

Fort Frances Power Corporation EB-2022-0033

Please note, Fort Frances Power Corporation 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*.

Staff Question-1

Reference: *Manager's Summary, Page 14*

Preamble:

In the Manager's Summary, Fort Frances states that it last disposed of its LRAMVA as part of its 2014 Cost of Service application and is not applying for disposition in this proceeding.

The 2021 CDM Guidelines (section 8) require distributors filing an application for 2023 rates to seek disposition of all outstanding LRAMVA balances related to previously established thresholds, including approval of LRAM-eligible amounts in future years (arising from persisting savings) until a distributor's next rebasing application, unless a distributor does not have complete information on eligible savings.

Questions:

- a) Please explain why a request for disposition was not submitted as part of this application.

FFPC requested the disposition of LRAMVA balances in application EB-2020-0023 for 2014 to 2018 lost revenues realized and persistence claimed for 2013 onward. The balances were disposed over a two-year horizon via a rate rider with a sunset date of April 30, 2023. FFPC referenced Rate application EB-2019-0036 in error. At the time of the application, FFPC did not intend to recover any future lost revenues associated with CDM activities as CDM project activities had stopped. FFPC believed any saving to be immaterial.

- b) Please also confirm that Fort Frances Power has verified that relative to the LRAMVA threshold (if any) established in Fort Frances's most recent rebasing application, the balance in the LRAMVA, and any prospective LRAM-eligible amounts until the next rebasing, are either zero or a debit (i.e., not a credit that would need to be refunded to customers).

FFPC confirms this.

- c) Please confirm that Fort Frances Power will not be seeking to dispose of any balance in the LRAMVA due to LRAM-eligible CDM activities funded by the IESO through the Conservation First Framework or Interim Framework in a future year's application.

FFPC confirms this.

Staff Question-2

Reference: IRM Rate Generator Model, *Tab 1: Information Sheet*

Preamble:

Cell F47 of tab 1 of the rate generator model is missing a value for the earliest vintage year in which there was a balance in Account 1595.

7	4. Select the earliest vintage year in which there is a balance in Account 1595. (e.g. If 2016 is the earliest vintage year in which there is a balance in a 1595 sub-account, select 2016.)	<input type="text"/>
8	5. Did you have any Class A customers at any point during the period that the Account 1589 balance accumulated (i.e. from the year the balance selected in #2 above to the year requested for disposition)?	No
9	6. Did you have any Class A customers at any point during the period where the balance in Account 1580, Sub-account CBR Class B accumulated (i.e. from the year selected in #3 above to the year requested for disposition)?	No
1	7. Retail Transmission Service Rates: Fort Frances Power Corporation is:	Transmission Connected
2		
3		

Questions:

- a) Please enter a value in cell F47 of tab 1 of the rate generator for the earliest vintage year there was a balance in Account 1595.

FFPC has updated the cell to reflect 2017.

- b) Please confirm that Account 1595 (2017) is not eligible yet until the sunset date (April 30,2021) of the rate rider per the 2020 IRM decision (EB-2019-0036).

FFPC confirms this.

Staff Question – 3

Ref: Manager's Summary, Pages 12 and 13

Preamble:

Fort Frances Power states that:

During FFPC's 2020 IRM application EB-2019-0036 review process, Board Staff identified concerns regarding the utility's current IESO market settlement practices. FFPC was directed to work with Board staff towards a resolution. To date FFPC has not been able to work with Board Staff due to COVID-19 pandemic related circumstances and workflow delays.

Questions:

- a) Please explain in detail why FFPC has not been able to address the OEB staff's concerns in the 2020 IRM proceeding.

FFPC started conversations with OEB staff just as the pandemic was beginning and has not been able to resume conversations due to pandemic and natural disaster related staff scheduling constraints. As pandemic related restrictions were lifted in the Fort Frances area, the area faced an unprecedented flood (highest water level ever recorded) leading to a prolonged state-of-emergency.

FFPC has unique circumstances associated with upholding the 1905 Historic Power Agreement Supreme Court of Canada ruling that is of significant benefit to its customers. This unique aspect was discussed with Board Staff throughout the 2020 IRM application process as well as at the time of the new accounting guideline implementation. At the time of the new accounting guideline coming into effect, FFPC was of the understanding that it would not be required to change its processes.

