, Renewable Generation Connection Capital Deferral of $53,757 and for the 2014 Green Energy Plan for Project 1 and 2 for a total of $50,000 in FFPC's total 2014 revenue requirement. FFPC is seeking the recovery of the provincial benefit portion of these projects from the IESO of $181 per month for 2014. In addition, for the years 2015 to 2018, FFPC is seeking recovery of the provincial benefit portion associated with Renewable Generation Connection projects that will occur over the period 2011 to 2018. The amount to be recovered from the IESO will be $467 per month in 2015, $590 per month in 2016, $722 per month in 2017 and $835 per month in 2018."

FFPC would also remove from the record E9/S3 page 1 (PDF page 1038) Table 9.19 and lines 1-3.
Please also remove from the record the model previously submitted as:
FFPC_GEA Rate Rider Calculation_20131220

BOARD STAFF #3

Reference: E4/T1/S1, page 12 (PDF page 764):

Please clarify the reference in line 13 to 'BB:'.

Response:

FFPC replaces lines 13-15 to read:

'deferral account. However, if such expenses do occur on a historical/actual basis, FFPC may book these expenses to the prescribed deferral account and may seek recovery of these costs in a future application.'

BOARD STAFF #4

Reference: E4/T2/S4 page 1 of 15 (PDF 791)

In the application, FFPC states that the collective agreement expires in 2014, and will be entering into negotiations. Is there any update on the status of negotiations?

Response:

Negotiations will begin within the next two weeks and FFPC hopes to have a new collective agreement negotiated by the end of April 2014.

BOARD STAFF #5

Reference: E4, Appendix A, (PDF page 828), FFPC's Purchasing Policy

Please provide a copy of the FFPC Board of Director's resolution approving FFPC's Purchasing Policy.

Response:

FFPC has provided a copy of the resolution approving the Fort Frances Power Corporation Purchasing Policy in Appendix A of this response.

BOARD STAFF #6

Reference: E7/T2, page 2 of 4, line 4-5 (PDF page 930):

In 'Table 7.8: Original vs. Updated Cost Allocated Studies', please clarify that the column that refers to the 'Residential' is equal to 62.03% pertains to the 2006 Cost Allocation and that the column that refers to the 'Residential' is equal to 68.66% pertains to the 2014 Cost Allocation.

Response:

Please find the amended Table 7.8 and title below:

Table 7.8: Proportion of Rate Specific Revenue to Total Revenue, 2006 vs. 2014 Cost Allocation

Classes	Costs Allocated from Previous Cost Allocation Study- 2006	% of 2006 Class Revenue to Total Revenue	Costs Allocated in 2014 Test Year Study	% of 2014 Class Revenue to Total Revenue
Residential	$ 930,775	62.03%	$ 1,366,130	68.66%
GS < 50 kW	$ 297,235	19.81%	$ 376,450	18.92%
GS > 50kW -4999	$ 241,620	16.10%	$ 218,356	10.97%
Street Lighting	$ 28,609	1.91%	$ 26,060	1.31%
Unmetered	$ 2,372	0.16%	$ 2,770	0.14%
Total	$ 1,500,611	100.00%	$ 1,989,766	100.00%

BOARD STAFF #7

Reference: E7/T2 Page 3 of 4, lines 3-7 (PDF page 931):

In the paragraph below, the table is referred to 'Table 7-8'. Should the reference be 'Table 7-9'?

"In the March 31, 2011 Report of the Board on Cost Allocation released in relation to EB-2010- 0219, the Board established what it considered to be the appropriate ranges of revenue-to-cost ratios. Those are summarized in Table 7-8 below. In addition, Table 7-8 provides the revenue-to-cost ratios from FFPC's approved 2006 approved rate application (EB-2005-0366); the updated 2014 cost allocation study and the proposed 2014 ratios."

Response:

FFPC would like to amend line 5 to change both references to Table 7-8 to the correct reference 'Table 7-9'.

BOARD STAFF #8

Reference: E7/T2 page 4 of 4, Table 7-10 (PDF page 932)

In Table 7-10, what is the difference between the 'Proposed Ratios' in Table 7.9 and the 'Proposed Revenue to Cost Ratios' in Table 7.10?

