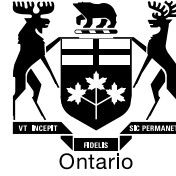


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**BY E-MAIL**

September 3, 2014

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street, 27th Floor  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Fort Frances Power Corporation (FFPC)  
Board Staff Comments on Draft Rate Order  
Board File No. EB-2013-0130**

In accordance with the Board's Decision and Order dated August 14, 2014, please find attached Board staff's comments on the draft Rate Order filed by FFPC on August 27, 2014.

*Original Signed By*

Martin Davies  
Project Advisor, Electricity Rates & Accounting  
Attachment

cc: Parties to EB-2013-0130 proceeding

# **ONTARIO ENERGY BOARD**

## **BOARD STAFF COMMENTS**

**-DRAFT RATE ORDER-**

Fort Frances Power Corporation

EB-2013-0130

**September 3, 2014**

## Introduction

On August 27, 2014, Fort Frances Power Corporation (“FFPC”) filed a draft Rate Order (“DRO”) pursuant to the Ontario Energy Board’s EB-2013-0130 Decision and Order (“Decision”) dated August 14, 2014.

Board staff has comments on only two areas of the DRO which are: (1) Appendix D “Draft Accounting Order – Long Term Load Transfer” and (2) Appendix E “Draft Accounting Order – Renewable Generation Connection Funding Adder Deferral Account.”

### Appendix D “Draft Accounting Order – Long Term Load Transfer”

Board staff notes that FFPC has proposed establishing the following variance account effective September 1, 2014: “Account 1572, Extraordinary Event Costs, “Sub-account Long Term Load Transfer (LTLT)”. FFPC also provided proposed accounting entries to record these amounts and the appropriate carrying charges.

Board staff submits that FFPC should replace the reference in the Draft Accounting Order to Account 1572, Extraordinary Event Costs, “Sub-account Long Term Load Transfer (LTLT)” with Account 1508, “Other Regulatory Assets, Sub-account LTLT Project.”

In addition, Board staff submits that the Accounting Order should require more detail. Actual spending should be recorded as follows:

- Account 1508 - Other Regulatory Assets, Sub-account, LTLT Project Capital
- Account 1508 - Other Regulatory Assets, Sub-account, LTLT Project OM&A
- Account 1508 - Other Regulatory Assets, Sub-account, LTLT Project Accumulated Depreciation
- Account 1508 - Other Regulatory Assets, Sub-account, LTLT Project Depreciation Expense

Furthermore, FFPC should perform a proxy calculation of the revenue requirement associated with the subject assets that is in rates and record the associated revenues in the following sub-account, as well as monthly carrying charges:

- Account 1508 – Other Regulatory Assets, Sub-account, LTLT Project Rate Revenues
- Account 1508 – Other Regulatory Assets, Sub-account, LTLT Project Rate Revenues, carrying charges

Board staff submits that the following additional sub-accounts and contra sub-accounts should be used to track the annual revenue requirement associated with the LTLT project on an actual basis until the account balances are reviewed and disposed in FFPC's next cost of service application. Monthly carrying charges should also be recorded in these accounts as follows:

- Account 1508 – Other Regulatory Assets, Sub-account LTLT Project Revenue Requirement
- Account 1508 - Other Regulatory Assets, Sub-account LTLT Project Revenue Requirement, Carrying Charges
- Account 1508 – Other Regulatory Assets, Sub-account Contra-account LTLT Project Revenue Requirement
- Account 1508 - Other Regulatory Assets, Sub-account Contra-account LTLT Project Revenue Requirement, Carrying Charges

The rate of interest should be the rate prescribed by the Board for deferral and variance accounts for the respective quarterly period and published on the Board's website.

Finally, Board staff submits that at the time of FFPC's next cost of service application, any true-up should be based on the difference between Account 1508 – Other Regulatory Assets, Sub-account, LTLT Project Rate Revenues (plus the associated carrying charge account) and the re-calculated revenue requirement relating to the actual capital expenditures recorded in Account 1508 – Other Regulatory Assets, Sub-account LTLT Project Revenue Requirement (plus the associated carrying charge account).

Board staff submits that FFPC should file as part of its reply comments a revised version of this Appendix, reflecting these comments, or if FFPC has concerns with any of the changes proposed by Board staff, it should provide an explanation of these concerns.

Appendix E “Draft Accounting Order – Renewable Generation Connection Funding Adder Deferral Account.”

Board staff notes that in its May 1, 2014 EB-2013-0174 Rate Order relating to an application by Veridian Connections Inc, the Board approved an Accounting Order for renewable generation connection spending.

Board staff further notes that the Draft Accounting Order proposed by FFPC for similar expenditures in its DRO is significantly different from that approved by the Board in the referenced proceeding.

Board staff submits that FFPC should resubmit its Appendix E Draft Accounting Order in a format that conforms to the equivalent Accounting Order approved in the EB-2013-0174 proceeding. In the event that FFPC does not believe that this Accounting Order, or any part of it, is applicable to its circumstances, Board staff submits that FFPC should provide an explanation of why this is the case in its response to these comments.

- All of which is respectfully submitted-