

DECISION AND RATE ORDER

EB-2019-0036

FORT FRANCES POWER CORPORATION

Application for rates and other charges to be effective May 1, 2020

By Delegation, Before: Jane Scott

[date]

1 INTRODUCTION AND SUMMARY

Through this Decision and Rate Order, the Ontario Energy Board (OEB) approves the incentive rate-setting mechanism (IRM) application filed by Fort Frances Power Corporation (Fort Frances Power) for new rates effective May 1, 2020.

Fort Frances Power serves approximately 3,750 mostly residential and commercial electricity customers in the Town of Fort Frances. The company is seeking the OEB's approval for the rates it charges to distribute electricity to its customers, as is required of licensed and rate-regulated distributors in Ontario.

A distributor may choose one of three rate-setting methodologies approved by the OEB. Each of these is explained in the [Handbook for Utility Rate Applications](#).

Fort Frances Power's application is based on a Price Cap Incentive Rate-setting option (Price Cap IR), with a five-year term. The Price Cap IR option involves the setting of rates through a cost of service application in the first year. Mechanistic price cap adjustments, based on inflation and the OEB's assessment of the distributor's efficiency, are typically then approved through IRM applications in each of the ensuing four (adjustment) years.

As a result of the OEB's findings in this Decision, there will be a monthly total bill increase of \$1.05 before taxes and the Ontario Electricity Rebate¹ for a residential customer consuming 750 kWh, effective May 1, 2020.

2 THE PROCESS

This Decision is being issued by delegated authority, without a hearing, under section 6 of the *Ontario Energy Board Act, 1998* (the OEB Act).

The OEB follows a standardized and streamlined process for hearing IRM applications filed under Price Cap IR. In each adjustment year of a Price Cap IR term, the OEB prepares a Rate Generator Model that includes, as a placeholder, information from the distributor's past proceedings and annual reporting requirements.² A distributor will then review and complete the Rate Generator Model, and include it with its application.

¹ O. Reg 363/16, s. 3, effective November 1, 2019.

² The Rate Generator Model is a Microsoft Excel workbook that is used to update base rates, retail transmission service rates and, if applicable, shared tax saving adjustments. It also calculates rate riders for the disposition of deferral and variance account balances. During the course of an IRM proceeding, the Rate Generator Model may be updated in order to make any necessary corrections, or to incorporate new rate-setting parameters as they become available.

Fort Frances Power filed its application on November 25, 2019 under section 78 of the OEB Act and in accordance with Chapter 3 of the OEB's [Filing Requirements for Incentive Rate-Setting Applications](#) (Filing Requirements) and [Addendum to Filing Requirements for Electricity Distribution Rate Applications](#).

The application was supported by pre-filed written evidence and a completed Rate Generator Model. During the course of the proceeding, the applicant responded to OEB staff questions through emails and phone calls and, where required, updated and clarified the evidence.

3 ORGANIZATION OF THE DECISION

In this Decision, the OEB addresses the following issues, and provides reasons for approving or denying Fort Frances Power's proposals relating to each of them:

- Price Cap Adjustment
- Retail Transmission Service Rates
- Group 1 Deferral and Variance Accounts

In the final section, the OEB addresses the steps to implement the final rates that flow from this Decision.

This Decision does not address rates and charges approved by the OEB in previous proceedings, which are not part of the scope of an IRM proceeding (such as specific service charges³ and loss factors). No further approvals are required to continue to include these items on a distributor's Tariff of Rates and Charges.

4 PRICE CAP ADJUSTMENT

Fort Frances Power seeks to increase its rates, effective May 1, 2020, based on a mechanistic rate adjustment using the OEB-approved ***inflation minus X-factor*** formula

³ Specific service charges have been amended by the OEB through: the Report of the OEB – "Wireline Pole Attachment Charges", EB-2015-0304, Issued March 22, 2018; and, the Decision and Order on Energy Retail Service Charges EB-2015-0304, Issued on February 14, 2019. Certain Service Charges are subject to annual inflationary adjustments to be determined by the OEB through a generic order. The Decision and Order EB-2019-0280 issued November 28, 2019 for energy retailer service charges, and the cover letter dated November 28, 2019 "Inflation Adjustment for Energy Retailer Service Charges (EB-2019-0280) and Wireline Pole Attachment Charge (EB-2015-0304) for Electricity Distributors", established the adjustments effective January 1, 2020.

applicable to Price Cap IR applications.