Response:

FFPC would like amend Table 7.9 to proposed 'Revenue to Cost Ratios' as determined by the Cost Allocation Study, to match the Chapter 2 Appendices, App. 2-P as below:

Table 7.9: Rebalancing Revenue to Cost Ratios, Revised April 17, 2014

Class	Previous Ratios Most Recent Year: 2006	Status Quo Ratios (7C + 7E) / (7A)	Proposed Ratios (7D + 7E) / (7A)	Policy Range
	%	%	%	%
Residential	91.60	83.44	97.50	85 - 115
GS < 50 kW	105.79	86.40	97.50	80 - 120
GS > 50kW -4999 kW	126.30	227.47	120.00	80 - 120
Street Lighting	89.56	94.69	97.50	70 - 120
Unmetered Scattered Load (USL)	117.05	119.68	119.31	80 - 120

Table 7.10 below reiterates the 'Proposed Ratios' for 2014 in Table 7.9, above, and to propose the same 'Revenue-to-Cost Ratios' continue in 2015 and 2016.

Table 7.10: Proposed Revenue-to-Cost Ratios 2014-2016

Class	Proposed Revenue-to-Cost Ratios			Policy Range
	2014	2015	2016	
	%	%	%	%
Residential	97.50	97.50	97.50	85 - 115
GS < 50 kW	97.50	97.50	97.50	80 - 120
GS > 50kW -4999 kW	120.00	120.00	120.00	80 - 120
Street Lighting	97.50	97.50	97.50	70 - 120
Unmetered Scattered Load (USL)	119.30	119.30	119.30	80 - 120

BOARD STAFF #9

Reference: E8/S1 page 12 of 14, lines 13-19 (PDF page 951):

What is the reference to 'BB:'?

Response:

FFPC requests the revision to lines 13-19 as outlined below:

"FFPC's metering is secondary or 'downstream' of the two primary transformers located in FFPC's municipal transformer station (FFMTS). The secondary metering configuration of the two primary transformers at the FFMTS measures the actual metered kWh withdrawn at these points in a month and no loss adjustment is required. The FFMTS wholesale meters measure the total 'Allocated Quantity of Energy Withdrawn' (AQEW) and this exact kWh amount is used on IESO's monthly invoice to bill FFPC for energy withdrawn. FFPC does not operate or own any distribution stations."

BOARD STAFF #10

Reference: E8/S2 page 1, lines 18-20 (PDF page 954):

What is the reference to 'BB:'?

Response:

FFPC proposes to amend lines 18-20 to the following:

"The total bill impact for the Street Lights class is an increase of 8.97%. This increase is primarily due to increases in the Distribution Service Charge and Volumetric Rate to recover allocated costs. FFPC's Street Light rates have been historically lower than neighbouring LDCs and this slight rate increase realigns charges to closer to industry levels."

BOARD STAFF #11

Reference: E9/T3/S3, lines 7-10, (PDF page 1036)

In lines 7-10, the total Green Energy Act capital spending requirements are stated as '$35,000 in 2013 and $55,000 in 2014, of which $90,000 in 2013 is in regards to capital investment..,'

Response:

FFPC proposes to amend the following in lines 7 to 10 to read:

"FFPC has revised both Appendix 2-FA and Appendix 2-FB to include the recent updated project costs up to Year End 2013 for a total of $53,757 in the 2014 column.
The 2014 Project 1 and 2 costs total $50,000 for digital relays at the FFPC Transformer Station. The 'Total OM&A (Ongoing)' costs (cell C73) for Project 1 and Project 2 totaling $5,000 were removed as these costs are included in the 2014 Test Year OM&A Expenses listed in Appendix 2-JA."

BOARD STAFF #12

Reference: E1/T1/S8, page 3, Table 1.8 and DSP page 322

How are the replacements decisions made, for example wood poles, with the expected useful life from the Kinectrics Study, which indicates 45 years is the average that FFPC would target for replacement- does the utility use just one type of pole? Please formalize the basis to which you advance or delay replacement.

Response:

FFPC currently only uses one kind (species) of wood pole – CCA Red Pine, with different classes and lengths depending on the application. Over the last 10+ years FFPC has also standardized its wood pole supplier. FFPC does not use any metal or composite poles at this time. FFPC determines whether to advance or delay pole replacement based on the results of its maintenance inspection and condition testing process that every wood pole is subjected to on a three year cycle. Pole inspection and condition test results are utilized to generate individual pole health indexes. Every pole receives a composite score that is based its age and the results of the various inspection findings and condition test results. FFPC has assigned default Typical Useful Life values of 45 years to each individual pole; however, a favourable health index score will extend this value or alternately an unfavourable health index scores will decrease this value. Using this methodology FFPC has focused solely on replacing the subset of poles with the lowest overall health indexes implying end-of-service life.

