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June 27, 2011

**Via Email**  
**Original via mail**

Ms. Alanna Gillis  
Acting Commission Secretary  
BC Utilities Commission  
Sixth Floor, 900 Howe Street, Box 250  
Vancouver, BC V6Z 2N3

Dear Ms. Gillis:

**Re: *FortisBC Inc. Residential Inclining Block Rate Application – Errata 3***

FortisBC Inc. (“FortisBC” or the “Company”) provides the following errata to its Residential Inclining Block Rate Application (the “Application”). With respect to the Application itself, the errata affects a single table, and as the table is not determinative of the RIB rate option identified as the preferred option by the Company, only a single page needs to be replaced. This is discussed in greater detail in item 1 below. The affected table was the subject of a number of round one information requests. Accordingly, this errata also contains revised responses to those questions as discussed in item 2.

In addition to items related to the table and covered by items 1 and 2, the Company is also, by these errata, correcting a third, unrelated error with the response to BCOAPO IR1 Question 14a as discussed in item 3 below.

The Company notes that the Commission has issued two letters regarding the regulatory process for considering the RIB Application. The first, Exhibit A-10, notified the Intervenor and FortisBC that “technical issues” were being discussed and that there may be an amendment to the regulatory timetable. The Company respectfully submits that this errata fully addresses the “technical issues” within the Application.

The second letter, Exhibit A-11, noted that FortisBC had identified “discrepancies” and would, “provide a proposal on how to update the RIB Application by Thursday, June 30.”

The Company submits that the “discrepancies” are fully addressed by this errata. To the extent that the Commission is in need of further information related to the Application, the

Company submits that the existing regulatory process including the remaining round of Information requests remains the appropriate avenue for discovering any such information.

**1. FortisBC Residential Inclining Block Rate Application, Page 26, Line 1, Table 8-3**

A computational error has been identified within the model that affects the determination of the Block 2 rate for the years 2012 to 2015. The error is formulaic but not systemic nor fundamental to the Company's recommended RIB rate structure or methodology of applying future rate increases.

In all of the cases A through H, the Customer Charge, block 1 and block 2 rates for 2011 are unaffected, as are the Customer Charge and block 1 rates for each successive year in the table. Only the block 2 rates for the years 2012 – 2015 are affected.

In the Application, the Company requesting approval of a methodology of applying future rate increases. The Company is not seeking approval of the rates themselves. The table, in the Application, that contained the miscalculation of future block 2 rates utilizing sample future rate increases played a minimal role in the selection of the preferred option and was only included primarily to demonstrate how future rate increase would be applied. To the extent that Table 8-3 was a consideration in examining the options, the corrections contained in this errata do not change the conclusions drawn from it. Just as the determination of the initial RIB rates will be based on the flat rates that are in effect at the time of RIB implementation, the actual future rates to be put in effect beyond the year of implementation will be dependent on a number of factors including future rate increases. Therefore, the future RIB rates will not match either the miscalculated block 2 rates or the corrected block 2 rates. Assumptions have been made in the table for these factors and the future rate increases are only for demonstration purposes.

The Company regrets this error but notes that the changes to Table 8-3 do not change any of the discussion of the rate options in the Application nor does it change the Company's preferred option.

Specifically, Table 8-3 was used in the Application to compare the four options that remained after an initial screening. This was accomplished primarily by looking at the ratio of block one to block two rates over time.

The conclusions drawn in the Application referenced below hold true with the revised Table 8-3.

*“Upon further review, items B, D, F, and H in Table 8-3 were removed from consideration due to the high and increasing ratio between block 1 and block 2.”*(Exhibit B-1, Page 27, lines1-2)

And

*“The ratio between block 1 and block 2, which is an indication of the conservation incentive provided by the rate, should also ideally remain fairly constant and not decrease over time to the point where this incentive is no longer effective.”* (Exhibit B-1, Page 27, lines 6-7)

The following table which contrasts the Table 8-3 (Errata 1) values with those contained in Errata 3:

		2011	2012	2013	2014	2015
A	Filed Block Ratio	1.48	1.45	1.43	1.41	1.40
	Errata 3 Block Ratio	1.48	1.50	1.52	1.53	1.56
B	Filed Block Ratio	1.48	1.70	1.87	1.96	2.16
	Errata 3 Block Ratio	1.48	1.76	1.97	2.10	2.35
C	Filed Block Ratio	1.44	1.41	1.39	1.37	1.35
	Errata 3 Block Ratio	1.44	1.47	1.49	1.50	1.53
D	Filed Block Ratio	1.44	1.69	1.89	1.98	2.21
	Errata 3 Block Ratio	1.44	1.75	2.00	2.14	2.43
E	Filed Block Ratio	1.35	1.30	1.27	1.24	1.21
	Errata 3 Block Ratio	1.35	1.35	1.35	1.35	1.35
F	Filed Block Ratio	1.35	1.54	1.68	1.75	1.91
	Errata 3 Block Ratio	1.35	1.59	1.77	1.88	2.09
G	Filed Block Ratio	1.32	1.27	1.23	1.20	1.16
	Errata 3 Block Ratio	1.32	1.32	1.32	1.32	1.32
H	Filed Block Ratio	1.32	1.53	1.70	1.78	1.96
	Errata 3 Block Ratio	1.32	1.59	1.81	1.93	2.17

Options B, D, F, and H still have high and increasing ratios between block 1 and block 2, which is the reason they were excluded from consideration in the Application.

Options A and C still have a fairly constant ratio through the years, although rising slightly rather than falling slightly, which is a positive outcome in terms of the criteria expressed in the Application.

The remaining options, E and G, perform marginally better due to a constant ratio over time rather than one that declines.

The revised Table 8-3 does not change Option C as the preferred option of the Company remains for the reasons stated in the Application.

