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FORT FRANCES POWER CORPORATION

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January 17, 2005

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ONTARIO ENERGY BOARD

Mr. John Zych
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 26th Floor
TORONTO, Ontario
M4P 1E4

Dear Mr. Zych:

RE: **"Revised"** Submission of Conservation and Demand Management Plan
Ontario Energy Board File No. RP-2004-0203

Attached for re-submission is the Fort Frances Power Corporation's **"Revised"** Conservation and Demand Management Plan pertaining to Ontario Energy Board File No RP-2004-0203.

Please withdrawal and discard Fort Frances Power Corporation's original application dated January 5, 2005 and accept this as its replacement.

Per discussions with Ontario Energy Board staff regarding budget amounts and funding mechanisms, it was necessary for the Fort Frances Power Corporation to make revisions and re-submit the attached Conservation and Demand Management Plan.

Thank you for your time in this important matter.

Sincerely,

FORT FRANCES POWER CORPORATION



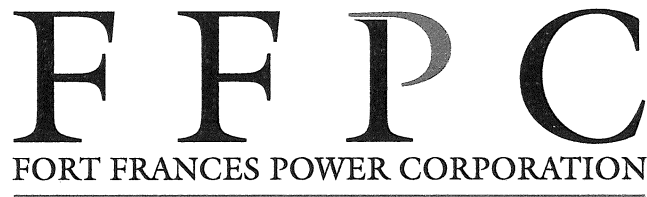
Jim Kibiuk B. Admin., CGA
Chief Executive Officer

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OEB BOARD SECRETARY	
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Fort Frances Power Corporation

Conservation & Demand Management Plan

Ontario Energy Board File No. RP-2004-0203

Revised - January 14, 2005

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1. Introduction

The Minister of Energy has announced that the Province of Ontario is determined to create a “Conservation Culture” and to become a leader in energy conservation. Energy conservation and demand management have been identified as one of the most viable and cost-effective means of meeting the Province’s energy needs. The Ontario government believes that local distribution utilities have a leading role to perform in this initiative and has identified activities for electricity distributors to consider in developing a Conservation and Demand Management (CDM) Plan. As a result, the Ontario Energy Board issued Procedural Order RP-2004-0203 which sets out the process for how distributors may apply for approval of a Conservation and Demand Management Plan.

The Fort Frances Power Corporation is a local distribution company serving the Town of Fort Frances in Northwestern Ontario with a customer base of approximately 4,000 utility customers. The Fort Frances Power Corporation recognizes and supports the Ontario government’s priority towards creating a conservation culture and our Corporation is committed to developing and implementing conservation initiatives to promote energy efficiency and energy conservation amongst our electricity customers. It is our desire to be a conservation leader in our community. As a smaller local distribution company, our CDM Plan is intended to focus our limited resources on conservation and demand management initiatives that will provide the most benefit to all our customers.

2. Our Unique Circumstance

Since the introduction of Market Based Rate of Return for Ontario distribution utilities, the Fort Frances Power Corporation has elected to take a 0.0% rate of return on common equity for the corporation and has operated under the rate minimization model. This is mainly due to the historical agreement with the local paper mill, which has always been a defining characteristic of the utility.

As such, the Fort Frances Power Corporation has not previously applied for any distribution rate increases required to fund a financial rate of return and the utility is essentially operating under a breakeven scenario, where the small return earned is used to fund the capital expenditure program.

The Minister of Energy has recognized our unique situation in his letter to the Fort Frances Power Corporation on August 4, 2004, pursuant to Section 79.6 of the Ontario Energy Act, 1988....

”I note that, as the Fort Frances Power Corporation (the Corporation) elected to take a zero return on equity, the Corporation will not be seeking Ontario Energy Board (OEB) approval for a return on equity to fund DSM and conservation initiatives as set out in my letter of December 19, 2003 to all local distribution companies. As a result, alternate deferral account options are required to allow the Corporation to recover the costs of its conservation and DSM initiatives.”

With the recent Provincial Government regulations repealing parts of Bill 210 requiring Ministerial approval for rate increases, the Fort Frances Power Corporation will now be required to apply for an amount equivalent to it’s third tranche of the Market Adjusted Revenue Requirement (MARR) in its 2005 Rate Application to the Ontario Energy Board, in order to comply with the guidelines established to fund energy conservation and demand management plan budgets.

3. Conservation & Demand Management Programs

The Fort Frances Power Corporation's CDM Plan includes the proposed conservation and demand management programs:

3.1 Public Communications & Leveraging Existing Energy Conservation Programs

A public communications program will be established to raise awareness of the need to reduce electricity consumption and to provide customers with energy conservation tips. The program will play a useful role in getting the right information to the right people in order for conservation to grow, which will benefit all customer rate classes.