The components of the Price Cap IR adjustment formula applicable to Fort Frances Power are set out in Table 4.1, below. Inserting these components into the formula results in a 1.70% increase to Fort Frances Power's rates: **1.70% = 2.00% - (0.00% + 0.30%)**.

Table 4.1: Price Cap IR Adjustment Formula

| Components | | Amount |
|-------------------------------|--------------------------------------|--------|
| Inflation Factor ⁴ | | 2.00% |
| X-Factor | Productivity ⁵ | 0.00% |
| | Stretch (0.00% – 0.60%) ⁶ | 0.30% |

The inflation factor of 2.00% applies to all Price Cap IR applications for the 2020 rate year.

The X-factor is the sum of the productivity factor and the stretch factor. It is a productivity offset that will vary among different groupings of distributors. Subtracting the X-factor from inflation ensures that rates decline in real, constant-dollar terms, providing distributors with a tangible incentive to improve efficiency or else experience declining net income.

The productivity component of the X-factor is based on industry conditions over a historical study period and applies to all Price Cap IR and Annual IR Index applications for the 2020 rate year.

The stretch factor component of the X-factor is distributor specific. The OEB has established five stretch factor groupings, each within a range from 0.00% to 0.60%. The stretch factor assigned to any particular distributor is based on the distributor's total cost performance as benchmarked against other distributors in Ontario. The most efficient distributor would be assigned the lowest stretch factor of 0.00%. Conversely, a higher stretch factor would be applied to a less efficient distributor (in accordance with its cost

⁴ For the 2020 Inflation Factor, see Ontario Energy Board 2020 Electricity Distribution Rate applications webpage - October 31, 2019.

⁵ Report of the OEB – “Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario’s Electricity Distributors” EB-2010-0379, Issued November 21, 2013, corrected December 4, 2013.

⁶ The stretch factor groupings are based on the Report to the Ontario Energy Board – “Empirical Research in Support of Incentive Rate-Setting: 2018 Benchmarking Update”, prepared by Pacific Economics Group LLC., August 15, 2019.

performance relative to expected levels) to reflect the incremental productivity gains that the distributor is expected to achieve. The stretch factor assigned to Fort Frances Power is 0.30%.

Findings

The OEB finds that Fort Frances Power's request for a 1.70% rate adjustment is in accordance with the annually updated parameters set by the OEB. The adjustment is approved, and Fort Frances Power's new rates shall be effective May 1, 2020.

The adjustment applies to distribution rates (fixed and variable) uniformly across all customer classes.⁷

5 RETAIL TRANSMISSION SERVICE RATES

Distributors charge retail transmission service rates (RTSRs) to their customers in order to recover the amounts they pay to a transmitter, a host distributor, or both, for transmission services. All transmitters charge Uniform Transmission Rates (UTRs) to distributors connected to the transmission system. Host distributors charge host-RTSRs to distributors embedded within the host's distribution system. Each of these rates are OEB-approved.

Fort Frances Power is transmission connected and is requesting approval to adjust the RTSRs that it charges its customers to reflect the currently approved rates that it pays for transmission services included in Table 5.1.

Table 5.1: UTRs⁸

| UTRs (2020) | per kW |
|--|--------|
| Network Service Rate | \$3.92 |
| <u>Connection Service Rates</u> | |
| Line Connection Service Rate | \$0.97 |
| Transformation Connection Service Rate | \$2.33 |

⁷ Price Cap IR and Annual IR Index adjustments do not apply to the following rates and charges: rate riders, rate adders, low voltage service charges, retail transmission service rates, wholesale market service rate, smart metering entity charge, rural or remote electricity rate protection charge, standard supply service – administrative charge, transformation and primary metering allowances, loss factors, specific service charges, microFIT charge, and retail service charges.

