

**Rate Design Application Workshop for
BC Hydro's Large Commercial (> 35 kW) Customers**

Meeting Minutes

Thompson Rivers University, Kamloops, BC

February 6, 2007

ATTENDEES

Name	Company
Fred Legace	Kamloops Airport
Glenna Ellerbeck	Ainsworth Eng Canada
Michael Towers	Tolko Forest Products
Steve McBride	City of Kamloops
Greg Zeeban	City of Kamloops
Brendan Taylor	Monte Lake Forest Products
Ian Pyle	Gilbert Smith Forest Products
Randy Fleet	Kicking Horse Mtn Resort
Cindy Bon	Lower Nicola Indian Band
Phyllis Edwards	Lower Nicola Indian Band
Stephen Dick	Lower Nicola Indian Band

BC HYDRO PROJECT TEAM

Name	Organization & Department
Allan Chung	BC Hydro
Jane Christensen (by phone)	BC Hydro

MEETING OBJECTIVES

The objectives for the meeting were for BC Hydro to present the drivers for changing the Large General Service Tariff, the general principles that utilities use in rate design, and several options for stakeholders to discuss.

Agenda

1. Introduction and Welcome
2. Objectives
3. Background

4. Current Large General Service Rate
5. Rate Design Objectives
6. Rate Design Options
7. Feedback
8. Additional Rate Application Topics
 - Rebalancing
 - E-Plus
 - Distribution and Extension Policy
9. Next Steps

HANDOUTS PROVIDED AT THE MEETING

Paper copies of the following materials were distributed at the meeting.

Item	Description
F2008 Rate Design Application: Large Commercial Customer Rate Restructuring Workshop	A Powerpoint presentation describing the current Large General Service rate structure, the drivers for change, the principles for designing a new rate structure, and two options for discussion.
Feedback Form (emailed with draft notes)	A form that allows participants to take away the questions posed by BC Hydro during the meeting and answer them later if a) there was no time during the meeting, or b) participants wished to answer the questions once they had a chance to examine the two options presented in more detail.

PRESENTATIONS DELIVERED AT THE MEETING

The following Power Point presentations were delivered during the meeting; paper copies of this were distributed at the meeting as indicated above.

Item	Description
F2008 Rate Design Application: Large Commercial Customer Rate Restructuring Workshop	A Powerpoint presentation describing the current Large General Service rate structure, the drivers for change, the principles for designing a new rate structure, and two options for discussion.

AGENDA ITEM #1 and 2 - Welcome and Introductions

Allan Chung welcomed the group to the meeting. The objectives for the meeting were for BC Hydro to present the drivers for changing the Large General Service Tariff, the general principles that utilities use in rate design, and several options for stakeholders to discuss.

AGENDA ITEM #3 - 5 - Background, Current Rates, and Objectives

Allan Chung presented material on the large general service class. The existing rate structures for other rate classes and for the Large General Service class were contrasted. It was noted that the Large General Service Class' rate was unique in a) not reflecting the marginal cost to serve for energy and demand, and b) biased towards using more energy (through a declining block structure).

An emphasis was placed on the projected gap between supply and demand for energy and capacity in the province's future, and how appropriate price signals will play a key role in making supply meet demand.

AGENDA ITEM #6 - Rate Design Options

Allan Chung walked through two examples of what rate flattening would look like. The objective was to let participants see how there are different ways to balance the competing rate design objectives, and that these different approaches have different impacts depending on the customer's type.

Key issues raised:

Customers wanted to know how the rate proposals would affect their company, and when these changes would occur.

A question was raised about whether BC Hydro considered creating one account for Large Commercial Customers (energy and demand aggregation).

A question was also raised as to whether BC Hydro would raise the demand charge to match its current demand costs of \$9.00 per kW.

BC Hydro was asked whether they were considering other ways to reduce demand, such as the critical peak price structures used in California.

AGENDA ITEM #7 - Feedback

Allan Chung led the group through a brief discussion around the two options put forward by BC Hydro. The group was asked think about the rate design principles presented, and asked, if they were BC Hydro, how they would weigh these.

The key issues raised were:

A general theme through the discussions was that customers wanted to know how exactly these options would impact them through this rate change and across their multiple accounts.

Customers could not see the benefit of this rate change to accounts that were adversely impacted in terms of bill impact.

It was noted that the proposed changes did not set prices to actually reflect the cost of service.

AGENDA ITEM #9 - Additional Rate Application Topics

Rate Rebalancing - Allan Chung presented to the group the current estimates of the revenue-to-cost ratios for each rate class and raised of how close these have to be to unity (e.g. R/C = 100%) in order to be considered fair enough.

E-Plus - The E-Plus rate, its history, and the drivers for change were presented to the group by Allan Chung. The key issues raised by the group were:

The group found it hard to believe that "a deal is a deal" and indicated that phasing it out would be consistent with the conservation message.

Participants in the workshop wanted to know whether BC Hydro was looking at giving alternative heating to customers to get them off the E-Plus rate.

Distribution Extension Policy - The project team presented to the group a high-level summary of the proposed changes that would take place for distribution extension charges.

Overall, the key issues raised in the session were:

Customers wanted to make sure that BC Hydro gave enough lead time so that they could make adjustments for budgeting purposes.

AGENDA ITEM #9 - NEXT STEPS

The group was given a rough description of what would occur once the Rate Design Application was filed in March. The participants were told that a feedback form would be made available later in the week, and they were encouraged to fill this out and return it to BC Hydro in order to give more detailed comments around the topics discussed.