CORIX MULTI-UTILITY SERVICES INC. (“Corix”)

INFORMATION REQUEST NO. 2
TO B.C. Hydro & Power Authority (“B.C. Hydro”)

B.C. Hydro
2009 LGS Rate Application

Question #1: Rate Design – FACOS Study


Request: 1.1 Please confirm that this Compliance Filing, as filed, is the most current analysis available to assess the relative Revenue-to-Cost ratios of the various rate classes? If not, please provide the most current analysis available.

1.2 As the Revenue-to-Cost ratio of the GS > 35 kW (ELGS) class of customers is now at 110.8% (relative to 106.8% in the 2007 RDA Compliance Filing), will BC Hydro take steps either in this application or in the future to prevent a further increases in cost allocation from other rate classes to ELGS categories (ie. MGS and LGS)?

1.3 Can this FACOS Study be segmented to show how the ELGS will be split between the proposed MGS and LGS classes? If so, please provide the Revenue-to-Cost of the two new rate classes. If not, please explain why this cannot be done and when this information will be available.

1.4 Is it BC Hydro’s intention to equalize the Revenue-to-Cost ratios between these two new proposed classes? If not, what is BC Hydro’s policy in this regard?

1.5 Based on the forecast growth of the various rate classes, what is BC Hydro’s forecast of future Revenue-to-Cost ratios? Will the trend to increasing ELGS Revenue-to-Cost ratios continue if there are no rate re-balancing initiatives undertaken?
Question #2: Transmission Service Stepped Rate (TSR 2005)

Reference: In 2005, the Commission reviewed the issue of a two tier rate structure for Transmission customers (Schedule 1823).

As part of the process it was determined Transmission customers that were re-sellers would be exempt from the rate. The following was extracted from the Reasons for Decision to Order No. G-79-05 (Appendix B, page 4-5 of 54) that stemmed from a Negotiated Settlement Process which included BC Hydro:

“8. Exemptions

At present, FortisBC Inc. (formerly Aquila Networks Canada (British Columbia) Ltd.), the City of New Westminster and the University of British Columbia are exempt from the application of stepped rates. In accepting the Commission's Recommendation #15 in the Heritage Inquiry Report and Recommendations, the Government response described these customers as "effectively distributors who sell the electricity they purchase onwards to end-use customers." BC Hydro proposes to serve these exempt customers under a separate rate schedule, RS 1827.

Two participants to the negotiations (Simon Fraser University ("SFU") and the Vancouver International Airport Authority ("VIAA")) may also wish to seek exemption from stepped rates. All parties agree that the Commission should have the discretion to address the issue of exemptions, and they do not oppose exemptions for SFU or VIAA if they apply at some future date. The parties agree that the Commission should take steps to confirm with Government that the BCUC does have the discretion, or absent such discretion, seek the necessary legislative approvals.”

[Emphasis Added]

Request: 2.1 Please reconcile the decision of BC Hydro to serve these exempt customers under a separate rate schedule, RS 1827, with the BC Hydro’s response to Corix 1.3.1 (Exhibit B-5) where in it stated: “the reason BC Hydro does not propose exemptions for re-sellers or other customers who are not end users is primarily a fairness issue”.

2.2 Please explain why Corix is in any way different from these other re-sellers other than the fact that it is not a Transmission customer?

2.3 Please confirm that BC Hydro continues to believe that the Commission should have the discretion to address the issue of exemptions. If not, why has BC Hydro changed its position?
2.4 Please confirm that each of Fortis BC Inc, the City of New Westminster and the University of British Columbia continues to receive service under RS 1827? Are there any additional customers who now receive service under this rate schedule?

2.5 Has BC Hydro made an application to the Commission to transfer customers under this RS 1827 to RS 1823 or any other existing or future rate schedule or to significantly modify RS 1827? Does it intend to do so in the foreseeable future? If yes, what was or will be the nature of such a filing when was or will this application be filed? If no, please explain why such an application will not be forthcoming?

2.6 Would it be accurate to describe RS 1827 as having a flat (ie. neither inclining nor declining) demand charge? Please confirm that the current demand charge for RS 1827 is $5.260 per kV.A of Billing Demand per Billing Period. What would this charge be in equivalent $ per kW terms?

2.7 Would it be accurate to describe RS 1827 as having a flat (ie. neither inclining nor declining) energy charge? Please confirm that the current energy charge for RS 1827 is 3.083 cents per kWh for all kWh.

2.8 For each customer served under RS 1827 please provide the following information:

2.8.1 Peak Demand (in kV.A) for the most recent fiscal year available.

2.8.2 Annual Energy Consumption (in kWh) for each year from F2005 to the most recent fiscal year for which records are available

2.8.3 The revenue for the most recent fiscal year available segmented as to Basic Charges (if any), Demand Charges, Energy Charges and any other charges applicable under RS 1827.

2.8.4 The equivalent HBL to the proposed RS 1300 (ie. if the same methodology was used on RS 1827 customers as described in Appendix O, Section 6.1, Table O-16, page 23 of 23) for each of F2011 and F2012.
2.9 Please confirm that customers served under RS 1827 are not required to re-sell electricity to their end use customer at the same rates as BC Hydro for the equivalent class of customer. If they are required to sell at the same rates as BC Hydro, please provide the applicable reference in the BC Hydro Electric Tariff.

2.10 Does BC Hydro provide funding directly to any re-sellers served under RS 1827 to aid in conservation programs?

**Question #3: Residential Rate Forecasts**

**Reference:** Exhibit B-5, response to Corix 1.1.1, dated December 7, 2009.

Corix is an authorized re-seller of electricity purchased from B.C. Hydro. In excess of 90% of its electricity is sold to residential customers at rates identical to BC Hydro’s residential rates. BC Hydro’s proposed Application, as filed, would see Corix be a RS 1300 customer at its two service area locations.

In order to adequately assess the impact of this Application on its business, Corix needs to understand how future residential rates are expected to move relative to RS 1300 rates, as proposed.

**Request:**

3.1 Please update Table 5.4 contained in the 2008 RIB Reasons for Decision (G-124-08) at page 89 to reflect the same future cost of power that is now embedded in the LGS rate application.

3.2 Please provide the current residential rate forecast used to estimate future conversation potential in the residential rate class of customers inclusive of Basic Charge, Step 1 and Step 2 energy charges. Note: these do not need to be “tariff ready” per the objection to comply with Corix Request 1.1.1. but the best available forecast currently being used by BC Hydro.

3.3 If BC Hydro is not able to answer Request 3.2, please explain how BC Hydro is able to meaningfully estimate conservation potential of this rate class. Specifically, what methodology is used to calculate residential consumption that does not include elastic demand responses to changes in Step 2 pricing?

3.4 In BC Hydro’s response to Corix 1.3.1 (Exhibit B-5), it stated “it would seem there might be a financial incentive for re-sellers to encourage their customers to reduce energy consumption”. If a re-seller has no clear forecast of future residential and general service rates, how can it discern what that financial incentive might be?