⁸ EB-2019-0296, Decision and Interim Rate Order, December 19, 2019.

Findings

Fort Frances Power's proposed adjustment to its RTSRs is approved. The RTSRs were adjusted based on the interim 2020 UTRs, which were incorporated into the rate model to adjust the RTSRs that Fort Frances Power will charge its customers.

Any differences resulting from the approval of final 2020 UTRs will be captured in Accounts RSVA – Retail Transmission Network charge 1584 and Retail Transmission Connection charge 1586.

6 GROUP 1 DEFERRAL AND VARIANCE ACCOUNTS

In each year of an IRM term, the OEB will review a distributor's Group 1 deferral and variance accounts in order to determine whether their total balance should be disposed.⁹ OEB policy requires that Group 1 accounts be disposed if they exceed (as a debit or credit) a pre-set disposition threshold of \$0.001 per kWh, unless a distributor can justify why balances should not be disposed.¹⁰ If the balance does not exceed the threshold, a distributor may elect to request disposition.

The 2018 actual year-end total balance for Fort Frances Power Group 1 accounts including interest projected to April 30, 2020 is a credit of \$22,870. This amount represents a total credit claim of \$0.0003 per kWh, which does not exceed the disposition threshold, and the utility has not requested disposition.

In 2018, the OEB suspended its approvals of Group 1 rate riders on a final basis pending the development of further accounting guidance on commodity pass-through variance accounts.¹¹ The OEB then issued accounting guidance¹² on the commodity accounts on February 21, 2019. In this letter, the OEB indicated that it expects distributors to consider the accounting guidance in the context of historical balances that have not yet been disposed on a final basis. Distributors are expected to make any adjustments needed prior to filing for final disposition.

⁹ Group 1 accounts track the differences between the costs that a distributor is billed for certain IESO and host distributor services (including the cost of power) and the associated revenues that the distributor receives from its customers for these services. The total net difference between these costs and revenues is disposed to customers through a temporary charge or credit known as a rate rider.

¹⁰ Report of the OEB – "Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR)." EB-2008-0046, July 31, 2009.

¹¹ OEB letter to all rate-regulated licensed electricity distributors – "Re: OEB's Plan to Standardize Processes to Improve Accuracy of Commodity Pass-Through Variance Accounts." July 20, 2018.

¹² Accounting Procedures Handbook Update – Accounting Guidance Related to Commodity Pass-Through Accounts 1588 & 1589, February 21, 2019.

Fort Frances Power currently performs its Regulated Price Plan (RPP) settlements with the Independent Electricity System Operator (IESO) based on actual billed consumption for the month, on a one-month time-lag basis. Fort Frances Power stated that the reason for the lag was that the actual metered data used for IESO settlement purposes was not available by the 4th day following month end. Moreover, the applicant submitted that the IESO is aware of this unique settlement process, a process which is further complicated by the 1905 Historic Power Agreement, as cited in Ontario Regulation 398/10.¹³ Fort Frances Power has also indicated that it believes that its use of a one-month time-lag is still in line with the spirit of the OEB's accounting guidance because it produces an outcome (e.g. balance in the account based on actual consumption) that is consistent with that guidance.¹⁴

Account 1595 (2017)

Fort Frances Power filed the Account 1595 Analysis Workform with its current application. Fort Frances Power stated that it incorrectly billed its customers for its account 1589 Global Adjustment rate rider for the Street Lighting and GS >50 kW rate classes by using billed kW rather than kWh for 2017.

In the application, as originally filed, Fort Frances Power proposed recovery of the under-collected amounts from the affected customers using an equal monthly billing adjustment over a one-year period. In response to requests for further clarification from OEB staff, Fort Frances Power provided a calculation of adjusted kWh volumetric rate riders to adjust for the incorrect billing of customers in the Street Lighting and General Service >50 kW rate classes. The table below summarized the disposition of the uncollected balance through a separate rate rider.

