Kaslo

Friday, July 29

Attention: Alanna Gillis
Acting Commission Secretary
British Columbia Utilities Commission

In the matter of FortisBC Inc, Project No. 3698628/Order G-68-11, Residential Inclining Block Rate Application

I write in response to the Commission Panel's request for written comments prior to the procedural conference at 10.00 AM, August 3rd. The Panel asks if the record is "sufficient to establish the level of Basic Charge".

1. Based on the evidence filed by FortisBC to date I am having a difficult time understanding the price/cost correlation between FortisBC's wholly owned distribution infrastructure and the reasons for raising the Basic Charge, every time the cost of purchasing electricity from BC Hydro increases. I can understand that the cost of maintaining and operating the distribution infrastructure will change, but I do not see what increased costs FortisBC will have as it relates to the Basic Charge when the cost of purchasing energy rises. To the best of my knowledge FortisBC and BC Hydro have a wheeling agreement that is totally unrelated to the sale of electricity to each other.

2. Currently FortisBC appears to take the estimated total cost of distributing electricity to its residential customers and divide it by the number of customers to reach a very simplistic postage stamp rate. While I am very much aware that low usage customers should not expect to obtain electricity for below the cost of distribution, I remain unconvinced that we have exhausted that discussion as to where that price point is.

As a non-electric heat customer I spent $1,000 buying a wood stove and currently pay $75 to have my chimney swept each year, plus $800 for firewood. Likewise a FortisBC natural gas customer, I assume, pays a basic charge for natural gas. Thus a variety of FortisBC customers who use wood, natural gas, solar, wind and geothermal all pay for the infrastructure to use that energy source. Should we, I keep asking myself, be paying the same Basic Charge, as customers who use a higher number of kilowatts, when we are consciously using less?

3. FortisBC when discussing the split between distribution and energy costs, in the 2009 rate design hearing, implied that their goal was a 20%/80% split. In the December 2005 to January 2006 billing period the split on our household bill was 18% Basic Charge, 82% energy charge. In the latest April/June 2011 bill the split was 39.4% Basic Charge, 60.6% energy charge.
This experience, in my humble opinion, can only act as a disincentive to further conservation.

4. In this context, while I believe that the Commission has before it technical examples of how a RIB rate could work, I am not convinced that the Panel has enough evidence before it to make the appropriate decision.

5. The application to date has not established a clear understanding of FortisBC's pricing principles. What I know so far is that FortisBC is concerned about the pricing cost for electric heat customers, but I do not have a sense of what FortisBC thinks about protecting the interests of its natural gas customers and others who use alternate energy sources to heat their homes.

6. FortisBC has failed to provide adequate information about conservation, which should now be available from other utilities using RIB rates.

7. I am unclear about the future relationship between RIB and TOU rates, and am quite frankly concerned that TOU rates will only deal with FortisBC's desire to shave peak power purchase from the spot market.

8. I am extremely concerned by FortisBC's latest response to the Commission, where on page 16 line 29 and 30, the applicant states that it "would consider reducing Power Sense expenditures". In contrast the Sunshine Coast Regional District recently undertook a water conservation program in which they bought each customer a low flush toilet of a value of $250, because that purchase was determined to be cheaper than building a new water treatment plant.

Likewise I also believe that the big energy savings are around purchase of efficient appliances, in which low and fixed income customers are going to need help purchasing these appliances. Imagine a program in which a customer can pay over time for an appliance whose energy reduction $ savings would help the customer pay for the appliance.

FortisBC, in my humble opinion, has not shown the vision and willingness to think outside the box, but appears to still be smarting from being ordered to bring in a RIB rate.

Respectfully submitted
Andy Shadrack

At 05:29 PM 25/07/2011, Commission Secretary BCUC:EX wrote:

Please see the attached document regarding the above mentioned subject.

Original will not follow.
A hard copy of the attached is available upon request.
Please call the BCUC Information Services Group at 604-660-4700 to request a copy.

Yvonne Lapierre
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Sent on behalf of:
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