## 2. Impact of the Changes to Table 8-3 on Information Request Round 1

The Company has reviewed the Information Requests received in Round 1 and identified those questions and responses that are affected by the changes to Table 8-3 as noted above. In each case, a replacement page has been produced containing a revised response. These replacement pages are attached. Changes are summarized as follows:

<b><u>IR #</u></b>	<b><u>Description of impact</u></b>
BCUC 10.2	Response has changed from “cannot confirm” to “Confirmed”
BCUC 22.1	<ul style="list-style-type: none"> <li>• Block 2 rates in Table 22.1 match revised Table 8-3</li> <li>• Rebalancing increase is now included in the year over escalation in rates</li> </ul>
BCUC 23.1	Tables Q23.1c and Q23.1d in the response updated to reflect changes in Table 8-3
BCOAPO 16a	A new working spreadsheet of showing the derivation of Table 8-3 is attached to this errata.
BCOAPO 16d	The suppositions contained in the question have shown to be correct. Had the revised Table 8-3 been in the original Application, the question would not have been asked.
BCOAPO 16e	The suppositions contained in the question have shown to be correct. Had the revised Table 8-3 been in the original Application, the question would not have been asked.
BCOAPO 16f	The question requests a new Table 8-3, which has been provided.
BCOAPO 16g	The table in the response has been updated to reflect changes in Table 8-3.
BCOAPO 16h	The table in the response has been updated to reflect changes in Table 8-3.
BCOAPO 16i	The table in the response has been updated to reflect changes in Table 8-3.
BCOAPO 17a	The table in the response has been updated to reflect changes in Table 8-3.
BCOAPO 17b	The table in the response has been updated to reflect changes in Table 8-3.
BCOAPO 18a	The table in the response has been updated to reflect changes in Table 8-3.
BCOAPO 18b	The table in the response has been updated to reflect changes in Table 8-3.

**3. FortisBC Residential Inclining Block Rate Application, Intervenor  
Information Request Round 1 Responses – BCOAPO Q14a, Page 18**

Unrelated to the items above, the Company notes that a spreadsheet error is present in the conservation impacts in the last 3 columns of Table BCOAPO IR1 Q14a did not get updated with the rest of the data in the table in response to the changed scenario specified in the question. A new Application page 18 containing the corrected table has been included with this submission.

FortisBC apologizes for any difficulty these corrections may pose to the Commission and Interveners in evaluating the Application.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dennis Swanson', with a long horizontal flourish extending to the right.

Dennis Swanson  
Director, Regulatory Affairs

1 **Table 8-3: Impact of Rate Increases on RIB Rate Options**

2

	Base Rate Option	Threshold	Rate Increase Applied		2011	2012	2013	2014	2015
				Rate Increase *		8.90%	6.50%	3.40%	6.50%
A	2	1350 kWh	Both Blocks	Customer Charge	28.93	29.65	30.34	30.34	30.34
				Block 1 Rate	0.07526	0.08196	0.08729	0.09025	0.09612
				Block 2 Rate	0.11138	0.12332	0.13271	0.13837	0.14957
				Ratio: Block 2 / Block 1	1.48	1.50	1.52	1.53	1.56
B	2	1350 kWh	Block 2 Only	Customer Charge	28.93	29.65	30.34	30.34	30.34
				Block 1 Rate	0.07526	0.07526	0.07526	0.07526	0.07526
				Block 2 Rate	0.11138	0.13209	0.14845	0.15799	0.17687
				Ratio: Block 2 / Block 1	1.48	1.76	1.97	2.10	2.35
C	8	1600 kWh	Both Blocks	Customer Charge	28.93	29.65	30.34	30.34	30.34
				Block 1 Rate	0.07828	0.08525	0.09079	0.09387	0.09998
				Block 2 Rate	0.11272	0.12515	0.13491	0.14085	0.15261
				Ratio: Block 2 / Block 1	1.44	1.47	1.49	1.50	1.53
D	8	1600 kWh	Block 2 Only	Customer Charge	28.93	29.65	30.34	30.34	30.34
				Block 1 Rate	0.07828	0.07828	0.07828	0.07828	0.07828
				Block 2 Rate	0.11272	0.13720	0.15654	0.16782	0.19013
				Ratio: Block 2 / Block 1	1.44	1.75	2.00	2.14	2.43
E	11	1350 kWh	All Components	Customer Charge	21.50	23.41	24.94	25.78	27.46
				Block 1 Rate	0.08197	0.08927	0.09507	0.09830	0.10469
				Block 2 Rate	0.11066	0.12051	0.12834	0.13271	0.14133
				Ratio: Block 2 / Block 1	1.35	1.35	1.35	1.35	1.35
F	11	1350 kWh	Customer Charge and Block 2	Customer Charge	21.50	23.41	24.94	25.78	27.46
				Block 1 Rate	0.08197	0.08197	0.08197	0.08197	0.08197
				Block 2 Rate	0.11066	0.13006	0.14549	0.15408	0.17107
				Ratio: Block 2 / Block 1	1.35	1.59	1.77	1.88	2.09
G	17	1600 kWh	All Components	Customer Charge	21.50	23.41	24.94	25.78	27.46
				Block 1 Rate	0.08449	0.09201	0.09799	0.10132	0.10791
				Block 2 Rate	0.11152	0.12145	0.12934	0.13374	0.14243
				Ratio: Block 2 / Block 1	1.32	1.32	1.32	1.32	1.32
H	17	1600 kWh	Customer Charge and Block 2	Customer Charge	21.50	23.41	24.94	25.78	27.46
				Block 1 Rate	0.08449	0.08449	0.08449	0.08449	0.08449
				Block 2 Rate	0.11152	0.13445	0.15268	0.16284	0.18293
				Ratio: Block 2 / Block 1	1.32	1.59	1.81	1.93	2.17

3 \* Does not include any forecast increases related BC Hydro flow-through



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1 FortisBC proposes to apply future revenue requirement rate increases (excluding rebalancing)  
2 such that Customer Charge will be exempt from revenue requirement rate increases but subject  
3 to any rebalancing adjustments. Block 1 will be adjusted by an amount equal to the sum of the  
4 general revenue requirement increase and any rebalancing adjustments. Block 2 will be  
5 adjusted by an amount sufficient to recover the balance of the general revenue requirement and  
6 any rebalancing adjustments.