Table 6.1 - Fort Frances Power January 22, 2020 Update¹⁵

| Rate Class | Unit | Total Metered kWh** | Metered kW or kVA | Total Metered kWh less WMP consumption | Total Metered kW less WMP consumption | Allocation of Group 1 Account Balances to All Classes | Proposed Deferral/Variance Account Rate Rider | Revenue Reconciliation: |
|---|------|---------------------|-------------------|--|---------------------------------------|---|---|-------------------------|
| GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION | kWh | 21,717,741 | 47,888 | 21,717,741 | 47,888 | 62,119 | 0.0029 | 62,981.45 |
| STREET LIGHTING SERVICE CLASSIFICATION | kWh | 432,172 | 1,159 | 432,172 | 1,159 | 1,288 | 0.0030 | 1,296.52 |
| | | | | | | | | 64,277.96 |

**FFPC used the Total Metered kWh from the 2020 Rate Model Tab 7. Calculation of Def-Var RR to calculate the proposed rate rider

¹³ Fort Frances Power's response to OEB staff Question 11.

¹⁴ Fort Frances Power's response to OEB staff Question 10.

¹⁵ Fort Frances Power's email to OEB staff dated January 22, 2020.

Findings

The OEB finds that the account balances in Fort Frances Power's commodity pass through accounts are consistent with the OEB's February 21, 2019 accounting guidance, as the utility keeps its books open long enough to record settlement transactions in the correct calendar year. However, the OEB finds that Fort Frances Power's practice of settlement with the IESO on a one-month time-lag basis is not consistent with both the IESO's current market settlement rules¹⁶ and with the OEB's accounting guidance pertaining to Accounts 1588 and 1589. In the past, the OEB has noted the importance of standardizing the accounting procedures related to Account 1588 RSVA – Power and Account 1589 RSVA – Global Adjustment. Compliance by distributors with the OEB's standardized accounting procedures, including the completion of timely and accurate monthly RPP settlement true-up claims, is key to ensuring the integrity of the monthly wholesale electricity market data. The OEB finds that the one-month time-lag in settlement results in the overall market not being held whole in any given month.

The OEB's February 21, 2019 accounting guidance for Accounts 1588 and 1589 assumes that all distributors follow the IESO's current market settlement rules, and the settlements for a month are to be filed by the 4th business day of the following month. Being cognizant that Fort Frances Power may have unique circumstances, the OEB expects that Fort Frances Power will work towards a resolution with OEB staff, who will assess Fort Frances Power's ability to implement the guidance and then will help it to align its settlement practices with the current market rules, as appropriate.

The OEB notes that the residual balance in Account 1595 sub-account 1595 (2017) was the result of incorrect billing determinants being used for the General Service >50 kW and Street Lighting rate classes. The OEB approves the proposed rate riders to recover the uncollected amounts from the affected customers as it believes this to be the most appropriate approach. The amounts collected from this rate rider are to continue to be recorded to Account 1595 sub-account 1595 (2017) until the sunset date of the rate rider. The distributor should bring forward the residual balance of this sub-account in a future rate proceeding consistent with the Filing Requirements.

7 IMPLEMENTATION AND ORDER

This Decision is accompanied by a Rate Generator Model, applicable supporting

¹⁶ IESO market settlement rules requires that the current month's consumption is settled with the IESO by the 4th day following the month-end. For example, January consumption is settled by February 4th.

models, and a Tariff of Rates and Charges (Schedule A).

Model entries were reviewed in order to ensure that they are in accordance with Fort Frances Power's last cost of service decision, and to ensure that the 2019 OEB-approved Tariff of Rates and Charges, as well as the cost, revenue and consumption results from 2018, are as reported by Fort Frances Power to the OEB.

The Rate Generator Model was adjusted, where applicable, to correct any discrepancies. The Rate Generator Model incorporates the rates set out in the following table.

