



FFPC Operational Update

Prepared for Town of Fort Frances Members of Council
November, 2016

Agenda

- Safety
- FFPC Recognized for CDM Achievement
- FFPC Service Area Amendment (SAA)
- FFPC 2017 IRM Rate Application
- Government Announced Changes
- Bill Comparison, Fort Frances to Outlying Area
- 2017 Bill Projections

Safety

Safety Performance



- 8 years, 5 months lost time injury free record
- 100,000 Safe Work Hours Milestone surpassed in December 2015
- Currently at 114,022 Safe Worked Hours

FFPC Recognized for CDM Achievement

FFPC Recipient of LDC Target Champion Award

- FFPC received a notice from the Independent Electricity Operator (IESO) on August 31, 2016 of being the recipient of the LDC Target Champion Award
- FFPC achieved 118% of its mandated 2011 to 2014 volumetric conservation target of 3.64 GWh, and 82% of its mandated peak demand reduction target of 0.5 MW, through the delivery of provincial *Save On Energy Programs*
- Over the four year horizon FFPC achieved 4.3 GWh in conservation, which is equivalent to taking 477 average Ontario homes off of the grid for 1 year

FFPC Service Area Amendment (SAA)

2016 Service Area Amendment Application

- Historically FFPC was licensed to serve all customers located within the Municipal Boundaries of the Town of Fort Frances
- Long standing issue before SAA:
 - HONI serving 16 customer within Fort Frances
 - FFPC serving 4 customers outside of Fort Frances
- FFPC & Hydro One filed a joint SAA application on April 21, 2016 to Ontario Energy Board so that customer base reflects licensing
- Application approved on June 30th, 2016 and direction given to implement transferring affected customers from HONI to FFPC
- FFPC is now licensed to serve all residents within Municipal Boundaries of Fort Frances, as well as 7 specific land parcels

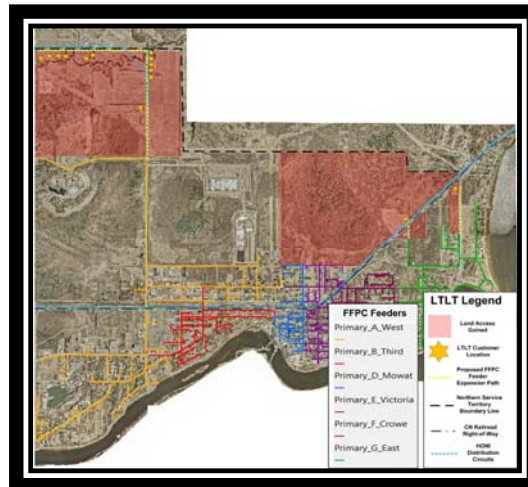
FFPC Service Area Amendment (SAA)

Service Area Amendment Implementation

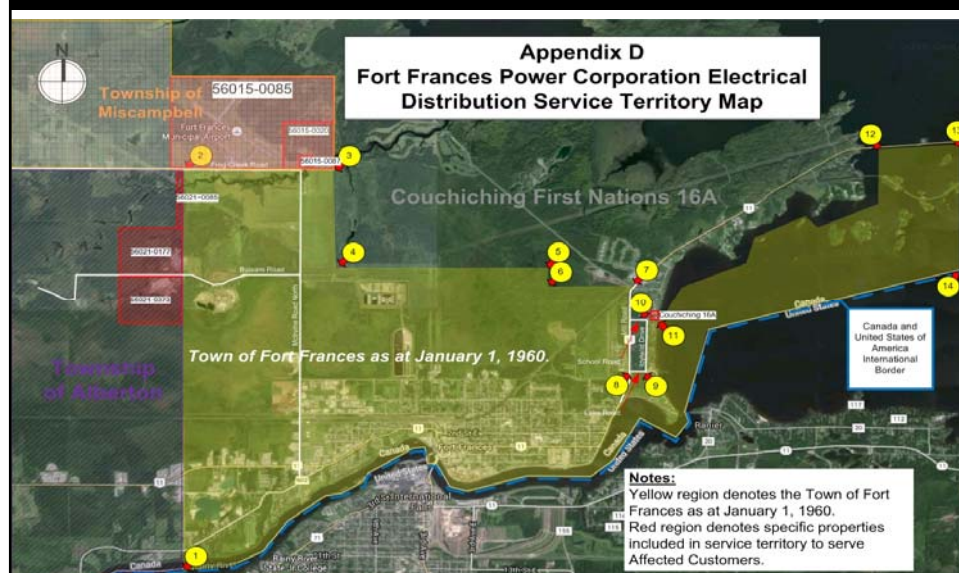
- FFPC purchased ~2.8 km section of a Hydro One distribution feeder along McIrvine Rd. North and Frog Creek Rd.
- FFPC undertaking 3 feeder expansions:
 1. Complete: McIrvine Road North – 0.75 km from Balsam Rd. to connect to acquired feeder section.
 2. 2017: Minnie Ave North – 0.2 km
 3. 2017: Mill Road – 0.8 km
- Expansions unlocking access to ~25% of undeveloped landmass of Fort Frances
- SAA resulting in 35 customers transferring to FFPC
 - 26 customers along McIrvine Road & Frog Creek Road were transferred on October 2, 2016 during area wide Hydro One outage
 - 4 customers outside of Fort Frances already supplied by FFPC were formally transferred to FFPC upon approval of the SAA
 - Remaining 5 customers to be transferred in spring of 2017 upon completion of feeder expansions

FFPC Service Area Amendment

Feeder Expansions & Land Masses Unlocked



FFPC Service Area Amendment



FFPC Service Area Amendment



FFPC 2017 IRM Rate Application

Highlights of 2017 IRM Rate Application

- In 2014 FFPC filed a “Cost of Service” (COS) Rate Application that locked FFPC’s business model, and corresponding distribution rates, for a minimum period of 5 years (2014 to 2018)
 - The COS Application set the rates for the ~20% portion of the total bill that LDCs like FFPC have control over
- Each year within the 5 year block LDC’s are required to file a “mini” rate application which result in a modest cost-of-living adjustment, and cleaning up the ebbs and flows of the numerous charges collected
- FFPC filed its mini “2017 Incentive Regulation Mechanism” Rate Application on October 17th, 2016, which marks year 4 out of 5

FFPC 2017 IRM Rate Application

Highlights of 2017 IRM Rate Application

FFPC's Bill Impact calculations are provided in Appendix C.