FFPC is currently working towards the formal assignment of health indexes to all major assets owned. For example, FFPC is currently mapping out transformer to smart meter relationships which will enable the creation of transformer loading profiles, which are a valuable input for the assignment of individual transformer health indexes.

VECC CLARIFICATIONS

Mark Garner from VECC requested information regarding FFPC's general operations that did not require any information filed within this record.

QUESTION VECC #1

Issue 7.6 – Other Revenues

Reference: E3/T3/S2, pages 2 and 4 (PDF pages 746 & 748)

a) What is the source of the Sales of Water and Power Revenues reported for 2012 and 2013 in Account #4230?

Response:

FFPC's source of the Sales of Water and Power Revenues reported for 2012 and 2013 are for costs recoverable for the Town of Fort Frances for use of FFPC's Smart Meter Advanced Metering Infrastructure (AMI) system. FFPC's AMI system provides remote water meter readings for approximately 300 commercial (non-residential) Town of Fort Frances water users. FFPC recovered in 2012 a percentage share of capital costs from the Town of Fort Frances and will continue to recover user costs of the AMI system. Costs are shared based on the percentage of overall metering points, which is currently approximately 7%. FFPC also recovers all extra charges billed by Thunder Bay Hydro to extract water meter data for the Town of Fort Frances. FFPC expects to continue to generate modest levels of revenue in 2014 and beyond for providing this service.

FFPC has updated the 'Other Operating Revenue' table from E3/T3/S2 page 4 as shown below to reflect the anticipated $5,000 in revenue for 2014:

Other Operating Revenue

USoA #	USoA Description	2010 Actual	2011 Actual	2012 Actual[2]	2012 Actual[2]	Bridge Year[3] 2013	Bridge Year[3] 2013	Test Year 2014
	Reporting Basis	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP
4235	Specific Service Charges	$ 29,751	$ 8,953	$ 9,003	$ 9,003	$ 9,000	$ 9,000	$ 9,849
4225	Late Payment Charges	$ 24,747	$ 23,669	$ 27,178	$ 27,178	$ 24,000	$ 24,000	$ 25,000
4082	Retail Services Revenues	$ 1,553	$ 540	$ 3	$ 3			
4084	Service Transactions Req	$ 1,475	$ 1,130	$ 583	$ 583			
4086	SSS Admin Revenue			$ 10,906	$ 10,906	$ 11,332	$ 11,332	$ 11,184
4210	Electric Property-Rent	$ 47,328	$ 46,784	$ 47,162	$ 47,162	$ 48,000	$ 48,000	$ 48,000
4230	Sales of Water & Power			$ 12,419	$ 12,419	$ 5,000	$ 5,000	$ 5,000
4245	Govern Assist Direct Income		$ 1,120	$ 1,120	$ 1,120			
4324	Special Purpose Recovery	$ 18,810	-$ 1,068					
4325	Rev from Merchandise	$ 73,454	$ 54,814	$ 37,235	$ 37,235	$ 45,000	$ 45,000	$ 25,000
4330	Exp from Merchandise	-$ 45,116	-$ 51,346	-$ 33,835	-$ 33,835	-$ 41,500	-$ 41,500	-$ 21,000
4355	Gain on Disposition		$ 5,127			$ 15,000	$ 13,500	
4360	Loss on Disposition	-$ 1,220						
4375	Rev from Non-Utility	$ 134,362	$ 38,484	$ 36,971	$ 36,971	$ 65,000	$ 65,000	$ 65,000
4380	Exp from Non-Utility	-$ 116,887	-$ 36,059	-$ 36,522	-$ 36,522	-$ 60,000	-$ 60,000	-$ 60,000
4385	Non-Utility Rental	$ 27,328	$ 22,949	$ 1,673	$ 1,673			
4390	Misc Non Operating Income		$ 28,397					
Specific Service Charges		$ 29,751	$ 8,953	$ 9,003	$ 9,003	$ 9,000	$ 9,000	$ 9,849
Late Payment Charges		$ 24,747	$ 23,669	$ 27,178	$ 27,178	$ 24,000	$ 24,000	$ 25,000
Other Operating Revenues		$ 50,355	$ 49,574	$ 72,192	$ 72,192	$ 64,332	$ 64,332	$ 64,184
Other Income or Deductions		$ 90,731	$ 61,297	$ 5,523	$ 5,523	$ 23,500	$ 22,000	$ 9,000
Total		$ 195,584	$ 143,494	$ 113,896	$ 113,896	$ 120,832	$ 119,332	$ 108,033

b) With respect to the charge for Credit Reference/Credit Check, under what circumstances is this charge applied?