7

8 10.2 Please confirm that the increase in Block 2 rate will always be greater than the increase  
9 in Block 1 rate given the proposed methodology.

10 **Response:**

11 Confirmed. Please also see Errata 3.

1 **22.0 Reference: Exhibit B-1, Table 8-3: Impact of Rate Increases on RIB Rate**  
2 **Options, p. 26**

3 22.1 For each of the scenarios A to H, as well as the CARC + 10% scenario, please  
4 provide a graph covering the 2011-2015 period that would include: 1) the Block 1  
5 rate; 2) the Block 2 rate; 3) the current flat rate (increased by the forecast  
6 residential rate increase for 2012-2015); and 4) the marginal cost of electricity  
7 (current and estimated for 2012-2015). Please ensure the numerical value for all  
8 data points appear on the graph or provide them in tabular form.

9 **Response:**

10 Please refer to the below graph and table.

11 **Table BCUC IR1 Q22.1**

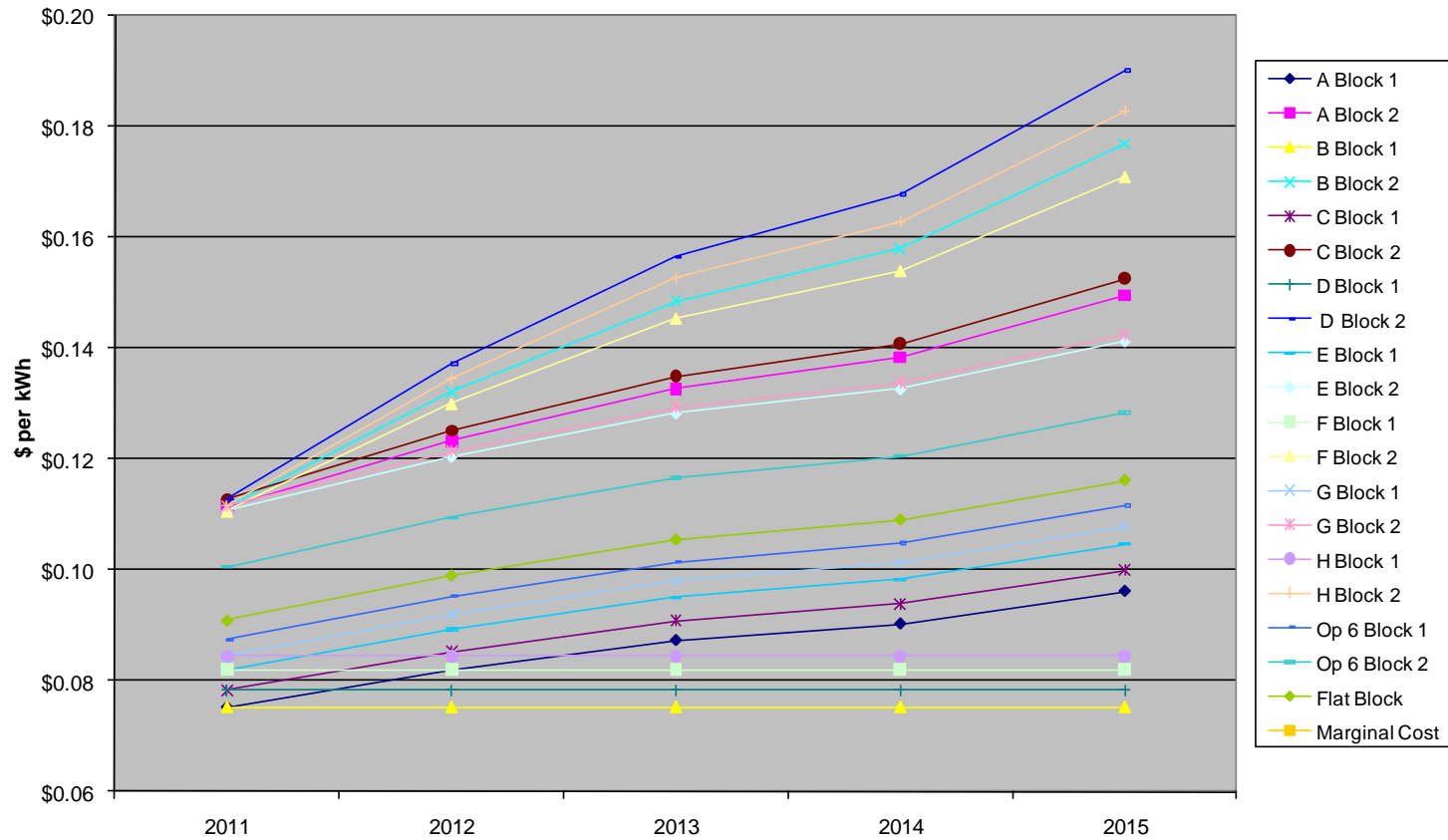
		2011	2012	2013	2014	2015
	Rate Increase*		8.90%	6.50%	3.40%	6.50%
A	Block 1 Rate	0.07526	0.08196	0.08729	0.09025	0.09612
	Block 2 Rate	0.11138	0.12332	0.13271	0.13837	0.14957
B	Block 1 Rate	0.07526	0.07526	0.07526	0.07526	0.07526
	Block 2 Rate	0.11138	0.13209	0.14845	0.15799	0.17687
C	Block 1 Rate	0.07828	0.08525	0.09079	0.09387	0.09998
	Block 2 Rate	0.11272	0.12515	0.13491	0.14085	0.15261
D	Block 1 Rate	0.07828	0.07828	0.07828	0.07828	0.07828
	Block 2 Rate	0.11272	0.13720	0.15654	0.16782	0.19013
E	Block 1 Rate	0.08197	0.08927	0.09507	0.09830	0.10469
	Block 2 Rate	0.11066	0.12051	0.12834	0.13271	0.14133
F	Block 1 Rate	0.08197	0.08197	0.08197	0.08197	0.08197
	Block 2 Rate	0.11066	0.13006	0.14549	0.15408	0.17107
G	Block 1 Rate	0.08449	0.09201	0.09799	0.10132	0.10791
	Block 2 Rate	0.11152	0.12145	0.12934	0.13374	0.14243
H	Block 1 Rate	0.08449	0.08449	0.08449	0.08449	0.08449
	Block 2 Rate	0.11152	0.13445	0.15268	0.16284	0.18293
CARC +10%	Block 1 Rate	0.08743	0.09521	0.10140	0.10485	0.11166
	Block 2 Rate	0.10055	0.10950	0.11662	0.12058	0.12842
Flat Block	All kWh	0.0909	0.09899	0.10542	0.10901	0.11609
Marginal Cost	All kWh	0.03804	0.03804	0.04241	0.04575	0.04916





