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British Columbia Utilities Commission
Suite 410, 900 Howe Street
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Attention: Mr. Patrick Wruck, Commission Secretary

Dear Sirs/Mesdames:

Re: FortisBC Energy Inc. (“FEI”)– 2023 Cost of Service Allocation and Revenue Rebalancing – FEI Supplemental Reply Submissions

FEI writes in reply to the supplementary submissions of RCIA and BCOAPO filed on April 19, 2024, regarding RCIA’s recommendation that revenues from rebalancing be shifted to RS 1, RS 2, and RS 6.

RCIA submits that it continues to recommend its proposal as “the bill impact of 0.3% to RS 6 is the same as the bill impacts to RS 1 and RS 2”.¹ BCOAPO somewhat similarly submits that FEI’s position is “based on the fact that one small class of its customers will experience a larger bill impact than others.”² However, neither RCIA nor BCOAPO present a full consideration of the rate impacts to all the rate schedules. Significantly, FEI’s Option 5 is superior not simply due to the rate impact to RS 6 caused by RCIA’s proposal,³ but because the bill impact to RS 6 has no offsetting bill impacts to the other rate schedules after rounding. In addition, compared to Option 5, RCIA’s recommended option would result in much higher bill impacts for RS 2 and RS 3/23, while resulting in only a minor reduction in bill impact to RS 1. Therefore, FEI’s proposed Option 5 is more balanced when considering the impact to all the rate schedules.

BCOAPO submits that the rate impact to RS 6 can be “easily dealt with by reducing the amount allocated to the RS 6 Class and spreading the residual to those classes that share the responsibility.”⁴ While this suggestion would reduce the impact to RS 6, it would appear to be contrary to the principle of RCIA’s proposal and would not address the rate impacts to RS 2 and RS 3/23.

¹ RCIA Supplemental Argument, p. 1.

² BCOAPO Supplemental Argument, p. 2.

³ See Revised Table 5 in FEI’s Supplemental Evidence and Argument.

⁴ BCOAPO Supplemental Argument, p. 2.

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BCOAPO takes the opportunity to advocate for its own proposal to shift revenue to all rate schedules with an R:C ratio below 105 percent, which it refers to as “Option 2” (not to be confused with FEI’s Option 2). FEI continues to rely on pages 17 to 20 of its Reply Submission which set out the reasons why FEI’s proposed Option 5 is more balanced and appropriate than BCOAPO’s proposal. BCOAPO’s continued characterization of its approach as consistent with Orders G-4-18 and G-135-18 from FEI’s 2016 Rate Design Application is puzzling given that the BCUC explicitly held the contrary view. Specifically, the BCUC states on page 41 of Decision and Order G-135-18:

The Panel finds that FEI has made a reasonable case for allocating the responsibility for the rate design revenue impacts and rate rebalancing to RS1. FEI’s approach is consistent with past practice and reflects standard utility practice. RS 1’s R:C ratio is the only rate class below 100 percent and RS 1 customers have the capacity to absorb these amounts with the lowest bill impact to individual customers. All parties including BCOAPO accept that the allocation of the rate design revenue and rebalancing impacts to RS 1. The only issue among the parties is the quantum of the rebalancing amount that should be allocated to RS 1. [Emphasis added]

FEI submits that its proposed Option 5 is similarly consistent with past practice and reflects standard utility practice and should be approved.

Yours truly,

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Encl.

cc (email only): Registered Interveners.

