

**Fort Frances Power Corporation
EB-2024-0024
January 10, 2025**

Please note, Fort Frances Power Corporation (Fort Frances) 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

Ref. 1: Decision and Rate Order EB-2023-0022, Table 6.1

Ref. 2: 2025-IRM-Rate-Generator-Model_V4_FF_20241120, Tab 3 Continuity Schedule

Preamble:

The Principal and Interest Disposition during 2024 (Columns BM and BN, respectively) should align with OEB-approved 2024 Decision & Rate Order.

The below snapshot is from the 2024 Decision & Order (Ref. 1).

Table 6.1: Group 1 Deferral and Variance Account Balances

Account Name	Account Number	Principal Balance (\$) A	Interest Balance (\$) B	Total Claim (\$) C=A+B
Smart Metering Entity Charge Variance Account	1551	(11,714)	(944)	(12,658)
RSVA - Wholesale Market Service Charge	1580	220,532	18,127	238,659
Variance WMS - Sub-account CBR Class B	1580	(51,272)	(4,557)	(55,829)
RSVA - Retail Transmission Network Charge	1584	114,555	9,995	124,550
RSVA - Retail Transmission Connection Charge	1586	1,233	35	1,268
RSVA - Power	1588	(31,155)	(2,500)	(33,655)
RSVA - Global Adjustment	1589	(107,048)	(8,957)	(116,005)
Disposition and Recovery/Refund of Regulatory Balances (2017 and pre-2017)	1595	38,641	(11,788)	26,853
Total for Group 1 accounts		173,772	(589)	173,183

The below snapshot is from Tab 3 Continuity Schedule (Ref. 2).

		2024		
Account Descriptions	Account Number	Principal Disposition during 2024 - instructed by OEB	Interest Disposition during 2024 - instructed by OEB	Closing Principal Balances as of Dec 31, 2022 Adjusted for Disposition during 2024
Group 1 Accounts				
LV Variance Account	1550			0
Smart Metering Entity Charge Variance Account	1551	11,714	944	(30,541)
RSVA - Wholesale Market Service Charge ⁵	1580	(220,532)	(18,127)	469,410
Variance WMS – Sub-account CBR Class A ⁵	1580			0
Variance WMS – Sub-account CBR Class B ⁵	1580	51,272	4,557	(112,556)
RSVA - Retail Transmission Network Charge	1584	(114,555)	(9,995)	242,067
RSVA - Retail Transmission Connection Charge	1586	(1,233)	(35)	(3,100)
RSVA - Power ⁴	1588	31,155	2,500	(14,220)
RSVA - Global Adjustment ⁴	1589	107,048	8,957	(156,115)

Question(s):

- a) Please explain the reason for using opposite signs as approved by the OEB and update the Rate Generator Model as necessary.

The rate generator model has been updated for the input error.

Staff Question-2

Ref. 1: 2025-IRM-Rate-Generator-Model_V4_FF_20241120, Tab 3 Continuity Schedule

Preamble:

On September 13, 2024, and December 11, 2024, the OEB published the Q4 2024 and Q1 2025 prescribed accounting interest rate applicable to the carrying charges of deferral, variance and construction work in progress (CWIP) accounts of natural gas utilities, electricity distributors and other rate-regulated entities.

Question(s):

- a) Please update Tab 3 (Continuity Schedule) as necessary to reflect the Q4 2024 and Q1 2025 OEB-prescribed interest rates of 4.40% and 3.64% for the Rate Generator Model.

The rate generator model has been updated to reflect Q4 2024 and Q1 2025 interest rates.

Staff Question-3

Ref. 1: 2025-IRM-Rate-Generator-Model_V4_FF_20241120, Tab 4 Billing Det. For Def-Var

Preamble:

The blue shaded cell is a drop-down input field and has not been filled out by Fort Frances.

Data on this worksheet has been populated using your most recent RRR filing.

If you have identified any issues, please contact the OEB.

Have you confirmed the accuracy of the data below?

Question(s):

- a) Please fill out the details for the above field.

The rate generator has been updated and FFPC confirms the accuracy of the data.

Staff Question-4

Ref. 1: 2025-IRM-Rate-Generator-Model_V4_FF_20241120, Tabs 11, 15, 17, and 20

Preamble:

On November 1, 2024, the OEB issued a letter regarding 2025 Preliminary UTRs and Hydro One Sub-Transmission Rates. The OEB determined to use preliminary UTRs to calculate 2025 Retail Service Transmission rates (RTSR) to improve regulatory efficiency, allowing for this data to feed into the rate applications including annual updates for electricity distributors on a timelier basis. The OEB also directed distributors to update their 2025 application with Hydro One Networks Inc.'s proposed host RTSRs. Any further updates to Hydro One's proposed host RTSR will be reflected in the final Rate Generator Model.

On November 19, 2024, the OEB issued a letter outlining that the fixed microFIT Generator Service Classification charge (microFIT charge) would be increased from \$4.55 to \$5.00 for the 2025 rate year.