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**BCUC 22.1**  
**Comparison of Block 1 and 2 Rates to Flat Block and Marginal Cost**





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1 **23.0 Reference: Exhibit B-1, Section 8, p. 26**  
2 **Options A and C**

3 FortisBC considers Option A and C in Table 8-3 as the best options and selected Option  
4 C (Option 8) as its preferred option.

6 23.1 For the period 2012 to 2015, please provide the following for each of the two  
7 options:

- 9 (a) the number of customers who will be taking service under the proposed  
10 mandatory RIB rate;
- 11 (b) the number of customers who will (i) never in the bi-monthly billing  
12 periods go over the threshold; (ii) be billed under the Block 2 rate at least  
13 once, twice, three times, four times and five times; (iii) always in the bi-  
14 monthly billing periods be billed under the Block 2 rate.
- 15 (c) the bill impact for each group of customers described in question (b)  
16 above
- 17 (d) the estimated savings

18 **Response:**

19 Savings resulting from elasticity impacts as provided in Table 7-2 of the Application apply to the  
20 total level of consumption for the class and cannot be segregated by customer usage  
21 categories. Further, those savings are expected to occur upon the implementation of RIB rates  
22 and may take several years to achieve. FortisBC does not have any estimates of how they will  
23 differ in different years.

24 Please refer to the below tables for the responses to BCUC IR1 Q23.1a, b and c.

25 **Table BCUC IR1 Q23.1a**

Number of Customers - Option A					
Number of Bills in Block 2	2011	2012	2013	2014	2015
0	22,576	22,970	23,362	23,748	24,141
1	7,416	7,546	7,675	7,801	7,930
2	9,597	9,765	9,932	10,096	10,263
3	9,706	9,876	10,045	10,210	10,379
4	8,180	8,323	8,465	8,604	8,747
5	8,616	8,767	8,916	9,063	9,213
6	25,848	26,300	26,748	27,189	27,640
Total	98,810	100,538	102,253	103,939	105,661



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**Table BCUC IR1 Q23.1b**

Number of Customers - Option C					
Number of Bills in Block 2	2011	2012	2013	2014	2015
0	30,210	30,738	31,263	31,778	32,305
1	10,143	10,320	10,496	10,669	10,846
2	9,597	9,765	9,932	10,096	10,263
3	9,161	9,321	9,480	9,637	9,796
4	8,943	9,099	9,255	9,407	9,563
5	7,961	8,101	8,239	8,375	8,513
6	22,794	23,192	23,588	23,977	24,374
Total	98,810	100,538	102,253	103,939	105,661

**Table BCUC IR1 Q23.1c**

Average Bill Impact - Option A					
Number of Bills in Block 2	2011	2012	2013	2014	2015
0	-12%	7%	5%	2%	4%
1	-12%	7%	5%	3%	5%
2	-8%	8%	6%	3%	6%
3	-5%	8%	6%	3%	6%
4	-2%	9%	6%	3%	6%
5	0%	9%	7%	3%	7%
6	11%	10%	7%	4%	7%

**Table BCUC IR1 Q23.1d**

Average Bill Impact - Option C					
Number of Bills in Block 2	2011	2012	2013	2014	2015
0	-10%	7%	5%	2%	5%
1	-9%	8%	6%	3%	5%
2	-6%	8%	6%	3%	6%
3	-3%	9%	6%	3%	6%
4	-1%	9%	7%	3%	7%
5	2%	9%	7%	4%	7%
6	14%	10%	7%	4%	8%



FortisBC Energy Inc. ("FBC" or the "Company") Residential Inclining Block Rate Application ("Application")	Errata 3 June 27, 2011
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1 **Question #14**

2 **Reference:**            **i)       Exhibit B-1, pages 21-22**

3

4           a)       Please re-estimate the Block 1 and Block 2 rates each of the options in Table 7-2  
5                    using the following three criterion

- 6                    •       90% of customers see <5% bill impacts  
7                    •       95% of customers see <5% bill impacts  
8                    •       99% of customers see <5% bill impacts

9 **Response:**

10 Please refer to the table below.



FortisBC Energy Inc. ("FBC" or the "Company") Residential Inclining Block Rate Application ("Application")	Errata 3 June 27, 2011
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**Table BCOAPO IR1 Q14a**

