

## Fort Frances Power Corporation (Fort Frances Power)

### OEB Staff Questions

### 2021 IRM Application

EB-2020-0023

January 13<sup>th</sup>, 2021

Please note, Fort Frances Power is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff questions and any other supporting documentation, do not include personal information (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

#### OEB Staff- 1

**Reference:** (i) 2021 IRM Rate Generator Model, Tab 3

Typically, the “Projected Interest from Jan 1, 2020 to Dec 31, 2020 on Dec 31, 2019 balance adjusted for disposition during 2020” (column BQ) is calculated using the following formula:

$$BQ## = BO## * ((0.0218 * (6/12)) + (0.0057 * (6/12)))$$

Fort Frances Power has reported a credit amount of \$565 in Account 1580 Variance WMS- Sub account CBR Class B in 2020. Using the above formula, OEB staff notes this amount should equal a credit amount of \$635.

- a) Please provide an explanation for the above noted discrepancy. If required, please make necessary adjustments to the Continuity Schedule in the Rate Generator Model.
- b) Please confirm that column BQ was calculated using the above noted formula.

#### OEB Staff- 2

**Reference:** (i) LRAMVA Workform, Tabs 1 and 5

(ii) Application, p. 14

(iii) 2011-2015 Persistence Savings, Tabs “2013 and 2014”

(iv) 2017 Final Annual Verified Results Report, Tab “LDC Persistence”

The Application states that the LRAMVA calculation corresponds to 2014 to 2018 lost revenues and the persistence of 2013 programs claimed going forward. However, OEB staff noticed the following discrepancies:

- No savings were populated in Table 5-d of the Workform (Tab 5) and thus incremental 2018 savings have not been claimed.
  - 2013 incremental lost revenues were included (Tab 1) in addition to claiming the persistence of 2013 savings into 2014 to 2018.
  - The persistence of savings from 2013, 2014, 2015 and 2017 programs as filed in the LRAMVA Workform (Tabs 4 and 5) do not all agree to the persisting savings reported in the 2011-2015 Persistence Savings Report and the 2017 Final Annual Verified Results Report.
- a) Please confirm whether Fort Frances Power seeks to claim any incremental lost revenues in 2018. If so, please populate Table 5-d (Tab 5) with 2018 net savings as noted in the Participation and Cost Report.
- b) Please discuss the rationale for claiming 2013 incremental lost revenues in this 2014-2018 LRAMVA balance. As lost revenues related to the 2013 year were approved on a final basis in the 2014 COS proceeding (EB-2013-0130), please discuss Fort Frances Power's reason for claiming lost revenue amounts retroactively.
- i. If the 2013 incremental lost revenues were included in error, please remove the values in rows 60-61 of Table 1-b (Tab 1).
- c) In Tabs 4 and 5, please review the persisting savings amounts for all programs claimed in 2014 to 2018, and revise the persisting savings to reflect the verified savings results in the 2011-2015 Persistence Savings Report and 2017 Final Annual Verified Results Report.

### **OEB Staff- 3**

**Reference:** (i) LRAMVA Workform, Tab 8

Fort Frances Power included data on the pre-conversion light bulbs installed at the Town of Fort Frances, and the savings that have been realized by replacing older efficiency bulbs with LED bulbs.

- a) Please confirm whether the street lighting project(s) were undertaken as part of an IESO CDM program (i.e., Business Retrofit Program) and which year(s) the street light upgrade(s) pertain to.

- b) Please confirm whether Fort Frances Power received reports from the municipality that confirmed the number of lightbulbs replaced. If not, please discuss how the data was collected and verified.
- c) Please explain the methodology used to calculate streetlighting demand savings as illustrated in Tab 8 of the LRAMVA Workform.
- d) Please confirm whether the street lighting energy (kWh) savings have been appropriately deducted from the respective retrofit program(s) in Tabs 4/5 of the Workform.
  - i. If yes, please confirm the specific cell and tab reference of where this calculation was made.
  - ii. If not, please quantify the energy savings related to street lighting upgrades, and highlight the adjustments made to Tabs 4/5 of the Workform.
- e) To ensure that the street light demand savings are included in the LRAMVA balance, please confirm that the street lighting demand savings from Tab 8 are carried through to Tabs 4/5 of the Workform.

#### **OEB Staff- 4**

- Reference:** (i) LRAMVA Workform, Tab 6, Tab 1-a  
(ii) 2021 IRM Rate Generator Model, Tab 4  
(iii) Application, p. 16

OEB staff noticed the following discrepancies:

- Projected carrying charges on the LRAMVA balance were not calculated in the Workform.
  - LRAMVA riders are not pulling the correct amounts for disposition from Tab 4 of the Rate Generator Model.
  - A 24-month disposition period for the street lighting class was requested to mitigate bill impacts based on the original LRAMVA balance.
- a) Please populate column H (cells 165-169) in Table 6-a with the corresponding monthly interest rate for the period to calculate projected carrying charges to May 1, 2021.

