1.0 Reference: Exhibit B-1, FBC RIB Application

1.1 What is FBC’s rationale for differentiating between revenue requirement rate increases and rebalancing adjustments in its proposed mechanism for future adjustments of the customer charge, Block 1 rate and Block 2 rate?

2.0 Reference: Exhibit B-1, FBC RIB Application, p.14; section 5.2.1 Customer Charge

FBC states:

“FortisBC has been directed by the Commission to submit an inclining block rate option that includes a lower customer charge; … 7 See Commission Order G-156-10, dated October 19, 2010, Directive 5.” [p.14]

The reasons for decision for Order G-156-10 state:

“In particular, BC Hydro’s current basic charge is 13.41 cents per day or $ 4 per month, as compared to the $ 12 per month proposed by FortisBC, and its minimum charge equals the Basic Charge.” [p.53]

FBC’s proposed option includes:

“A customer charge frozen at the existing amount (with only rebalancing adjustments applied in future years);” [p.27]

2.1 Please confirm that FBC’s proposed “customer charge frozen at the existing amount” does not comply with the Commission’s direction in Order G-156-10 to submit a RIB rate option that includes “lower customer charge.” Alternatively, please explain.

3.0 Reference: Exhibit B-1, FBC RIB Application

3.1 Please provide a table comparing and contrasting FBC’s proposed RIB rate with BC Hydro’s existing RIB rate according to all relevant characteristics, including: basic charge, threshold between block 1 and block 2, block 1 rate, block 2 rate, billing period, basis for determination of threshold, basis for determination of block 1 and block 2 rates, estimated conservation savings using BC Hydro’s elasticity assumptions, estimated conservation savings using FBC’s elasticity assumptions, basis for determining maximum block 2 rate, size of maximum block 2 rate, operative bill impact constraint, time from Commission decision to implementation, class average unit energy cost to
4.0 Reference: Exhibit B-1, FBC RIB Application, REUS

4.1 Please provide a description of a representative residential customer at low, medium and high consumption levels. For each, please specify the amount of annual consumption, the percentile of consumption level. Please include in the description the characteristics identified in the residential end use survey and any other information FBC is aware of that would help the Commission and parties gain an understanding of the real world impact of the proposed rate design change.

5.0 Reference: Exhibit B-1, FBC RIB Application, p.20, Table 7-1, RIB Rate Evaluation Criteria

The description of “Maximum Bill Impact” states: “The highest single percentage increase experienced by a customer in any month when the RIB rate option is compared to the flat rate.” [Underline added]

5.1 Is the reference to bill impact in any month a mistake? Should it read in any year? If there is no mistake, please reconcile the “Maximum Bill Impact” criterion with the customer impact criterion on p.17 defined in terms of annual rate impact.

6.0 Reference: Exhibit B-1, FBC RIB Application, 7.2 Elasticity Assumptions and Table 7-2: RIB Rate Option Comparison

In the last three columns on the right, Table 7-2 provides conservation estimates for three sets of elasticity assumptions, from lower, to mid, to higher.

6.1 Please confirm that Table 7-2 supports the following conclusions, or, alternatively, explain:
(a) RIB rate options with a higher bill impact criterion have higher conservation impact, other things being equal.
(b) RIB rate options with a higher threshold between block 1 and block 2 have higher conservation impact, other things being equal.

6.2 Regarding the effect of the two Customer Charge values (28.93 cents and 21.50 cents per billing period) on Conservation Impact, it appears the Conservation Impact varies directionally depending on the customer bill impact criterion. Please describe the analytical results concerning the relationship between Customer Charge and Conservation Impact. Please explain the results.

7.0 Reference: Exhibit B-1, FBC RIB Application, 8.1 Initial Screening of RIB Rate Options

7.1 What does FBC mean by “Initial block differential too high” or “too low”? What range of initial block differential does FBC consider to be neither too high nor too low?

7.2 Please provide a table and graph showing the relationship between Initial Block
Differential and Conservation Impact for the RIB rate scenarios examined.

7.3 Please explain what it is about particular RIB rate options that causes the Initial Block Differential to be particularly high, or particularly low.

7.4 What does FBC mean by “Insufficient load billed in second block”? What amount of load billed the second block does FBC consider to be not insufficient?

7.5 Please provide a table and graph showing the relationship between Load Billed in Second Block and Conservation Impact for the RIB rate scenarios examined.

7.6 Please explain what it is about particular RIB rate options that causes the Load Billed in Second Block to be insufficient.

7.7 Please confirm that each of the four RIB rate options that passed the screening shown in Table 8.1 (options 2, 8, 11 and 17) have the mid Bill impact criterion (i.e., 95% see <10%). If confirmed, please discuss why this is the case.

8.0 Reference: Exhibit B-1, FBC RIB Application, p.25

“Options 2 and 8 are designed on the premise that the customer charge is exempt from rate increases (except for rebalancing adjustments), so two different scenarios were explored: …”

8.1 Is there something in Table 7-2 that reflects Options 2 and 8 having different assumptions regarding customer charge than the other scenarios?

8.2 In what, if any, other ways are the options listed in Table 7-2 differentiated, apart from the ways indicated in Table 7-2 itself?

9.0 Reference: Exhibit B-1, FBC RIB Application, p.27

“Upon further review, items B, D, F, and H in Table 8-3 were removed from consideration due to the high and increasing ratio between block 1 and block 2. The Company believes that a second block that is too high will be unduly punitive to higher consumption customers, such as those with electric heat.”

9.1 Please provide, or point to in the filed evidence, support for the apparent assumption that higher consumption customers are those with electric heat; or that customers with electric heat are higher consumption customers.

10.0 Reference: Exhibit B-1, FBC RIB Application, 9 Demographic Impact of Alternatives

10.1 Did FBC explore the impact of different RIB rate options according to demographic criteria in addition to “income level” and “heating fuel choice”? If so, which ones and what were the results? If not, why not?
11.0 Reference: Exhibit B-1, FBC RIB Application

11.1 Does FBC propose to conduct any evaluation of the implementation of the RIB rate? If so, please describe it.

12.0 Reference: Exhibit B-1, FBC RIB Application

12.1 What exemptions, if any, does FBC propose regarding the RIB rate?

13.0 Reference: Exhibit B-1, FBC RIB Application

13.1 What demand-side management programs or other measures does FBC have in place or propose to initiate that would particularly assist low income customers to improve conservation and efficiency in response to the proposed RIB rate and/or to mitigate any adverse impacts of the proposed RIB rate on low income customers?