

REQUESTOR NAME BCOAPO
INFORMATION REQUEST ROUND: # 1
TO: ANARCHIST MOUNTAIN
COMMUNITY SOCIETY AND
REGIONAL DISTRICT OF
OKANAGAN-SIMILKMEEN (AMCS-
RDOS)
DATE: August 20, 2018
CASE NO: 1598939
APPLICATION NAME FortisBC Inc. 2017 Cost of Service
Analysis and Rate Design
Application

1.0 Reference: Exhibit C3-7, page 5

Preamble: The Evidence states: A properly designed two-tier RIB Rate must be cost-based, using the following design principles:
1. Tier 1 Rate equal to the Flat Rate;
2. Tier 2 Rate equal to the marginal cost of new supply; and
3. Threshold(s) set so that each customer has some consumption in Tier 2 but not so much as to be unable to avoid a bill increase by improving energy efficiency,

1.1 Assuming the marginal cost of supply exceeds the Flat Rate, won't these principles lead to utility revenues that are above the level required to earn a fair rate of return?

2.0 Reference: Exhibit C3-7, page 6

2.1 Please discuss the practicality of using the PG&E approach in FBC's service area, particularly when (as noted on page 5) variation in use depends not only on the climate zone the customer is in but also the energy form used for space and water heating.

2.2 Given the characteristics of FBC's service area and its Residential customers, how would Mr. Marty propose the thresholds for an FBC's RIB rate be established?

3.0 Reference: Exhibit C3-7, page 24

4.1 Please confirm that it is the author's position that "price discrimination" occurs when all customers are billed using the same rate structure/schedule but customers have different average rates. If not confirmed, please clarify the author's views as to what constitutes "price discrimination" for purposes of the Evidence presented.

4.2 Please confirm that customers will have different average rates under a flat

rate structure or the rate structure illustrated in Table 2.1 if the rate structure also includes as customer charge. In such circumstances, would such “rates” be discriminatory?

4.0 Reference: Exhibit C3-7, pages 31-32
Exhibit C2-6, pages 10-13

5.1 In his Evidence (Exhibit C2-6) prepared on behalf of BCSEA-SCBC, Mr. Raphals contends that the relevant avoided cost for the Residential class is one that includes transmission and distribution (T&D) avoided costs and would be in the order of \$150/MWh. Does Mr. Marty have any views on the appropriateness of: i) using an avoided cost that also includes T&D costs and ii) using the \$150/MWh as the avoided cost for purposes of assessing FBC’s residential rate design?

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