Table 7.1: Regulatory Charges

| Rate | per kWh |
|--|----------|
| Rural or Remote Electricity Rate Protection (RRRP) | \$0.0005 |
| Wholesale Market Service (WMS) billed to Class A and B Customers | \$0.0030 |
| Capacity Based Recovery (CBR) billed to Class B Customers | \$0.0004 |

Each of these rates is a component of the "Regulatory Charge" on a customer's bill, established annually by the OEB through a separate, generic order. The RRRP, WMS and CBR rates were set by the OEB on December 17, 2019.¹⁷

The Smart Metering Entity Charge is a component of the "Distribution Charge" on a customer's bill, established by the OEB through a separate order. The Smart Metering Entity Charge was set by the OEB on March 1, 2018.¹⁸

In the *Report of the Board: Review of Electricity Distribution Cost Allocation Policy*,¹⁹ the OEB indicated that it will review the default province-wide microFIT charge annually to ensure it continues to reflect actual costs. In accordance with the established methodology, the OEB has calculated an updated value of \$4.55 per month²⁰ for the 2020 rate year. The Tariff of Rates and Charges attached as Schedule A reflect this updated charge.

¹⁷ EB-2019-0278, Decision and Order, December 17, 2019.

¹⁸ EB-2017-0290, Decision and Order, March 1, 2018.

¹⁹ EB-2010-0219, Report of the Board "Review of Electricity Distribution cost Allocation Policy", March 31, 2011.

²⁰ OEB letter, issued February 24, 2020.

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. The Tariff of Rates and Charges set out in Schedule A of this Decision and Rate Order is approved effective May 1, 2020 for electricity consumed or estimated to have been consumed on and after such date. Fort Frances Power Corporation shall notify its customers of the rate changes no later than the delivery of the first bill reflecting the new final rates.

DATED at Toronto, Month Day, 2020

ONTARIO ENERGY BOARD

Christine E. Long
Registrar and Board Secretary

Schedule A

To Decision and Rate Order

Tariff of Rates and Charges

OEB File No: EB-2019-0036

DATED: [Date]

Fort Frances Power Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2020

**This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors**

EB-2019-0036

RESIDENTIAL SERVICE CLASSIFICATION

This section governs all services intended to supply electrical energy to buildings or sections of building devoted to living quarters such as houses, living accommodations at the rear of stores, self-contained and individually metered suites. These services are commonly referred to as Residential or Domestic Services. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of Ontario Energy Board, and amendments thereto as approved by Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of Ontario Energy Board, and amendments thereto as approved by Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|--|--------|--------|
| Service Charge | \$ | 34.51 |
| Smart Metering Entity Charge - effective until December 31, 2022 | \$ | 0.57 |
| Retail Transmission Rate - Network Service Rate | \$/kWh | 0.0073 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kWh | 0.0020 |

MONTHLY RATES AND CHARGES - Regulatory Component

| | | |
|--|--------|--------|
| Wholesale Market Service Rate (WMS) - not including CBR | \$/kWh | 0.0030 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0005 |
| Standard Supply Service - Administrative Charge (if applicable) | \$ | 0.25 |

Fort Frances Power Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2020

**This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors**

EB-2019-0036

GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This section governs small commercial services and includes small stores, small service stations, restaurants, churches, small offices and other establishments with similar loads and whose monthly average peak demand is less than, or forecasted to be less than, 50 kW. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Services.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of Ontario Energy Board, and amendments thereto as approved by Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of Ontario Energy Board, and amendments thereto as approved by Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|--|--------|--------|
| Service Charge | \$ | 46.92 |
| Smart Metering Entity Charge - effective until December 31, 2022 | \$ | 0.57 |
| Distribution Volumetric Rate | \$/kWh | 0.0107 |
| Retail Transmission Rate - Network Service Rate | \$/kWh | 0.0066 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kWh | 0.0018 |

MONTHLY RATES AND CHARGES - Regulatory Component

| | | |
|--|--------|--------|
| Wholesale Market Service Rate (WMS) - not including CBR | \$/kWh | 0.0030 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0005 |
| Standard Supply Service - Administrative Charge (if applicable) | \$ | 0.25 |