Response:

This charge is within FFPC's 'Tariff of Rate and Charges' to recover costs for 'non-typical' Credit Reference/Credit Check's performed by FFPC's contracted utility clerk. FFPC has not charged this fee to any customer since deregulation.

VECC #2

Reference: E3/T2/S1, page 4 (PDF page 721)

a) Please explain exactly when Resolute Forest Products reduced its operations. Also, please indicate whether it was immediate or gradual over a number of months.

Response:

Resolute Forest Product's main production plant (mill) is not a direct customer of FFPC as it is transmission connected and it is therefore serviced directly by Hydro One. FFPC provides service only to the following service classifications:

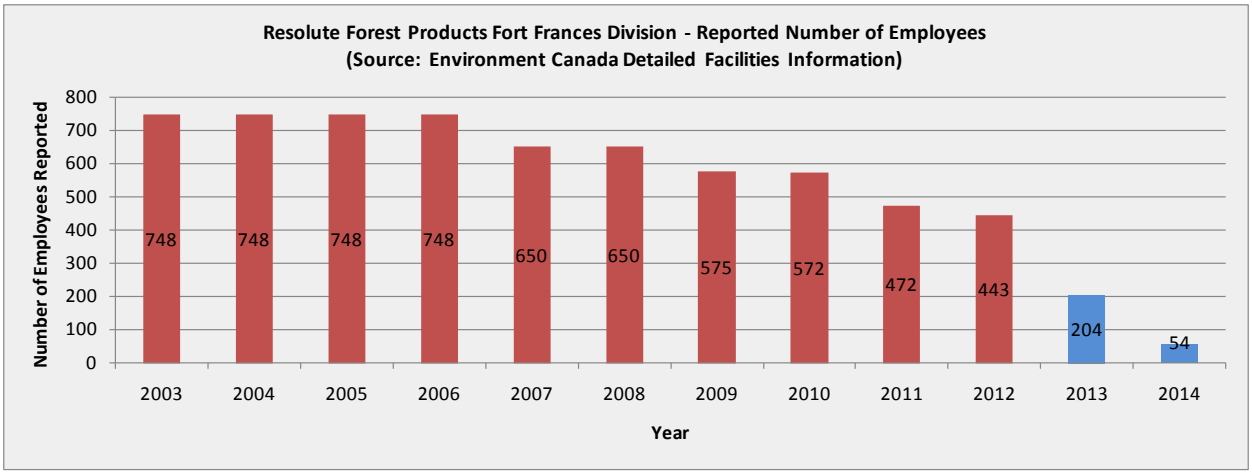
- General Service 50 to 4,999 kW Service Classification, known as GS>50 kW
- General Service Less Than 50 kW Service Classification, known as GS<50 kW

(Specific rate class usage is provided in VECC #3, below.)

The energy consumption by Resolute's GS>50 kW and GS<50 kW customers is small compared to the main production plant (mill); however, a reduction in operations impacts all rate classes due to the economic effects caused by major job losses and closures of businesses that rely on the operation of the plant.

Resolute Forest Products began to restructure its operation at Fort Frances beginning in 2007. During the course of answering these interrogatories, FFPC discovered the following Reported Number of Employees data for the Fort Frances Mill on the Environment Canada Website.

http://ec.gc.ca/inrp-npri/donnees-data/index.cfm?do=facility_information&lang=En&opt_npri_id=0000000917&opt_report_year=2012



Note: 2013 and 2014 reported data is not yet available and employee levels are based on Resolute's public layoff announcements - 239 Layoff's reported in November of 2012 and 150 Layoff's reported in January 2014.

As can be seen from the reported data above, employee reductions occurred in several step changes.

VECC #3

Reference: E3/T2/S1, pages 3 and 7 (PDF pages 720 & 724)

Preamble: The reduction in load in 2012 is attributed to the economic downturn that occurred due to the reduction in the operations of Resolute Forest Products.

a) How much of the 1.08 GWh reduction in GS>50 load in 2012 was attributable to Resolute?