Existing energy conservation and demand management programs that are already established and offered within the government program framework will be researched, identified and promoted to all applicable utility customers. Utility customers will be encouraged to participate in existing programs such as energy audit services, retrofit opportunities, seminars and conferences.

The Fort Frances Power Corporation has already begun to implement a public education initiative through having already obtained the "Conserve Energy & Save Money" Brochure from the Province of Ontario and is currently distributing it to our customers through Civic Centre offices.

The program will utilize print campaigns, online services, customer visits, public presentations and announcements. Estimated program budget = \$20,000

3.2 Compact Fluorescent Light Promotion Program

A program will be established to promote the use of compact fluorescent light bulbs amongst all customers in the residential rate class. Compact fluorescent light bulbs (CFLs) use up to 75% less energy than a standard incandescent bulb to produce the same amount of light, last eight times longer and fit into standard light bulb sockets. The program will educate customers on the benefits of CFLs and institute a CFLs giveaway through an incandescent bulb trade-in program with customers.

Estimated program budget = \$10,000

3.3 LED Christmas Lighting Conversion Program

A program will be established to promote the use of light-emitting diode (LED) Christmas light strings amongst all utility customers. Compared to incandescent Christmas light strings, LED Christmas light strings use up to 95% less energy, last seven times longer, they are more durable and produce very little heat, reducing the risk of fire. The program will educate customers on the benefits of LED Christmas light strings and offer discount coupons to customers for the purchase of LED Christmas light strings, in exchange for the trading in of incandescent strings. This program will require coordination and participation with manufacturers and local retailers.

Estimated program budget = \$7,000

3.4 Low Income Pilot Home Program

A program will be established to select a home in the Town of Fort Frances to be promoted as a pilot home from which to demonstrate basic energy conservation initiatives that can be implemented by low-income customers. This program will specifically target low-income homeowners and tenants who pay their own electricity bills. The pilot home will show actual completed in-home energy conservation and demand management measures, such as insulation, draftproofing and lighting retrofits. The program will then promote and provide incentives for low-income homeowners and tenants to complete such energy conservation measures on their own residences. This program will require coordination and participation with community groups, government agencies, contractors, manufacturers and local retailers. Estimated program budget = \$20,216

3.5 LED Traffic Light Conversion Program

A program will be established to replace the Town of Fort Frances traffic signal lights and pedestrian signals at intersections with LED lamps. Compared to incandescent bulbs, LED lamps use up to 80% less energy, provide for a brighter display, have a longer bulb life and require less on-going maintenance. This program will provide energy savings that will directly benefit the Town of Fort Frances, as the Corporation's shareholder. Estimated program budget = \$13,000

3.6 Distribution System Improvements Program

A program will be established to obtain greater efficiencies within the utility distribution grid by focusing on distribution losses and improving energy usage on the utility side of the meter. This program will identify and prioritize opportunities for system enhancements through engineering analysis and system optimization studies. Possible opportunities to be pursued may include such initiatives as power system load balancing, upgrading to low loss transformers, replacing overloaded distribution equipment and line loss reductions. Improving distribution system assets and efficiencies will benefit all local utility customers. Estimated program budget = \$58,000

4. Conclusion

The CDM Plan presented by the Fort Frances Power Corporation in this document is one that balances selected programs to best achieve the energy conservation and demand management goals as set out by the Province of Ontario. With the limited resources available as a smaller local distribution company, the Fort Frances Power Corporation has focused on initiatives that will be effective by providing a mix of different programs to benefit all utility customers, the shareholder and the utility.

The Fort Frances Power Corporation is committed to moving forward on implementing the proposed CDM Plan and hereby requests the Ontario Energy Board's approval and final order authorizing its Conservation and Demand Management Plan.

5. CDM Plan – Programs Budget & Timeline Summary

Fort Frances Power Corporation's CDM Plan is based on investing \$128,216 during the period of May 1, 2005 to September 30, 2007. It will continue to evaluate all programs and update the plan as new opportunities are presented and if necessary, re-allocate funds between programs to respond to program demand.

<u>Programs</u>	<u>Budget \$</u>			
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>Total</u>
Public Communications & Leveraging Existing Conservation Programs	\$5,000	\$12,000	\$3,000	\$20,000
Compact Fluorescent Lights	\$10,000			\$10,000
LED Christmas Lighting	\$7,000			\$7,000
Low Income Pilot Home	\$5,000	\$15,216		\$20,216
LED Traffic Light Conversion	\$13,000			\$13,000
Distribution System Improvements	<u>\$15,000</u>	<u>\$38,000</u>	<u>\$5,000</u>	<u>\$58,000</u>
Total CDM Plan Budget	<u>\$55,000</u>	<u>\$65,216</u>	<u>\$8,000</u>	<u>\$128,216</u>