BCOAPO et al. INFORMATION REQUEST #2

SEPTEMBER 8, 2011

FORTISBC – 2011 RESIDENTIAL INCLINING BLOCK RATE APPLICATION

PROJECT NO. 3698628

Question #1

Reference: i) Exhibit B-5, BCUC IR 1.1  
ii) Exhibit B-5, BCUC IR 6.2.1  
iii) Exhibit B-5, BCUC IR 18.1

a) With respect to BCUC IR 1.1, part (b), is FortisBC’s inability to report the actual conservation savings associated with the RIB rate a short-term issue (i.e., does FortisBC expect to be able to report the actual conservation from the RIB at sometime in the future)?

b) If yes, what work/research is FortisBC undertaking to permit it to report on the actual conservation impact of the RIB in the future?

c) If no, will a similar situation exist when/if FortisBC introduces Residential TOU rates (i.e. will FortisBC be able to report on the actual conservation (and load shifting) effect of future TOU rates)? If yes, please explain why FortisBC will be able to report the actual impact of TOU rates but not the RIB rate.

d) In response to BCUC IR 6.2.1, FortisBC provides estimates of the annual capacity and energy savings from its current TOU rates. Please clarify whether these are estimates are reported actual savings (consistent the discussion in BCUC IR 1.1 b)).

Question #2

Reference: i) Exhibit B-5, BCUC IR 2.1  
ii) Exhibit B-5, BCUC IR 18.2  
iii) Exhibit B-5, BCUC IR 23.2  
iv) Exhibit B-6, Nelson Hydro IR 2 a)  
v) Exhibit B-6, OEIA IR’s 3.3 and 3.4

a) If, for customers exposed to the RIB Block 2 rate, conservation increases (prior to any consideration of FortisBC DSM program impacts), please confirm that implementation of the RIB rate will increase the “free-ridership” on FortisBC’s DSM programs for such customers and reduce the energy and demand savings that can be attributed to the programs themselves? If this is not expected to be the case please explain why.
b) The response Nelson IR 2 a) states that the impact of rate design “could” be considered an element of the overall DSM effort. The response to BCUC IR 18.2 states that the effects of the RIB (and other conservation rates) could reduce the DSM expenditures necessary to achieve its DSM targets which suggests that FortisBC expects to count the “conservation impact” of the RIB (and future TOU) rates as contributing towards its DSM savings targets. However, the response to OEIA IR 3.4 states that the impact of conservation rates will not be “counted” as contributing to FortisBC’s conservation targets. Please clarify if the impacts of RIB rate (and other future conservation rates) will be “counted” as contributing to FortisBC’s conservation goals (per BCUC IR 18.2 and the referenced 50% target in OEIA IR 3.3) and reconcile the preceding responses.

c) If the response to part (b) is yes (i.e., the effects of conservation rates will be counted towards FortisBC’s conservation targets):
   - How will FortisBC determine the actual contribution of the RIB rate towards its conservation targets?
   - Why isn’t the RIB considered part of PowerSenseDSM?

d) If the response to part b) is no, please explain how/why the effect of the reduced residential load due to the implementation of the RIB “may allow residential PowerSense expenditures to be reduced”, per BCUC IR’s 2.1 and 18.2.

e) The response to BCUC IR 23.2 states that “FortisBC expects a positive impact on DSM measures” due to the RIB rate. Please clarify whether by DSM measures, FortisBC means:
   - Its DSM PowerSense program results, and if yes, reconcile with the response to part (a).
   - Overall conservation savings, including both RIB impacts (assuming these are not part of FortisBC’s PowerSense Program) and PowerSense Program results.

**Question #3**

**Reference: i) Exhibit B-5, BCUC IR 4.1**

a) Please comment on the consistency/similarity of the principles underlying the Block 1/Block 2 threshold as between the BC Hydro RIB rate and FortisBC’s RIB rate.

b) Please comment on the consistency/similarity between the rate/bill impact tests used by BC Hydro in its development (and the BCUC in its approval) of the BC Hydro RIB rate and the rate/bill impact criterion proposed by FortisBC.

c) Please comment on the consistency/similarity between the basis for setting the BC Hydro Block 2 rate (per BCUC Decisions G-124-08 and G-204-10) and the approach used by FortisBC in terms of both i) setting a cap for the Block 2 rate and ii) the annual adjustment to the Block 2 rate.
Question #4