Response:

FFPC does not provide supply service for Resolute Forest Products main production plant (mill). FFPC supplies electrical service to the following two (2) service classifications:

- General Service 50 to 4,999 kW Service Classification, known as GS>50 kW
- General Service Less Than 50 kW Service Classification, known as GS<50 kW

FFPC supplies electricity to five (5) Resolute GS>50 kW service customers for warehouses, business offices, parking lots and the building leased to Canada Border Services border crossing building as shown below:

	HISTORY OF RESOLUTE FOREST PRODUCTS GS>50 KW CUSTOMER CONSUMPTION - 2003-2012									
	TOTAL KWH	TOTAL KWH	TOTAL KWH	TOTAL KWH	TOTAL KWH	TOTAL KWH	TOTAL KWH	TOTAL KWH	TOTAL KWH	
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Resolute - 300 Sinclair	593,640	656,760	577,560	540,920	491,280	486,000	308,520	493,200	425,040	412,560
Resolute - 427 Mowat	544,880	590,480	594,160	596,800	533,840	510,240	451,840	441,280	434,240	412,640
Resolute - 145 Third W	531,400	535,360	508,080	528,720	511,200	474,240	416,760	406,920	347,640	341,880
Resolute - Customs*	471,200	433,800	448,200	538,400	549,800	456,160	368,040	398,160	182,158	69,202
Resolute- 201 Nelson*	346,200	865,200	70,200	0	66,000	0		162,600	0	45,600
TOTAL RESOLUTE GS>50 KW	**2,487,320**	**3,081,600**	**2,198,200**	**2,204,840**	**2,152,120**	**1,926,640**	**1,545,160**	**1,902,160**	**1,389,078**	**1,281,882**
** Account with alternate power source from mill.*										

The 2012 load reductions directly attributable to the reduced operations at Resolute Forest Products totaled 107,196 kWh (1,389,078 kWh, 2011 – 1,281,882 kwh, 2012), which is 9.9 % of the 1.08 GWh reduction.

b) By how much did Resolute's annual energy usage vary over the 2003-2011 period?

Response:

Resolute's annual energy usage has steadily declined across both affected service rate classes.

GS >50 kW Rate Class

Resolute's GS>50 kW rate class provides service to the mill offices, large warehouses, workshops, parking lots and the Canada Border Services building. The annual energy usage for this rate class has steadily declined since 2003. (The two accounts highlighted with an asterisk (*) both have the ability to select a supply source from either FFPC or Resolute's mill power (from the manufacturing plant's transmission connection). This explains the zero or minimal consumption totals.) Since 2003, the annual consumption in this rate class is approximately 50% (1,281,882 kWh) of the 2,487,320 kWh consumed in 2003.

	HISTORY OF RESOLUTE FOREST PRODUCTS GS>50 KW CUSTOMER CONSUMPTION - 2003-2012									
	TOTAL KWH	TOTAL KWH	TOTAL KWH	TOTAL KWH	TOTAL KWH	TOTAL KWH	TOTAL KWH	TOTAL KWH	TOTAL KWH	
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Resolute - 300 Sinclair	593,640	656,760	577,560	540,920	491,280	486,000	308,520	493,200	425,040	412,560
Resolute - 427 Mowat	544,880	590,480	594,160	596,800	533,840	510,240	451,840	441,280	434,240	412,640
Resolute - 145 Third W	531,400	535,360	508,080	528,720	511,200	474,240	416,760	406,920	347,640	341,880
Resolute - Customs*	471,200	433,800	448,200	538,400	549,800	456,160	368,040	398,160	182,158	69,202
Resolute- 201 Nelson*	346,200	865,200	70,200	0	66,000	0		162,600	0	45,600
TOTAL RESOLUTE GS>50 KW	**2,487,320**	**3,081,600**	**2,198,200**	**2,204,840**	**2,152,120**	**1,926,640**	**1,545,160**	**1,902,160**	**1,389,078**	**1,281,882**
** Account with alternate power source from mill.*										

GS <50 kW Rate Class

FFPC supplies thirteen (13) of Resolute's GS<50 kW rate class services to smaller warehouses, contractor buildings and parking lots. Total Resolute consumption for this class has been reduced by approximately 21% during the 2003 to 2011 timeframe:

458,739 kWh (2003) – 361,509 kWh (2011) = 97, 230 kWh reduction

VECC #4

Reference: E3/T2/S1, pages 3 and 6 (PDF pages 720 & 723)

Preamble: The coefficient of (517,554) for the 2012 Flag variable suggests that the economic downturn has an annual impact of over 6 GWh – significantly more than the total reduction observed in both the GS<50 and GS>50 classes in 2012. It is also noted that over half of the 2012 reduction in load occurred in the Residential class. Furthermore, it is noted that the Heating Degree Days for 2012 are lower than for any of the other years used in the regression analysis.

a) Is it possible that the 2012 flag is picking up some of the decline energy attributable to the reduction in Heating Degree Days for 2012?