Option	Criterion	Threshold	Customer Charge	Block 1 Rate	Block 2 Rate	Block Differential	Annual Breakeven kWh	% of customers better off	Maximum Bill Impact	% of Customers with Bill Increases > 15%	% of customers who have consumption in the second block at least once	% of load billed in Block 2	Conservation Impact (-lower/upper)		
													.05/.10	.10/.20	.20/.30
1	90% see <5%	1350	28.93	0.07923	0.10617	34.0%	13500	70.7%	15.9%	0.1%	79.2%	43.3%	1.4%	2.8%	4.1%
2	95% see <5%	1350	28.93	0.08332	0.10082	21.0%	13500	70.7%	10.3%	0.0%	79.2%	43.3%	0.9%	1.8%	2.6%
3	99% see <5%	1350	28.93	0.08606	0.09724	13.0%	13500	70.7%	6.6%	0.0%	79.2%	43.3%	0.6%	1.1%	1.7%
4	90% see <5%	2100	28.93	0.08280	0.11344	37.0%	16000	78.7%	23.2%	1.3%	60.7%	26.4%	1.6%	3.3%	4.8%
5	95% see <5%	2100	28.93	0.08633	0.10360	20.0%	16000	78.7%	13.1%	0.0%	60.7%	26.4%	0.9%	1.9%	2.7%
6	99% see <5%	2100	28.93	0.08833	0.09805	11.0%	16000	78.7%	7.4%	0.0%	60.7%	26.4%	0.5%	1.0%	1.5%
7	90% see <5%	1600	28.93	0.08083	0.10831	34.0%	15000	75.7%	18.1%	0.3%	72.8%	36.6%	1.5%	3.0%	4.4%
8	95% see <5%	1600	28.93	0.08469	0.10163	20.0%	15000	75.7%	11.1%	0.0%	72.8%	36.6%	0.9%	1.8%	2.7%
9	99% see <5%	1600	28.93	0.08707	0.09752	12.0%	15000	75.7%	6.9%	0.0%	72.8%	36.6%	0.6%	1.1%	1.7%
10	90% see <5%	1350	21.50	0.08584	0.10559	23.0%	13500	70.7%	15.3%	0.1%	79.2%	43.3%	1.4%	2.7%	4.1%
11	95% see <5%	1350	21.50	0.08973	0.10050	12.0%	13500	70.7%	10.0%	0.0%	79.2%	43.3%	0.9%	1.8%	2.7%
12	99% see <5%	1350	21.50	0.09239	0.09701	5.0%	13000	68.8%	6.4%	0.0%	79.2%	43.3%	0.6%	1.2%	1.8%
13	90% see <5%	2100	21.50	0.08876	0.11006	24.0%	14000	72.5%	19.8%	0.6%	60.7%	26.4%	1.5%	2.9%	4.4%
14	95% see <5%	2100	21.50	0.09172	0.10181	11.0%	14000	72.5%	11.3%	0.0%	60.7%	26.4%	0.9%	1.7%	2.6%
15	99% see <5%	2100	21.50	0.09340	0.09714	4.0%	14000	72.5%	6.5%	0.0%	60.7%	26.4%	0.5%	1.1%	1.6%
16	90% see <5%	1600	21.50	0.08735	0.10657	22.0%	14000	72.5%	16.3%	0.1%	72.8%	36.6%	1.4%	2.8%	4.2%
17	95% see <5%	1600	21.50	0.09074	0.10072	11.0%	13500	70.7%	10.2%	0.0%	72.8%	36.6%	0.9%	1.8%	2.7%
18	99% see <5%	1600	21.50	0.09269	0.09733	5.0%	13500	70.7%	6.7%	0.0%	72.8%	36.6%	0.6%	1.2%	1.8%



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1 **Question #16**

2 **Reference:**            **i)       Exhibit B-1, pages 25-26**

3  
4           a)       Please provide the worksheets/working model that shows the derivation of the  
5                    rates set out in Table 8-3.

6 **Response:**

7 The worksheet has been attached as Electronic Attachment BCOAPO Q16a – Errata 3. Note  
8 that values in the attachment will match those contained in Errata 3.

9           b)       Please confirm that the block ratios reported in Table 8-3 for each option are the  
10                   ratio of Block 2/Block 1 and not Block 1/Block 2 as indicated.

11 **Response:**

12 Confirmed. Please refer to Errata 1.

13           c)       For Options A and C please indicate how Block 1 and Block 2 rates were  
14                   adjusted to account for the fact the customer charge was not subject to the  
15                   general rate increase.

16 **Response:**

17 For both of options A and C, the customer charge is subject only to the rebalancing increase.  
18 The block 1 rate is escalated by both the forecast revenue requirement increase and the  
19 rebalancing increase. The block 2 rate is determined independent of any set rate increase by  
20 dividing the revenue requirement remaining after subtracting the customer charge and block 1  
21 revenues from the total revenue requirement, by the expected block 2 consumption (in kWh).



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1           d)     For Options A and C the rate increase is purportedly applied to both blocks.  
2                     However, the rates for the two blocks are not increasing by the same percentage  
3                     (e.g. For 2012 - the Block 1 rate increases by 8.9% while the Block 2 rate  
4                     increases by a lesser amount). One would have expected that if the Block 1 rate  
5                     was adjusted only for rebalancing and the general rate increase then the Block 2  
6                     increase would have to be higher to account for the fact the customer charge is  
7                     not subject to the general rate increase. Please reconcile.

8     **Response:**

9     Please refer to Errata 3 which contains an update to Table 8-3 from the Application.

10           e)     For Option E, please explain why the ratio of the Block prices is decreasing if the  
11                     customer charge and first block are increased by the general and rebalancing  
12                     increases. Doesn't this mean that the Second Block price would also be  
13                     increased by the general and rebalancing increases such that the ratio would be  
14                     constant?

15     **Response:**

16     Please refer to Errata 3 which contains an update to Table 8-3 from the Application.

17     .



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1 f) If necessary, please provide a revised Table 8-3 based on the foregoing and any  
2 other corrections required.

3 **Response:**

4 A revised Table 8-3 is provided as Errata 3 to the Application

5 g) Using the rates in Table 8-3 (revised as necessary), for each year (2012-2015)  
6 please indicate for each option the percentage of residential customers that will  
7 see annual bill impacts greater than:  
8 • 10%  
9 • 15%  
10 • 20%  
11 • 25%