Fort Frances Power Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2020

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2019-0036

GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION

This type of service will normally be applicable to small industry, departmental or larger stores such as supermarkets, shopping centers, storage buildings, large garages, restaurants, office buildings, institutions, hotels, hospitals, schools, colleges, arenas, apartment blocks or buildings and other comparable establishments and whose monthly average peak demand is equal to or greater than, or forecast to be equal to or greater than 50 kW but less than 5,000 kW. Class A and Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of Ontario Energy Board, and amendments thereto as approved by Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of Ontario Energy Board, and amendments thereto as approved by Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of WMS - Sub-account CBR Class B is not applicable to wholesale market participants (WMP), customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new Class B customers.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of Global Adjustment is only applicable to non-RPP Class B customers. It is not applicable to WMP, customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new non-RPP Class B customers.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|---|--------|--------|
| Service Charge | \$ | 186.08 |
| Distribution Volumetric Rate | \$/kW | 2.8073 |
| Rate Rider for Disposition of Account 1595 - Global Adjustment Account (2017) | | |
| - Applicable only for Non-RPP Customers - effective until April 30, 2021 | \$/kWh | 0.0029 |
| Retail Transmission Rate - Network Service Rate | \$/kW | 2.7399 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kW | 0.7386 |

Fort Frances Power Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2020

**This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors**

EB-2019-0036

MONTHLY RATES AND CHARGES - Regulatory Component

| | | |
|--|--------|--------|
| Wholesale Market Service Rate (WMS) - not including CBR | \$/kWh | 0.0030 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0005 |
| Standard Supply Service - Administrative Charge (if applicable) | \$ | 0.25 |

DRAFT

Fort Frances Power Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2020

**This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors**

EB-2019-0036

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification applies to an account taking electricity at 750 volts or less whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. The level of the consumption will be agreed to by the distributor and the customer, based on a detailed manufacturer information/documentation with regard to electrical consumption of the unmetered load or periodic monitoring of actual consumption. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of Ontario Energy Board, and amendments thereto as approved by Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of Ontario Energy Board, and amendments thereto as approved by Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|--|--------|--------|
| Service Charge (per customer) | \$ | 41.20 |
| Distribution Volumetric Rate | \$/kWh | 0.0094 |
| Retail Transmission Rate - Network Service Rate | \$/kWh | 0.0066 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kWh | 0.0018 |

MONTHLY RATES AND CHARGES - Regulatory Component

| | | |
|--|--------|--------|
| Wholesale Market Service Rate (WMS) - not including CBR | \$/kWh | 0.0030 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0005 |
| Standard Supply Service - Administrative Charge (if applicable) | \$ | 0.25 |

Fort Frances Power Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2020

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2019-0036

STREET LIGHTING SERVICE CLASSIFICATION

This classification refers to an account for roadway lighting with a Municipality within the service boundaries. The consumption for these customers is based on the calculated load time the established hours of use in the Ontario Energy Board's load shape template. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of Ontario Energy Board, and amendments thereto as approved by Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of Ontario Energy Board, and amendments thereto as approved by Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale price, as applicable. In addition, the charges in the MONTHLY RATE AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|---|--------|--------|
| Service Charge (per connection) | \$ | 1.74 |
| Distribution Volumetric Rate | \$/kW | 4.5025 |
| Rate Rider for Disposition of Account 1595 - Global Adjustment Account (2017) | | |
| - Applicable only for Non-RPP Customers - effective until April 30, 2021 | \$/kWh | 0.0030 |
| Retail Transmission Rate - Network Service Rate | \$/kW | 2.0664 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kW | 0.5711 |

MONTHLY RATES AND CHARGES - Regulatory Component

| | | |
|--|--------|--------|
| Wholesale Market Service Rate (WMS) - not including CBR | \$/kWh | 0.0030 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0005 |
| Standard Supply Service - Administrative Charge (if applicable) | \$ | 0.25 |

