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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-182-13A**

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**IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473**

and

**FortisBC Inc.
Terms of Reference for Residential Inclining Block Rate Evaluation Report**

BEFORE: D.M. Morton, Commissioner
C.A. Brown, Commissioner
N.E. MacMurchy, Commissioner November 7, 2013
R.D. Revel, Commissioner
C. van Wermeskerken, Commissioner

O R D E R

WHEREAS:

- A. On March 31, 2011, FortisBC Inc. (FortisBC) filed an application for approval of a Residential Inclining Block (RIB) Rate (Application) to the British Columbia Utilities Commission (Commission) pursuant to sections 58 to 61 of the *Utilities Commission Act*. The RIB Rate was approved by Commission Order G-3-12 and implemented on July 1, 2012. FortisBC renamed the RIB Rate to the Residential Conservation Rate (RCR) upon implementation;
- B. Commission Order G-3-12 directs FortisBC to file an RCR Evaluation Report due on December 31, 2013 (Report) to provide data summarizing the results of the implementation of the RCR;
- C. Based on the significant number of RCR complaints received, the Commission issued Order G-127-13 directing FortisBC to file a preliminary RCR Evaluation Report due on October 31, 2013 (Preliminary Report). The Preliminary Report was to include data for the period from implementation of the RCR to July 31, 2013. The reporting requirements of the Preliminary Report are consistent with those in Order G-3-12 and also incorporate an expanded scope to respond to comments and complaints received by the Commission on this new rate structure;
- D. By letter dated September 11, 2013, FortisBC requested that the Commission modify the period of study for the Preliminary Report to allow for comparability. The requested amended period of study for the Preliminary Report is from the date of implementation of the RCR to June 30, 2013;

- E. Commission Order G-153-13 amended the period of study of the Preliminary Report as requested. FortisBC was directed to include the required RCR data required by Order G-127-13 from the date of implementation of the RCR to June 30, 2013 for comparability purposes;
- F. As the Report ordered by G-3-12 falls in such close proximity with the October 31, 2013 Preliminary Report ordered by G-127-13 the Commission determined that Order G-3-12 should be amended to modify the reporting requirements in Order G-3-12 to align with the expanded scope as set out in Order G-127-13 and modify the due date of the Report;
- G. On September 5, 2013, the Commission issued a letter to FortisBC and Registered Interveners requesting comments on the proposed amendment to Order G-3-12 to modify its reporting directive given the close proximity of the Report with the Preliminary Report. The proposal was to modify the period of study of the Report to include data from the date of implementation to June 30, 2014. The revised proposed deadline for submission of the Report to the Commission was November 30, 2014. The revised proposed content of the Report was to include the requirements of both G-3-12 and G-127-13;
- H. In a letter dated September 6, 2012, Mr. Andy Shadrack submitted his support for the proposal to modify the period of study and the reporting date of the Report;
- I. In letters dated September 20, 2013, the BC Pensioners' and Seniors' Organization *et al.*, the BC Sustainable Energy Association, and FortisBC agreed that Order G-3-12 should be amended as outlined in the Commission's letter dated September 5, 2013;
- J. On September 27, 2013, FortisBC submitted its Reply Submission further indicating that all parties to the proceeding were supportive of the amendments suggested by the Commission.
- K. The Commission reviewed the submissions and determines that it is appropriate to amend the period of study, reporting deadline and scope of the Report ordered by Order G-3-12.

NOW THEREFORE pursuant to section 99 of the *Utilities Commission Act*, the Commission orders as follows:

1. The filing date for the Residential Conservation Rate Evaluation Report (Report) directed by Commission Order G-3-12 is extended from December 31, 2013 to November 30, 2014.
2. The Report must cover the period from the date of implementation (July 1, 2012) to June 30, 2014 and should provide FortisBC Inc., the Commission and the Interveners the opportunity to evaluate the effectiveness of the Residential Conservation Rate program, in particular with respect to its impact on conservation. The Report must include, but is not limited to the following:

- a. The energy consumption reductions achieved;
- b. Whether the consumption reductions persist or are temporary;
- c. How the rate design impacts electric heat customers including how has the rate impacted customers that use alternative heating/cooling systems such as heat pumps (geothermal/air source), if available;
- d. Evaluate the impact the rate is having on customers that have no access to natural gas;
- e. The resulting cost implications to the utility including the resulting change in revenue earned to the utility (is the rate revenue neutral?);
- f. Provide an evaluation of the feasibility of changing the rate structure and/or the threshold. Potential options to be evaluated include:
 - Threshold set too high or too low
 - Household threshold
 - Individual threshold (i.e. AMI based)
 - Other;
- g. Provide an evaluation as to how the rate structure works with the Equal Payment Plan and indicate what action FortisBC is taking to ensure estimated bills are accurate; and
- h. Overall impact on customers due to the introduction of the RCR:
 - Percentage who have seen their bills decrease and by how much?
 - Percentage who have seen their bills increase and by how much?
 - How many customers have taken advantage of the Residential Demand Side Management Reduce Your Use program, which was introduced in 2012 to coincide with the introduction of the RCR?
 - Comparison of the actual impacts of the RCR versus anticipated impacts. Please indicate if any lessons were learned on this matter.

3. The Report must also include an in-depth analysis of:

- a. The full long-run marginal cost to acquire energy from new resources, including the long-run marginal cost to transport and distribute that energy to the customer, and how that cost compares to the Block 2 rate;
- b. The combined effect of integrating Time of Use and RCR rates on the conservation achieved by the RCR, should that information be available;
- c. An update of the Conservation Potential Review and report on the potential effects of interaction between RCR rates and Demand Side Management targets;

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- d. Comparison of energy usage of indirect customers with the energy usage of direct customers; and
- e. An analysis of the potential effect of a two-tier wholesale rate on the consumption of its wholesale customers.

4. The Report must be filed with the Commission by no later than November 30, 2014.

DATED at the City of Vancouver, in the Province of British Columbia, this 13th day of November 2013.

BY ORDER

Original signed by:

D.M. Morton
Commissioner