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May 11th, 2018

British Columbia Utilities Commission
Sixth Floor, 900 Howe Street
Box 250, Vancouver, B.C.
V6Z 2N3

Attention: Patrick Wruck, Commission Secretary

Rules of Practice and Procedure Response to FortisBC Inc IR#1 Response Under 14.05

FortisBC Inc 2017 Cost of Service Analysis and Rate Design

KSCA81 writes with regard the required response deadline of May 18th, 2018 to state that it cannot now meet that deadline as it is procedurally impossible to read the 1,200 plus responses to our satisfaction, sort out if there is sufficient evidence to avoid a second round of IRs, determine what gaps there are for which we can try to provide evidence, while simultaneously sorting out the fact that FortisBC (FBC) has not fully responded to in excess of 40 of the 141 information requests that KSCA81 made.

As stated in an earlier email to FBC and the Commission on May 10, 2018, when providing redacted material and the original explanatory letter (which KSCA81 thought had been uploaded to the BCUC website April 19th) it is extremely unfortunate that the Company did not contact the undersigned when it realized that certain information was missing from the KSCA81 IR#1 submission.

In this regard KSACA81 notes that 14.04 of the Rules of Practice and Procedure specifically state that:

"If a party who is served with an information request is not able or not willing to prepare a full and adequate response, the party must do one of the following:

(a) If the party considers an information request unclear:

(i) it is incumbent upon that party to make reasonable efforts to contact the requestor to clarify the question and respond in accordance with the deadline for information request responses;"

This FBC has clearly failed to do in terms of questions related to both redacted material and a number of other questions such as, for example, 2.10, which in effect means that KSCA81 is now going to have to ask for a second round of clarifying information requests in order to try to obtain the information it thinks it needs so it can make final submissions on the cost of service analysis and proposed rate design.

Likewise if FBC had determined that they found certain questions were out of scope, and given the tight deadline FBC has been stating we are on, procedurally they could have then contacted either the Commission or the undersigned so that the parties could have attempted to resolve the situation before KSCA81 was given an eight day deadline to respond to the Commission's directive on submitting comments on further process.

As 14.05 states:

“If a party fails to respond, or if a party, including Commission staff, is not satisfied with an information request response, a party may file a request that the matter be settled by the Commission”.

KSCA81 is now therefore filing a request that the Commission resolve the matter of the unanswered information requests.

Further, and first, FBC is not proposing to submit a response to Shadrack IR 1.1.15.1 until sometime between May 15th to 18th. This potentially makes it impossible to determine if the answer is satisfactory before the Noon deadline on May 18th. Further, this question, in particular, has not been appropriately answered, as has now been indicated in a separate email to the Company on May 11th.

Second FBC in their response to IR 1.1.5.2.1, 1.1.5.2.2, 1.15.2.3, 1.1.5.2.4, 1.1.5.2.6, 1.1.6, 1.1.7, 1.1.8, 1.1.9, 1.1.9.1, 1.1.9.2, 1.19.2.1, 1.1.9.3, 1.1.9.4.1 has stated:

“...interrogatories or requests for information of this nature that are not directly related to either the COSA or FBC’s Rate Design Application”, that the Commission indicated in Appendix B to Order G-62-18 should be avoided in the Decision attached to Order G-62-18 in this process. FBC has not provided a response except for those questions noted below where the requested information is easily provided”.

In this regard KSCA81 wishes it to be noted that, prior to the uploading of the first round of IR#1 materials, they were asked to remove an opening statement because it was believed to be argumentative and not appropos to the IR#1 submission; and at the same time it was also understood that the entire document had been reviewed by Commission staff and therefore it was assumed that the Commission had not found any of the IRs to be out of scope, otherwise KSCA81 believe that Commission staff would have advised so.

Further KSCA81 wishes it to be known that, as lay people, we are trying our very best to follow the guidance of the Commission panel, while at the same time exercising our right to know why we are being charged the prices for service and electricity rates that we are.

