



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

and

An Application by West Kootenay Power Ltd.  
to Amend the Demand Ratchet Conditions for Large General Service Customers

**BEFORE:** P. Ostergaard, Chair )  
L.R. Barr, Deputy Chair ) November 4, 1999  
B.L. Clemenhagen, Commissioner )

**O R D E R**

**WHEREAS:**

- A. On July 21, 1999, West Kootenay Power Ltd. ("WKP") applied to the Commission to amend the demand ratchet conditions contained in Rate Schedule 21 (General Service), Rate Schedule 30 (Large General Service - Primary), Rate Schedule 31 (Large General Service - Transmission), Rate Schedule 40 (Wholesale Service - Primary) and Rate Schedule 41 (Wholesale Service - Transmission); and
- B. The amendment would alter the ratchet provisions so that the demand ratchet is set at the same level (75 percent) in both the summer and winter months; and
- C. The Application provided information indicating that the Utility's system is now equally constrained in the winter and the summer; and
- D. The Application provided information indicating that there are no bill impacts for customers on Rate Schedules 31, 40 and 41; and
- E. The Application provided information indicating that the bill impacts for certain customers on Rate Schedules 21 and 30 were substantial; and
- F. On July 29, 1999, the Commission deferred this Application to allow WKP time to work with affected customers to mitigate these bill impacts; and

- G. On November 1, 1999, WKP provided a proposal which would mitigate bill impacts for all customers facing unmitigated bill impacts in excess of 7 percent; and
- H. The Commission has considered all the information contained in WKP's Application and November 1, 1999 proposal.

**NOW THEREFORE** the Commission orders as follows:

1. The Application to amend the demand ratchet provisions for Rate Schedules 21, 30, 31, 40 and 41 is approved, subject to the provisions of WKP's mitigation proposal of November 1, 1999, attached as Appendix A.
2. Subject to timely filing by WKP, the Commission will accept for filing amended Electric Tariff Rate Schedules approved by this Order.
3. WKP is to file updated load information showing monthly demand by class for each year as soon as such information becomes available.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 5<sup>th</sup> day of November 1999.

BY ORDER

*Original signed by:*

Lorna R. Barr  
Deputy Chair

Attachment

## **Customers with High Bill Impacts Due to Demand Ratchet Revisions**

The table attached shows the impact on customers of the proposed change to the demand-billing ratchet. WKP has investigated each account with an impact of 10% or above, and personally visited those customers where required. Within the next 30 days WKP will also contact customers with impacts of between 7% and 10%.

If it is found that the rate impacts are persistent, WKP proposes to phase in the 75% annual ratchet. For impacted customers with increases of 10% or higher, the ratchet will be set at 60% on January 1, 2000, increasing annually in 5% increments. In the case of customer number four, instead of experiencing an 18.9% increase, the increase will be 7.4% in the first year (Customers One through Three are discussed below).

For customers with increases of between 7% and 9.9% (Customers Nine through Sixteen) the ratchet will initially be set at 70% in the first year and reach 75% one year later. For Customer Nine this results in a 6% rate impact in the first year instead of 9%.

WKP's goal in phasing in the ratchet is to achieve an impact of 5% or less when all rate restructuring is considered. On January 1, 2000 general service rates will drop by approximately 2% as a result of general rate restructuring (Order G-15-98). There will be a further small decrease to account for the extra revenues generated when the proposed 75% ratchet becomes effective year round. Thus on a combined basis, impacts of the ratchet proposal of 7% become total impacts of 5% or less. By phasing in the ratchet as described above, even customers experiencing increases in excess of 10% due to the ratchet will experience increases of 5% or less when the phase in and rate restructuring are considered.

### **Impacts on Individual Customers**

**Customer One** 60.6% - WKP personnel met with the customer and determined that converting to the time of use rate would be beneficial and avoid any impact of the demand ratchet change. In all likelihood the customer's bill will actually decrease.

**Customer Two** 31.2% – This customer is a ski hill and the one time (1997) increase in summer demand was due to on-site construction. This pattern should not reoccur.

**Customer Three** 28.6% – WKP personnel met with this customer who informed them that the one time summer peak occurred in 1997 due to lack of maintenance on their air-conditioning system. The customer did not think this would happen again and was not concerned with the ratchet change.

**Customer Four** – This customer experiences summer peaks. WKP Power Sense personnel are investigating methods of decreasing their total billing. The customer was satisfied that phasing in the ratchet was a reasonable approach. As described above, the combination of the phase in and general restructuring result in an impact of about 5%.

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**Customer Five** 15.8% – This customer experienced a one-time summer peak, which has not been repeated. With the phase in and restructuring the total impact is less than 5%.

**Customer Six** 15.8% – This account is closed.

**Customers Seven through Sixteen** 11.2% to 7.0% – With the phase in and rate restructuring no customer will see an increase in excess of 5%.

In addition to customers already contacted, WKP personnel will contact all sixteen customers and explain the proposal and its impact within the next month.

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**CUSTOMERS WITH HIGHEST BILL INCREASES**

<u>Customer</u>	<u>Annual Impact</u>	<u>Annual Billing</u>	<u>Percentage Impact</u>	
1	\$989	\$1,631	60.6%	Pumping Service (non irrigation)
2	\$5,326	\$17,075	31.2%	Ski Hill - Pattern not repeated
3	\$1,664	\$5,818	28.6%	Community Centre
4	\$1,337	\$7,079	18.9%	Church
5	\$1,610	\$10,164	15.8%	Commercial - Pattern not repeated
6	\$4,252	\$26,870	15.8%	Closed Account
7	\$623	\$5,558	11.2%	Pumping Service - Pattern not repeated
8	\$1,482	\$13,987	10.6%	Condominium common area
9	\$3,511	\$39,066	9.0%	Pumping Service (non irrigation)
10	\$1,898	\$23,087	8.2%	Recreation Centre
11	\$875	\$10,664	8.2%	Seasonal Trailer Park
12	\$6,043	\$74,187	8.1%	Packing House
13	\$672	\$8,575	7.8%	Summer Resort
14	\$732	\$9,467	7.7%	Commercial - Pattern not repeated
15	\$689	\$9,023	7.6%	Community Centre
16	\$9,345	\$133,536	7.0%	Shopping Centre