Reference:  
i)  Exhibit B-5, BCUC IR 5.1 a)  
ii) Exhibit B-5, BCUC IR 1.1 a)  
iii) Exhibit B-6, BCOAPO IR 2 b)  
iv) Exhibit B-11, FBC Additional Evidence, pages 5-6

a) With respect to page 6 of Exhibit B-11, please provide the values for the Block 2 rate for each of the last two columns based on current information and confirm how each was calculated.

b) With respect to the same page, please confirm whether the Block 1 rate for January 1, 2012 is determined by:
   - Adding the 1.4%, 2.5% and 4% values to obtain a 7.9% escalation factor, or
   - Compounding the effect of the 1.4%, 2.5% and 4% values to obtain an 8.09% escalation factor.
   (Note: The difference between the January 1, 2012 and initial May 1, 2011 values is 7.98%)  

Question #5

Reference:  
i)  Exhibit B-5, BCUC IR 5.1 b)  

a) Is it FortisBC’s proposal that the pricing principles set out in part (b) would be applied until Fiscal 2015 regardless of the resulting Block 2 rate or the year over year customer bill impacts?

Question #6

Reference:  
i)  Exhibit B-5, BCUC IR 5.2  

a) Please indicate whether mechanisms currently exist that would result in any (unforecasted) revenue shortfall due to the RIB rate being recovered from all customers in the following year as suggested in the first paragraph of the response. If yes, please indicate what these mechanisms are.

Question #7

Reference:  
i)  Exhibit B-5, BCUC IR’s 6.3 and 6.4  
ii) Exhibit B-6, Nelson Hydro IR’s 3 a) & b)  
iii) Exhibit B-6, OEIA IR 8.4  

Preamble:  In response to BCUC IR 6.3 FortisBC states that “TOU rates provide conservation benefits which are at minimum as good as the RIB rate”. Similarly, Nelson Hydro IR 3 b) indicates that time-based conservation rates offer the best alternatives to flat rates for the Company and its customers. However, in response to BCUC IR 6.4 FortisBC indicates that it current plans are to introduce TOU on a voluntary basis to complement the RIB rate.
a) Based on FortisBC’s current plans as outlined in OEIA IR 8.4, when does FortisBC expect the wide-scale implementation of AMI to be complete?

b) Please indicate why the TOU rate will only be voluntary if FortisBC views it as the superior rate form?

c) Will the (now) voluntary nature of future TOU rates impact the business case for AMI and/or FortisBC’s plans for introduction of smart meters? If yes, how? If no, why not?

Question #8

Reference:  i)  Exhibit B-8, BCUC IR’s re Errata #3 – 5.1.3 and 5.2

a) The response to BCUC IR re Errata #3 – 5.1.3 does not address reflect the fact that the question was with respect to the relative impact of voluntary TOU rates. Please revise as required.

b) Are the TOU savings estimates provided in response to BCUC IR Errata #3 – 5.2 reflective of savings based on voluntary TOU rates?

Question #9

Reference:  i)  Exhibit B-5, BCUC IR’s 8.1 and 8.1.1

Preamble:  FortisBC states that none of the 18 options considered would be unacceptable based on an unreasonable bill impact criterion.

a) Assuming 90% of customers experience bill impacts of less than 10%, what percentage of customers would have to experience bill impacts in excess of 20% in order for an option to be unacceptable based on customer bill impacts (noting that the customers concerned will be large volume customers with large bills)?

b) Assuming 95% of customers experience bill impacts of less than 10%, what percentage of customers would have to experience bill impacts in excess of 20% in order for an option to be unacceptable based on customer bill impacts (noting that the customers concerned will be large volume customers with large bills)?

Question #10

Reference:  i)  Exhibit B-5, BCUC IR 8.2

Preamble:  The response makes reference to FortisBC having applied to provide a low-income direct install program.

a) Please provide the current status of FortisBC’s application for the direct install program.
b) Please comment on when the program is expected to start and, in particular, whether it will be in operation prior to the July 1, 2012 anticipated RIB implementation date.

c) How will “low income” be defined for purposes of program eligibility and how many participants are expected in the first year of operation?