The purpose of KSCA81 asking questions, vis-a-vis the Consolidated Revenue Statement and EES reported figures, is to assure ourselves that the manner in which real costs are allocated in the COSA are in fact appropriate, especially given the finding of the Washington Utilities and Transportation Commission that the Minimum System methodology over allocates costs to low end and low income residential customers.

In this instance an international accountant was contacted and asked to review FBC financial statements of FBC and Fortis Inc, after which some questions were suggested that might be asked under the circumstances. Thus wherever possible KSCA81 has sought and is seeking professional guidance in the preparation of its submissions to this hearing. In this particular instance it was noted that increasing capitalization by the Company was not resulting in increased generation of electricity, while rate return and dividends to the parent company were some of the healthiest among the subsidiaries.

Third at 1.1.10.1 FBC again states:

“...the Commission asked participants to refrain from interrogatories or requests for information in the nature of questions listed there that “might be more appropriate items for discussion in a revenue requirements proceeding” and “are not directly related to either the COSA or FBC’s Rate Design Application” (emphasis in original)”

and then cites the same reasoning for not responding to 1.1.10.1.1, 1.1.10.2, 1.1.10.3, 1.1.10.4, 1.1.10.5, 1.1.10.6,

Fourth at 1.1.11.1 FortisBC states:

“Rate increases are a topic for revenue requirements proceedings and annual reviews rather than COSA and rate design proceedings. These proceedings look to design rate structures that are in themselves revenue neutral.

FBC then invokes this same reasoning in response to 1.1.11.2 and 1.1.11.2.1

In this context KSCA81 responds that, in asking these IRs, it is trying to establish the fact that costs to certain residential customers have been rising faster than their incomes, and unlike certain commercial, industrial and wholesale customers, residential customers have no one to pass these increases in cost of service and rates on to. Therefore KSCA81 requires certain background information in order to be able to submit a proposal for a different rate design than the one being proposed by FBC.

Fifth, in response to 1.4.2, FBC states:

“...the Panel finds these topics relate to FBC’s acquisition of energy and load resource balancing, which are more appropriately addressed in FBC’s Long Term Electric Resource Plan. However, given the concerns raised by the Village of Kaslo and its desire to engage in municipal-level energy distribution, the Panel encourages FBC and the Village of Kaslo to communicate directly with each other on such matters. [emphasis in original]”.

FBC then invokes its response to 1.4.2 for 1.4.2.1, 1.4.2.2, 1.4.3, 1.4.3.1 and 1.4.3.2, adding in a further comment in 1.4.3.2.

In this context it is noted that the panel in the original FortisBC Inc. Net Metering (NM) Program Tariff Update Application Order G-199-16 stated:

“The Panel notes that FBC also has two other applications coming before the Commission which may provide broader guidance regarding FBC’s self-generation strategy: the 2016 Long Term Electric Resource Plan & Long Term Demand Side Management Plan (LTERP); and the FBC Self-Generation Policy Stage II application (SGP).

The Panel feels that these broader issues (for example, whether the Program should be expanded beyond its original intent) are more appropriately addressed following the LTERP and/or SGP proceedings as these proceedings may provide broader guidance regarding FBC’s self-generation strategy” (2.0 Decision Scope, G-199-16, p 5).

With reference to the Commission panel’s reference to SGP proceedings, in its reasoning with regard Order G-199-16, it is noted that in FBC’s SGP Stage II Application, which is currently suspended by Order G-90-17, the Company makes the following statement:

"The Panel is in agreement with the applicability of any GBL Guidelines to both transmission and distribution customers with the caveat that it should only be applied to customer generation facilities of over 50 kW" and "...750 to 35,000 volts measured phase to phase" (B-1, Applicability of Self-Generation Customers, 2.4.1 Eligible Customers, FortisBC Inc. Self-Generation Policy Stage II Application ~ Project No.3698820, p 13, line 13 to 21).