12 **Response:**

13 Please refer to the below table.



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1

**Table BCOAPO IR1 Q16g**

		2012	2013	2014	2015
	Rate Impact	% Customers			
A	> 10%	0.0%	0.0%	0.0%	0.0%
	> 15%	0.0%	0.0%	0.0%	0.0%
	> 20%	0.0%	0.0%	0.0%	0.0%
	> 25%	0.0%	0.0%	0.0%	0.0%
B	> 10%	22.7%	2.7%	0.0%	2.7%
	> 15%	2.7%	0.0%	0.0%	0.0%
	> 20%	0.0%	0.0%	0.0%	0.0%
	> 25%	0.0%	0.0%	0.0%	0.0%
C	> 10%	6.4%	0.0%	0.0%	0.0%
	> 15%	0.0%	0.0%	0.0%	0.0%
	> 20%	0.0%	0.0%	0.0%	0.0%
	> 25%	0.0%	0.0%	0.0%	0.0%
D	> 10%	19.9%	6.4%	0.0%	6.4%
	> 15%	6.4%	0.0%	0.0%	0.0%
	> 20%	0.0%	0.0%	0.0%	0.0%
	> 25%	0.0%	0.0%	0.0%	0.0%
E	> 10%	0.0%	0.0%	0.0%	0.0%
	> 15%	0.0%	0.0%	0.0%	0.0%
	> 20%	0.0%	0.0%	0.0%	0.0%
	> 25%	0.0%	0.0%	0.0%	0.0%
F	> 10%	19.9%	2.7%	0.0%	1.0%
	> 15%	1.3%	0.0%	0.0%	0.0%
	> 20%	0.0%	0.0%	0.0%	0.0%
	> 25%	0.0%	0.0%	0.0%	0.0%
G	> 10%	0.0%	0.0%	0.0%	0.0%
	> 15%	0.0%	0.0%	0.0%	0.0%
	> 20%	0.0%	0.0%	0.0%	0.0%
	> 25%	0.0%	0.0%	0.0%	0.0%
H	> 10%	19.9%	5.2%	0.0%	2.7%
	> 15%	2.7%	0.0%	0.0%	0.0%
	> 20%	0.1%	0.0%	0.0%	0.0%
	> 25%	0.0%	0.0%	0.0%	0.0%

2

3

1 h) Please provide a schedule that contrasts the Block 2 rates for 2015 as shown in  
2 Table 8-3 with the marginal costs provide in response to Question #1 c) for each  
3 of the options.

4 **Response:**

5 Please see the table provided below. For a discussion of FortisBC's marginal cost assumption,  
6 please refer to the response to BCUC IR1 Q9.3.

7  
8

**Table BCOAPO IR1 Q16h**

Table 8-3 Scenario	Base Rate Option	2015 Block 2 Rate	Marginal Cost
		(\$)	(\$)
A	2	0.14957	0.03804
B	2	0.17687	0.03804
C	8	0.15261	0.03804
D	8	0.19013	0.03804
E	11	0.14133	0.03804
F	11	0.17107	0.03804
G	17	0.14243	0.03804
H	17	0.18293	0.03804

9  
10

11 i) Table 8-3 assumes that the RIB rate is in effect for 2011. If this were the case,  
12 please provide a schedule that for each option would indicate the following for  
13 2011 based on the cumulative impact of FortisBC's 2011 general rate increase  
14 (January 2011), the residential rate increase due to rebalancing (May 2011),  
15 pass through of the BC Hydro interim increase and the RIB rate introduction:

16  
17  
18  
19  
20

- % of residential customers with increases in excess of 10%
- % of residential customers with increases in excess of 15%
- % of residential customers with increases in excess of 20%
- % of residential customers with increases in excess of 25%

21 **Response:**

22 Please refer to the below table.



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**Table BCOAPO IR1 Q16i**

Rate Impact	Option 2 (A & B)	Option 8 (C & D)	Option 11 (E & F)	Option 17 (G & H)
	% Customers			
>10%	29.3%	27.5%	29.3%	27.5%
>15%	16.4%	14.5%	16.4%	16.4%
>20%	6.4%	6.4%	6.4%	6.4%
>25%	1.9%	2.7%	1.9%	1.9%

2

3



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1 **Question #17**

2 **Reference:**            i)        **Exhibit B-1, pages 25-26**

3

4            a)        Please re-do Table 8-3 incorporating the following:

5

6            •        For 2011 incorporate the interim rate increase recently approved for BC  
7            Hydro.

8            •        For 2012-2015 incorporate annual BC Hydro flow-through rate increases  
9            of 8%/annum along with the increases assumed in the original table for  
10           rate rebalancing and revenue requirement.

11 **Response:**

12 The interim BC Hydro rate increase of 8 per cent has an annualized impact of 0.9 per cent to  
13 2011 FortisBC rates. If this is incorporated into the 2011 starting rates and escalated under the  
14 same assumptions discussed in BCOAPO IR1 Q2b above, the rates would trend as shown in  
15 the table below.

1

**Table BCOAPO IR1 Q17a**

	Base Rate Option	Threshold	Rate Increase Applied	Rate Component	2011	2012	2013	2014	2015
A	2	1350 kWh	Both Blocks <sup>1</sup>	Customer Charge	28.93	29.65	30.34	30.34	30.34
				Block 1 Rate	0.07631	0.08379	0.08999	0.09386	0.10080
				Block 2 Rate	0.11217	0.12548	0.13643	0.14375	0.15689
				Ratio: Block 2 / Block 1	1.47	1.50	1.52	1.53	1.56
B	2	1350 kWh	Block 2 Only <sup>2</sup>	Customer Charge	28.93	29.65	30.34	30.34	30.34
				Block 1 Rate	0.07631	0.07631	0.07631	0.07631	0.07631
				Block 2 Rate	0.11217	0.13527	0.15434	0.16672	0.18895
				Ratio: Block 2 / Block 1	1.47	1.77	2.02	2.18	2.48
C	8	1600 kWh	Both Blocks <sup>1</sup>	Customer Charge	28.93	29.65	30.34	30.34	30.34
				Block 1 Rate	0.07934	0.08712	0.09356	0.09759	0.10481
				Block 2 Rate	0.11346	0.12731	0.13871	0.14638	0.16018
				Ratio: Block 2 / Block 1	1.43	1.46	1.48	1.50	1.53
D	8	1600 kWh	Block 2 Only <sup>2</sup>	Customer Charge	28.93	29.65	30.34	30.34	30.34
				Block 1 Rate	0.07934	0.07934	0.07934	0.07934	0.07934
				Block 2 Rate	0.11346	0.14076	0.16330	0.17794	0.20422
				Ratio: Block 2 / Block 1	1.43	1.77	2.06	2.24	2.57
E	11	1350 kWh	All Components <sup>3</sup>	Customer Charge	21.50	23.61	25.35	26.44	28.40
				Block 1 Rate	0.08279	0.09090	0.09763	0.10183	0.10936
				Block 2 Rate	0.11176	0.12271	0.13179	0.13746	0.14763
				Ratio: Block 2 / Block 1	1.35	1.35	1.35	1.35	1.35
F	11	1350 kWh	Customer Charge and Block 2 <sup>4</sup>	Customer Charge	21.50	23.61	25.35	26.44	28.40
				Block 1 Rate	0.08279	0.08279	0.08279	0.08279	0.08279
				Block 2 Rate	0.11176	0.13333	0.15122	0.16238	0.18242
				Ratio: Block 2 / Block 1	1.35	1.61	1.83	1.96	2.20
G	17	1600 kWh	All Components <sup>3</sup>	Customer Charge	21.50	23.61	25.35	26.44	28.40
				Block 1 Rate	0.08533	0.09369	0.10063	0.10495	0.11272
				Block 2 Rate	0.11263	0.12367	0.13282	0.13853	0.14878
				Ratio: Block 2 / Block 1	1.32	1.32	1.32	1.32	1.32
H	17	1600 kWh	Customer Charge and Block 2 <sup>4</sup>	Customer Charge	21.50	23.61	25.35	26.44	28.40
				Block 1 Rate	0.08533	0.08533	0.08533	0.08533	0.08533
				Block 2 Rate	0.11263	0.13813	0.15927	0.17246	0.19614
				Ratio: Block 2 / Block 1	1.32	1.62	1.87	2.02	2.30

