



Ontario
Energy
Board | Commission
de l'énergie
de l'Ontario

BY EMAIL

April 21, 2021

Joerg Ruppenstein
President and CEO
Fort Frances Power Corporation
320 Portage Ave.
Fort Frances ON P9A 3P9
ffpc@fortfrances.ca

Dear Mr. Ruppenstein:

**Re: Application for 2022 Electricity Rates
OEB File No. EB-2021-0025**

This is a follow-up to the April 29, 2020 letter from the OEB granting a deferral of Fort Frances Power Corporation's (Fort Frances Power) 2021 cost of service application.

Fort Francis Power originally requested a two-year deferral, from 2021 to 2023. The OEB granted the deferral from 2021 to 2022 and applied the Annual IR Index method for 2021 rates. The OEB also required Fort Francis Power to file a distribution system plan with the OEB no later than August 30, 2021. For the second year of the deferral, from 2022 to 2023, the OEB indicated an assessment of Fort Francis Power's 2019 performance and a forecast of 2020 information would be completed before making a final determination on whether Fort Francis Power is eligible to defer its rebasing to 2023 on the Annual IR Index method.

The OEB has reviewed Fort Francis Power's 2019 performance and is granting the second year of the deferral, with Fort Francis Power continuing with the Annual Incentive Rate-setting Index method. The OEB is granting these deferrals based on the stability of Fort Francis Power's historical performance and the continuing impact of COVID-19.

Fort Francis Power is unique in that its OEB-approved return on equity is 0%. The OEB's review of Fort Francis Power's financial statements show operating cash flows lower than normally expected, which may pose a liquidity risk. This appears to have been adequately mitigated through an available line of credit and guaranteed investment certificates. The OEB expects Fort Francis Power to notify the OEB immediately if any unexpected cash flow or liquidity issues arise.

While deferral requests are not required from distributors that are on the Annual IR Index method, Fort Francis Power should be aware that the OEB will be reviewing how deferrals are granted in the future, which may have an impact on the options available to distributors seeking subsequent deferral(s). The review will consider the availability of Incremental Capital Module, filing of a Distribution System Plan, and whether distributors would be moved from the Price Cap Incentive Rate-setting method to the Annual Incentive Rate-setting Index method for any deferral request. As a result of this review, and the ongoing COVID-19 situation, the OEB is prepared to defer the requirement for Fort Francis Power to file a distribution system plan for 2022 rates.

Yours truly,

Original Signed By

Christine E. Long
Registrar