**Question #11**

**References:**

i) Exhibit B-5, BCUC IR 9.3

a) With respect to BCUC IR 9.3, please explain why no capacity savings were attributed to the RIB program.

b) What price elasticity estimate was assumed for purposes of this Table?

c) Please re-do Table BCUC IR1 Q9.3 assuming the same price elasticity applies for all hours of the year and also incorporate an estimate for capacity savings into the marginal avoided cost per kWh for the RIB program.

**Question #12**

**References:**

i) Exhibit B-5, BCUC IR’s 9.3 and 9.4

ii) Exhibit B-11, FBC Additional Evidence, pages 16-18 and Table 4 b

iii) Exhibit B-8, BCUC IR’s re Errata #3 – 7.1 and 7.2


a) With respect to the response to BCUC IR 9.3, please confirm that the Table titled Long Term Avoided Power Purchase Costs should be updated to that shown as Table 3.2.1 in the June 30, 2012 Long Term DSM Plan.

b) Please clarify the basis for the $84.94/MWh value (Exhibit B-11, page 16) in terms of the following:

- How does it relate to the forecast of annual BC Wholesale Market Energy costs shown in Table 5.1.3.3-A of Appendix B from the 2012 Long Term Resource Plan?
- Is it expressed in 2011 dollars and, if not, in what year’s dollars is it expressed?
- For what year/years is it applicable and is it a “levelized cost” these years? If it is a levelized cost, over what years is it based and what inflation rate should be applied to derive a specific year’s value? If the cost for a specific year, what year’s cost does it represent?)
- Is it a generation plant gate cost or has it been adjusted for losses? If not, please provide the loss adjusted value for delivery to a residential customer.
c) Please clarify the basis for the $125.80/MWh value (Exhibit B-11, page 16) in terms of the following:

- How does it relate to the forecast of annual BC New Resource Market Energy costs shown in Table 5.2-A of Appendix B from the 2012 Long Term Resource Plan?
- Is it expressed in 2011 dollars and, if not, in what year’s dollars is it expressed?
- For what year/years is it applicable and is it a “levelized cost” these years? If a levelized cost, over what years is it based and what inflation rate should be used to derive a specific year’s value? If the cost for a specific year, what year’s cost does it represent?)
- How does it relate to the $154.15 value reported in Table 3.2.1 of the 2012 Long Term DSM Plan and in response to reference (iii) above?

d) The text in Exhibit B-11, page 17 (lines 7-9) suggests that the $125.80 is calculated using a nominal discount rate of 8%. However, Table 4b suggests that the calculation is based on a real discount rate of 8%. Please reconcile.

e) What, in FortisBC’s view, is the appropriate Marginal Cost of Supply (at the point of customer delivery) that is consistent with the approach adopted by the BCUC for BC Hydro (G-114-08 Decision with Reasons, pages 108-109 and G-45-11, Appendix A, page 9)?

f) Based on this view, what is the Marginal Cost of Supply (at point of customer delivery) for:

- 2011 (expressed in 2011$)
- 2015 (expressed in 2015$)?

g) Please clarify the basis for the $104.32/MWh value (BCUC IR re Errata #3 – 7.2) in terms of the following:

- What is the basis for the blending factors used (i.e., 28% for $154.15 and 72% for 84.94)?
- Is it expressed in 2011 dollars and, if not, in what year’s dollars is it expressed?
- For what year/years is it applicable and is it a “levelized cost” these years? If a levelized cost, over what years is it based and what inflation rate should be applied to derive a specific year’s value? If the cost for a specific year, what year’s cost does it represent?)
- Is it a generation plant gate cost or has it been adjusted for losses? If not, please provide the loss adjusted value for delivery to a residential customer.

h) If the response to part (e) differs from the Long Term Avoided Purchased Power Cost ($104.32) used by FortisBC to evaluate DSM (per reference (iii) above) please explain why this is appropriate.

i) Based on FortisBC’s Long Term Avoided Purchased Power Cost as used to evaluate its DSM programs, what is the avoided cost of new supply for:

- 2011 (expressed in 2011$)?
- 2015 (expressed in 2015$)?

j) What would be the levelized cost of new supply (for the next 30 year) based on a combination of the cost of market purchases for the near to medium term and the cost of new resources for the longer term. Please express the result in 2011$.
k) Based on the response to part (j), what is the avoided cost of new supply for:
   - 2011 (expressed in 2011$)?
   - 2015 (expressed in 2015$)?