Thus customers proposing to generate 50 KW or less at 750 volts are not covered under the SGP Policy Stage II discussions at all. Further, the panel in FortisBC Inc. 2016 Long Term Electric Resource Plan (LTERP) and Long Term Demand Side Management Plan (LTDSM Plan) has yet to report out and issue an order.

Further, in the context of this hearing's Commission panel encouraging the Village of Kaslo to have self-generation/net metering discussions outside of the context of this hearing, NM residential customers tried that approach prior to the start of the FortisBC Net Metering Program Tariff Update hearing. Below KSCA81 appends, as an example, an exchange that took place between Mr Shadrack and Corey Sinclair of FortisBC on May 2nd, 2016"

"From: "Sinclair, Corey" <Corey.Sinclair@fortisbc.com>
To: Andy Shadrack <ashadra@telus.net>
CC: Commission Secretary <commission.secretary@bcuc.com>, FortisBC Regulatory Affairs-Electricity <electricity.regulatory.affairs@fortisbc.com>
Date: Mon, 2 May 2016 20:23:42 +0000

Mr. Shadrack,

Thanks you for reviewing the Application and taking an interest in the Net Metering Program. Prior to the establishment of the regulatory process by the Commission, I am able to respond to inquiries around the proposal that we have put forth. Other questions, that are related to, but not part of the Application, are more appropriately left to the regulatory process that may include formal Information Requests such that all interveners will have the benefit of the responses. With that in mind, I'm replying to your questions regarding how we envision the program to work should our Application be approved, and invite you to submit the balance of your questions during the formal process.

The basic charge is applied every billing period regardless of whether a customer is a net-generator or net-consumer of energy. The basic charge will then be added to any energy charges for the billing period prior to the GST being calculated. Energy charges will only occur if the amount of energy recorded by your "Delivered" register exceeds the amount of energy recorded by your "Received" register unless there are enough kWhs in the Bank to offset them.

We are not proposing any updates to Net Metering that would change its focus as an electric-only program.

Regards,
Corey Sinclair
Manager, Regulatory Affairs
FortisBC Inc.

Tel. 250-469-8038
corey.sinclair@fortisbc.com
fortisbc.com

-----Original Message-----

From: Andy Shadrack [<mailto:ashadra@telus.net>]

Sent: May-02-16 11:59 AM

To: Sinclair, Corey <Corey.Sinclair@fortisbc.com>

Cc: Commission Secretary <commission.secretary@bcuc.com>

Subject: Net Metering Program Tariff Update Application

Kaslo

Monday May 2nd

Corey, I have now read your application to BCUC and thank you for inviting me to ask questions, in your letter of April 26, 2016, before the hearings begin. Am I correct in understanding that FortisBC is proposing to bank all kWh in excess of sales before a customer has had a chance to pay off the Basic Charge and before a customer has had a chance to pay off any taxation charged for sale of electricity to the customer? Also what about customers who use both electricity and natural gas from FortisBC, and again, am I right in understanding that under your proposal a customer could only offset electrical costs and not natural gas costs as well, by generating additional electrical power?

Also you have not as yet stated how much electrical power the 86 net metering customers have sold you per billing period during the year and at what specific cost to the company.

I'd also like to know what tariff rates you are paying for all your power, in relation to the time of day when net metering customers are offsetting power purchases at those various rates you have as yet not specified, and not just FortisBC's chosen rate.

Finally while you talk about unfair costs to non-participating customers, I would like to know both the gross and net savings to FortisBC's non-participating customers, when in the instance of BC Hydro 2.65% of their residential customers offset 5% of their residential consumption. What's the gross and net reduction in infrastructure and transmission costs to non-participating customers?

*Respectfully submitted
Andy Shadrack".*

Thus KSCA81's observation and experience is that FBC first declined to answer certain questions outside of the hearing process, and then once in the hearing process, then argued that some of these same questions were not in scope for that particular hearing and/or should be referred to a different hearing process altogether, which, in the NM case referenced to the SGP by the Commission panel, was not within the scope of that hearing.

