FortisBC
Residential Inclining Block Application
Information Request #1

By: Ludo Bertsch, Horizon Technologies Inc.
For: Okanagan Environmental Industry Alliance
Date: May 16, 2011

1.0) **Reference: Exhibit B-1, Section 1, Page 1, Lines 29-30**

FortisBC states: “As explained in section 4.2, the current customer charge collects less than half of the amount prescribed by a cost of service analysis.”

1.1 Please confirm the section number in question is actually 5.2.1 (and not 4.2).

2.0) **Reference: Exhibit B-1, Section 2, Page 2, Lines 23-26 and Section 10, Page 30**

FortisBC describes some activities before the RIB implementation: “The introduction of a RIB rate is a significant change that, in the opinion of the Company, must be preceded and accompanied by thorough information and a customer education component, the development of which cannot commence until Commission direction is provided.”. Further details are described in Section 10 Page 20.

2.1 It is not clear of any reports that will be developed by FortisBC after the RIB has been running for a period of time. Therefore, please describe in detail any reports that FortisBC plans on developing to analyze the performance of the RIB and transition to TOU rates. Please include time frames.

3.0) **Reference: Exhibit B-1, Section 2, Page 4, Lines 14-15**

FortisBC states: “The Company is supportive of the Energy Plan goal of having conservation offset 50 percent of cumulative load growth by 2020.”

3.1 Please confirm that the Clean Energy Act (Bill 17) has increased the goal to 66%.

3.2 The Clean Energy Act is discussed in Section 2.5, Page 7 – please attach a copy of the Act.
3.3 Is FortisBC supportive of the new 66% target in the Clean Energy Act. If not, why not?

3.4 Explain the methods FortisBC has used to support the new increased target.

4.0) Reference: Exhibit B-1, Section 2, Page 5, Lines 5-7

FortisBC states: “The Company is aware that numerous potential variants of the rate exist. Those included in the application however are restricted to those that best maintain provincial consistency, . . .”

4.1 Please explain provincial consistency.

4.2 Please list and describe potential variants that were not included in this application because they did not maintain provincial consistency.

5.0) Reference: Exhibit B-1, Section 2, Page 6, Lines 21-22

FortisBC states: “. . . the Commission outlined its disagreement with the Company’s approach.”

5.1 In being directed by the Commission to implement RIB at this time, please describe any steps that FortisBC may have done in the RIB design in order to make the transition easier to the TOU rates in the future.

6.0) Reference: Exhibit B-1, Section 2, Page 6, Lines 25-28

FortisBC states: “The Commission Panel is especially concerned that backing away from the RIB rate structure in the FortisBC service area today, in anticipation of TOU rates being implemented in five years time, would represent a foregone opportunity for energy efficiency and conservation.”

6.1 Please estimate the energy efficiency and conservation gains that are expected to be achieved over the next 5 years with the proposed RIB rate structure.
7.0) **Reference: Exhibit B-1, Section 4, Pages 11-12**

FortisBC lists a range of public consultation processes.

7.1 Please list the public consultation processes that were done after BCUC directed FortisBC to implement RIB with a lower Basic Charge (after the release of Decision G-156-10).

7.2 In Appendix C, Page 53, Slide 24 (and Appendix C, Page 67), FortisBC shows two RIB rates: one with the existing basic charge, and one with a higher basic charge. Did FortisBC gather any feedback during the public consultation process for a RIB rate structure with a lower basic charge? If so, please describe the rate option used, and list the consultation process. If not, why not?

8.0) **Reference: Exhibit B-1, Section 5, Page 14, Lines 2-3**

FortisBC states: “The residential inclining block rate is intended to become the mandatory default rate for all residential customers except those who elect to take service under the existing TOU rate.”

8.1 Please describe the situations in which it is advantageous from a customer’s point-of-view to take the TOU rate compared to the RIB rate.

8.2 Does FortisBC expect the take-up of the TOU rate to increase with the introduction of the RIB rate?

8.3 Please list the present number of TOU customers and estimated future TOU customers.

8.4 As indicated in this RIB application, the original plan of FortisBC was “the use of mandatory TOU rates in 2014”¹, yet now the RIB rate structure will be mandatory.

8.4.1 Does this RIB application change the plans of FortisBC to have mandatory TOU rates in 2014? If so, please explain.

8.4.2 A plan for the implementation of time-based rates based was presented in the FortisBC 2009 Rate Design Application as shown below.

> "FortisBC intends to prepare for the implementation of time-based rates in four stages as outlined below:

¹ Exhibit B-1, Section 2, Page 6, Lines 18-19
1. Commission a study during 2009 and 2010 that examines the typical effects of time-based rates on energy and demand, as experienced by utilities that have already implemented or piloted them.