Prior to the implementation of O.Reg. 381-10 FFPC worked with the OEB, IESO, OPA and OFINA to address the utility's unique circumstances regarding

the drafting of the regulation in order to capture FFPC's GA Exemption on the 1905 Historic Power Agreement; 2005 to 2010 GA correction (distribution of GA benefits accrued during that period to recipients of the 1905 Historic Power Agreement); FFPC's unique settlement practices; FFPC's practice of regulatory accounting and specifically FFPC's monthly true-up. FFPC worked with all parties during that time to ensure that all parties' needs were satisfied. FFPC continues to use the same settlement process that was established during the implementation of O.Reg. 381-10. To the best of FFPC's knowledge all parties were satisfied with FFPC's processes and unique circumstances.

b) Please provide a plan for when the utility will address the concerns.

FFPC requests to be directed to the appropriate OEB staff in order to schedule discussions addressing the concerns.

Staff Question- 4

Reference: IRM Rate Generator Model, *Tab 3: Continuity Schedule*

Preamble:

An explanation has not been provided in the Manager's summary for the variances between the RRR and the values entered for the RSVA - Wholesale Market Service Charge and LRAM Variance Account.

Account Descriptions	Account Number	Account Disposition: Yes/No?	As of Dec 31, 2021	Variance RRR vs. 2021 Balance (Principal + Interest)	
Group 1 Accounts					
LV Variance Account	1550		0	0	
Smart Metering Entity Charge Variance Account	1551		(1,651)	(0)	
RSVA - Wholesale Market Service Charge ³	1580		(14,595)	(45,327)	
Variance WMS - Sub-account CBR Class A ⁴	1580		0	0	
Variance WMS - Sub-account CBR Class B ⁴	1580		(45,327)	0	
RSVA - Retail Transmission Network Charge	1584		78,011	0	
RSVA - Retail Transmission Connection Charge	1586		(9,495)	0	
RSVA - Power ⁴	1588		(31,590)	0	
RSVA - Global Adjustment ⁴	1589		565,620	0	
Disposition and Recovery/Refund of Regulatory Balances (2016 and pre-2016) ³	1595	No	0	0	
Disposition and Recovery/Refund of Regulatory Balances (2017) ³	1595	No	23,977	0	
Disposition and Recovery/Refund of Regulatory Balances (2018) ³	1595	No	0	0	
Disposition and Recovery/Refund of Regulatory Balances (2019) ³	1595	No	0	0	
Disposition and Recovery/Refund of Regulatory Balances (2020) ³	1595	No	0	0	
Disposition and Recovery/Refund of Regulatory Balances (2021) ³	1595	No	(190,381)	0	
Disposition and Recovery/Refund of Regulatory Balances (2022) ³	1595	No		0	
<i>Not to be disposed of until two years after rate rider has expired and that balance has been audited. Refer to the Filing Requirements for disposition eligibility.</i>					
RSVA - Global Adjustment requested for disposition	1589		565,620	0	
Total Group 1 Balance excluding Account 1589 - Global Adjustment requested for disposition			(145,724)	0	
Total Group 1 Balance requested for disposition			419,896	0	
LRAM Variance Account (only input amounts if applying for disposition of this	1568		23,689	23,689	Please provide an explanation of the variance in the Manager's Summary
Total Group 1 Balance including Account 1568 - LRAMVA requested for disposition			443,585	23,689	

Questions:

- a) Please explain the \$45,327 variance between the RRR vs. 2021 balance for the RSVA - Wholesale Market Service Charge.

The variance of \$45,327 corresponds to the CBR Class B sub-account, when adding the CBR Class B sub-account values to the RSVA – Wholesale Market Service Charge, the following error message is generated within the worksheet. As in past applications the variance was left to correspond with CBR Class B sub-account.

The variance does not match the value in cell BV25. Please provide an explanation of the variance in the Manager's Summary

- b) Please explain the \$23,689 variance between the RRR vs. 2021 balance for the LRAM Variance Account.

FFPC did not input amounts as there is no claim being made for LRAMVA in this application. FFPC has updated the worksheet to include the transactions for the previously approved disposition which has a sunset date of April 2023.

Staff Question-5

Reference: IRM Rate Generator Model, *Tab 3: Continuity Schedule*

Preamble:

There is a large increase in the total claims for Account 1580 RSVA Wholesale Market Service Charge and Account 1584 RSVA Retail Transmission Network Charge in the 2023 filed Rate Generator Model (Table 1) as compared to the claim amounts in the 2022 final IRM Rate Generator Model (Table 2).

