



**Tom A. Loski**  
 Chief Regulatory Officer  
 Phone: 604-623-4046  
 Fax: 604-623-4407  
[bchydroregulatorygroup@bchydro.com](mailto:bchydroregulatorygroup@bchydro.com)

July 13, 2016

Ms. Laurel Ross  
 Acting Commission Secretary  
 British Columbia Utilities Commission  
 Sixth Floor – 900 Howe Street  
 Vancouver, BC V6Z 2N3

Dear Ms. Ross:

**RE: Project No. 3698781**  
**British Columbia Utilities Commission (BCUC or Commission)**  
**British Columbia Hydro and Power Authority (BC Hydro)**  
**2015 Rate Design Application (2015 RDA)**  
**Supplementary Filing**

BC Hydro writes in regard to the 2015 RDA to provide revised responses to the Information Requests (**IRs**) listed below and an erratum to Exhibit B-1. BC Hydro notes that in the attached revised responses, where practicable, revisions made to the IR responses are identified in blue highlighted text and numbers. We also note that in some cases, the revisions being made are to already revised IRs. As such, we have identified the original IR response, Revision 1 (highlighted in yellow) and Revision 2 (highlighted in blue). Explanations for the revisions are provided in each case in the body of the revised response.

### Round 1 (Exhibit B-5) – Revised Responses

BCUC IR 1.126.3	BCUC IR 1.129.4
BCUC IR 1.132.1	BCUC IR 1.132.2
BCOAPO IR 1.160.3	BCOAPO IR 1.183.1 Attachment 4

### Round 2 (Exhibit B-23) – Revised Responses

BCOAPO IR 2.282.1	
-------------------	--

July 13, 2016  
Ms. Laurel Ross  
Acting Commission Secretary  
British Columbia Utilities Commission  
2015 Rate Design Application (2015 RDA)  
Supplementary Filing

### Round 1 and 2 (Exhibit B-26) – Revised Responses

BCOAPO IR 1.183.1 PUB (Revision 2)	BCOAPO IR 1.192.1 (Revision 2)
BCOAPO IR 1.192.1 Attachment 1 (Revision 2)	BCOAPO IR 2.320.1 (Revision 2)
BCOAPO IR 2.323.1 (Revision 2)	

### Round 1 (Exhibit B-5-1-1) – Revised Confidential Response

BCOAPO IR 1.183.1 CONF (Revision 2)	
-------------------------------------	--

BC Hydro is also filing an erratum to Exhibit B-1, section 8.3.3 Late Payment Charge, Table 8-5 (page 8-13) which reflects updated cost and volume information related to dunning communications. In the course of preparing its Rebuttal Evidence (Exhibit B-31), BC Hydro discovered that the costs and volume of dunning communications it filed (Exhibit B-1 and Attachment 4 to BCOAPO IR 1.183.1) were incorrect due to a reporting error.

The incorrect dunning communications costs and volume information impacted BC Hydro and BCOAPO expert witness Mr. Roger Colton's cost effectiveness analyses regarding BC Hydro's collection processes. BC Hydro notes that the updated dunning communications costs and volume were provided to BCOAPO legal counsel on June 10, 2016, immediately following the discovery of the error. The updated figures were provided in Attachment 2 to BC Hydro's Rebuttal Evidence to BCOAPO Evidence and the corrected dunning communications costs and volume have been reflected in the erratum to Exhibit B-1, as well as in the affected IRs attached.

BC Hydro has also amended responses to other IRs where it discovered errors.

For further information, please contact Gordon Doyle at 604-623-3815 or by email at [bchydroregulatorygroup@bchydro.com](mailto:bchydroregulatorygroup@bchydro.com).

Yours sincerely,



Tom Loski  
Chief Regulatory Officer

jc/ma

Enclosure (1)

Copy to: BCUC Project No. 3698781 (2015 RDA) Registered Intervener Distribution List.

## 160.0 CHAPTER 7 TRANSMISSION SERVICE RATE DESIGN

**Reference: Exhibit B-1, pages 7-9 to 7-10; pages 7-12 to 7-13 and Appendix H-1A**

1.160.3 Please provide the derivation of the F2017, F2018 and F2019 revenues at F2016 Transmission Service rates and what the resulting revenue targets would be for F2017-F2020 using the RRA increases per Appendix H-1A (page 2).