3. Conduct a study after the implementation of AMI to determine the extent to which education and real-time consumption information can best influence customer conservation behaviour.

4. Submit Rate Design Application supporting results of consultation and study.”

Please update the above plan.

8.4.2.1 Describe how this plan may have been changed due to order G-156-10.

8.4.2.2 Describe how this plan may have been changed due to the implementation of the RIB rate structure presented within this RIB application.

8.4.2.3 Describe how this plan may have been changed due to the Clean Energy Act and other related legislation and policies.

8.4.3 Will all future TOU rates support RIB? If not, please explain.

9.0) Reference: Exhibit B-1, Section 5, Page 14, Lines 5-17

FortisBC states: “. . . the Company has restricted the options to RIB rates structures that vary the following four components: . . .

Customer Charge . . .

Threshold . . .

Block 1 Rate . . .

Block 2 Rate . . .

“(emphasis added)”

9.1 Please describe the areas that were not included because they were outside the restrictions defined.

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2 FortisBC 2009 Rate Design Application, Exhibit B-1, Page 24, Lines 16-26
10.0) Reference: Exhibit B-1, Section 5, Page 17, Lines 19-20

FortisBC states: “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.”

10.1 Please explain where the “generally accepted” 10 per cent figure comes from and under what situations it applies.

11.0) Reference: Exhibit B-1, Section 7, Page 20, Table 7-1 and Page 22, Table 7-2

FortisBC describes evaluation criteria in Table 7-1 and compares the criteria in Table 7-2.

11.1 FortisBC states for evaluation criteria of Conservation Impact: “The conservation impact of a RIB rate option is the estimated reduction in both consumption and demand that is attributable to the implementation of the given RIB rate option.” (emphasis added)

The Conservation Impact in Table 7-2 on Page 22 lists both consumption and demand as a single combined value for each option.

11.1.1 Please separate the combined consumption and demand values into two separate values.

11.1.2 FortisBC shows a single value for Consumption Impact which contrasts to the Conservation figures produced by BC Hydro in their RIB Re-Pricing application\(^3\) and responses to Information Requests. The Conservation figures provide the conservation for each year for the next several years. Please provide similar figures along with the corresponding data values for each year up to F2018 for all of the options described.

11.2 FortisBC defines “Maximum Bill Impact” and then lists a single value for each customer. This contrasts with the Bill Impact tables produced by BC Hydro in their RIB Re-Pricing application\(^4\) and responses to Information Requests. These Bill Impact tables divide the bill impacts into about 15 ranges and show for each year for the next several years. Please provide similar tables for each year up to F2018 for all of the options described.

\(^3\) BC Hydro RIB Re-Pricing Application, Exhibit B-1, Page 7, Figures 3 and 4
\(^4\) BC Hydro RIB Re-Pricing Application, Exhibit B-1, Page 6, Table 2
12.0) Reference: Exhibit B-1, Section 7, Page 22, Table 7-2

FortisBC lists eighteen options of rate structures in Table 7-2 on page 22. FortisBC in its 2009 Rate Design Application expressed:

“Related to capacity concerns is the relatively rapid increase in the summer peak where now both the summer and winter peak play a significant role in system planning.”

12.1 Please confirm that there are also corresponding increases in summer consumption.

12.2 Has FortisBC considered seasonal rates for its RIB? If so, please discuss. If not, why not?

12.3 Given the interest of FortisBC in TOU rates in the future (e.g. recommendation of mandatory TOU rates in 2014), while being directed by the Commission in this application to implement RIB rates, has FortisBC given any consideration for maximizing its RIB rate structure for benefiting for one aspect (e.g. season), while focusing TOU on another aspect?

12.3.1 In which season can RIB achieve more conservation gains - in the winter or the summer? Please explain.

12.3.2 In which season will RIB impact the customer billing less – in the winter or the summer? Please explain.

12.3.3 Are there seasonable differences between the way RIB and TOU perform?

12.3.4 Are there any significant other aspects (e.g. demographics) to which RIB or TOU are particularly favourable?

12.3.5 Please provide the characteristics of option 8 which is only valid during the winter. Please use the format as used in Table 7-2, with the additional information as requested throughout this Information Request.

12.3.6 Please provide the characteristics of option 8 which is only valid during the summer. Please use the format as used in Table 7-2, with the additional information as requested throughout this Information Request.

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5 FortisBC 2009 Rate Design Application,
6 Exhibit B-1, Section 2, Page 6, Lines 16-20
13.0) **Reference: Exhibit B-1, Section 8, Page 24, Table 8-1**

FortisBC lists the results of its initial screening in the Table 8-1 on page 24.

13.1 Please describe the characteristics and importance for determining the “Block Differential” and “Percentage of load in second block”.

13.2 Please explain how a block differential could be too high. What are the consequences?