Question #1

Reference:  
  i)  Exhibit B-1, page 1, lines 11-12  
  ii) Exhibit B-1, page 9, lines 9-11  
  iii) Exhibit B-1, page 10, lines 9-10 and 14-16  
  iv) Exhibit B-1, page 23, lines 7-9

a) Is the intent/objective of the RIB rate to incent consumers to use less electricity (per reference (i)) or is it to encourage consumers to use electricity more efficiently (per reference (ii))? 

b) What is FortisBC’s definition of “efficient price signals” (per reference (iv))? 

c) What is the marginal cost of electricity for FortisBC’s residential customers for each of the years 2011 through 2015 (per reference (iii) – lines 9-10)? In responding please address separately the marginal cost of electricity supply (i.e., the commodity) versus the marginal cost of transmission and distribution. In each case, please also explain how the marginal cost was determined and whether it is reflective of long-run incremental costs. 

d) In FortisBC’s view is it appropriate to promote the use of less electricity (per reference (iii) – lines 14-16) through price signals that exceed the marginal cost of electricity? 

Question #2

Reference:  
  i)  Exhibit B-1, Appendix B  
  ii) Exhibit B-1, page 2, lines 22-26

a) Please clarify FortisBC’s proposal regarding the implementation date for the RIB rate – Appendix B states January 1, 2011 where as page 2 states 6-12 months after direction from the Commission. 

b) Please reconcile the response to part (a) with the RIB rate option impact analysis presented in Table 8-3 which appears to assume implementation in 2011.
**Question #3**

Reference:  
  i) Exhibit B-1, page 1, lines 25-26 and page 17, lines 17-20  
  ii) Exhibit B-1, page 25

a) Please confirm that Table 8-2 does not include any provision (per reference (ii) – lines 5-6) for future BC Hydro rate increases? If this is not the case, what assumption was made regarding BC Hydro’s annual rate increases?

b) If part (a) was answered in the affirmative, please re-do Table 8-2 assuming increases in BC Hydro’s purchases power rates of 8% per annum.

c) Please confirm that the less that 10% annual bill impact for 90%/95%/100% of customers (per reference (i)) excludes the impact of each of following:

- The impact of rebalancing residential rates
- The impact of the annual revenue requirement increases.
- The impact of anticipated increases in BC Hydro’s rates

If not please confirm what is included/excluded.

d) As a general rule, what is in the impact of a 1% increase in BC Hydro’s rates on FortisBC’s residential customer rates?

**Question #4**

Reference:  
  i) Exhibit B-1, page 2, lines 9-17 and page 27, lines 13-21

a) Would flow-through changes in BC Hydro’s purchases power costs be treated the same as changes to FortisBC’s general revenue requirement? If not, how would they be treated?

**Question #5**

Reference:  
  i) Exhibit B-1, pages 11-13

a) Did FortisBC undertake any public consultation on its RIB rate options/proposal following the BCUC’s Order G-156-10? If no, why not?

**Question #6**

Reference:  
  i) Exhibit B-1, pages 2 and 15

a) Please confirm whether the “anticipated” current rates set out in Table 1-1 were actually implemented May 1, 2011 as shown. If not, please update.
Question #7

Reference:  i) Exhibit B-1, page 16, lines 1-4

a) Please indicate what “rate year” the $28.74/month is based on. If not 2011, what adjustments should be made to make it comparable to the customer charge of $28.22 per two month billing cycle implemented January 1, 2011?

Question #8

Reference:  i) Exhibit B-1, page 17, lines 2-12

a) Are the mean and median consumption values quoted for 2009 and 2010 based on actual use or weather normalized usage?

b) If based on actual use, please provide the mean and median weather normalized values for 2009 and 2010 and the resulting averages.

Question #9

Reference:  i) Exhibit B-1, page 17, lines 17-25
  ii) BCUC Decision Re: FortisBC’s 2009 Rate Design and Cost of Service Analysis, October 2010, page 79

a) Please confirm that for FortisBC’s rate rebalancing the 10% impact criterion included the impact of both rate rebalancing and revenue requirement increases and that the impact of rate rebalancing alone was limited to 5% (per reference (ii)).

b) Please explain why a 10% threshold for impacts due to RIB is appropriate when the BCUC adopted a 5% threshold for rate rebalancing.

Question #10

Reference:  i) Exhibit B-1, page 17

a) Based on the 2009/2010 billing data, please indicate the following metrics:
   • The 5th percentile consumption value
   • The 25th percentile consumption value
   • The 75th percentile consumption value, and
   • The 95th percentile consumption value.
Question #11

Reference: i) Exhibit B-1, page 18

a) What are the approved customer counts and kWh sales for 2011 (per lines 6-7) that were used in the analysis?

b) Based on the analysis of 2009 and 2010 bills, for each of the three thresholds please indicate:
   - The % of bills that will have consumption in the second block.
   - The number of customers who have two bills (out of 6 annual bills) with consumption in the second block.
   - The number of customers who have three bills (out of 6 annual bills) with usage in the second block.

c) Please repeat Table 6-1 and the response to part (b) assuming consumption (kWh) associated with each bill is 5% less.

Question #12

Reference: i) Exhibit B-1, pages 20 and 22

a) Please confirm that the 20% bill increase criterion is measured only with respect to the impact of the RIB rate. If not, what other impacts are included (e.g., rebalancing, general rate increase, etc.)?

b) For each of the options listed on page 22, please indicate the percentage of customers with annual impacts greater than 15%.