Currently as a result of Order G-63-18, allowing FBC to institute a kWh bank in the NM program and FBC's proposal, as found in Table 6-10 of this application, to increase the Basic Customer Charge from \$32.09 to \$37.39, Mr Shadrack's household, and presumably other NM households, are facing potential well above inflation billing increases in the Basic Customer Charge. In the instance of the Shadrack/Bauman household: 57.8% between 2017 to 2023 (from \$142.4 actual billed costs in 2017 to a potential of \$224.72 in 2023).

This increase appears to be contrary to the spirit, if not the letter, of the law, as per section 58.1(6) of the *Utilities Commission Act* (UCA). Further, whereas the Basic Customer Charge represented 52.5% of total billing costs in 2017, as a result of the combination of implementing the kWh bank and the potential increase in the Basic Customer Charge as described in Table 6-10, the basic Customer

Charge will increase to 71% in 2023, even though the number of kWh consumed is projected to stay the same. Thus the Shadrack/Bauman household will potentially not be able to offset 71% of their billing costs in 2023, as compared to none of the annual billing costs being in that situation in 2017.

In this context KSCA81 needs to know if it was the intent of the Commission panel to prevent discussion of changes to the NM customers' cost of service and rate design when it stated in G-23-18 that:

"The issue of FBC's net metering program has recently been heard by the Commission (and is currently being heard through the reconsideration process). Accordingly, the Panel agrees with FBC that is not appropriate to revisit this topic in the current proceeding given how recently the Commission has reviewed it.

The Panel therefore finds the topic of Net Metering to be out of scope in this proceeding".

Under section 99 of the UCA, a Commission may:

"...on application or on its own motion, may reconsider a decision, an order, a rule or a regulation of the commission and may confirm, vary or rescind the decision, order, rule or regulation."

KSCA81 notes that at the time Order G-23-18 was issued the Commission panel could not have considered the implication for NM customers as FBC only proposed to increase collection of fixed costs, through increasing the Basic Customer Charge from 45% to 52%, after the evidentiary record had closed in that hearing.

Then in this hearing when KSCA81 and the Village of Kaslo raise issues related to evidence that FBC has presented in tables prepared by its consultant, they are told that the *"Panel therefore finds Net Metering to be out of scope in this proceeding"*, even though FBC has previously filed statements and presented evidence on NM via its consultant in the application. This seems procedurally unfair to allow FBC to place statements and evidence on the record, and then not let interveners speak to it.

KSCA81 notes that various individual customers in the Kaslo area are at a point of exasperation with the Company and to some extent the Commission. First FBC refuses to answer questions outside the hearing process, and then once in the hearing process tries to vociferously limit the questions that can be asked about the NM program, and latterly in this hearing insists that certain questions, not yet addressed, are now out of scope in this hearing, belonging instead in another hearing, such that after two years some customers are no closer to getting answers than when they started out in May of 2016.

That all said, after consultation with a number of persons, KSCA81, if it cannot get satisfactory answers in this hearing process, will advise the Attorney General that it will, reluctantly seek redress under section 101 of the *Utility Commission Act*.

That is not a course of action that KSCA81 takes lightly, nor is it the preferred route of action either, as it is preferred to work cooperatively with the Commission, the Company and the other interveners. We therefore humbly suggest that the Company in future take the opportunity, as so advised on March 29th, to advise KSCA81 of any matters that they believe are out of scope, so that those matters can be adjudicated well before we are all up against some tight deadlines.

In conclusion KSCA81 is very reluctant to ask the Commission for an extension to the May 18th deadline, and so will work through the weekend to try and catch up, but in the event it is felt that the

organization has been placed in a procedurally unfair position we will propose a date by which it is felt we can complete the tasks assigned by the Commission.

In the interim we request that the Commission review the IR#1 response where FBC felt it was not able to respond, and advise KSCA81 where it is in agreement with FBC and why, and where FBC needs to respond more fully.

All of which is respectfully submitted,
Andy Shadrack
for KSCA81