Fort Frances Power Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2020

**This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors**

EB-2019-0036

microFIT SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Independent Electricity System Operator's microFIT program and connected to the distributor's distribution system. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of Ontario Energy Board, and amendments thereto as approved by Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of Ontario Energy Board, and amendments thereto as approved by Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale price, as applicable.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|----------------|----|------|
| Service Charge | \$ | 4.55 |
|----------------|----|------|

Fort Frances Power Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2020

**This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors**

EB-2019-0036

ALLOWANCES

| | | |
|---|-------|--------|
| Transformer Allowance for Ownership - per kW of billing demand/month | \$/kW | (0.60) |
| Primary Metering Allowance for Transformer Losses - applied to measured demand & energy | % | (1.00) |

SPECIFIC SERVICE CHARGES

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of Ontario Energy Board, and amendments thereto as approved by Ontario Energy Board, which may be applicable to the administration of this schedule.

No charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of Ontario Energy Board, and amendments thereto as approved by Ontario Energy Board, or as specified herein.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

Customer Administration

| | | |
|---|----|-------|
| Arrears certificate | \$ | 15.00 |
| Statement of account | \$ | 15.00 |
| Duplicate invoices for previous billing | \$ | 15.00 |
| Request for other billing information | \$ | 15.00 |
| Easement letter | \$ | 15.00 |
| Income tax letter | \$ | 15.00 |
| Legal letter charge | \$ | 15.00 |
| Account history | \$ | 15.00 |
| Credit reference/credit check (plus credit agency costs) | \$ | 25.00 |
| Returned cheque (plus bank charges) | \$ | 25.00 |
| Account set up charge/change of occupancy charge (plus credit agency costs if applicable) | \$ | 30.00 |
| Special meter reads | \$ | 30.00 |
| Meter dispute charge plus Measurement Canada fees (if meter found correct) | \$ | 30.00 |

Non-Payment of Account

| | | |
|--|----|--------|
| Late payment - per month | | |
| (effective annual rate 19.56% per annum or 0.04896% compounded daily rate) | % | 1.50 |
| Reconnection at meter - during regular hours | \$ | 65.00 |
| Reconnection at meter - after regular hours | \$ | 185.00 |
| Reconnection at pole - during regular hours | \$ | 185.00 |
| Reconnection at pole - after regular hours | \$ | 415.00 |

Other

| | | |
|--|----|--------|
| Service call - customer owned equipment | \$ | 65.00 |
| Service call - after regular hours | \$ | 165.00 |
| Specific charge for access to the power poles - \$/pole/year (with the exception of wireless attachments) | \$ | 44.50 |

Fort Frances Power Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2020

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2019-0036

RETAIL SERVICE CHARGES (if applicable)

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of Ontario Energy Board, and amendments thereto as approved by Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of Ontario Energy Board, and amendments thereto as approved by Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

Retail Service Charges refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity.

| | | |
|--|----------|-----------|
| One-time charge, per retailer, to establish the service agreement between the distributor and the retailer | \$ | 102.00 |
| Monthly fixed charge, per retailer | \$ | 40.80 |
| Monthly variable charge, per customer, per retailer | \$/cust. | 1.02 |
| Distributor-consolidated billing monthly charge, per customer, per retailer | \$/cust. | 0.61 |
| Retailer-consolidated billing monthly credit, per customer, per retailer | \$/cust. | (0.61) |
| Service Transaction Requests (STR) | | |
| Request fee, per request, applied to the requesting party | \$ | 0.51 |
| Processing fee, per request, applied to the requesting party | \$ | 1.02 |
| Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party | | |
| Up to twice a year | \$ | no charge |
| More than twice a year, per request (plus incremental delivery costs) | \$ | 4.08 |
| Notice of switch letter charge, per letter (unless the distributor has opted out of applying the charge as per the Ontario Energy Board's Decision and Order EB-2015-0304, issued on February 14, 2019) | \$ | 2.04 |

LOSS FACTORS

If the distributor is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

| | |
|---|--------|
| Total Loss Factor - Secondary Metered Customer < 5,000 kW | 1.0470 |
| Total Loss Factor - Primary Metered Customer < 5,000 kW | 1.0365 |