Table 1: 2023 filed Rate Generator Model

Account Descriptions	Account Number	Total Claim
Group 1 Accounts		
LV Variance Account	1550	0
Smart Metering Entity Charge Variance Account	1551	(1,665)
RSVA - Wholesale Market Service Charge ⁵	1580	66,378
Variance WMS – Sub-account CBR Class A ⁵	1580	0
Variance WMS – Sub-account CBR Class B ⁵	1580	(25,399)
RSVA - Retail Transmission Network Charge	1584	188,602
RSVA - Retail Transmission Connection Charge	1586	(7,130)
RSVA - Power ⁴	1588	(31,324)
RSVA - Global Adjustment ⁴	1589	(133,388)

Table 2: 2022 final IRM Rate Generator Model

Account Descriptions	Account Number	Total Claim
Group 1 Accounts		
LV Variance Account	1550	0
Smart Metering Entity Charge Variance Account	1551	(47)
RSVA - Wholesale Market Service Charge ⁵	1580	(33,174)
Variance WMS – Sub-account CBR Class A ⁵	1580	0
Variance WMS – Sub-account CBR Class B ⁵	1580	(20,865)
RSVA - Retail Transmission Network Charge	1584	14,004
RSVA - Retail Transmission Connection Charge	1586	(2,628)
RSVA - Power ⁴	1588	(1,437)
RSVA - Global Adjustment ⁴	1589	694,122

Questions:

- a) Please explain the large change in the total claim for the Account 1580 RSVA Wholesale Market Service Charge from a credit of \$33,174 in the 2022 application to a debit of \$66,378 in the current application.

An increase of WMS expenses of \$95,426 was experienced from 2020 to 2021 while revenue collected stayed relatively the same.

- b) Please explain the large change in the total claim for the Account 1584 RSVA Retail Transmission Network Charge from a debit of \$14,004 in the 2022 application to a debit of \$188,602 in the current application.

A keying error on interest has been identified and corrected in the IRM rate generator. This changes the balance to \$78,011 which is made up of an increase to expenses from 2020 to 2021 of \$129,686 with revenues increasing \$79,779.

Staff Question- 6

Reference: IRM Rate Generator Model, *Tab 3: Continuity Schedule*

Preamble:

The 2020 Closing Principal Balance of Account 1589 as of Dec 31, 2020 of \$741,373 in the 2022 final IRM Rate Generator Model¹ does not agree to the 2020 Closing Balance of the same Account as of Dec 31, 2020 of \$765,778 in the 2023 filed Rate Generator Model². It appears that the discrepancy is due to the 2020 Principal Adjustment of \$(24,404) being removed from the 2020 Closing Balance in the 2023 filed Rate Generator Model and being reclassified as a 2021 Principal Adjustment.

Account 1589	Principal Adjustments during 2020	2020 Closing Principal Balance as of Dec 31, 2020	Principal Adjustments during 2021
2022 final IRM rate Generator Model	\$(24,404) (Cell BF29)	\$741,373 (Cell BG29)	N/A
2023 filed rate Generator Model	\$0	\$765,778 (Cell AW29)	\$(24,404) (Cell BF29)
Difference	\$(24,404)	\$(24,404)	\$24,404

¹ EB-2021-0025, Decision and Rate Order, December 9, 2021

² EB-2022-0033, Application and Evidence - Rate Generator, November 3, 2022

Question:

- a) Please explain the discrepancy in the 2020 Closing Principal Balance between two rate generators and revise Tab 3 of the rate generator in this application as needed.

The principal adjustment was keyed into the wrong cell. This has been corrected.

Staff Question- 7

Reference: IRM Rate Generator Model, *Tab 3: Continuity Schedule*

Preamble:

OEB staff noticed that the “Projected Interest from Jan 1, 2023 to Apr 30, 2023 on Dec 31, 2021 balance adjusted for disposition during 2022” of \$123,374 for Account 1584 in Cell BR26 is high relative to the “Closing Principal Balances as of Dec 31, 2021 Adjusted for Disposition during 2022 “ of \$63,759 in Cell BO26 for the same Account.

Question:

- a) Please explain why and provide the calculation for the interest of \$123,374.

Please see b).

- b) Please revise Tab 3 of the rate generator as needed.

This was a keying error the calculated interest is \$1,233.74 and has been corrected in the rate generator.

Staff Question- 8

Reference: GA Analysis Workform

Preamble:

Fort Frances Power did not reverse the last year's principal adjustment of \$(24,404) in Tab Principal Adjustments (Cell J29) in the current application and noted that this is due to "adjustment recorded from 2022 rate application and reflected in the continuity schedule"

- I. In addition, current year's GA Analysis Workform also has one reconciling item #5 of \$41,576 in Tab GA2021 Cell C83 is related to "Billing vs IESO".