l) What year’s dollars (e.g., 2011) are the costs provided in Table 4 b?

m) Please confirm that the values in Table 4 b can be converted to a future year’s dollars by applying an inflation factor.
   - If yes, what is the inflation factor that should be applied?
   - If no, how would the values be converted to a future year’s dollars?

n) Please explain what year’s dollars the long-term avoided costs presented in Table 3.2.1 (per the 2012 Long Term DSM Plan, page 13) are expressed in and how they would be converted to a future year’s dollars.

o) Please explain the basis for the year over year escalation rates presented in response to BCUC IR 9.4 and why the values are significantly higher than forecast inflation.

**Question #13**

**Reference:**  
 i) Exhibit B-5, BCUC IR 9.6.1

**Preamble:** The third sentence of the response states – “whenever the lower block exceeds the current flat rate, any customer who uses less than the threshold will effectively be sent the wrong price signal” (emphasis added).

a) Please confirm whether FortisBC meant to use the phrase “exceeds” or whether the wording should be changed to “is less than”. If no change is required, please explain.

b) Please confirm what FortisBC means by the “wrong price signal”.

**Question #14**

**Reference:**  
 i) Exhibit B-5, BCUC IR 3.6  
 ii) Exhibit B-5, BCUC IR’s 9.7 and 9.9  
 iii) Exhibit B-6, BCOAPO IR’s 1 a), b) & d)  
 iv) Exhibit B-11, FBC Additional Evidence, pages 15-16 and 18  
 v) Exhibit B-8, BCUC IR re Errata #3 – 6.1

a) With respect to BCUC IR’s 9.7 and 9.9, does FortisBC consider efficient price signals to be prices that encourage a customer to either use less or refrain from increasing consumption even in circumstances where, to do so, the customer may (due to the price signal seen) incur higher costs than what FortisBC would incur to supply that customer with electricity over the long term?
b) Please reconcile FortisBC’s view of efficient price signals as expressed in response to BCUC IR 9.7, BCUC IR 9.9 and BCOAPO IR 1 b) with discussion of efficient pricing as found in Exhibit B-11 (pages 15 & 18) and Bonbright’s consumer rationing objective that “rates are designed to discourage the wasteful use of public utility services while promoting all use that is economically justified” (emphasis added). (Note: Reference is to James C. Bonbright, Principles of Public Utility Rates, 1961, page 292).

c) Similarly, with respect to BCUC IR 3.6, does FortisBC consider “rate DSM” where the reduction in consumption from the introduction of alternative rates arises from the customer incurring higher costs (in response to the high price signals seen) than what FortisBC would incur to supply the electricity over the long term to be an appropriate form of DSM?

d) Please confirm that FortisBC uses the TRC test to screen its DSM programs and does not, as general practice, offer DSM programs where the cost of achieving DSM savings would exceed its long-term avoided supply costs. If this is not the case, please explain.

**Question #15**

**Reference:**

i) Exhibit B-8, BCUC IR’s re Errata #3 – 2.1 and 6.1

ii) Exhibit B-11, FBC Additional Evidence pages 15 (lines 11-17), 18 (lines 16-18) and 22-24

a) Given the discussion at Exhibit B-11, pages 15 & 18 and the response to BCUC IR re Errata #3 – 6.1, why is the absolute impact of the residential use considered an indicator as to whether or not an option meets Bonbright Principle #3?

b) Why wouldn’t a more appropriate indicator be the extent to which the Block 2 rate deviates from FortisBC’s avoided cost?

c) Using the avoided cost values from Question 12 e) & f) above, please discuss the extent to which each options noted on page 24 satisfies Bonbright Principle #3 when the degree to which the Block 2 Rate in 2015 matches the FortisBC’s 2015 Avoided Cost is used as the indicator.

d) The response to BCUC IR re Errata #3 – 2.1 notes that there are a number of “tests” that while not considered to be pass/fail in nature are useful measures and indicators in assessing the various options. Does FortisBC agree that the extent to which an Option’s Block 2 rate matches FortisBC’s avoided cost would be another useful measure/indicator to consider? If not, why not?
**Question #16**