OEB staff has updated Fort Frances' Rate Generator Model with the preliminary UTRs, proposed host RTSR for Hydro One, and microFIT charge as follows:

UTRs

Uniform Transmission Rates		Unit	2023 Jan to Jun		2023 Jul to Dec		2024 Jan to Jun		2024 Jul to Dec		2025	
Rate Description			Rate				Rate				Rate	
Network Service Rate	kW	\$	5.60	\$	5.37	\$	5.78	\$	6.12	\$	6.25	
Line Connection Service Rate	kW	\$	0.92	\$	0.88	\$	0.95	\$	0.95	\$	1.00	
Transformation Connection Service Rate	kW	\$	3.10	\$	2.98	\$	3.21	\$	3.21	\$	3.39	

Hydro One Sub-Transmission Rates

Hydro One Sub-Transmission Rates		Unit	2023		2024		2025
Rate Description			Rate		Rate		Rate
Network Service Rate	kW	\$	4.6545	\$	4.9103	\$	5.2172
Line Connection Service Rate	kW	\$	0.6056	\$	0.6537	\$	0.6537
Transformation Connection Service Rate	kW	\$	2.8924	\$	3.3041	\$	3.3041
Both Line and Transformation Connection Service Rate	kW	\$	3.4980	\$	3.9578	\$	3.9578

microFIT Charge

Rate Class	Current MFC	MFC Adjustment from R/C Model	Current Volumetric Charge	DVR Adjustment from R/C Model	Price Cap Index to be Applied to MFC and DVR	Proposed MFC	Proposed Volumetric Charge
RESIDENTIAL SERVICE CLASSIFICATION	38.69				3.00%	39.85	0.0000
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	52.6		0.012		3.00%	54.18	0.0124
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION	208.59		3.1468		3.00%	214.85	3.2412
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	46.18		0.0106		3.00%	47.57	0.0109
STREET LIGHTING SERVICE CLASSIFICATION	1.96		5.047		3.00%	2.02	5.1984
microFIT SERVICE CLASSIFICATION	4.55					5.00	

Question(s):

- Please confirm the accuracy of the Rate Generator Model updates, as well as the accuracy of the resulting RTSRs following these updates.

FFPC has updated the RTSRs as instructed on January 28, 2025 to the Final 2025 UTRs and confirms the accuracy.

Staff Question-5

Ref. 1: 2025-IRM-Rate-Generator-Model_V4_FF_20241120, Tabs 18 and 21

Preamble:

On December 10, 2024, the OEB set its new Rural or Remote Rate Protection (RRRP) rate. There was no changes to the Wholesale Market Service rate and the RRRP rate was updated to \$0.0015 kWh.

OEB staff has updated Fort Frances' Rate Generator Model with the updated RRRP value as follows:

Regulatory Charges

Effective Date of Regulatory Charges		January 1, 2024	January 1, 2025
Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0041	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0014	0.0015
Standard Supply Service - Administrative Charge (if applicable)	\$/kWh	0.25	0.25

Question(s):

- a) Please confirm the accuracy of the Rate Generator Model updates for the RRRP value.

FFPC confirms the accuracy of the Rate Generator Model updates for the RRRP value.

Staff Question-6

Ref. 1: 2025-IRM-Rate-Generator-Model_V4_FF_20241120, Tab 3 Continuity Schedule

Ref. 2: IRM Rate Generator – DVA Tabs Instructions - 2025 Rates

Ref. 3: OEB Guidance for Electricity Distributors with Forgone Revenues Due to Postponed Rate Implementation from COVID-19, August 6, 2020, page 5

Preamble:

On July 18, 2023, the OEB issued the DVA Tabs Instructions for the 2024 IRM Rate Generator Model. Pages 1 and 3 noted that Account 1509 - Impacts Arising from the COVID-19 Emergency, Subaccount Forgone Revenues from Postponing Rate Implementation was added to the model. A separate rider is calculated for this account in Tab 7, if the disposition is approved.

Regarding Account 1509, Impacts Arising from the COVID-19 Emergency Account, Sub-account Forgone Revenues from Postponing Rate Implementation, the following steps are noted in the August 6, 2020 guidance:

1. Upon implementation of the forgone revenue rate rider that is calculated from the Forgone Revenue Model, the rate rider transactions will be recorded in the same Forgone Revenues Sub-account. This will draw down the accumulated balance of actual forgone revenues/amounts.
2. Any residual balance after the expiry of the rate riders should be requested for final disposition in a future rate application (cost of service or IRM), once the

balance has been audited in accordance with normal deferral and variance account disposition practices.

3. If disposition is approved, the residual balance in the Forgone Revenues Sub-account should be disposed proportionately by customer class and the residual balance will be transferred to Account 1595.

Question(s):

- a) Please update Tab 3 (Continuity Schedule) and Tab 4 as necessary to reflect a balance in Account 1509 – Impacts Arising from the COVID-19 Emergency, Subaccount Forgone Revenues from Postponing Rate Implementation. Please complete the above-noted steps #1, #2, #3.

FFPC has updated Tab 3 to reflect transactions in Account 1509, which has no residual balance.

- b) If this balance is not applicable, please explain.

FFPC has no residual balance in account 1509. FFPC wrote off \$420 of residual balance in 2021 as it was immaterial.

Staff Question-7

Ref. 1: FFPC_Application_2025 IRM_20241120

Preamble:

For an Annual IR, the stretch factor to be used is 0.60%.

In the IRM application filed by Fort Frances, Section 4 on page 8 states the following:

“The calculation is based on the annual percentage change in the inflation factor (currently set at 3.6%) less an X-Factor comprised of a productivity factor (currently set at 0.0%) and the stretch factor, currently set at **0.060%**. The Annual IRM Adjustment Mechanism is therefore set to 3.0% by default in the model.”

OEB staff notes that for the Rate Generator Model a stretch factor of 0.60% has been used.

Question(s):

- a) Please confirm that the 0.060% noted in Section 4 on page 8 was a typographical error and that the correct stretch factor of 0.60% has been used in the Rate Generator Model.

FFPC confirms that this was a typographical error and that the correct stretch factor of 0.60% has been used in the Rate Generator Model.