Questions:

- a) a) Please further explain what is is meant by "the adjustment was included in the 2021 RRR and GL" so that the adjustment does not need to be reversed in the current continuity schedule for Account 1589. Please explain the nature of the reconciling item #5 and explain how the amount was calculated.

FFPC reconciled the GA modifier from what was paid to customers vs received from IESO. Customers were credited \$90,010 vs \$48,434 received from IESO creating a variance of \$41,576.

Staff Question-9

Reference: IRM Rate Generator, *Tab 4: Billing Det. For Def-Var*

Preamble:

The checkbox on tab 4 confirming the volumetric data is blank.

<p>Data on this worksheet has been populated using your most recent RRR filing.</p> <p>If you have identified any issues, please contact the OEB.</p> <p>Have you confirmed the accuracy of the data below? <input type="checkbox"/></p> <p>If a distributor uses the actual GA price to bill non-RPP Class B customers for an entire rate class, it must exclude these customers from the allocation of the GA balance and the calculation of the resulting rate riders. These rate classes are not to be charged/refunded the general GA rate rider as they did not contribute to the GA balance.</p> <p>Please contact the OEB to make adjustments to the IRM rate generator for this situation.</p>	Page
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Questions:

- a) Please confirm that the volumetric data included on tab 4 of the rate generator model is correct by selecting the checkmark in cell J4.

Volumetric data is confirmed and the rate generator has been updated to reflect this.

Staff Question-10

Reference: IRM Rate Generator, *Tab 8: STS Tax Change*

Preamble:

The value entered in cell H16 of the Rate Generator does not match the “total Rate Base” of \$4,781, 712 in the RRWF “Rate Base and Working Capital” section of the last COS application.³

The value entered in cell H18 of the Rate Generator does not match the “Taxable Income” of \$160,094 in the “Taxes/PILS” in the RRWF “Rate Base and Working Capital” section of the last COS application.⁴

	2014	2023
OEB-Approved Rate Base	\$ -	\$ -
OEB-Approved Regulatory Taxable Income	\$ -	\$ -
Federal General Rate		15.0%
Federal Small Business Rate		9.0%
Federal Small Business Rate (calculated effective rate) ^{1,2}		9.0%
Ontario General Rate		11.5%
Ontario Small Business Rate		3.2%
Ontario Small Business Rate (calculated effective rate) ^{1,2}		3.2%
Federal Small Business Limit		\$ 500,000
Ontario Small Business Limit		\$ 500,000
Federal Taxes Payable		\$ -
Provincial Taxes Payable		\$ -
Federal Effective Tax Rate		0.0%
Provincial Effective Tax Rate		0.0%
Combined Effective Tax Rate	0.0%	0.0%
Total Income Taxes Payable	\$ -	\$ -
OEB-Approved Total Tax Credits (enter as positive number)	\$ -	\$ -
Income Tax Provision	\$ -	\$ -
Grossed-up Income Taxes	\$ -	\$ -
Incremental Grossed-up Tax Amount		\$ -
Sharing of Tax Amount (50%)		\$ -

³ EB-2013-0130, Decision and Rate Order, September 18, 2019

⁴ EB-2018-0130, Decision and Rate Order, September 18, 2019

Questions:

- a) Please review the value entered for the Total Rate Base amount in the Rate Generator and update the value entered as applicable.
- b) Please review the value entered for the Taxable Income amount in the Rate Generator and update the value entered as applicable.

As stated in FFPC's application, FFPC's corporate tax rate is approved at 0% and does not have Corporate Tax Expense as part of its rate base. The workform does not allow for the corporate tax to be set to 0% and in turn calculates Sharing of Tax Amount when the form is completed. Please advise how OEB staff would like FFPC to proceed.

Staff Question-11

Reference: *IRM Rate Generator Tab 17, 19 and 20*

OEB staff has updated the following in the rate generator:

- Inflation Factor 3.70%
- Tab 11: UTRs
- Tab 11: Host-RTSRs (HONI)
- Tab 17: TOU RPP Prices (Nov 1, 2022, rather than May 1, 2022)
- Tab 17: SME charge from \$0.43 to \$0.42.
- Tab 17: DRP \$38.08
- Tab 17: WMS \$0.0041/kwh
- Tab 17: RRRP \$0.0007/kwh
- Tab 20: OER 11.7%

Question:

- a) Please confirm these updates are correct.

FFPC confirms these updates are correct.