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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-94-11**

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

and

**An Application by FortisBC Inc.
for Approval of a Residential Inclining Block Rate**

BEFORE: D. Morton, Panel Chair/Commissioner May 20, 2011
L.A. O'Hara, Commissioner
M.R. Harle, Commissioner

ORDER

WHEREAS:

- A. On March 31, 2011, FortisBC Inc. (FortisBC or Company) filed an application for the approval of a default mandatory Residential Inclining Block (RIB) Rate (Application) to the British Columbia Utilities Commission (Commission) pursuant to sections 58 through 61 of the *Utilities Commission Act*;
- B. FortisBC initially proposed that the Application be reviewed by one round of Information Requests (IR) and a written hearing process;
- C. By Order G-68-11, dated April 13, 2011, the Commission established an Initial Regulatory Timetable and scheduled a Procedural Conference to be held on May 10, 2011 in the City of Kelowna to seek Interveners' comments on procedural matters related to the Application;
- D. By letter dated May 5, 2011, the Commission Panel decided to cancel the Procedural Conference due to the limited number of attendance confirmations received by the Commission from Interveners and instead invited written submissions on the procedural matters that it had intended to canvas at the Procedural Conference;
- E. The procedural matters on which the Commission sought written submissions are: 1) the type of review process for the Application (written or oral hearing); 2) the location of any hearing; 3) the number of rounds of IR from the Commission and Interveners; and 4) the filing of evidence by Interveners;
- F. On May 9, 2011, FortisBC submitted that the Application could be adequately reviewed by way of a written hearing process, thus providing a cost effective and timely means of examining all aspects of the Application. FortisBC reiterated its support for a single round of IR from both the Commission and Interveners as the

Company believes that one round of IR should be adequate to fully explore all the information relevant to the Application. In case of an oral hearing, FortisBC recommended that it be held in Kelowna, as the Okanagan region represents the bulk of the Company's residential customers. On the filing of evidence by Interveners, the Company took no position other than reserving the right to submit IR on any filed evidence;

- G. Between May 9, 2011 and May 11, 2011, seven Interveners submitted their written comments to the Commission regarding the Application's proposed review process: Mr. Norman Gabana, Mr. Andy Shadrack, Nelson Hydro, Okanagan Environmental Industry Alliance, British Columbia Old Age Pensioners' Organization, Strata Corporation KAS2462 and the British Columbia Sustainable Energy Association;
- H. On May 13, 2011, FortisBC submitted its reply written submission on the proposed process to review the Application, taking into account the input submitted by Interveners; and
- I. The Commission has reviewed FortisBC's and the Interveners' written submissions on the procedural matters related to the Application and considers that the Initial Regulatory Timetable should be revised.

NOW THEREFORE for the reasons set out in the Reasons for Decision attached as Appendix A to this Order the Commission orders as follows:

- 1. The Participant Assistance/Cost Award (PACA) budget submissions, the second round of IR from the Commission and Registered Interveners, the responses to IR by FortisBC, and FortisBC and the Interveners' final submissions will occur according to the Regulatory Timetable attached as Appendix B to this Order.
- 2. Interveners intending to apply for PACA must submit a budget estimate by May 26, 2011. PACA applications should be consistent with the Commission's PACA Guidelines and Order G-72-07. Copies of the Guidelines are available upon request or can be downloaded from the Commission's web site at http://www.bcuc.com/Documents/Guidelines/2010/DOC_5014_G-72-07_PACA_2007_Guidelines.pdf

DATED at the City of Vancouver, in the Province of British Columbia, this 20th day of May 2011.

BY ORDER

Original signed by:

D. Morton
Commissioner

An Application by FortisBC Inc.
for Approval of a Residential Inclining Block Rate

REASONS FOR DECISION

Background

On March 31, 2011, FortisBC Inc. (FortisBC or the Applicant) filed an application for the approval of a Residential Inclining Block (RIB) Rate (Application) to the British Columbia Utilities Commission (Commission) pursuant to sections 58 through 61 of the *Utilities Commission Act*. The Application proposes to implement a default mandatory RIB rate for FortisBC residential customers. The RIB rate is composed of a customer charge and two rate blocks separated by a threshold level of consumption of 1,600 kWh per two-month billing period. The Application examines eighteen options. The option proposed by FortisBC has the Block 1 and Block 2 rates set at levels such that 95 percent of customers will experience annual bill impacts of less than 10 percent.

FortisBC proposes to exempt the customer charge from future rate increases, other than those related to rebalancing through 2015, effectively reducing the customer charge relative to the other billing determinants. FortisBC also proposes to apply future general revenue requirement rate increases (excluding rebalancing) as follows:

- 1) Block-1 rate would be increased by an amount equal to the sum of the general revenue requirement increase and any rebalancing adjustments; and
- 2) Block-2 rate would be calculated residually to recover the balance of the general revenue requirement and any rebalancing adjustments.

