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May 8, 2018

Village of Kaslo  
[admin@kaslo.ca](mailto:admin@kaslo.ca)

Attention: Mr. Neil Smith

Dear Mr. Smith:

**Re: FortisBC Inc. (FBC)  
Project No. 1598939  
2017 Cost of Service Analysis and Rate Design Application (the Application)  
Response to the Village of Kaslo (VOK) Information Request (IR) No. 1**

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On December 22, 2017, FBC filed the Application referenced above. In accordance with the British Columbia Utilities Commission Exhibit A-7 acknowledging the receipt of late IRs from the VOK (Exhibit C5-3), FBC respectfully submits the attached response to VOK IR No. 1.

FBC has included responses made on a best efforts basis. FBC notes that a number of the questions were outside of the scope of the current process, being unrelated to the Cost of Service Analysis (COSA) or RDA. FBC also considers that as a municipal customer, VOK can contact its Key Account Manager for assistance with the information requested by VOK regarding billing or taxation that is specific to its circumstance but not relevant to the current regulatory process which seeks to apportion the approved revenue requirement through the COSA in order to inform the design of rates.

If further information is required, please contact Corey Sinclair at (250) 469-8038.

Sincerely,

**FORTISBC INC.**

***Original signed:***

Diane Roy

Attachment

cc (email only): Commission Secretary  
Registered Parties

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1 1. **Exhibit B-1, page 18 and 19**

In response to the Commission's report, on April 10, 2017 the Minister sent a letter to BC Hydro and FBC.<sup>13</sup> The Minister's letter referred to FBC's upcoming rate design application, asked FBC to take the "opportunity to examine a range of alternative rate designs with price signals for energy efficiency and electrification". The Minister's letter concludes as follows:

I encourage both BC Hydro and FortisBC to continue to engage with customers and build on the consultation from this process to make sure that the issues raised by customers inform future rate design applications. I also encourage you to consider how proposed rate structures will impact bills for customers choosing electric space and water heating and how this will affect utilities' opportunities for efficient electrifications.

2

3 **Information request:**

4 a) As asked by the Commercial Energy Consumers Association of British Columbia  
5 (March 29th) please provide a description of each of the alternative rate designs  
6 that FortisBC considered specifically with regard to 'energy and efficiency and  
7 electrification' and rejected and explain why they were rejected;

8

9 b) Please provide a description of any rate designs that were considered to  
10 encourage local government stakeholder consideration of net metering  
11 participation.

12

13 **Response:**

14 a) Please refer to the response to CEC IR 1.1.1.

15 b) At page 9 of Appendix B to Order G-62-18 (the Commission's reasons for its decision on  
16 the regulatory timetable after the March 6, 2018 procedural conference), the  
17 Commission noted that questions regarding, "...the topic of Net Metering to be out of  
18 scope in this proceeding", and the Commission requested that in the interest of  
19 efficiency KSCA and other participants refrain from interrogatories or requests for  
20 information of this nature that are not directly related to either the COSA or FBC's Rate  
21 Design.

22 This question is very similar to those that the Commission determined to be out of  
23 scope.

24 FBC is not proposing a net metering rate in this Application.

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1 2. **Smart meter data access:** Fortis BC has indicated to the Village that customer data is  
2 available online, a day delayed. It was also pointed out that customers can buy a zigby  
3 power meter set up to get instant data and that 'very shortly' Fortis BC will be able to set  
4 up their meters to do this from the call Center.

5 **Information request:** please provide a brief policy and operational outline for customer  
6 access to and analysis of smart meter data that does not involve additional cost barriers  
7 that discourage said access.

8

9 **Response:**

10 The requested information is not of a nature directly related to either the COSA or FBC's Rate  
11 Design. However, there is a discussion of customer access to smart meter data in the  
12 responses to BCUC IRs 1.90.3 and 1.90.3.1.

13

14

15 3. **Net metering trend page 33:**

16 **Information Request:**

17 a) Quantitative evidence of increased participation in the company's Net Metering  
18 program;

19

20 b) The number of commercial or institutional participants with multiple meters  
21 across their corporate account;

22

23 c) The proportion of residential participants and the average annual household  
24 savings within the sample;

25

26 d) Rationale for why an increase in net metering participation is being observed.

27

28 **Response:**

29 a) Please refer to the response to BCSEA IR 1.5.1.

30 b) There are 29 Net Metering customers taking service on a commercial rate. Of these, 4  
31 are either a municipality, irrigation district, or first nation. All 4 of these customers have  
32 multiple service points.

33 c) Approximately 90 percent of Net Metering participants are on a residential rate. FBC is  
34 unable to determine the annual household savings since it only has visibility of net  
35 consumption at the meter and cannot determine household usage or the portion served

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1 by the net metering installation. FBC also has no visibility of the cost of the installation  
2 which must factor into an evaluation of savings.

3 Please also refer to the response to BCOAPO IR 1.3.1 for a discussion of the cost of  
4 service from a net metering system relative to utility supply.

5 d) Please refer to the response to CEC IR 1.5.3.

6

7

8 4. **Information request of the Commercial Energy Consumers Association of British**  
9 **Columbia dated March 29<sup>th</sup> 2018.** This submission asks many key questions of the  
10 applicant, the answers to which would be valuable. Sections 11 and 12 (discussing  
11 Exhibit B-1, Appendix A) echo related questions being asked of this process in the local  
12 area at this time.

13 **Information Request:**

14 a) What is the total value and proportion of power supply costs contributed by  
15 Kootenay River Plants?

16

17 b) How does Fortis BC view its cost **and billing** structure for customers relative to  
18 BC Hydro's cost **and billing** structure for customers? Please explain quantitatively.