Table 7: Bill Impacts on Proposed May 1, 2017 rates

Rate Class	Bill Impact Quantity		Bill Calculation Total		Difference	
	kWh	kW	Current	Proposed	\$	%
Residential	750		\$147.55	\$146.14	-\$1.41	-0.95%
Residential - 10th percentile	321		\$75.19	\$77.04	\$1.85	2.46%
GS<50 kW	2,000		\$386.51	\$379.97	-\$6.54	-1.69%
GS 50 to 4,999 kW	31,800	100	\$5,708.15	\$5,552.68	-\$155.47	-2.72%
Unmetered Scattered Load	800		\$134.47	\$131.59	-\$2.89	-2.15%
Street Lighting	28,100	96	\$4,888.36	\$4,998.35	\$109.99	2.25%

The proposed rates will result in a slight rate reduction of -0.95% to Residential customers, -1.69% to General Service Less than 50 kW customers, -2.72% to General Service 50 to 4,999 kW customers, -2.15% to Unmetered Scattered Load customers and a slight rate increase of 2.25% to Street Lighting customers and 2.46% for Residential in the 10th Percentile. Rate impacts for FFPC customers are essentially all negative due to the disposal of Wholesale Market, 2013 and 2014 variance accounts, all of which are balances due to customers.

Government Announced Changes

Government Announced Changes

- Ontario Government has announced Electricity rate mitigation as a key priority during the September 12th, 2016 Throne Speech
- The Liberal Government intends to achieve rate mitigation by
 - Effective January 1, 2017: Removing the 8% provincial portion of the HST on residential and small business electricity bills. This measure is expected to save the typical household \$130 a year (10.83 \$/Month).
 - Effective January 1, 2017: Increasing the Rural Rate Assistance support program for rural customers, which will save an additional \$410 per year (34.17 \$/Month) but this will be funded by all other ratepayers.
 - Lowering the Industrial Conservation Initiative (ICI) threshold to 1 MW and removing sectoral eligibility requirements to expand the program to an additional 1,000 potential industrial customers, who could realize savings of up to 34% on their electricity bill.

750 kWh of monthly consumption without impact of Power Agreement

SAMPLE MONTHLY BILL STATEMENT		SAMPLE MONTHLY BILL STATEMENT	
Fort Frances Power Corporation - Main		Hydro One Networks Inc. - Residential - Low Density (R2) - Residential - Low Density (R2)	
Account Number: 000 000 000 000 0000		Account Number: 000 000 000 000 0000	
Meter Number: 00000000		Meter Number: 00000000	
Your Electricity Charges		Your Electricity Charges	
Electricity (what is this charge?)		Electricity (what is this charge?)	
Off-Peak @ 8.700 ¢/kWh	42.41	Off-Peak @ 8.700 ¢/kWh	42.41
Mid-Peak @ 13.200 ¢/kWh	16.83	Mid-Peak @ 13.200 ¢/kWh	16.83
On-Peak @ 18.00 ¢/kWh	24.30	On-Peak @ 18.00 ¢/kWh	24.30
Delivery (what is this charge?)	41.57	Delivery (what is this charge?)	94.11
Regulatory Charges (what is this charge?)	4.93	Regulatory Charges (what is this charge?)	5.22
Debt Retirement Charge (what is this charge?)	0.00	Debt Retirement Charge (what is this charge?)	0.00
Debt Retirement Charge exemption saved you \$X.XX		Debt Retirement Charge exemption saved you \$X.XX	
Total Electricity Charges	\$130.05	Total Electricity Charges	\$182.87
HST	16.91	HST	23.77
Total Amount	\$146.95	Total Amount	\$206.64

FFPC 2017 Customer Bill Projections

2017 Total Bill Projections

Weighted Effect on Bill Over the Course of 2017							
Rate Class	Dist Charges % of Bill	Dist Charges Rate Projection	Effective % Increase / Decrease	Non-Dist Charges % of Bill	Non-Dist Charges Rate Projection	Effective % Increase / Decrease	2017 Total Bill Projection Increase
Residential	15%	-8%	-1.2%	85%	-5%	-4.3%	-5.5%
Tourist Info. Centre - GU	18%	-11%	-2.0%	82%	-1%	-0.8%	-2.8%
Water Treatment Plant - GS	13%	-14%	-1.8%	87%	11%	9.6%	7.8%
Memorial Arena - G1	7.5%	-46%	-3.5%	92.5%	14%	13.0%	9.5%
Memorial Sports Plex - G3	6%	-34%	-2.0%	94%	17%	16.0%	13.9%
Street Lights	27%	5.5%	1.5%	73%	11%	8.0%	9.5%

5 year Historical average annual increase of Global adjustment	21%
5 year Historical average annual decrease of HOEP	-13%
	<u>8%</u>

For Rate Projection purposes - a 4% commodity increase is assumed effective May 1 and November 1 as per 5 year average

Questions

Thank You!