Reference:  
  i) Exhibit B-5, and B-8, BCUC IR’s 10.1 and 10.2 (Initial Response and Errata 3)  
  ii) Exhibit B-6, and B-1-2 BCOPAO 16 a) (Initial Response and Errata 3)

**Preamble:** Exhibit B-1, pages 2 and BCUC IR 10.1 both state that the Block 1 rate will be adjusted by an amount equal to the sum of the general revenue requirement increase and any rebalancing adjustments.

a) Please confirm that in the corrected response to BCOAPO 16 a) the supporting worksheets calculate the increase in the Block 1 rate is based on the general rate increase plus any rebalancing adjustments - as opposed to the increase in the general revenue requirement plus any rebalancing adjustments

b) Please confirm that the wording in Exhibit B-1 (page 2) and BCUC IR 10.1 should both be revised to state that the Block 1 rate will be adjusted by an amount equal to the general rate increase and rebalancing adjustments and not based on the increase in the general revenue requirement (Note: The increase in the general revenue requirement is calculated as the percentage increase in the dollar value of the revenue requirement and not the overall general rate increase (where the later also takes into account changes in sales volumes and is generally lower if sales volumes and customer counts are increasing annually per calculations set out in BCOAPO IR 16 a) - Attachment)).

**Question #17**

Reference:  
  i) Exhibit B-5, BCUC IR 12.4  
  ii) Exhibit B-6, Andy Shadrack IR 20

a) The responses make reference to the collection of fixed costs through fixed charges. Please clarify what FortisBC means by “fixed costs”. Are they the customer-related costs per the COSA?

**Question #18**

Reference:  
  i) Exhibit B-11, FBC Additional Evidence, pages 27-28

a) Please explain the difference between $13.62 cost attributed to customer cost of meters, service, meter reading, accounting, billing and customer service on page 27 ($5.88 + $7.74) with the $12.95 value referenced on page 28.
Question #19

Reference:  
i) Exhibit B-5, BCUC IR 13.2  
ii) BCUC Reasons for Decision, Order G-124-08, page 107

a) What are the median and mean consumption values if the high and low outliers (less than 100 kWh per month and more than 10,000 kWh per month) are excluded consistent with the BCUC approach in the BC Hydro RIB Decision?

Question #20

Reference:  
i) Exhibit B-5, BCUC IR’s 17.3 & 17.3.2

a) Please explain why FortisBC did not include any evaluation factors that relate to Efficient Price Signals in its evaluation criteria (Exhibit B-1, Table 7.1).

Question #21

Reference:  
i) Exhibit B-5, BCUC IR’s 20.1 and 20.2  
ii) Exhibit B-8, BCUC IR re Errata #3 - #2.1 iii)

a) Other than for those customers whose usage is close to the threshold (either above or below), please explain why the Block 1/Block2 differential is a relevant pricing signal to use for purposes of evaluation.

b) For all customers in general, why isn’t the level of the price they will experience under the RIB rates for incremental use/savings relative to what they would have seen under the existing rate structure a more relevant price signal?

Question #22

Reference:  
i) Exhibit B-5, BCUC IR 21.2  
ii) Exhibit B-11, FBC Additional Evidence, page 8

a) Please clarify whether the 2012 through 2015 CARC values reported for FortisBC in BCUC IR 21.2 are for the “customer average rate change” or the “average revenue requirement change”? Note: Please see Question #16 b) above for a discussion of “average rate change” versus “average revenue requirement change”.

b) Please clarify whether the RRA increases reported in Exhibit B-11 are “average rate changes” or “average revenue requirement changes”.

**Question #23**

Reference:  
  i) Exhibit B-5, BCUC IR 21.4  
  ii) Exhibit B-5 and B-1-2 BCUC 22.1 (Original Response and Errata 3)

a) Please confirm whether the 2012-2015 rates in response to BCUC IR 21.4 need to be updated based on the corrections underlying Errata #3. If not, why not? If yes, please provide a revised response.

b) Please confirm that the response to BCUC IR 21.4 is based on option #9 per Table 7-2.

c) Please update the response to BCUC IR 21.4 to reflect the anticipated CARC for 2011-2015 (including BC Hydro rate increases) as set out in Exhibit B-11 (page 8).

