November 14th, 2011

BC Utilities Commission
Sixth Floor, 900 Howe Street, Box 250
Vancouver BC
V6Z 2N3

Attention: Ms. Alanna Gillis, Acting Commission Secretary

Dear Ms. Alanna Gillis,

Re: FortisBC Residential Inclining Block Rate Application
Project No. 3698628/Order G-68-11 – Intervener Written Submission

Please find Nelson Hydro’s Intervener Written Submission for the above application.

Yours truly,

Heather Grant
Nelson Hydro Office Administrator

attachment
The Commission Panel has requested that parties address two questions:

1. Should the Panel consider the implications of conservation rate setting for these “indirect” customers in this proceeding?

   Response:
   No. As per the response to question 2 below. Further we note that broadening the scope to include customers of other utilities could require a substantive repeat of the process.

2. Should the Panel consider the implications of conservation rate setting for these “indirect” customers in future FortisBC rate design proceedings?

   Response:
   No. In BC there are eight distinct electrical utilities and the proceedings for one should not spill over into the others. Some of these utilities do not require BCUC approval for their rate setting.

The following are the final submission comments from Nelson Hydro. We would like to emphasize that Nelson Hydro does not represent the FortisBC residential customers nor even a segment of those customers and therefore our submission should be taken as that of an interested but not directly affected party.

From our perspective the application seems to attempt to pull together two conflicting objectives – cost based rates and conservation based rates. Holding the basic charge fixed and applying increases only to the energy charges appears to be a good way to make the transition from cost based to conservation based rates. The result however will be a blend of the two rate objectives.

In our view one of the most significant problems with an inclining block rate is the impact on electric heat customers. These customers could be more energy conserving than their gas heat neighbor and yet still be subject to the higher second block rate while the neighbor is not. Aside from consolidating all of a household’s energy inputs (Electricity, Gas, Wood, Propane, etc…) there appears to be no viable way for a single utility to determine if a customer is using energy efficiently. Therefore the FortisBC proposal to implement RIB in a manner where the majority of customers see minimal bill impacts appears to be a reasonable approach as it provides customers with the opportunity to reduce their electric bill by conserving.
In conclusion we support the implementation of the RIB rate as proposed by FortisBC as a means to encourage energy conservation. Nelson Hydro’s interest in this is to monitor the outcome of this rate design to determine answers to:

- What energy consumption reductions are achieved,
- Do the consumption reductions persist or are they temporary,
- How does the rate design impact electric heat customers, and
- What operating cost reductions result to the utility?