

Memo



Date: September 1, 2010
File: 1824-02
To: City Manager
From: Cindy McNeely, Electrical Administration Manager
Subject: Electrical Utility Rates

Recommendation:

THAT Council approve a rate increase of 2.9 per cent to the City's electrical utility rates for all annual residential customer revenues, municipal and school customer revenues and commercial customer revenues;

AND THAT Council approves this electrical rates increase to be effective the first billing cycle in November, 2010.

AND FURTHER THAT Bylaw No. 10408, being Amendment No. 24 to the City of Kelowna Electric Regulation Bylaw No. 7639, be advanced for reading consideration by Council.

Background:

FortisBC has received approval from the British Columbia Utilities Commission (BCUC) Order #G127-10 (attached) to increase the electrical rate by 2.9 per cent for all annual residential, municipal & school, and commercial customer revenues effective September 1, 2010. This rate increase was a direct result of BC Hydro's recent interim rate increase to FortisBC.

This rate increase will impact the bulk power purchase rate for the City of Kelowna and the rate increase is normally passed on to the City Electrical Utility customers. The attached Schedule 1 shows the impact at various consumption levels for residential customers.

FINANCIAL/BUDGETARY CONSIDERATIONS:

The cost increase from FortisBC could exceed existing expenditure and revenue budgets.

Internal Circulation:

Director, Financial Services

Considerations not applicable to this report:

Legal/Statutory Authority:

Legal/statutory Procedural Requirements:

Existing Policy:

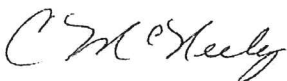
Personnel Implications:

Technical Requirements:

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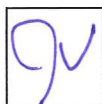
External Agency/Public Comments:
Communications Considerations:
Alternate Recommendation:

Submitted by:



C. McNeely, Electrical Administration Manager

Approved for inclusion:



J. Vos, General Manager - Community Services

CC: Director of Financial Services

Attach: Schedule 1

BC Utilities Commission Order No. G-127-10

Schedule 1

RESIDENTIAL RATE COMPARISON

BASED ON THE FOLLOWING RATES (\$/kWH):

	<i>CURRENT</i>	<i>NEW</i>	<i>% CHANGE</i>
<i>1st kWH</i>	12.25	12.60	2.9%
<i>Balance</i>	0.08085	0.08319	2.9%

MONTHLY % INCREASE FOR CITY OF KELOWNA RESIDENTIAL CUSTOMERS

<u>KW USED</u>	<u>CURRENT RATE</u>	<u>NEW RATE</u>	<u>DIFFERENCE</u>	<u>% CHANGE</u>
125	22.28	22.92	0.64	2.9%
250	32.38	33.31	0.93	2.9%
500	52.59	54.11	1.52	2.9%
730	71.19	73.25	2.06	2.9%
825	78.87	81.15	2.28	2.9%
1,000	93.02 *	95.71	2.69	2.9%
1,250	113.23	116.50	3.27	2.9%
1,500	133.44	137.30	3.86	2.9%
2,000	173.87	178.90	5.03	2.9%
3,000	254.72	262.09	7.37	2.9%
5,000	416.42	428.47	12.05	2.9%
10,000	820.67	844.42	23.75	2.9%

* The electricity bill for the average residential household using 1,000 kwh will increase by \$2.69 to a total of \$95.71 per month (an increase of \$32.28 for the year).

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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-127-10**

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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 Interim Rate Relief**

BEFORE: L.F. Kelsey, Commissioner
D.A. Cote, Commissioner August 5, 2010

O R D E R

WHEREAS:

- A. FortisBC Inc. (FortisBC) in its 2010 Revenue Requirements Application sought approval to implement any British Columbia Hydro and Power Authority (BC Hydro) Power Purchase rate change in 2010 by way of a flow-through adjustment at the time of a Commission Decision approving a BC Hydro rate adjustment for 2010; and
- B. By Order G-47-10 dated March 15, 2010, the British Columbia Utilities Commission (Commission) approved BC Hydro's request for a refundable interim rate increase of 6.11 percent and a refundable interim increase for its Deferral Account Rate Rider, from 1.0 percent to 4.0 percent, both effective April 1, 2010; and
- C. On July 23, 2010, FortisBC filed an application to the Commission requesting approval of a 2.9 percent interim rate increase, effective September 1, 2010, that reflects the flow-through of the BC Hydro Power Purchase interim rate increase (the Application); and
- D. The Commission has reviewed the Application and finds that approval of the Application is warranted.

NOW THEREFORE the Commission orders as follows:

- 1. FortisBC's refundable interim rate increase of 2.9 percent, effective September 1, 2010, is approved.

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2. The 2.9 percent interim rate increase is subject to refund with interest calculated for the refund period at the average prime rate of the principal bank with which FortisBC conducts its business.
3. The Commission will accept, subject to timely filing, amended electric tariff rate schedules in accordance with the terms of this Order.

DATED at the City of Vancouver, in the Province of British Columbia, this 6th day of August 2010.

BY ORDER

Original signed by:

D.A. Cote
Commissioner