**Question #24**

Reference:  
  i) Exhibit B-5, BCUC IR 22.1  
  ii) Exhibit B-6, BCOAPO IR 15 d)  
  iii) Exhibit B-6, BCOAPO IR 16 h)  
  iv) Exhibit B-11, FBC Additional Evidence, pages 16-18

a) Please re-do the responses to BCUC IR 22.1, BCOAPO IR 15 d) and BCOAPO IR 16 h) and incorporate FortisBC’s view as the to appropriate long run supply cost in each year as per Exhibit B-11 and the response to Question 12 e) & f) above and the corrected projection of RIB rates for 2012-2015 per Errata 3 and Exhibit B-11 (per new CARC, page 8).

**Question #25**

Reference:  
  i) Exhibit B-6, BCOAPO IR 1 c)  
  ii) Exhibit B-11, FBC Additional Evidence, page 18 (lines 21-23)

a) Does FortisBC include avoided transmission and distribution costs in its calculation of TRC for purposes of evaluating DSM programs?  
   - If yes, what are the estimated avoided costs for 2011 residential savings? If the value is expressed in terms of $/kW (peak reduction), please convert to equivalent $/kWh using the residential load factor.  
   - If not, why not?

**Question #26**

Reference:  
  i) Exhibit B-6, BCOAPO IR 8 b)

a) Does FortisBC determine actual weather normalized values for overall residential sales? If yes, please provide the following for each of 2009 and 2010:  
   - Actual total residential sales  
   - Weather normalized residential sales.
**Question #27**

**Reference:**

i) Exhibit B-6 and Exhibit B-1-2, BCOAPO IR 16 g) (Original and Errata 3)

ii) Exhibit B-5, BCUC IR’s 21.4 and 22.1

iii) Exhibit B-11, FBC Additional Evidence, pages 5-6 and 8

a) Please confirm that the percentages of residential customers reported in Table BCOAPO IR1 Q16g include the impact of i) the general increase, ii) any assumed rate rebalancing and iii) the RIB rate annual adjustments but do not include any pass through of BCH rate increases.

b) Please update the response to BCOAPO 16 g) to reflect the currently anticipated annual rate adjustments (including the BC Hydro rate increases).

c) Please provide a revised response to part (b) above that includes the CARC+10% Option (per BCUC IR 21.4 – corrected) and CARC+10% Option (per BCUC 22.1 - corrected) and reflects the anticipated future rate increases as per Exhibit B-11, page 8.

d) Given that the RIB will not be introduced until 2012 please provide an revised version of the response to part (c) above where the 2011 rates are assumed to be the flat rates as of August 24, 2011 and the 2012 and subsequent rates are set per FortisBC’s pricing principles (i.e., result in the rates shown in revised Table 8.3 but updated for the new anticipated rate increases per Exhibit B-11, page 8).

**Question #28**

**Reference:**

i) Exhibit B-6 and Exhibit B-1-2 BCOAPO IR 16 i) (Original and Errata 3)

a) According to the June 27th letter from FortisBC (page 2) the revisions in Errata 3 did not affect the RIB rates for 2011. If this is the case, please explain why the response to BCOAPO IR 16 i) changes in Errata 3.

b) Please re-do the response to BCOAPO IR 16 i) using the rates for Options 2, 8, 11 and 17 as set out in response to BCOAPO IR 14 a).

c) Please re-do the response to BCOAPO 16 i) using the rates for the CARC+10% options set out in response to BCUC IR’s 21.4 and 22.1.
**Question #29**

Reference:  
1) Exhibit B-6, BCOAPO IR’s 14 a) and 18 a) & b)  
2) Exhibit B-11, FBC Additional Evidence, page 8 and Appendix A

a) Please update BCOAPO IR’s 18 a) & b) to reflect the currently anticipated annual rate adjustments and BC Hydro rate increases as described in Exhibit B-11, page 8.

b) Please explain the basis for the values for the “Cumulative Conservation Impact from RIB” reported for the “Continued Flat Rate Option” (i.e. why aren’t all the values zero)?

c) Please provide a revised Appendix A such that:
- The 2011 Rates are those currently in effect (per BCOAPO IR 18 a))
- The bill and conservation impacts reflect a 2012 implementation of the RIB (as planned by FortisBC) such that the bill impacts and conservation impacts start in 2012.
- It includes a second Flat Rate option where the Customer Charge is only increased by the Rebalancing Increase and the associated conservation impact is based the “Continued Flat Rate Option”.
- It includes Options #3 and #8 from BCOAPO IR 14 a) – where Pricing Principle #1 (per Exhibit B-11, page 8) is applied to obtain the post-2011 rates.
- It includes the CARC+10% options from BCUC IR’s 21.4 and 22.1 – where Pricing Principle #1 is applied to obtain the post-2011 rates.

