VIA EMAIL
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May 11, 2011

Mr. Dennis Swanson
Director, Regulatory Affairs
Regulatory Affairs Department
FortisBC Inc.
Suite 100, 1975 Springfield Road
Kelowna, BC V17 7V7

Dear Mr. Swanson:

Re: FortisBC Inc.
Project No. 3698628/Order G-68-11
Residential Inclining Block Rate Application

Commission staff submits the following document for the record in this proceeding:

British Columbia Hydro and Power Authority – 2008 Residential Inclining Block Rate –
Appendix C, Utility Survey Results

Yours truly,

Alanna Gillis

cc
Registered Interveners
(FortisBC_RIB-RI)
APPENDIX C
Utility Survey Results
1.0 Residential Rate Structure Review

This appendix summarizes the commonly used rate structures of a default residential tariff. The summary is based on a review of the tariffs offered by a sample of 88 utilities in North America, Europe and Asia. This sample contains large utilities, has good Canadian representation, and spans winter and summer-peaking regions. The review leads BC Hydro to conclude that a year-round two-step tariff is common among Canadian and non-Canadian utilities that use an inclining block structure, thus supporting the adoption of BC Hydro’s preferred RIB rate design as a first step in re-designing residential tariffs in British Columbia.

Table C-1 reports the number of utilities included in the tariff review that use a particular tariff structure, which may be an inclining block, declining block, flat, or time-of-use (TOU) structure.

The following observations emerge from this table:

- Three (18 per cent) of the 17 Canadian utilities have inclining block tariffs, one (17 per cent) have declining block tariffs, 11 (65 per cent) have flat rate tariffs, and none use TOU pricing for a default tariff;

- Eighteen (30 per cent) of the 61 U.S. utilities have inclining block tariffs year round, five (8 per cent) have summer inclining block but winter declining block tariffs, two (3 per cent) have inclining block summer and flat winter tariffs, three (5 per cent) have flat summer and declining block winter tariffs, two (3 per cent) have declining block tariffs year round, and 31 (51 per cent) have flat rate tariffs. None uses TOU pricing for a default tariff;

- One (12.5 per cent) of the 8 European utilities has an inclining block tariff, one (12.5 per cent) has a declining block tariff, five (62.5 per cent) have flat rate tariffs, and one (12.5 per cent) has a TOU tariff;

- Both Asian utilities (100 per cent) (Hong Kong and Japan) have inclining block tariffs; and

- Overall, 47 (53 per cent) of the 88 utilities have flat rate tariffs, 24 (27 per cent) have inclining block tariffs, six (7 per cent) have declining block tariffs, five (6 per cent) have

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1 Toronto Hydro was chosen as a representative electricity distribution utility (EDU) in Ontario because all EDUs regulated by the Ontario Energy Board (OEB) offer seasonal inclining block tariffs that reflect the provincial rates set by the OEB for generation energy. As of January 2008, these generation energy rates are 5 cents/kWh for winter consumption up to 1,000 kWh/month during November - April, and 5.9 cents/kWh for consumption above the 1,000 kWh/month threshold. The summer threshold is 600 kWh/month.
summer inclining but winter declining block tariffs, two (2 per cent) have inclining block summer but flat winter tariffs, three (3 per cent) have flat summer but declining block winter tariffs, and one (1 per cent) has TOU tariffs.

The above observations show that:

(a) simplicity is a common feature of a default tariff, as suggested by the flat rate tariffs’ popularity; and

(b) after the flat rate structure, the inclining block is the second most commonly used rate structure.

Table C-1  Number of Utilities Offering a Particular Default Residential Tariff

<table>
<thead>
<tr>
<th>Tariff Structure</th>
<th>Canada</th>
<th>US</th>
<th>Europe</th>
<th>Asia</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inclining block year round</td>
<td>3</td>
<td>18</td>
<td>1</td>
<td>2</td>
<td>24</td>
</tr>
<tr>
<td>Summer inclining block but winter declining block</td>
<td>0</td>
<td>5</td>
<td>0</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>Inclining summer flat winter</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Flat summer declining winter</td>
<td>0</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Declining block year round</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td>Flat rate year around</td>
<td>11</td>
<td>31</td>
<td>5</td>
<td>0</td>
<td>47</td>
</tr>
<tr>
<td>TOU</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>17</strong></td>
<td><strong>61</strong></td>
<td><strong>8</strong></td>
<td><strong>2</strong></td>
<td><strong>88</strong></td>
</tr>
</tbody>
</table>

Table C-2 presents the number of utilities offering year-round inclining block tariffs with a particular number of steps, which may range from two to six. Of the 24 utilities shown in Table C-1, 13 (54 per cent) utilities have tariffs with two steps, six (25 per cent) have inclining blocks with three steps, and five (21 per cent) have inclining blocks with four or more steps. However, all three Canadian utilities have two-step inclining block tariffs.²

² Hydro Quebec has a $/kW-month charge for very large customers (e.g., apartment buildings) with winter (December - March) demand of over 50 kW.