19

20 **Response:**

21 a) Please refer to the response to CEC IR 1.11.2.

22 b) Please refer to the response to KSCA IRs 1.8.3.2 and 1.8.4.1.

23

24

25 5. **Exhibit B1 and Asset Management**

26 Asset management is an important part of future cost structure across the service area  
27 and locally. The local customer base has been given an idea of what is happening with  
28 streetlight renewal in the years ahead, which has been well received, but what of the  
29 local area distribution and transmission infrastructure? The revenues from utility pole  
30 rentals is sometimes also overlooked in terms of its financial value.

31 **Information Request:**



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- 1 a) A list of tangible capital assets held by the applicant in within the municipality,
- 2 including depreciated value, age and useful life estimates for those assets;
- 3
- 4 b) A draft capital renewal plan for the next five years in the municipality;
- 5
- 6 c) Annual estimated revenue from Telus broadband fibre and other third party uses
- 7 on FortisBC poles within the municipality.
- 8

9 **Response:**

10 At page 8 of Appendix B to Order G-62-18 (the Commission’s reasons for its decision on the  
 11 regulatory timetable after the March 6, 2018 procedural conference), the Commission requested  
 12 that in the interest of efficiency KSCA and other participants refrain from interrogatories or  
 13 requests for information of this nature that are not directly related to either the COSA or FBC’s  
 14 Rate Design.

15 While the requested information may be of interest to the Village of Kaslo, it is not relevant to  
 16 the apportionment of the previously approved revenue requirement of FBC amongst the  
 17 customer classes for the purpose of the COSA and RDA.

18

19 **6. Section 644 of the Local Government Act [RSBC 2015] c.1.**

20 Excerpt from letter dated October 26th 2017 from the Fortis BC Property Tax Specialist:

21 “The revenue earned by FortisBC Inc., in the calendar year 2016 was \$1,381,163 from  
 22 ELECTRICITY consumed within your municipality. Based on 1%, this results in:

23 2018 Section 644 Taxes Payable ..... \$13,811.63”

24 Based on years prior, the applicant may have a reasonable degree of confidence with  
 25 respect to future estimated electricity consumed and sold within any municipality  
 26 (particularly smaller ones with static populations and tax bases). This revenue data is  
 27 critical for the annual payments pursuant to Section 644 of the *Local Government Act*.

28 It is worth noting that if the tax payment to the Village grows by \$100 in a given year, it  
 29 reflects a \$10,000 increase in revenue earned within the Village two years’ previously.  
 30 For example, the current taxes payable for 2018 reflect an increase in revenue of  
 31 \$18,066 between 2015 and 2016 for electricity consumed within Kaslo. This does not  
 32 necessarily mean that the amount of electricity being consumed is increasing.

33 According to basic economic theory, electricity demand should fall as the energy price  
 34 increases, holding all other factors constant, but electricity is a fairly inelastic commodity  
 35 in terms of demand.

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1           **Information Request:**

2           a)     What was the revenue earned by FortisBC in the calendar year 2017 within the  
3                     Village of Kaslo?  
4

5           **Response:**

6           At page 8 of Appendix B to Order G-62-18 (the Commission's reasons for its decision on the  
7           regulatory timetable after the March 6, 2018 procedural conference), the Commission the  
8           Commission requested that in the interest of efficiency KSCA and other participants to refrain  
9           from interrogatories or requests for information of this nature that are not directly related to  
10           either the COSA or FBC's Rate Design.

11           If the Village of Kaslo is interested in a forecast of the tax revenue remittance for 2017 and other  
12           years going forward, the request can be directed to FBC through the regular Key Account  
13           contact and can be accommodated outside of the RDA process.

14

15           b)     An estimate of revenue earned from electricity consumed within the Village of  
16                     Kaslo 2019-23 and projected taxes payable to the municipality under the existing  
17                     rate design;  
18

19           **Response:**

20           Please refer to part a) of VOK IR 1.6 above.

21

22           c)     An estimate of revenue earned from electricity consumed within the Village of  
23                     Kaslo 2019-23 and projected taxes payable to the municipality under the  
24                     **proposed** rate design;  
25

26           **Response:**

27           Please refer to part a) of VOK IR 1.6 above. Note that all of the rate design proposals contained  
28           in the RDA are designed to be revenue neutral to current rates and given the diversity of  
29           accounts held by VOK, the total revenue should not vary to a great degree.

30

31

32           d)     Any quantitative evidence that demonstrates power consumption as a unit value  
33                     within the Village by calendar year over the last 5 years;

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1 **Response:**

2 FBC has not determined any COSA values specific to VOK as part of the current Application.  
3 FBC does not conduct any analysis on a geographic basis as rates are set on a postage stamp  
4 basis for all customer classes.

5

6

7 e) An indication if any research has been undertaken to gauge the elasticity of  
8 demand for electricity in particular income groups within the service area,

9

10 **Response:**

11 Elasticity estimates have been developed in the past as part of the reporting to the BCUC on the  
12 Residential Conservation Rate. These reports can be found on the Company's webpage.<sup>1</sup>

13 Please also see the response to BCSEA IR 1.32.2 for a further discussion of those elasticity  
14 estimates.

15 These estimates were not specific to any particular income groups within the service area.

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1

[https://www.fortisbc.com/About/RegulatoryAffairs/ElecUtility/ElectricBCUCsubmissions/Pages/Residential-Inclining-Block-\(RIB\)-Rate-Application.aspx](https://www.fortisbc.com/About/RegulatoryAffairs/ElecUtility/ElectricBCUCsubmissions/Pages/Residential-Inclining-Block-(RIB)-Rate-Application.aspx)