### ORIGINAL RESPONSE:

The table below shows the estimated revenues at F2016 rates and the estimated revenue targets using the RRA increases per Appendix H-1A for F2017, F2018 and F2019. The BC Hydro October 2014 Load Forecast of RS 1823 Tier 1 and Tier 2 load is used. Note that BC Hydro has not provided a revenue target for F2020 as this is beyond the period for which BC Hydro is seeking approval of RS 1823 pricing principles.

The formula for the revenue target in each year is as follows:

F2017 Revenue Target = F2016 Tariff Rate x F17 forecast Load x F2017 RRA Increase

F2018 Revenue Target = F2016 Tariff Rate x F2018 forecast Load x F2017 RRA Increase x F2018 RRA Increase

F2019 Revenue Target = F2016 Tariff Rate x F2019 forecast Load x F2017 RRA Increase x F2018 RRA Increase x F2019 RRA Increase

October F2014 Load Forecast		F2017	F2018	F2019
RS 1823 Stepped Rate Load (GWh)				
Tier 1		10,374	10,286	9,629
Tier 2		491	516	441
		10,865	10,802	10,070
	F2016			
Rate (\$/MWh)				
Tier 1	38.36			
Tier 2	85.03			
Revenue Target				
		Revenue		
		F2017	F2018	F2019
Revenue at F2016 Rates (\$ million)		439.7	438.4	406.9
Rate Increase (%)		4.0	3.5	3.0
Revenue Target (\$ million)		457.3	471.9	451.1

**REVISED RESPONSE:**

The table below shows the estimated revenues at F2016 rates and the estimated revenue targets using the RRA increases per Appendix H-1A for F2017, F2018 and F2019. The BC Hydro October 2014 Load Forecast of RS 1823 Tier 1 and Tier 2 load is used. Note that BC Hydro has not provided a revenue target for F2020 as this is beyond the period for which BC Hydro is seeking approval of RS 1823 pricing principles.

The formula for the revenue target in each year is as follows:

**F2017 Revenue Target = F2016 Tariff Rate x F17 forecast Load x F2017 RRA Increase**

**F2018 Revenue Target = F2016 Tariff Rate x F2018 forecast Load x F2017 RRA Increase x F2018 RRA Increase**

**F2019 Revenue Target = F2016 Tariff Rate x F2019 forecast Load x F2017 RRA Increase x F2018 RRA Increase x F2019 RRA Increase**

October 2014 Load Forecast		F2017	F2018	F2019
RS 1823 Stepped Rate Load (GWh)				
Tier 1		10,374	10,286	9,629
Tier 2		491	516	441
		10,865	10,802	10,070
	<b>F2016</b>			
<b>Rate (\$/MWh)</b>				
Tier 1	38.36			
Tier 2	85.03			
<b>Revenue Target</b>				
		<b>Revenue</b>		
		<b>F2017</b>	<b>F2018</b>	<b>F2019</b>
Revenue at F2016 Rates (\$ million)		439.7	438.4	406.9
Rate Increase (%)		4.0	3.5	3.0
Revenue Target (\$ million)		457.3	471.9	451.1

<b>British Columbia Utilities Commission</b> Information Request No. <b>1.126.3</b> Dated: <b>November 10, 2015</b> British Columbia Hydro & Power Authority <b>REVISED</b> Response issued <b>July 13, 2016</b>	Page 1 of 1
British Columbia Hydro & Power Authority <b>2015 Rate Design Application</b>	

**126.0 G. CHAPTER 8 – ELECTRIC TARIFF TERMS AND CONDITIONS**

**Reference: Exhibit B-1: Section 8.3.3, Tables 8-4 and 8-5, pp. 8-11 to 8-14  
Late Payment Charge**

BC Hydro provides a breakdown of the Late Payment Charge costs in Table 8-5.

1.126.3 Please provide a more detailed breakdown and description of the Customer Late Payment Communications cost of \$1,949,170, including how much of this cost is related to labour versus non-labour.

**ORIGINAL RESPONSE:**

The Customer Late Payment Communications cost is comprised of the direct cost of printing and postage associated with automated collections letters. There is no labour included in this figure.

The \$1,949,170 figured was based on a volume of 1,949,170 letters sent in F2015 at an estimated cost of \$1 each. Upon further review of the associated costing, BC Hydro identified that its F2015 letter printing and postage cost was \$1,696,145. With this revision, the total Dunning costs associated with the Late Payment Charge as shown in Table 8-5 of Exhibit B-1 is \$7,795,704.