2

3 1 Customer charge is escalated by only the Rate Rebalancing increase. block 1 rate is escalated by the sum of  
 4 Rebalancing, Revenue Requirement and BC Hydro Flowthrough and block 2 rate is escalated by the amount  
 5 required to collect the balance of the revenue requirement.

6 2 Customer charge is escalated by only the Rate Rebalancing increase, block 1 rate is frozen and block 2 rate is  
 7 escalated by the amount required to collect the balance of the revenue requirement.

8 3 All rate components are escalated by the sum of Rebalancing, Revenue Requirement and BC Hydro  
 9 Flowthrough.

10 4 Customer charge is escalated by the sum of Rebalancing, Revenue Requirement and BC Hydro Flowthrough,  
 11 block rate is frozen and block 2 rate is escalated by the amount required to collect the balance of the revenue  
 12 requirement.

- 1           b)       Using the rates determined in part (a), For each year (2012-2015) please indicate  
 2                   for each option the percentage of residential customers that will see annual bill  
 3                   impacts greater than:  
 4                   •       10%  
 5                   •       15%  
 6                   •       20%  
 7                   •       25%

8       **Response:**

9       Please refer to the below table.

10

**Table BCOAPO IR1 Q17b**

		2012	2013	2014	2015
	Rate Impact	% Customers			
A	> 10%	27.5%	0.0%	0.0%	0.0%
	> 15%	0.0%	0.0%	0.0%	0.0%
	> 20%	0.0%	0.0%	0.0%	0.0%
	> 25%	0.0%	0.0%	0.0%	0.0%
B	> 10%	27.5%	10.1%	0.0%	10.1%
	> 15%	6.4%	0.0%	0.0%	0.0%
	> 20%	0.1%	0.0%	0.0%	0.0%
	> 25%	0.0%	0.0%	0.0%	0.0%
C	> 10%	24.3%	0.0%	0.0%	0.0%
	> 15%	0.0%	0.0%	0.0%	0.0%
	> 20%	0.0%	0.0%	0.0%	0.0%
	> 25%	0.0%	0.0%	0.0%	0.0%
D	> 10%	24.3%	12.9%	0.0%	12.9%
	> 15%	10.1%	0.2%	0.0%	0.0%
	> 20%	1.3%	0.0%	0.0%	0.0%
	> 25%	0.0%	0.0%	0.0%	0.0%
E	> 10%	0.0%	0.0%	0.0%	0.0%
	> 15%	0.0%	0.0%	0.0%	0.0%
	> 20%	0.0%	0.0%	0.0%	0.0%
	> 25%	0.0%	0.0%	0.0%	0.0%
F	> 10%	27.5%	10.1%	0.0%	6.4%
	> 15%	2.7%	0.0%	0.0%	0.0%
	> 20%	0.0%	0.0%	0.0%	0.0%
	> 25%	0.0%	0.0%	0.0%	0.0%
G	> 10%	0.0%	0.0%	0.0%	0.0%
	> 15%	0.0%	0.0%	0.0%	0.0%
	> 20%	0.0%	0.0%	0.0%	0.0%
	> 25%	0.0%	0.0%	0.0%	0.0%
H	> 10%	24.3%	10.1%	0.0%	10.1%
	> 15%	8.0%	0.1%	0.0%	0.0%
	> 20%	0.4%	0.0%	0.0%	0.0%
	> 25%	0.0%	0.0%	0.0%	0.0%



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1 **Question #18**

2 **Reference:**            **i)       Exhibit B-1, pages 25-26**

3

4            a)       Please re-do Table 8-3 incorporating the following:

5

6                   •       For 2011 assume the current May 1st approved rates adjusted for BC  
7                   Hydro's recently approved interim rate increase.

8                   •       For 2012, assume the RIB is introduced January 1st 2012 along with the  
9                   general rate increase and rate rebalancing and an 8% increase in BC  
10                  Hydro rates.

11                  •       For 2013-2015, incorporate a further 8%/annum increase in BC Hydro  
12                  rates along with the increases assumed in the original table for  
13                  rebalancing and general revenue requirement.

