



Sarah Walsh
Director, Regulatory Affairs

Gas Regulatory Affairs Correspondence
Email: gas.regulatory.affairs@fortisbc.com

Electric Regulatory Affairs Correspondence
Email: electricity.regulatory.affairs@fortisbc.com

FortisBC
16705 Fraser Highway
Surrey, B.C. V4N 0E8
Tel: (778) 578-3861
Cell: (604) 230-7874
Fax: (604) 576-7074
www.fortisbc.com

April 16, 2024

British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC
V6Z 2N3

Attention: Patrick Wruck, Commission Secretary

Dear Patrick Wruck:

Re: FortisBC Energy Inc. (FEI)
2023 Cost of Service Allocation (COSA) Study and Application for Approval of Revenue Rebalancing (Application)
FEI Supplemental Evidence and Argument

FEI writes to provide its supplemental evidence and argument in accordance with the British Columbia Utilities Commission (BCUC) letter dated April 11, 2024¹ with respect to the above referenced Application.

In its letter, the BCUC requests FEI to provide the average bill impacts that would result from the Residential Consumer Intervener Association's (RCIA) recommendation² and any supplemental argument by April 16, 2024. FEI provides the requested supplemental information below, followed by FEI's supplementary argument on this topic.

Supplementary Evidence

In its final argument, RCIA recommends that RS 1, RS 2, and RS 6 absorb the revenue shift proportional to their delivery revenues from rebalancing RS 5/25 and RS 22 to an R:C ratio of 105 percent and from the consequent reduction in revenues from maintaining the rate discount of RS 4 and RS 7/27 to RS 5/25.

In the tables below, FEI presents the revenue shifts and bill impacts that would result from RCIA's recommendation in its final argument (RCIA Argument). The tables are revised versions of Tables 4 and 5 from the response to RCIA IR1 19.1.

¹ Exhibit A-6.

² RCIA Final Argument, pp. 17 and 22.

FEI highlights that, as indicated on pages 51 and 52 of the Application and on page 15 of FEI’s Reply Submission, the amount of revenue that can be shifted to RS 6 is very small. Specifically, including RS 6 in the rebalancing as recommended by RCIA, (i.e., distributing proportionally between RS 1, 2, and 6 based on delivery margin), results in a revenue shift of only \$590³ to RS 6. This essentially results in the same rate impacts that FEI presented in response to RCIA IR1 19.1. The only difference between Table 5 below and Table 5 in the response to RCIA IR1 19.1 is the additional \$45 impact to RS 6 customers. The customer rate impacts for all other rate schedules remain the same after rounding.

Revised Table 4 from RCIA IR1 19.1: Summary of Revenue Shift between Rate Schedules for all Rebalancing Options (\$000s)

	Revenue Shift (\$000s)					
	Option 2a: Revenue Rebalancing Only Using RS 1	Option 2b: Revenue Rebalancing Only Using RS 2	Option 3: Revenue Rebalancing Using RS 1 plus Maintaining Economic Crossover between RS 2 and RS 3/23, and between RS 3/23 and RS 5/25	Option 4: Revenue Rebalancing Using RS 2 plus Maintaining Economic Crossover between RS 2 and RS 3/23, and between RS 3/23 and 5/25	Option 5: Revenue Rebalancing Using RS 1 plus Maintaining Economic Crossover between RS 2 and RS 3/23 Only	RCIA Argument: Rebalancing to RS 1, RS 2, and RS 6
RS 1	4,519	-	4,519	-	4,519	3,466
RS 2	-	4,519	4,071	4,075	145	1,053
RS 3/23	-	-	(4,071)	444	(145)	0
RS 5/25	(3,344)	(3,344)	(3,344)	(3,344)	(3,344)	(3,344)
RS 6	-	-	-	-	-	1*
RS 22	(151)	(151)	(151)	(151)	(151)	(151)
RS 22A	-	-	-	-	-	-
RS 22B	-	-	-	-	-	-
RS 4	(46)	(46)	(46)	(46)	(46)	(46)
RS 7/27	(978)	(978)	(978)	(978)	(978)	(978)

* : Amount is equal to \$590 rounded to the nearest \$000

Revised Table 5 from RCIA IR1 19.1: Summary of Bill Impact in % and \$ for an Average Customer in each Rate Schedule for Rebalancing Options

