**Fort Frances Power Corporation (Fort Frances Power)**

**2019 IRM Application**

**EB-2018-0074**

**Application Analysis**

**October 25, 2018**

**Staff Question #1**

**Ref: Tab #3 Continuity Schedule Account 1595 (2016)**

**Appendix A: Application of Recoveries in Account 1595 states:**

“…. Distributors are expected to seek disposition of the audited account balances a year after a rate rider’s sunset date has expired. No further transactions are expected to flow through the Account 1595 Sub-accounts once the residual balance has been disposed.”

1. Please explain why Fort Frances Power is not disposing of its account 1595 (2016) in this application.

FFPC is not disposing of account 1595 in this application as the threshold has not been met and it is not practical to dispose of the small amount.

**Staff Question #2**

**Ref: GA Analysis Workform**

The Applicant has populated its monthly billing data in Note 4 of the of the GA Analysis Workform.

1. Please explain why column F and column H agree for each of the months as this is contrary to OEB staff’s expectation?

The GA analysis work form has been updated to reflect “true monthly” billing and only includes actual billed consumption, as directed by from Board staff. Please note that the net change in principal balance has been corrected to reflect removing 2018 Rate Order related transactions.

1. Why does the amount recorded in column H for January not agree to the amount recorded in column G in February?

**Staff Question #3**

**Ref: Responses that were provided to Appendix A Questions**

1. In the response provided to question 2a, the Applicant has indicated that its RPP settlement with the IESO is based on actual consumption data for the month. However, what about the GA rate that is used in the monthly RPP settlement process? Does the Applicant use an estimate of the GA rate for purposes of performing it RPP settlement with IESO?

The final GA rate is applied to actual monthly consumption for purposes of performing RPP settlement with IESO.

1. In 2b), it is not clear if any true-ups are required to CT 1142 after the RPP settlement has been completed:
	1. Please confirm that no consumption true-up would be required as the settlement would have used the actual consumption for the month? Would there ever be a need to true-up the consumption values used for settlement purposes?

No consumption true-up is required as settlements use actual monthly consumption.

* 1. Please confirm whether a true-up would be required for the GA rate used as part of the settlement? If so, when is that true-up performed and when does it get recorded in the books?

N/A

1. In the response provided for 3a), the Applicant has not adequately responded to the question. The Applicant has provided a response from a revenue perspective, however this question would like to know how the initial GA expense gets recorded. Does the Applicant wait for the GA invoice to arrive before booking, or does the Applicant record an estimate first and then subsequently trues it up. Please provide the necessary details.

FFPC records the GA expense when invoiced by IESO based on accrual accounting, the expense is recorded to the month it applies to.

1. In the response to 3c), is the applicant required to perform a true-up to the initial GA expense amount recorded? If the answer is no, then you should state this. Otherwise, please provide the details related to how the Applicant performs its GA expense true-up.

No true-up is required as the expense is posted based on the IESO invoice.

1. In the response provided to 4a) the Applicant has indicated that principal adjustments were recorded in the 2018 rate proceeding, however in the response to 4b) the Applicant has indicated that no principal adjustments were required. Please explain the disconnect.

The disconnect arose from the interpretation of which “principal adjustments” were being referred to. Board staff was able to clarify the intent of the reference resolving the disconnect.

**Staff Question #4**

**Ref: DVA Continuity Schedule, Account 1588**

With respect to the balance in Account 1588 as at December 31, 2017, given that the variance between RPP revenue and the cost of energy attributable to RPP customers is settled with the IESO on a monthly basis and the Applicant has indicated that all required RPP settlement true-ups for 2017 have been accrued as part of the 2017 ending balance in the DVA continuity schedule, the expectation is that any remaining amounts in account 1588 should be relatively small and close to zero (the difference between amounts billed at the approved total loss factor versus actual system losses for the year). Accordingly, please confirm that the balance in account 1588 relates entirely to line losses and the difference between the actual and approved loss factors.

FFPC confirms that the balance relates to line losses and the difference between the actual and approved loss factors.

**Staff Question#5**

**Ref: GA Analysis Workform**

Fort Frances Power’s approved loss factor is 1.0470 and the calculated loss factor

from the GA Analysis Workform is 1.1139, a difference of 6%. Please explain the

difference and revise the GA Analysis Workform as needed.

FFPC has removed the values in column G & H as directed by Board staff. The revised calculated loss factor is now 1.0451, which is a difference of 0.19%.