From: Richard Tarnoff [otootski@gmail.com]
Sent: Saturday, May 14, 2011 3:55 PM
To: FortisBC Regulatory Affairs – Electricity
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Subject: Information Request No. 1

Richard Tarnoff

FortisBC Residential Inclining Block Rate Application
Information Request Number 1
May 16, 2011

1.0 Reference: Exhibit B-1, Section 5, Inclining Block Rate Options, p.14

"Typically the customer charge is used to recover the costs incurred by the utility of providing services such as billing and meter reading to customers."

1.1 Please clarify whether the above quote means that utilities are supposed to recover these costs through the customer charge or that they generally do recover these costs through the customer charge.

1.2 Which ever is the case, please provide references to back up the statement.

1.3 Please re run your scenarios using a customer charge of $0.00.

2.0 Reference: Exhibit B-1, Section 5.2.1, Customer Charge, p.16

"At the current level of $28.22 per two month billing period, the customer charge presently collects just under 44% of the amount required by strict adherence to cost causation principles."

2.1 Does the "amount required" refer to the billing and meter reading costs referred to in 1.0?

2.2 If $28.22 represents 44% of the "amount required", the actual amount required should be about $64. Please provide a breakdown of how much of this $64 is required for billing, meter reading, and any other costs that are included.

3.0 Reference: Section 5.2.3, Block Rates, p.17

"The 10% per cent figure is generally accepted to represent the threshold of "rate shock", though it is not an official position of the Commission."

3.1 Please define "rate shock" and give references for this statement.
3.2 Has FortisBC estimated how many of the customers whose rate increases will exceed 10%, will subsequently reduce their consumption so that their bill increases will be below 10%?

3.3 If so, please provide the figure.

3.4 If not, please estimate.

4.0 Reference: Section 5.2.2, Threshold Level, p.17.

In all of FortisBC’s threshold level options, a number of customers will be below the threshold level for all of the year and therefore will have no new incentive to further reduce their consumption.

4.1 Did FortisBC consider a three step rate design that would give low usage customers a new incentive to increase their conservation?

4.2 If so, please provide the results of the scenarios.

4.3 If not, please rerun the scenarios with an additional step at 1000 kwh.