**REVISED RESPONSE:**

**BC Hydro discovered that the volume of dunning communications it filed in Attachment 4 to BC Hydro's response to BCOAPO IR 1.183.1 was incorrect due to a reporting error. Since May 2015, when BC Hydro started to send both paper and email dunning notices for customers on paperless billing, the data extract double-counted the number of dunning communications. That is, the reporting counted both the email and paper notifications as separate communications despite being triggered from the same event. In addition, there were some months that the data was extracted too early and missed the last few days of the month. The correct dunning communications volume and costs were updated. The revised words and figures are shown highlighted.**

The Customer Late Payment Communications cost is comprised of the direct cost of printing and postage associated with automated collections letters. There is no labour included in this figure.

The \$1,949,170 figured was based on a volume of 1,949,170 letters sent in F2015 at an estimated cost of \$1 each. **The revised volume of letters is 1,566,339. At \$0.89 per letter, the F2015 letter printing and postage cost was \$1,254,152.** With this revision, the total Dunning costs associated with the Late Payment Charge as shown in Table 8-5 of Exhibit B-1 is **\$7,353,711.**

<b>British Columbia Utilities Commission</b> Information Request No. <b>1.129.4</b> Dated: <b>November 10, 2015</b> British Columbia Hydro & Power Authority <b>REVISED</b> Response issued <b>July 13, 2016</b>	Page 1 of 1
British Columbia Hydro & Power Authority <b>2015 Rate Design Application</b>	

**129.0 G. CHAPTER 8 – ELECTRIC TARIFF TERMS AND CONDITIONS**

**Reference: Exhibit B-1, Section 8.3.6, pp. 8-16 and 8-17  
Proposed Meter Test charge**

On page 8-17 of its Application, BC Hydro identifies 3 options for the Meter Test charge:

- Option 1 – the updated default Minimum Reconnection Charge 1 of \$30;
- Option 2 – the updated Minimum Connection Charge (First Meter) of \$181 to more closely reflect cost recovery; and
- Option 3 – the current (not updated) default Minimum Reconnection Charge of \$125.

With respect to the options for the proposed Meter Test charge, BC Hydro submits on page 8-17 of its Application that “COPE 378 expressed concern that both option 2 and option 3 may result in some customers with legitimate concerns foregoing their right to have the meter tested out of concern they would be charged if the meter passes.”

BC Hydro further submits on page 8-17 of the Application that it “agrees with BCOAPO and FNEMC that option 2 is preferable because it provides full cost recovery.”

1.129.4 Please provide the total cost incurred by BC Hydro for F2015 related to sending customers’ meters to Measurement Canada for testing. Please show all calculations.

**ORIGINAL RESPONSE:**

In addition to the \$181 field metering costs, administrative and courier costs incurred for each Measurement Canada meter test request are as follows:

- Administrative cost: \$44.30 (one hour processing time of a Field Service Administrator); and
- Courier: \$50 per meter.

BC Hydro estimates the total F2015 costs for sending customers’ meters to Measurement Canada for testing is  $(\$181 + \$44.30 + \$50) \times 157 = \$43,222$ .

**REVISED RESPONSE:**

**Please refer to BC Hydro’s response to BCUC IR 1.132.1.**

**BC Hydro noted an inconsistency in the cost of Meter Shop Administration between this response and BC Hydro’s response to BCUC IR 1.132.1, caused by an update to the SLR that was reflected in one response but not in the other. BC Hydro also notes that while the Information Requests were answered as asked, the inclusion of additional information is useful to provide context and better explain financial impacts. BC Hydro’s response to BCUC IR 1.132.1 is now being used to provide a comprehensive answer to both IRs.**

<b>British Columbia Utilities Commission</b> Information Request No. <b>1.132.1</b> Dated: <b>November 10, 2015</b> British Columbia Hydro & Power Authority <b>REVISED</b> Response issued <b>July 13, 2016</b>	Page 1 of 2
British Columbia Hydro & Power Authority <b>2015 Rate Design Application</b>	

**132.0 G. CHAPTER 8 – ELECTRIC TARIFF TERMS AND CONDITIONS**

**Reference: Exhibit B-1, Appendix G-1B, p. 6  
Proposed Meter Test Charge – other charges**

1.132.1 Does BC Hydro incur any additional costs in order to have a meter tested by Measurement Canada, other than those outlined in Appendix G-1B, page 6? Specifically, charges from Measurement Canada, customer service costs or other costs subsequent to the meter test? If yes, please provide the weighted average cost per meter for each type of additional cost, with a demonstration of the cost calculation.

