



## Letter of Comment

In accordance with the Commission's Rules of Practice and Procedure, to submit a letter of comment concerning an application currently before the Commission, please provide a completed form to [commission.secretary@bcuc.com](mailto:commission.secretary@bcuc.com). If email is unavailable, please mail the form to the address above. By doing so, you acknowledge that all letters of comment are published with the author's name as part of the public evidentiary record, both in print copy and on the Commission's website. All personal contact information provided on this page is removed before posting to the website. Forms must be received by the Commission by the last filing date included in the proceeding's regulatory timetable before final arguments.

Proceeding name

Electricity Residential Inclining Block Rate - Project No.3698845

Are you currently registered as an intervener or interested party?

No

Name (first and last)

Kelly Barnes

City

Province

BC

Email

Phone number

# Letter of Comment

Name (first and last)

Kelly Barnes

Date:

23-Oct-16

Comment: Please specify the reasons for your interest in the proceeding, your views concerning the proceeding, any relevant information that supports or explains your views, the conclusion you support and any recommendations. The Commission may disallow comments that do not comply with the Rules of Practice and Procedure.

I am writing to express my views on the impact of the residential inclining block rate on households whose heating source is electric.

The Fortis submission section 3.1.2 indicates that customers in communities without access to gas pay charges that represent 108.5% of the cost while other communities pay 94% of the cost. They then seem to indicate that such a situation is acceptable on the basis that while the statistical evidence indicates correlation, there is no proof of causation. Furthermore they chose to ignore their own guidelines of maintaining the variance to a range of 95% to 105%, referencing wider ranges used by some other utilities. Section 3.4 of that report indicates that customers who do not have access to gas consumes 20,800 kWh per year of which 12,400 kWh is for space and water heating, and of the total 40% of the electricity consumption is for space heating and 19% is for water heating.

My concerns are as follows:

Fortis' assertion that correlation is not necessarily indicative of causation is unsupported by their own evidence. The information they provided as summarized above is that customers who rely on electricity for space and water heat consume 12,400 kWh for space of 20,800 total kWh, and therefore clearly consume 8,400 kWh for all other household uses. The 8,400 kWh for all other purposes equates to 1,400 per bi-monthly billing cycle. On my fortis bill, the second rate tier applies to all consumption if excess of 1,600 on each bi-monthly billing. It is therefore a virtual certainty that all or substantially all of the electricity consumed for space and water heating is charged at the higher rate. Furthermore table 3 in section 3.2 indicates that only 33.9% of their customer consume less than 7,500 kWh per year and only 50% consume less than 10,000 kWh per year, and therefore the use of 8,400 for these customers is not excessive relative to their other customers. It is therefore clear that such customers are paying excessive electricity costs and subsidizing customers who rely on gas or other fuel sources to proved space and water heating.

I believe the submission fails to adequately describe the extent to which the tiered rates has impacted the space and water heating costs. When the two tier system was introduced in my billings on July 01, 2012 the previous base rate was 0.09447 and was replaced by a tier 1 rate of 0.08136 and a tier 2 rate of 0.11769. As demonstrated above substantially all the charge for space and water heat is at the high rate. For customers whose other sources consumed 2,500 kWh per bi-monthly billing cycle during the heating season, at the time of implementation the heating costs for such customers increased from 0.09447 to 0.11769, representing an increase of 24.6%. This has been further impacted by subsequent rate increases which has pushed that rate to 0.15198 representing an increase of 60.9% in the four years since the change was introduced. By comparison, according to my Fortis natural gas bill, the cost of gas (for this purpose being the cost per GJ of the gas plus the delivery charge) decreased from 6.504 in June 2012 to 5.159 in June 2016.

Electricity is commonly promoted as a clean energy, and governments around the world are promoting reductions in greenhouse gas emissions. I cannot understand how introducing a rate structure that is extremely punitive to those who use clean energy can possibly represent good public policy.

I use electricity for space heating and natural gas for water heating. I have determined that the average increase to my electricity costs for each of the heating seasons since introduction of the tiered system which is applicable to the tiered rates (ie. not the entire increase) has been about \$250. Outside the heating season, my consumption falls well within the first tier.

In my opinion, for customers who use electricity for space and/or water heating, the threshold at which the second tier applies should be adjusted upwards to reflect the consumption that modern and efficient heating systems and/or water heating systems would be expected to consume in a modest sized dwelling.