

Report to Council



Date: December 11, 2013
File: 1824-02
To: City Manager
From: Cindy McNeely, Electrical Administration Manager
Subject: 2013 Electrical Utility Rate Increase

Recommendation:

THAT Council approves an average rate increase of 6.5% to the City's electrical utility rates for all annual residential customer revenues, municipal and school customer revenues as set out in the report from the Electrical Administration Manager dated December 12, 2012;

AND THAT Council approves an additional rate increase of 3.5% to the City's electrical utility tariff rates for municipal customer revenues;

AND THAT Council approves the 2013 electrical rates to be effective with the first billing cycle in February, 2013;

AND THAT Council approves minor adjustments to the electric tariff clarifying a demand charge to rate code 220 & 224 and a revised flat rate charge to the city's traffic signal rate code 281;

AND FURTHER THAT Bylaw 10790 being Amendment No. 30 to the Electric Regulation Bylaw No. #7639 be advanced for reading consideration;

Purpose:

To provide council with information on the increased cost for Wholesale power and the 2013 Electrical rates increase.

Background:

The average rate increase of 6.5% is comprised of a 2.3% rate rebalancing as per FortisBC 2009 Rate Design and Cost for Service Study Application approved by the BCUC and a 4.2% FortisBC Revenue Requirement Application filed by FortisBC June 30, 2011 and approved by the BCUC under Order G-159-12 (see attached) dated October 25, 2012.

In a previous report dated February 8, 2012 to Council, it was noted that FortisBC received approval from the British Columbia Utilities Commission (BCUC) to apply the results from their Cost of Service Study Application (BCUC Order G-196-10) to their customers effective May 1, 2011. In this Order, they were requested to apply the rebalancing over a three year period. We are currently now in the final year of this rebalancing.

A handwritten signature in black ink, appearing to be a stylized 'M' or 'N'.

The rate increase from FortisBC, including the re-balancing, will impact the bulk power purchase rate for the City of Kelowna and that rate increase is normally flowed through to all City Electrical Utility customers. However, due to the cost of service study, commercial and primary power rates are not being changed from their existing rates.

Under the City rate structure there is a separate municipal rate which does not charge for demand thus providing a reduced electrical billing. The request is for an increase to that rate of an additional 3.5% to recover increased cost for purchased power.

The attached Schedule 1 shows the impact at various consumption levels for residential customers. On average, a customer using 940 KWh's a month, will have an increase of \$6.83 a month on their electrical bill.

Staff have also recognized (as part of its annual by-law review) some discrepancies around the demand charge for rate code 220 and 224; and the flat rate charges for traffic single lights. Amendments to these 3 areas will also be made at this time.

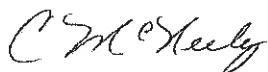
FINANCIAL/BUDGETARY CONSIDERATIONS:

Impacts of the rate increase have been estimated and included in the 2013 budget submission.

Internal Circulation:
Finance Director
Legislative Coordinator

Considerations not applicable to this report:
Communications Comments:

Submitted by:



C. McNeely, Electrical Administration Manager

Approved for inclusion:



J. Creron, Director - Civic Operations

cc: Director of Financial Services
General Manager, Community Services
Director, Community and Media Relations

RESIDENTIAL RATE COMPARISON

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

	CURRENT	NEW	% CHANGE
1st kWH	15.00	15.98	6.5%
Balance	0.09590	0.10213	6.5%
	2012	2013	

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	26.89	28.64	1.75	6.5%
250	38.88	41.41	2.53	6.5%
500	62.85	66.94	4.09	6.5%
750	86.83	92.47	5.64	6.5%
940	105.05	111.88	6.83	6.5%
1,000	110.80	118.01	7.20	6.5%
1,250	134.78	143.54	8.76	6.5%
1,500	158.75	169.07	10.32	6.5%
2,000	206.70	220.14	13.44	6.5%
3,000	302.60	322.27	19.67	6.5%
5,000	494.40	526.54	32.14	6.5%
10,000	973.90	1,037.21	63.30	6.5%



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VIA EMAIL

electricity.regulatory@fortisbc.com

October 25, 2012


Mr. Dennis Swanson
Director, Regulatory Affairs
Regulatory Affairs Department
FortisBC Inc.
100-1975 Springfield Rd.
Kelowna, BC V1Y 7V7

Dear Mr. Swanson:

Re: FortisBC Inc.
2012 – 2013 Revenue Requirements and
Review of 2012 Integrated System Plan Application
Compliance to Order G-110-12

Further to your Compliance filing to Order G-110-12 with respect to the 2012-2013 Revenue Requirements Application and Review of 2012 Integrated System Plan, enclosed please find Commission Order G-159-12.

Yours truly,


Erica Hamilton

/yl

Enclosure

cc: Registered Interveners
(FBC-2012-13RR-RI)

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BRITISH COLUMBIA UTILITIES COMMISSION	
ORDER NUMBER	G-159-12

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

and

FortisBC Inc.
2012 – 2013 Revenue Requirements and
Review of 2012 Integrated System Plan Application
Compliance to Order G-110-12

BEFORE: D.A. Cote, Commissioner
A.A. Rhodes, Commissioner
N.E. MacMurchy, Commissioner
October 25, 2012

O R D E R

WHEREAS:

- A. On June 30, 2011, FortisBC Inc. (FortisBC or the Company) filed an application for approval of its 2012 – 2013 Revenue Requirements and the review of its 2012 Integrated System Plan (collectively referred to as the Application). Through evidence filed in the proceeding, the updated proposal was to increase rates to 1.5 percent in 2012 and 6.5 percent in 2013;
- B. By Order G-199-11 the British Columbia Utilities Commission (the Commission) approved an interim rate increase of 1.5 percent for FortisBC, effective January 1, 2012;
- C. After a review of the Application and the proceeding materials, the Commission issued Order G-110-12 in conjunction with its Reasons for Decision (the Decision) on August 15, 2012, with various directives for FortisBC;
- D. By letter dated September 5, 2012, FortisBC corrected a small number of factual errors in the Decision and also sought clarification on certain directives contained in the Decision;
- E. The Commission issued a Corrigenda, dated September 17, 2012, to FortisBC and requested the financial schedules to be amended accordingly;

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UTILITIES COMMISSION

ORDER
NUMBER G-159-12

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- F. On October 9, 2012, the Company submitted its final revenue requirements for 2012 and 2013 indicating that a lower permanent rate increase would be required. FortisBC sought a variance to Order G-110-12 and approval for the over-collection of 2012 revenue requirements to be applied to reduce the 2013 revenue requirements and rates. Specifically, FortisBC sought approval to make firm the interim 2012 rate increase of 1.5 percent, effective January 1, 2012, and an approval of a net rate increase of 4.2 percent, effective January 1, 2013;
- G. The Commission has considered the application for variance and approves the request.

NOW THEREFORE the Commission orders as follows:

1. Pursuant to section 59-61 of the Act, the Interim rate increase of 1.5 percent, which was effective January 1, 2012 is to be made permanent. Effective January 1, 2013, the permanent rate increase is 4.2 percent, which reflects the adjustment for the over-collection of 2012 revenue requirements plus the Company's approved revenue requirements for 2013;
2. The Commission will accept, subject to timely filing, amended Tariff Rate Schedules which conform to this Order. FortisBC is to provide all customers, by way of an information notice and media publication, with a notice of the change in rates.

DATED at the City of Vancouver, in the Province of British Columbia, this 25th day of October 2012.

BY ORDER



D.A. Cote
Commissioner