

**Intervention By AMCS/RDOS
In The 2017 Fortis Electricity Rate Design Application**

JANUARY 30, 2018

FortisBC Files Application with the British Columbia Utilities Commission

FortisBC (FBC) filed their application with the BCUC on December 22, 2017. Their application covers all customer groups (residential, commercial, industrial etc). Our intervention will focus solely on residential rates.

At present, FBC's residential electricity customers are being charged a two-tier Residential Conservation Rate (RCR). Under the RCR, customers are charged a higher rate for all consumption above the threshold level:

Rate Element	Monthly Billing Period	Bi-Monthly Billing Period
Fixed Customer Charge	\$16.05	\$32.09
Threshold (kWh)	800	1,600
Block 1 Rate (per kWh)	\$0.10117	\$0.10117
Block 2 Rate (per kWh)	\$0.15617	\$0.15617

In its application, FBC recommends returning to a flat rate; whereby all customers would pay the same rate regardless of the amount of electricity that they consume. FBC states that there is “no particular relationship” between the level of existing rates and the cost of providing electricity and that a flat rate would better align rates with cost. However, “given the potential for adverse bill impacts that an immediate transition would entail for lower consuming customers”, FBC is proposing to effect the transition over the course of 5 years, as shown in the Table below. FBC is also proposing to increase the fixed customer charge in yearly increments. FBC wants to make the transition over 5 years, so that no consumption group experiences an average bill increase in excess of \$42/year, and no customers experience an annual bill increase in excess of 3.5 percent.

RCR Charge	Current RCR	Year 1 (Jan 2019)	Year 2 (Jan 2020)	Year 3 (Jan 2021)	Year 4 (Jan 2022)	Year 5 (Jan 2023)
Customer Charge (\$ per mo)	16.05	16.58	17.11	17.64	18.17	18.70
Tier 1 Rate (\$ per kWh)	0.10117	0.10394	0.10699	0.11024	0.11373	0.11749
Tier 2 Rate (\$ per kWh)	0.15617	0.14915	0.14188	0.13421	0.12610	0.11749
Threshold (kWh / mo)	800	800	800	800	800	800
Annual Use (KwH)	Percentage of Customers	Annual Bill Impact				
Above 35,000	2%	(3.3%)	(3.6%)	(3.9%)	(4.3%)	(4.7%)
30,000 - 35,000	1%	(2.7%)	(2.8%)	(3.1%)	(3.3%)	(3.7%)
25,000 - 30,000	2%	(2.3%)	(2.4%)	(2.6%)	(2.8%)	(3.1%)

20,000 - 25,000	5%	(1.8%)	(1.8%)	(2.0%)	(2.1%)	(2.3%)
15,000 - 20,000	10%	(0.9%)	(0.9%)	(1.0%)	(1.0%)	(1.1%)
10,000 - 15,000	22%	0.7%	0.7%	0.8%	0.8%	0.8%
5,000 to 10,000	37%	2.4%	2.5%	2.6%	2.7%	2.7%
0 to 5,000	21%	3.0%	3.0%	3.0%	3.1%	3.1

FBC is also seeking BCUC approval to reopen Time-Of-Use (TOU) rates for all residential customers in conjunction with the availability of new TOU rates. FBC's proposed TOU rates for residential customers would be as follows:

On-Peak	22.435 cents/kWh
Mid-Peak	11.869 cents/kWh
Off-Peak	9.28 cents/kWh

FBC believes that the revised TOU system could go into place on June 1, 2019. The TOU rate system would be optional. Customers will be able to choose between the TOU system or the RCR/flat rate system.

AMCS/RDOS Engages Legal Counsel For Planned Joint Intervention

AMCS/RDOS has engaged the legal services of David Bursey and his law firm of Bennett Jones LLP. They were referred to us by the BCUC and have excellent qualifications including experience with BCUC proceedings and energy-related matters. Their services are conditional upon BCUC agreeing to the full funding of their fees under the Participant Assistance/Cost Award (PACA) Funding Guidelines.

The intent of the Joint AMCS/RDOS intervention is to argue for an immediate switch from two-tier rates to the flat rate. The intervention will present evidence to prove that FBC's two-tier rate system was designed incorrectly and that, since its implementation in the FBC service area in 2012, it has:

- sent the wrong price signals to customers, thereby promoting energy inefficient behaviour;
- encouraged electric heat customers to switch to fossil fuels, such as natural gas, wood and heating oil, thereby increasing greenhouse gas emissions and air pollution;
- price discriminated against customers using electricity for space and water heating causing them to experience undue negative economic and social impacts; and
- cross-subsidized lower electricity users at rates below cost by charging higher electricity users rates significantly above cost.

The intervention will argue that:

- the two-tier rate system should never have been implemented, as designed, and is failing to meet the Government's energy and environmental policy objectives;
- the two-tier rate system, as designed, constitutes undue price discrimination in violation of the BC Utilities Act;
- FBC's marginal cost of new electricity generation is roughly equal to the flat rate, so a return to the flat rate will send the correct price signals to promote optimal energy efficiency among all customers;
- it would be inappropriate to extend the life of the current two-tier system, in any form; and
- FBC should be ordered to replace the two-tier rate system with a flat rate no later than January

1, 2019.

The intervention will also examine FBC's proposed optional time-of-use (TOU) rates and question FBC on why the average rate they charge all customers has risen by more than 70% over the past 10 years.

BCUC Regulatory Process

On January 25th, the BCUC announced the regulatory timetable, as follows:

REGULATORY TIMETABLE

Kelowna Information Session on Residential Rate Proposal The Best Western Plus – 2402 Highway 97, Kelowna, BC	Tuesday, February 13 Commencing at 6:00 pm
Castlegar Information Session on Residential Rate Proposals The Sandman Hotel – 1944 Columbia Ave, Castlegar, BC	Friday, February 16 Commencing at 6:00 pm
Intervener Registration	Friday, February 23
Procedural Conference in Kelowna The Best Western Plus – 2402 Highway 97, Kelowna, BC	Tuesday, March 6 Commencing at 1:00 pm
Commission and Intervener Information Request (IR) No. 1	Thursday, March 29
FBC Response to Commission and Intervener IR No. 1	Tuesday, April 24
Further Process	To Be Determined

It is the intention of AMCS/RDOS to register as joint interveners prior to February 23rd and to argue at the March 6th Procedural Conference, for an oral hearing, where FBC can be cross-examined on their application and where our expert, Nick Marty, can present his own evidence.