- b) Please repopulate the LRAMVA rate class amounts in Tab 4 of the Rate Generator Model with the rate class LRAMVA balances derived in Table 1-a of the LRAMVA Workform.
- c) Based on the revised LRAMVA balance, please confirm the disposition period for the LRAMVA balance, and specifically whether a 24-month disposition period for the street lighting class is still required for rate mitigation.
- d) If Fort Frances Power made any changes to the LRAMVA Workform as a result of its responses to the above LRAMVA questions, please file an updated LRAMVA Workform and ensure that any changes to the LRAMVA Workform are reflected in "Table A-2. Updates to LRAMVA Disposition (Tab 1-a)".

#### **OEB Staff- 5**

**Reference:** (i) EB-2019-0036 Decision and Rate Order, Group 1 Deferral and Variance Accounts– Findings, p. 7

In the reference above, 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 rules and with the OEB's accounting guidance pertaining to Accounts 1588 and 1589.

- a) Please confirm what changes, if any, have been made to the settlement process with the IESO.

#### **OEB Staff- 6**

**Reference:** (i) GA Analysis Workform, Tabs GA 2017, GA 2018, GA 2019

Please provide an explanation for not using columns G (Deduct Previous Month Unbilled Loss Adjusted Consumption (kWh)) and H (Add Current Month Unbilled Loss Adjusted Consumption (kWh)) in Note 4 of each of Tabs GA 2017, GA 2018, and GA 2019.

#### **OEB Staff- 7**

**Reference:** (i) 1595 Analysis Workform, Tab 1595 2016

Fort Frances Power notes that the variance for Account 1589- Global Adjustment in Step 1 of the Workform is a direct result of the consumption billed vs. the consumption denominator.

- a) Please expand further on this explanation and provide a table breaking down the billing determinants on use and actuals.

### **OEB Staff- 8**

**Reference:** (i) 2021 IRM Rate Generator Model, Tab 11, 16, 17

(ii) OEB's letter, 2021 Inflation Parameters, issued November 9, 2020

OEB staff has updated the Rate Generator Model in the following areas:

- Tab 11 Uniform Transmission Rates:<sup>1</sup>
  - Network Service Rate \$/kW 4.67
  - Line Connection Service Rate \$/kW 0.77
  - Transformation Connection Service Rate \$/kW 2.53
- Tab 11 Hydro One Sub-Transmission Rates:<sup>2</sup>
  - Network Service Rate \$/kW 3.4778
  - Line Connection Service Rate \$/kW 0.8128
  - Transformation Connection Service Rate \$/kW 2.0458
- Tab 16 cell B12 the Price Escalator has been updated with a placeholder value of 2.20%
- Tab 17 cell F39 Specific charge for access to the power poles - per pole/year (with the exception of wireless attachments) - Approved on an Interim Basis has been kept to \$44.50<sup>3</sup>
- Tab 17 cell D23 RPP Prices – Off-Peak \$/kWh 0.0850
- Tab 17 cell D24 RPP Prices – Mid-Peak \$/kWh 0.1190
- Tab 17 cell D15 RPP Prices – On-Peak \$/kWh 0.1760<sup>4</sup>
- Tab 20 Ontario Electricity Rebate of 21.2%

(Please note there may be further updates before final issuance of the Decision)

In light of the continued uncertainty regarding the COVID-19 pandemic, the OEB allowed utilities to elect the calculated IPI level per the OEB-approved methodology (offset by the applicable stretch factor and other adjustments for some plans) or a lower value. For the 2021 rate year, utilities also have the discretion to forego the inflationary increase entirely. The letter noted that utilities filing rate applications for May 1, 2021 shall make an election by February 5, 2021.<sup>5</sup>

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<sup>1</sup> EB-2020-0251, Decision and Rate Order, issued December 17, 2020

<sup>2</sup> EB-2020-0030, Decision and Rate Order, issued December 17, 2020, Schedule A, p. 8

<sup>3</sup> EB-2020-0288, Order, issued December 10, 2020, p. 3

<sup>4</sup> EB-2020-0251, Decision and Order, issued December 17, 2020, p. 2 and Schedule B

<sup>5</sup> OEB Letter, 2021 Inflation Factor, issued November 9, 2020

- a) Please confirm when Fort Frances Power is intending to file their election for the IPI level used to determine Fort Frances Power's Annual IR Adjustment for the 2021 rate year.
- b) Please confirm the accuracy of the Rate Generator Model following OEB staff's updates.
- c) Please make any necessary adjustments to the Rate Generator Model as a result of the OEB Staff Questions using the updated version provided.