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ORDER NUMBER
G-40-19

IN THE MATTER OF
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

FortisBC Inc.
2017 Cost of Service Analysis and Rate Design Application

BEFORE:
D. A. Cote, Panel Chair
R. I. Mason, Commissioner
D. M. Morton, Commissioner

on February 25, 2019

ORDER

WHEREAS:

A. On December 22, 2017, FortisBC Inc. (FBC) filed an application with the British Columbia Utilities Commission (BCUC) seeking approvals, pursuant to sections 58 to 61 of the *Utilities Commission Act* (UCA), to adjust its rate design and terms and conditions of service (Application);

B. By Orders G-23-18, G-62-18, G-101-18 and G-180-18, the BCUC established the regulatory timetable for the review of the Application which included, among other things, a procedural conference, two rounds of BCUC and intervener information requests (IRs) on the Application, the filing of intervener evidence, one round of IRs on intervener evidence, and written final and reply arguments;

C. On November 9, 2018, subsequent to the filing of FBC and intervener final arguments, the BCUC received an email from Kaslo Senior Citizens Association Branch #81 (KSCA) stating that FBC has failed to comply with a directive in the FBC 2011 Residential Inclining Block Rate Decision and Order G-3-12 related to the filing of an in-depth analysis of FBC's full long-run marginal cost (LRMC). KSCA requested the BCUC to direct FBC to comply with Order G-3-12 and to address other issues raised in an intervener final argument;

D. On November 16, 2018, the BCUC sought submissions from FBC and interveners on the issues raised in KSCA's email and provided KSCA with the opportunity to respond to the submissions received;

E. By letter dated November 9, 2018, the BCUC stated that upon consideration of all parties' submissions and the existing evidentiary record in the proceeding, the BCUC considered there to be sufficient evidence on the record to render its decision on the approvals sought in the Application and therefore the BCUC declined to re-open the evidentiary record or seek additional submissions on the matters raised by KSCA; and

F. The BCUC has considered the evidence and arguments filed in the proceeding and makes the following determinations.

NOW THEREFORE pursuant to sections 58 to 61 of the UCA, for the reasons provided in the Decision issued concurrently with this order, the BCUC orders as follows:

1. The following rate design proposals for Rate Schedule (RS) 01 are approved:
    - To decrease the differential between the Residential Conservation Rate (RCR) Tier 1 and Tier 2 price over the course of five years such that at the beginning of year five the differential between the Tier 1 and Tier 2 price will be zero, resulting in a flat rate.
    - To adjust the Customer Charge over the course of five years such that at the beginning of year five the Customer Charge under RS 01 will be equal to the Customer Charge under RS 03A (Residential Exempt Rate for Farm Customers).
2. Removal of RS 03 (RCR Control Group) from the Electric Tariff is approved.
3. An increase in the monthly Customer Charge for RS 20 from $19.40 to $23.00 and a corresponding decrease in the energy rate for RS 20 from $0.10195 per kWh to $0.10000 per kWh are approved.
4. The following rate design proposals for RS 21 are approved:
    - An increase in the monthly Customer Charge from $16.48 to $54.00 and a flattening of the energy rate, resulting in an energy rate of $0.06875 per kWh for all consumption. FBC is directed as part of the compliance filing ordered in Directive 16 of this order to provide a proposal outlining a phase-in option of up to three years for those RS 21 customers that have been identified as having a bill impact greater than 10 percent as a result of changes to fixed charges.
    - An increase in the per-kVA Demand Charge from $7.72 to $10.22.
    - An update to the transformation discount from $0.53 per kW of Billing Demand to $0.32 per kW of Billing Demand.
5. A change to the RS 30 transformation discount from $2.676 per kVA of Billing Demand to $5.26 per kVA of Billing Demand is approved.
6. The following rate design proposals for RS 31 are approved:
    - An increase in the monthly Customer Charge from $3,116.03 to $3,195.00 and a decrease in the energy rate from $0.05516 per kWh to $0.05367 per kWh.
    - An increase in the per-kVA Power Supply Demand Charge from $2.77 to $3.45.
7. The following rate design proposals for RS 40 are approved:
    - An increase in the monthly Customer Charge from $2,645.03 to $4,522.46 and a decrease in the energy rate from $0.05441 per kWh to $0.05338 per kWh.
    - The addition of a discount for RS 40 customers that take delivery at Transmission voltage.