**ORIGINAL RESPONSE:**

Measurement Canada does not charge BC Hydro for meter tests.

Additional costs incurred by BC Hydro include:

- Call Centre cost: \$18.15;
  - Average of 20-minute handle time of the initial complaint handled by call centre agent and work leader;
- Meter Shop Administration cost: \$46.84;
  - Average of 60 minutes of processing time; and
- Courier cost: \$50.

Therefore, BC Hydro incurs \$115 of additional costs per meter test that will not be recovered through the proposed Meter Test Charge.

**REVISED RESPONSE:**

**BC Hydro noted an inconsistency in the cost of Meter Shop Administration between this response and BC Hydro's response to BCUC IR 1.129.4, caused by an update to the SLR that was reflected in one response but not in the other. BC Hydro also notes that while the Information Requests were answered as asked, the inclusion of additional information is useful to provide context and better explain financial impacts. This response is now being used to provide a comprehensive answer to both IRs.**

**As the activities are similar, the Minimum Connection Charge (First Meter) is used as a proxy for the cost of testing a meter.**

<b>British Columbia Utilities Commission</b> Information Request No. 1.132.1 Dated: <b>November 10, 2015</b> British Columbia Hydro & Power Authority <b>REVISED</b> Response issued <b>July 13, 2016</b>	Page 2 of 2
British Columbia Hydro & Power Authority <b>2015 Rate Design Application</b>	

Measurement Canada does not charge BC Hydro for meter tests.

Additional costs incurred by BC Hydro include:

- Call Centre cost: \$18.15;
  - Average of 20-minute handle time of the initial complaint handled by call centre agent and work leader;
- Meter Shop Administration cost: \$46.84;
  - Average of 60 minutes of processing time; and
- Courier cost: \$50.

Therefore, BC Hydro incurs \$114.99 of additional costs per meter for activities not included in the derivation of the Minimum Connection Charge (First Meter).

However, the derivation of the Minimum Connection Charge (First Meter) also includes Overhead Loadings of \$38.47 related to design functions, as shown in Appendix G1-B page 6. Design costs are not incurred when BC Hydro performs a meter exchange for Measurement Canada meter test. The actual field costs are \$142.53 per meter test, not \$181 (i.e.,  $\$181 - \$38.47 = \$142.53$ ). As a result, BC Hydro estimates the total cost of sending a customer meter to Measurement Canada for testing is  $\$142.53 + \$114.99 = \$257.52$ .

In F2015 there were 157 meter tests. Therefore, the total cost for sending customers' meters to Measurement Canada for testing was  $\$257.52 \times 157 = \$40,431$ .

The net incremental cost of the additional activities not recovered by the Minimum Connection Charge (First Meter) is about \$77 (i.e.,  $\$257.52 - \$181 = \$76.52$ ) per meter test. Assuming an average of 150 customer-initiated meter tests each year, using the Minimum Connection Charge (First Meter) as a proxy for the proposed Meter Test Charge would result in an under-recovery of  $\$77 \times 150 = \$11,550$  per year. This cost is insignificant in BC Hydro's overall revenue requirement and would not have a rate impact.



<b>British Columbia Utilities Commission</b> Information Request No. <b>1.132.2</b> Dated: <b>November 10, 2015</b> British Columbia Hydro & Power Authority <b>REVISED</b> Response issued <b>July 13, 2016</b>	Page 1 of 1
British Columbia Hydro & Power Authority <b>2015 Rate Design Application</b>	

**132.0 G. CHAPTER 8 – ELECTRIC TARIFF TERMS AND CONDITIONS**

**Reference: Exhibit B-1, Appendix G-1B, p. 6  
Proposed Meter Test Charge – other charges**

1.132.2 What is the revenue requirement impact of excluding these costs from the proposed Meter Test Charge and the resulting rate impact?

**ORIGINAL RESPONSE:**

Assuming 150 meter tests per year, the additional \$115 cost per meter test results in an under-recovery of \$17,250 per year. This cost is insignificant in BC Hydro's overall revenue requirement and would not have a rate impact.

**REVISED RESPONSE:**

**Please refer to BC Hydro's response to BCUC IR 1.132.1.**

**While the Information Requests related to the Meter Test Charge were answered as asked, the inclusion of additional information is useful to provide context and better explain financial impacts. BC Hydro's response to BCUC IR 1.132.1 provides a more fulsome explanation of the impact of excluding the recovery of additional costs from the proposed Meter Test Charge.**