	Option 2a		Option 2b		Option 3		Option 4		Option 5		RCIA Argument	
	Avg. Bill Impact (%)	Avg. Bill Impact (\$)	Avg. Bill Impact (%)	Avg. Bill Impact (\$)	Avg. Bill Impact (%)	Avg. Bill Impact (\$)	Avg. Bill Impact (%)	Avg. Bill Impact (\$)	Avg. Bill Impact (%)	Avg. Bill Impact (\$)	Avg. Bill Impact (%)	Avg. Bill Impact (\$)
RS 1	0.4%	\$ 4.95	-	\$ -	0.4%	\$ 4.95	-	\$ -	0.4%	\$ 4.95	0.3%	\$ 3.76
RS 2	-	\$ -	1.2%	\$ 50	1.1%	\$ 45	1.1%	\$ 45	0.04%	\$ 1.65	0.27%	\$ 11.67
RS 3/23	-	\$ -	-	\$ -	(1.2%)	\$ (469)	0.1%	\$ 123	(0.04%)	\$ (10)	0.00%	\$ 8.94
RS 5/25	(1.8%)	\$ (2,942)	(1.8%)	\$ (2,942)	(1.8%)	\$ (2,942)	(1.8%)	\$ (2,942)	(1.8%)	\$ (2,942)	(1.8%)	\$ (2,942)
RS 6	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	0.3%	\$ 45
RS 22	(4.5%)	\$ (29,978)	(4.5%)	\$ (29,978)	(4.5%)	\$ (29,978)	(4.5%)	\$ (29,978)	(4.5%)	\$ (29,978)	(4.5%)	\$ (29,978)
RS 22A	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -
RS 22B	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -
RS 4	(3.0%)	\$ (2,843)	(3.0%)	\$ (2,843)	(3.0%)	\$ (2,843)	(3.0%)	\$ (2,843)	(3.0%)	\$ (2,843)	(3.0%)	\$ (2,843)
RS 7/27	(1.1%)	\$ (12,673)	(1.1%)	\$ (12,673)	(1.1%)	\$ (12,673)	(1.1%)	\$ (12,673)	(1.1%)	\$ (12,673)	(1.1%)	\$ (12,673)

Supplementary Argument

FEI submits that the supplementary evidence set out above reinforces its position set out on pages 15 to 16 of its Reply Submission that RCIA’s recommended option is inferior to Option 5.

Including RS 6 in the revenue rebalancing is neither effective nor reasonable. First, as highlighted above, shifting \$590 to RS 6 does not reduce the bill impacts to any other rate

³ Revised Table 4, RS 6 line, last column.

schedule compared to the option where RS 1 and RS 2 alone absorb the revenue shift.⁴ Second, the bill increase to RS 6 would be \$45, which is higher than the increases to any other rate schedule, as shown in the last column of Table 5 above.⁵ FEI does not consider the resulting bill impact to RS 6 customers to be reasonable given that shifting revenue responsibility to RS 6 customers has no offsetting bill impacts to the other rate schedules after rounding.

Additionally, RCIA's recommended option would result in much higher bill impacts for RS 2 and RS 3/23, while having only a minor impact on RS 1. As shown in Table 5 in both the response to RCIA IR1 19.1 and above, RS 2 would experience a bill increase of \$11.67 under RCIA's proposal compared to only \$1.65 under FEI's recommended Option 5. Similarly, RS 3/23 would experience a bill increase of \$8.94, compared to a bill decrease of \$10 under FEI's recommended Option 5. As previously stated, the impact to RS 1 is minor, changing from a bill increase of \$4.95 under Option 5 to a bill increase of \$3.76 under RCIA's proposal.

FEI submits that its proposed Option 5 minimizes the bill impacts overall to the affected rate schedules and is superior to RCIA's proposal.

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC ENERGY INC.

Original signed:

Sarah Walsh

cc (email only): Registered Interveners

⁴ Tables 4 and 5 in this supplementary filing compared to Tables 4 and 5 in response to RCIA IR1 19.1.

⁵ In its Reply Argument, FEI relied on the bill impacts to RS 6 of 3.9 percent provided in response to BCUC IR1 19.4.1, which was a scenario that rebalanced to 100 percent. The tables presented in this supplementary filing reflect RS 1, 2 and 6 absorbing the revenue shift proportional to their delivery revenues, and therefore are the correct bill impacts to RS 6 for RCIA's recommended option.