8. An increase in the Customer Charge for RS 60 from $20.06 per month to $22.09 per month and a decrease in the energy rate from $0.07259 per kWh to $0.07240 per kWh are approved.

9. FBC's request to revise and re-open the optional residential Time of Use (TOU) rate to all residential customers and to revise all other non-residential TOU rates is denied.

10. FBC is directed to investigate the implementation of an off-season TOU Irrigation and Drainage rate and to report to the BCUC on any analysis it has conducted and the results of the investigation and consultation with Irrigation customers within 120 days of the date of this order.

11. The following rate design proposals for Transmission Service Rates are approved:

    - Changes to the anti-pancaking language contained in RS 101 and RS 102 in order to prevent the possibility of zero dollar rates noted in those rate schedules being applied to wheeling transactions where no pancaking of rates is possible. FBC is directed to phase-in the rate impact of the changes to the anti-pancaking language contained in RS 101 over three years and is directed to apply the phase-in period to all applicable customers taking service under RS 101.
    - Updates to the Short-Term and Long-Term Firm and Non-Firm Wheeling rates for RS 101 and RS 102 with pricing as described in the Application.
    - Changes to the Ancillary Services (RS 103 to RS 109) as described in the Application.

12. The following proposals for the Electric Tariff and General Terms and Conditions are approved:

    - Amendments to FBC's General Terms and Conditions as provided in Appendices G and H of the Application and further amended in errata to the Application.
    - The movement of Schedules 74 (Extensions), 80 (Charges for Connection or Reconnection of Service Transfer of Account, Testing of Meters and Various Custom Work), 81 (Radio-Off Advanced Meter Option) and 82 (Charges for Installation of New/Upgraded Services) from the Electric Tariff Rate Schedules to the General Terms and Conditions section of the Electric Tariff.
    - The rescindment of Schedule 90.

13. FBC is approved to increase the per-read fee for the Radio-Off AMI option from $18 to $19.50 and to continue recording any additional shortfalls in the Radio-Off Shortfall Deferral Account until December 31, 2019, commensurate with the end of the current Performance Based Ratemaking (PBR) term. FBC is directed to amortize the balance in the Radio-Off Shortfall Deferral Account over a five-year period from 2019 to 2023. This deferral account shall be closed at the conclusion of the five-year amortization period.

14. FBC is directed to rebalance the Lighting customer class (RS 50) and the Large Commercial Transmission customer class (RS 31) as follows: rebalance RS 50 to achieve a revenue-to-cost ratio of 100 percent and allocate the resulting revenues to RS 31. FBC is directed to provide the results of the rebalancing of RS 50 and RS 31 and the associated impacts on the customer classes' rates as part of the compliance filing ordered in Directive 16, including all supporting calculations.

15. FBC is directed to file with the BCUC a Cost of Service Study by no later than December 31, 2020.

16. FBC is directed to submit to the BCUC, for review by this Panel, a compliance filing containing all of the items directed in this Decision and a proposed implementation date(s) for the changes approved by this Decision. FBC must submit the compliance filing within 60 days of the date of this Decision.

17. The rate changes identified above in the various rate schedules are based on the FBC rates in effect in 2017 and are exclusive of any subsequent revenue requirement rate changes that have been approved or may be approved prior to implementation of the changes above.

18. FBC is directed to comply with all directives stated in the Decision.

DATED at the City of Vancouver, in the Province of British Columbia, this 25th day of February 2019.

BY ORDER

Original signed by:

D. A. Cote
Commissioner