**Question #30**

Reference:  
1) Exhibit B-6, BCSEA IR 5.1

a) Please confirm that unless the monthly usage is the same in all billing periods, the maximum monthly bill impact for a high consumption residential customer will be greater than the overall annual bill impact. If not, please demonstrate with an example why not.

**Question #31**

Reference:  
1) Exhibit B-6, Nelson Hydro IR 7 b)

a) The response states that “if the implementation of a RIB rate results in a reduction in residential load and marginal power purchases there may be an increase the utility’s revenue requirement”. Please confirm that FortisBC meant there may be an increase in the utility’s “rates” as opposed to “revenue requirement”. If this is not the case, please explain.
Question #32

Reference: i) Exhibit B-6, OEIA IR’s 3.1 and 3.2

a) The response to OEIA IR 3.1 states that the 66% goal in the Clean Energy Act applies only to BC Hydro. However, the wording of the Act as provided in response to OEIA IR 3.2 characterizes the 66% as a provincial energy objective. Please reconcile.

Question #33

Reference: i) Exhibit B-6, OEIA IR 8.4.2

a) Has FortisBC completed the 2009/2010 planned study on the effects of time-based rates? If so, please provide.

Question #34

Reference: i) Exhibit B-6, OEIA IR 12.3.5

a) With respect to Table OEIA IR1 Q12.3.5, please confirm that the Row titled “Percentage of Load at Flat Block” should read “Percentage of Customers Who Have Consumption in the Second Block at Least Once”. If not, please clarify what the row represents.

Question #35

Reference: i) Exhibit B-6, OEIA IR 13.1
   ii) Exhibit B-5, BCUC IR 19.3

a) FortisBC states (OEIA IR 13.1) that the percentage of load in Block 2 criterion serves as a proxy for the likelihood that a rate option will incent customers as a group towards conservation. However, in response to BCUC IR 19.3, FortisBC states that the calculations regarding the conservation effect are based on the amount of load facing the Block 2 rate and not the amount of load billed at Block 2. Please explain why the amount of load facing the Block 2 rate would not be a better evaluation/screening criteria (per Exhibit B-1, pages 20 and 23) with respect to the promotion of conservation.

b) Please re-do Table 7-2 substituting “Percentage of Load Facing Block 2 Rate” instead of “Percent of Load Billed in Block 2”.

c) Would adopting this alternative criteria change the conclusions in Table 8.1?
Question #36

Reference:  
  i)  Exhibit B-6, Russell Work IR’s 1.3 & 1.4  
  ii)  Exhibit B-5, BCUC IR 6.1

a)  What restrictions, if any, are there on residential customers who want to opt for and be billed on FortisBC’s current TOU rates?

b)  How will these restrictions change after the implementation of AMI?

Question #37

Reference:  
  i)  Exhibit B-11, FBC Additional Evidence, pages 1-5

a)  The discussion focuses on sales and revenue stability. Recognizing that both revenues and costs vary as sales vary, what does FortisBC consider to be more important: i) revenue stability or ii) net income stability?

b)  Please re-do Figure 1 but consider the impact on net income of different load levels.

Question #38

Reference:  
  i)  Exhibit B-11, FBC Additional Evidence, pages 6-11 and Appendix A

a)  Page 9 suggests that the fact use per customer continues to rise is “contradictory” to its elasticity analysis results. Please comment on whether or not the increase in use per customer could be the result of other factors (e.g., increasing disposable income per customer) that more than offset the increase in electricity prices.

Response #39

Reference:  
  i)  Exhibit B-6, BCOAPO IR 20 d)  
  ii)  Exhibit B-5, BCUC IR re Errata #3 – 9.1

a)  The response to 9.1 is based on the assumption that if a customer has use in Block, 2 then electricity costs will form a higher share of disposable income. However, the response to BCOAPO IR 20 d) indicates that low income customers have lower annual use and therefore are more likely not to have usage (or the same high % of usage) in Block 2 as customers with higher income. Please reconcile.