Response:

When the 2012 flag is not included, the predicted 2012 amount would be 6 GWh higher than the actual amount. This higher prediction would include the decline in energy attributable to the reduction in Heating Degree Days for 2012. As a result, it is FFPC's

understanding that the 2012 flag is not picking up some of the decline in energy attributable to the reduction in Heating Degree Days for 2012.

In addition, FFPC indicated in the discussion during the April 4, 2014 teleconference that the actual 2013 power purchased amount was 82.5 GWh. The weather normal forecast for 2013 is 81.8 GWh which in FFPC's view appears to be reasonable based on the actual value.

b) Are there alternative approaches to address this issue?

Response:

Other approaches were explored to address this issue such as to include employment and unemployment data for the Northwestern region in the regression analysis. However, when these variables were included in the analysis, the results of the analysis indicated the employment variable was not statistically significant and unemployment variable had a non-intuitive coefficient. As a result, these variables were rejected as possible variables to be included in the power purchased prediction/forecasting formula.

VECC #5

Reference: E3/T2/S1, page 15 (PDF page 732)

a) Please provide a copy of the OPA's 2012 final CDM report for FFPC.

Response:

A copy of the OPA's 2012 final CDM report was included in E9, Appendix C (PDF page 1092).

VECC #6

Reference: E3/T2/S1, pages 16 and 18 (PDF page 733 & 735)

a) On page 16 (lines 10 & 11), please confirm that the 2014 CDM adjustment is 1,148,561 kWh.

Response:

FFPC confirms the 2014 CDM adjustments to be 1,148,561 kWh**.**

b) With respect to Table 3.2.16, please describe how the CDM adjustment was allocated to customer classes.

Response:

The allocation of the 2014 CDM adjustment to the Street Lighting class is described in E3/T2/S1 page 16 lines 12 to 16 and page 17 lines 1 to 4. The remaining amount (i.e. 1,148,561 kWh minus 741,653 kWh) is allocated to the other classes based on the percentage of the rate class 2014 Non-Normalized kWh to the total 2014 Non-Normalized kWh, excluding the Street Lighting amount, shown in Table 3.2.16.

Issue 8.2 – Cost Allocation

VECC #7

Reference: E7/T2, pages 3 and 4 (PDF pages 931 & 932)

a) Please confirm that FFPC's proposed 2014 revenue to cost ratios are those set out in Table 7.10 and not Table 7.9.

Response:

FFPC confirms that the proposed 2014 revenue to cost ratios are those set out in Table 7.10 and not Table 7.9.

Issue 8.5 – Other Regulated Rates

VECC #8

Reference: E8/S1, page 6 (PDF page 6)

a) Please confirm that the proposed RTSRs need to be updated for the approved 2014 UTRs.

Response:

FFPC confirms that the proposed RTSRs, approved on January 9, 2014 by the Board order EB-2012-0031 for rates effective January 1, 2014 have been updated in the revised RTSRs model entitled "FFPC_2014_RTSR_Revised_2140410".

Table 8.7: Updated 2014 RTS Rates- Revised April 17, 2014

Rate Class	Unit	Proposed RTSR Network	Proposed RTSR Connection
Residential	kWh	$ 0.0071	$ 0.0017
General Service Less Than 50 kW	kWh	$ 0.0064	$ 0.0015
General Service 50 to 4,999 kW	kW	$ 2.6255	$ 0.6308
Unmetered Scattered Load	kWh	$ 0.0064	$ 0.0015
Street Lighting	kW	$ 1.9801	$ 0.4878

APPENDIX A

FFPC Board of Directors Resolution Approving Purchasing Policy

FFPC

#10 — Session Number

FFPC-2013-055 — Resolution Number

Moved By:

Seconded By: Date: November 21, 2013

That the Purchasing Policy as presented and reviewed be hereby approved.

CARRIED

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