



RP-2004-0203
EB-2005-0194

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c.15 (Schedule B);

AND IN THE MATTER OF an application by Fort Frances
Power Corporation for an Order Pre-approving its Conservation
and Demand Management Plan.

BEFORE: Gordon Kaiser
Vice Chair and Presiding Member

George Dominy
Member

Cathy Spoel
Member

ORDER

An application dated January 17, 2005 has been filed with the Ontario Energy Board, by Fort Frances Power Corporation (Fort Frances) for an Order pre-approving its Conservation and Demand Management (CDM) Plan. The Board assigned File No. RP-2004-0203 / EB-2005-0194 to this application.

A Notice of Application and Written Hearing was issued by the Board on February 2, 2005. Fort Frances served and published the Notice as directed by the Board. The intervention period expired on February 23, 2005. There were no intervenors.

On May 31, 2004, the Minister of Energy granted approval to all distributors in Ontario to apply to the Board for an increase in their 2005 rates by the third instalment of their

incremental market adjusted revenue requirement (MARR). This approval is conditional on a commitment to reinvest an equivalent amount in CDM initiatives.

On October 5, 2004, the Board issued a Procedural Order (the Procedural Order) which addressed the opening of deferral accounts; the recovery of development expenses; the process for applying for plan approval; and the filing requirements for plan approval. Pursuant to the Procedural Order all electricity distribution companies, including Fort Frances, received authorization to establish a deferral account.

At the introduction of the Market Based Rate of Return for electricity distributors in Ontario, Fort Frances elected to operate under a rate minimization model. Accordingly, Fort Frances did not earn a return on equity or seek to phase in a revenue requirement to achieve the return on equity. Therefore, Fort Frances, unlike most other distributors, is not in a position to apply to the Board for the third instalment of incremental MARR. However, it is the Government's intent to maximise participation in conservation and demand management. Accordingly, the Board is willing to allow electricity distributors in this position to apply an amount equivalent to the third instalment of incremental MARR towards conservation and demand management.

The elements of Fort Frances' CDM Plan include: customer communication, compact fluorescent light promotion, LED Christmas lights and distribution system improvements.

The total budget for the CDM plan is \$128,216. This amount is equivalent to the determined third instalment of incremental MARR had Fort Frances elected the maximum allowable return on equity.

The Board finds that the activities and programs proposed by Fort Frances qualify as conservation and demand management activities and that the planned investments are eligible for tracking in the deferral account.

The Board approves the expenditure of \$128,216 for implementation of the CDM Plan.

The Board requires that Fort Frances file with the Board quarterly and annual reports on the progress of the initiatives included in the approved CDM Plan. The annual reports will be subject to public review.

The Board understands that the approved CDM Plan and the associated budget allocation to the individual programs may be subject to modifications. The Board requires that all modifications be identified in the quarterly and annual reports. In addition, Fort Frances shall apply to the Board for approval for modifications of spending above 20% of the approved budget.

IT IS ORDERED THAT:

1. Fort Frances Power Corporation is granted approval of the Conservation and Demand Management Plan as submitted for the Board's review in the application dated January 17, 2005. This investment satisfies the Minister of Energy's condition of a financial commitment to reinvest the equivalent of one year of incremental market adjusted revenue requirement in conservation and demand management. The approved total budget is \$128,216.
2. Fort Frances Power Corporation shall file with the Board quarterly and annual reports on the progress of the initiatives within its Conservation and Demand Management Plan.
3. The quarterly reports shall be filed no later than 30 days after the end of each calendar quarter.
4. The annual reports shall be filed no later than March 31 of the following year. The annual reports shall be subject to public review. The annual report shall include a

cost benefit analysis on the program included in the Conservation and Demand Management Plan.

5. Fort Frances Power Corporation shall apply to the Board for approval if cumulative fund transfers among programs exceed 20% of the approved budget.
6. Fort Frances Power Corporation may credit the costs of preparing its Conservation and Demand Management application and participation in the hearing including intervenor and Board costs against the amount required to be spent on its Conservation and Demand Management Plan budget.

DATED at Toronto, March 16, 2005

ONTARIO ENERGY BOARD

John Zych
Board Secretary