Question #13

Reference: i) Exhibit B-1, pages 21-22

a) What is the basis for FortisBC’s contention that different elasticity values would apply to consumption above and below the threshold consumption level (per page 21, lines 18-19)?

b) What is the basis for the range of elasticity estimates used in Table 7-2?

c) Please redo the conservation estimates for options 1-9 assuming the same elasticity estimate applies in both cases.
Question #14

Reference:  i)  Exhibit B-1, pages 21-22

a) Please re-estimate the Block 1 and Block 2 rates each of the options in Table 7-2 using the following three criterion
   • 90% of customers see <5% bill impacts
   • 95% of customers see <5% bill impacts
   • 99% of customers see <5% bill impacts

b) Please re-do Table 7-2 using the rates from part (a). Note: Instead of 20% use 15% as the threshold for percentage of customers with high bill impacts.

Question #15

Reference:  i)  Exhibit B-1, pages 23 and 24

a) Why is the “efficiency” of the price signal (page 23, lines 7-9) gauged based on the differential between the first and second block?

b) On what basis does FortisBC judge that the initial block differential is too high or too low in certain cases?

c) On what basis does FortisBC judge that insufficient load is billed in the second block?

d) For each of the 18 options please provide a table that indicates the differential between the Block 2 rate and the “marginal cost of electricity supply” for 2011. To the extent the marginal cost of electricity supply is based on BC Hydro rates, please use the 2011 interim rate recently approved by the BCUC.

Question #16

Reference:  i)  Exhibit B-1, pages 25-26

a) Please provide the worksheets/working model that shows the derivation of the rates set out in Table 8-3.

b) Please confirm that the block ratios reported in Table 8-3 for each option are the ratio of Block 2/Block 1 and not Block 1/Block 2 as indicated.

c) For Options A and C please indicate how Block 1 and Block 2 rates were adjusted to account for the fact the customer charge was not subject to the general rate increase.

d) For Options A and C the rate increase is purportedly applied to both blocks. However, the rates for the two blocks are not increasing by the same percentage (e.g. For 2012 - the Block 1 rate increases by 8.9% while the Block 2 rate increases by a lesser amount). One would
have expected that if the Block 1 rate was adjusted only for rebalancing and the general rate increase then the Block 2 increase would have to be higher to account for the fact the customer charge is not subject to the general rate increase. Please reconcile.

e) For Option E, please explain why the ratio of the Block prices is decreasing if the customer charge and first block are increased by the general and rebalancing increases. Doesn’t this mean that the Second Block price would also be increased by the general and rebalancing increases such that the ratio would be constant?

f) If necessary, please provide a revised Table 8-3 based on the foregoing and any other corrections required.

g) Using the rates in Table 8-3 (revised as necessary), for each year (2012-2015) please indicate for each option the percentage of residential customers that will see annual bill impacts greater than:
   • 10%
   • 15%
   • 20%
   • 25%

h) Please provide a schedule that contrasts the Block 2 rates for 2015 as shown in Table 8-3 with the marginal costs provide in response to Question #1 c) for each of the options.

i) Table 8-3 assumes that the RIB rate is in effect for 2011. If this were the case, please provide a schedule that for each option would indicate the following for 2011 based on the cumulative impact of FortisBC’s 2011 general rate increase (January 2011), the residential rate increase due to rebalancing (May 2011), pass through of the BC Hydro interim increase and the RIB rate introduction:
   • % of residential customers with increases in excess of 10%
   • % of residential customers with increases in excess of 15%
   • % of residential customers with increases in excess of 20%
   • % of residential customers with increases in excess of 25%

Question #17

Reference: i) Exhibit B-1, pages 25-26

a) Please re-do Table 8-3 incorporating the following:
   • For 2011 incorporate the interim rate increase recently approved for BC Hydro.
   • For 2012-2015 incorporate annual BC Hydro flow-through rate increases of 8%/annum along with the increases assumed in the original table for rate rebalancing and revenue requirement.
b) Using the rates determined in part (a), For each year (2012-2015) please indicate for each option the percentage of residential customers that will see annual bill impacts greater than:

- 10%
- 15%
- 20%
- 25%

**Question #18**

**Reference:** i) Exhibit B-1, pages 25-26

a) Please re-do Table 8-3 incorporating the following:

- For 2011 assume the current May 1st approved rates adjusted for BC Hydro’s recently approved interim rate increase.
- For 2012, assume the RIB is introduced January 1st 2012 along with the general rate increase and rate rebalancing and an 8% increase in BC Hydro rates.
- For 2013-2015, incorporate a further 8%/annum increase in BC Hydro rates along with the increases assumed in the original table for rebalancing and general revenue requirement.

b) Using the rates determined in part (a), for each year (2012-2015) please indicate for each option the percentage of residential customers that will see annual bill impact greater than:

- 10%
- 15%
- 20%
- 25%

**Question #19**

**Reference:** i) Exhibit B-1, page 28, lines 15-21 and page 29, Table 9-1

a) Please confirm that the bill increases quoted in these paragraphs are for the RIB rate changes only and do not include any impacts due to rate rebalancing or revenue requirement increases.

b) Please provide a schedule similar to Table 9-1, but shows for each type of customer and case:

- The % of customers with bill impacts >20%
- The % of customers with bill impacts > 15%
- The % of customers with bill impacts > 10%
Question #20

Reference: i) Exhibit B-1, pages 19 and 28-29

a) Please provide the following statistics for the 906 customer sample, using the same definitions as discussed on page 17 for the class overall:

- Mean Consumption
- Median Consumption
- The 5th percentile value for consumption
- The 25th percentile value for consumption
- The 75th percentile value for consumption
- The 95th percentile value for consumption

d) For each of the income brackets in Table 9-1, please indicate the mean and median consumption per customer.

e) Is the income metric based on family/household income? If not, what is it based on?

f) For each of the income brackets referenced in part (c), what percentage of the customers have Electric Heat vs. Other Heat?