The Application contains a proposed regulatory timetable consisting of a written hearing with one round of Information Requests. On April 13, 2011, the Commission issued Order G-68-11 establishing an Initial Regulatory Timetable and Procedural Conference to seek Interveners' comments on the procedural matters related to the Application. The Procedural Conference was scheduled for May 10, 2011 in the City of Kelowna, with a requirement for Interveners and Interested Parties to register for the conference by May 4, 2011. Due to the limited number of attendance confirmations received by the Commission from Interveners, by letter dated May 5, 2011, (Exhibit A-3) the Panel cancelled the Procedural Conference and invited written submissions on the following procedural matters:

- 1) The type of review process for the Application: written hearing or oral hearing;
- 2) The location of any hearing;
- 3) The number of rounds of Information Requests from the Commission and Interveners; and
- 4) The filing of evidence by Interveners

Submissions on Process

Between May 9 and May 11, 2011, the Applicant and seven Interveners (Mr. Norman Gabana, Mr. Andy Shadrack, Nelson Hydro, Okanagan Environmental Industry Alliance (OEIA), British Columbia Old Age Pensioners' Organization (BCOAPO), Strata Corporation KAS2462 (SCK), and the British Columbia Sustainable Energy Association (BCSEA)) submitted their written comments on the Application's review process.

FortisBC submitted that the Application could be adequately reviewed by way of a written hearing process as it provides a cost effective and timely means of examining all aspects of the Application. The majority of Interveners (Nelson Hydro, OEIA, BCOAPO and SCK) also supported a written hearing process. The BCSEA took no position on the issue. Mr. Gabana and Mr. Shadrack supported an oral hearing, although Mr. Shadrack indicated he would attend by tele-conference. No Interveners objected to an oral hearing. Also, BCOAPO stated:

“Although changing the residential rate structure to an inclining block is a very substantial change and will have drastic impacts on some ratepayers, we recognize that this ground has already been covered quite extensively by the Commission in the context of BC Hydro and that a full-blown oral public hearing process would likely result in the re-visitation of much that was addressed not very long ago in that context.” (Exhibit C5-2)

FortisBC reiterated its support for a single round of IR from both the Commission and Interveners as the Company believes that one round of IR should be adequate to fully explore all the information relevant to the Application. Six Interveners indicated that two rounds of IR would be more appropriate and one Intervener remained silent on the topic.

On the filing of evidence by Interveners, the Applicant took no position other than reserving the right to submit IR on any filed evidence. Two Interveners (OEIA and BCOAPO) noted that they did not anticipate filing evidence but reserved the right to do so at a later date if required. BCSEA reserved the right to submit IR on any evidence filed.

On May 13, 2011, FortisBC submitted its reply comment on the Application’s review process, taking into account the Interveners’ input. In particular, it noted that since the majority of Interveners support two rounds of IR, it does not oppose two rounds of IR in the Regulatory Timetable. In summary, FortisBC submits that Option 1 of the options presented by the Commission in Appendix A of Exhibit A-3 most closely matches what it views as a reasonable process for the review of the Application.

Commission Determination

The Panel finds that support for an oral hearing amongst the Interveners and the Applicant is insufficient to justify the expense of an oral hearing. Further we agree with the assertion of BCOAPO that an oral hearing could revisit the issues which were recently addressed in the recent BC Hydro RIB hearing. Accordingly, the Commission Panel finds that in these circumstances a written proceeding would be the most effective process.

On the filing of evidence, the Panel notes that SCK has already filed evidence (Exhibit C10-2 and Exhibit C10-4). This implies the need for the Regulatory Timetable to provide an opportunity to the Commission, the Applicant and the other Interveners to submit IR on the evidence already filed by SCK. Therefore, the Panel disagrees with FortisBC that Option 1 of Exhibit A-3 offers a reasonable review process for the Application.

The Panel agrees that one round of IR is insufficient for the examination of the issues in the Application that is required in the public interest.

Accordingly the Panel orders a written hearing process with two rounds of IR and an opportunity for the submission of additional evidence by Interveners, as well as one round of IR from all Parties on the evidence already filed. The Regulatory Timetable is attached as Appendix B to this Order.

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REGULATORY TIMETABLE

ACTION	DATE (2011)
Participant Assistance/Cost Award Budget Submission	Thursday, May 26
FortisBC Responses to Commission and Intervener Information Request No. 1	Tuesday, June 7
Commission and Intervener Information Request No. 2	Tuesday, June 28
FortisBC Responses to Commission and Intervener Information Request No. 2	Friday, July 29
Intervener Evidence (if any)	Friday, August 5
Commission and Intervener Information Request No. 1 to Intervener	Wednesday, August 10
FortisBC Responses to Commission and Intervener Information Request No. 2	Friday, August 19
FortisBC Written Final Submission	Friday, August 26
Intervener Written Submission	Friday, September 2
FortisBC Written Reply Submission	Thursday, September 8