14 **Response:**

15 Please refer to the below table.

1  
2  
3

**Table BCOAPO IR1 Q18a**

	Base Rate Option	Threshold	Rate Increase Applied	Rate Component	2011	2012	2013	2014	2015
A	2	1350 kWh	Both Blocks <sup>1</sup>	Customer Charge	29.34	30.07	30.77	30.77	30.77
				Block 1 Rate	0.09217	0.08493	0.09121	0.09514	0.10218
				Block 2 Rate		0.12485	0.13578	0.14309	0.15622
				Ratio: Block 2 / Block 1		1.47	1.49	1.50	1.53
B	2	1350 kWh	Block 2 Only <sup>2</sup>	Customer Charge	29.34	30.07	30.77	30.77	30.77
				Block 1 Rate	0.09217	0.08493	0.08493	0.08493	0.08493
				Block 2 Rate		0.12485	0.14401	0.15645	0.17880
				Ratio: Block 2 / Block 1		1.47	1.70	1.84	2.11
C	8	1600 kWh	Both Blocks <sup>1</sup>	Customer Charge	29.34	30.07	30.77	30.77	30.77
				Block 1 Rate	0.09217	0.08831	0.09484	0.09892	0.10624
				Block 2 Rate		0.12627	0.13762	0.14527	0.15903
				Ratio: Block 2 / Block 1		1.43	1.45	1.47	1.50
D	8	1600 kWh	Block 2 Only <sup>2</sup>	Customer Charge	29.34	30.07	30.77	30.77	30.77
				Block 1 Rate	0.09217	0.08831	0.08831	0.08831	0.08831
				Block 2 Rate		0.12627	0.14892	0.16362	0.19004
				Ratio: Block 2 / Block 1		1.43	1.69	1.85	2.15
E	11	1350 kWh	All Components <sup>3</sup>	Customer Charge	29.34	21.50	23.09	24.08	25.87
				Block 1 Rate	0.09217	0.09231	0.09914	0.10340	0.11106
				Block 2 Rate		0.12459	0.13380	0.13956	0.14989
				Ratio: Block 2 / Block 1		1.35	1.35	1.35	1.35
F	11	1350 kWh	Customer Charge and Block 2 <sup>4</sup>	Customer Charge	29.34	21.50	23.09	24.08	25.87
				Block 1 Rate	0.09217	0.09231	0.09231	0.09231	0.09231
				Block 2 Rate		0.12459	0.14275	0.15408	0.17443
				Ratio: Block 2 / Block 1		1.35	1.55	1.67	1.89
G	17	1600 kWh	All Components <sup>3</sup>	Customer Charge	29.34	21.50	23.09	24.08	25.87
				Block 1 Rate	0.09217	0.09513	0.10217	0.10656	0.11445
				Block 2 Rate		0.12558	0.13487	0.14067	0.15108
				Ratio: Block 2 / Block 1		1.32	1.32	1.32	1.32
H	17	1600 kWh	Customer Charge and Block 2 <sup>4</sup>	Customer Charge	29.34	21.50	23.09	24.08	25.87
				Block 1 Rate	0.09217	0.09513	0.09513	0.09513	0.09513
				Block 2 Rate		0.12558	0.14705	0.16044	0.18449
				Ratio: Block 2 / Block 1		1.32	1.55	1.69	1.94
1	Customer Charge is escalated by only the Rate Rebalancing increase. Block 1 rate is escalated by the sum of Rebalancing, Revenue Requirement and BC Hydro Flow through and Block 2 rate is escalated by the amount required to collect the balance of the revenue requirement								
2	Customer Charge is escalated by only the Rate Rebalancing increase, Block 1 rate is frozen and Block 2 rate is escalated by the amount required to collect the balance of the revenue requirement								
3	All rate components are escalated by the sum of Rebalancing, Revenue Requirement and BC Hydro Flow through								
4	Customer Charge is escalated by the sum of Rebalancing, Revenue Requirement and BC Hydro Flow through, Block 1 rate is frozen and Block 2 rate is escalated by the amount required to collect the balance of the revenue requirement								

4



- 1           b) Using the rates determined in part (a), for each year (2012-2015) please indicate for  
 2           each option the percentage of residential customers that will see annual bill  
 3           impact greater than:  
 4           •     10%  
 5           •     15%  
 6           •     20%  
 7           •     25%

8     **Response:**

9     Please refer to the below table.

10

**Table BCOAPO IR1 Q18b**

		2012	2013	2014	2015
	Rate Impact	% Customers			
A	> 10%	27.5%	0.0%	0.0%	0.0%
	> 15%	18.7%	0.0%	0.0%	0.0%
	> 20%	6.4%	0.0%	0.0%	0.0%
	> 25%	2.7%	0.0%	0.0%	0.0%
B	> 10%	29.3%	12.9%	0.0%	10.1%
	> 15%	16.4%	0.1%	0.0%	0.0%
	> 20%	6.4%	0.0%	0.0%	0.0%
	> 25%	2.7%	0.0%	0.0%	0.0%
C	> 10%	24.3%	0.0%	0.0%	0.0%
	> 15%	14.5%	0.0%	0.0%	0.0%
	> 20%	6.4%	0.0%	0.0%	0.0%
	> 25%	2.7%	0.0%	0.0%	0.0%
D	> 10%	24.3%	14.5%	0.0%	12.9%
	> 15%	14.5%	1.0%	0.0%	0.2%
	> 20%	6.4%	0.0%	0.0%	0.0%
	> 25%	2.7%	0.0%	0.0%	0.0%
E	> 10%	40.1%	0.0%	0.0%	0.0%
	> 15%	24.3%	0.0%	0.0%	0.0%
	> 20%	12.9%	0.0%	0.0%	0.0%
	> 25%	2.7%	0.0%	0.0%	0.0%
F	> 10%	40.1%	10.1%	0.0%	8.0%
	> 15%	24.3%	0.0%	0.0%	0.0%
	> 20%	12.9%	0.0%	0.0%	0.0%
	> 25%	2.7%	0.0%	0.0%	0.0%
G	> 10%	40.1%	0.0%	0.0%	0.0%
	> 15%	22.7%	0.0%	0.0%	0.0%
	> 20%	10.1%	0.0%	0.0%	0.0%
	> 25%	2.7%	0.0%	0.0%	0.0%
H	> 10%	40.1%	14.5%	0.0%	10.1%
	> 15%	22.7%	0.6%	0.0%	0.0%
	> 20%	10.1%	0.0%	0.0%	0.0%
	> 25%	2.7%	0.0%	0.0%	0.0%