

REQUESTOR NAME: **BCOAPO *et al.***
TO: **FORTISBC ENERGY INC.**
RE: **COSA and Revenue to Cost Ratios**
DATE: **August 10, 2017**
PROJECT NO: **3698899**
APPLICATION NAME: **FortisBC Energy Inc. 2016 Rate
Design Application**

1.0 Reference: Exhibit B-8, BCOAPO IR 7.4; Exhibit B-5, BCUC IR 17.3; Exhibit B-11, CEC IR 38.1

- 1.1. With respect to demand-related costs in the RS 1 class, is there a correlation between consumption and peak demand? That is, would it be likely that a residential customer with a higher annual consumption also experiences a higher than average peak demand?
- 1.2. If yes, then do low volume residential consumers have lower demand-related costs than higher than average residential consumers?

2.0 Reference: Exhibit B-1, Application, p. 7-5 to 7-5 & 7-19 (Figure 7-9); Exhibit B-8, BCOAPO IR 7.5; Exhibit B-5, BCUC IR 18.2 & 18.3

- 2.1 Has FEI undertaken any study of the declining use of natural gas as a preferred fuel for space and water heating (Exhibit B-1, Application, pages 7-3 to 7-5) which considers the impact of various rate designs on customer fuel preference?
- 2.2 It remains unclear from FEI's responses to previous information requests why a 5% increase in the Basic Charge was chosen (e.g. as opposed to 2% or 20%, or another percentage). Is the charge set to return proportion of contribution of revenues to the 2009 proportionate level as shown in Figure 7-9 (Application, page 7-19)? Or is the charge set of a qualitative assumption of the reasonableness of the increase?
- 2.3 Is \$27 the Basic Charge that would recover 100% of customer-related costs?

3.0 Reference: Exhibit B-8, BCOAPO IR 9.2

- 3.1 Specifically, how were the avoided direct capital costs of \$134.2 and \$40.2 million as shown in Appendix 9-3 of the Application derived/estimated?
- 3.2 If, in moving from interruptible to firm service, \$134 million of incremental costs are incurred to serve large volume firm users, why would these costs not be directly assigned to that class? That is, why would any of the incremental costs to serve this customer class accrue to the residential class as indicated in the response to the referenced information request?

4.0 Reference: Exhibit B-8, BCOAPO IR 9. 1 & 9.3

- 4.1 FEI indicates that changes to the interruptible rates that increase revenues, but lower the benefits to interruptible customers, might cause a move to firm service and thereby an increase in costs to meet these firm service requirements. What elasticity of demand study has FEI done which would corroborate the supposition that a modest increase in interruptible rates would lead to interruptible customers moving to firm service?
- 4.2 Since 2015, the number of interruptible customers has increased by nearly 10% (100-105 to 113-114). Are the additional customers since 2014 new customers or existing customers who have opted for all or a portion of their deliveries on an interruptible basis?
 - 4.2.1 Please explain the reasons for the recent increase in customers taking interruptible service.

5.0 Reference: Exhibit B-8, BCOAPO IR 10.4

- 5.1 FEI has provided a qualitative response to the question of benefits accruing to RS 1 and RS 2 customers if new load balancing provisions are approved. Has FEI undertaken any quantitative analysis of the benefits of more stringent balancing provisions on the various customer classes? If so, please provide that analysis. If no such studies have been undertaken, does FEI have any estimate of quantum of the benefits of new load balancing provisions?

6.0 Reference: Exhibit B-8, BCOAPO IR 11.3

6.1 Please provide the current actual interest rate which is being applied to cash security deposits. How often is this rate recalculated (in accordance with the response to the referenced information request) and applied to outstanding security deposit balances?