

RÉGIE DE L'ÉNERGIE

**HYDRO-QUÉBEC DISTRIBUTION'S
APPLICATION FOR 2006-2007 RATES**

FILE: R-3579-2005

EVIDENCE OF

**WILLIAM HARPER
ECONALYSIS CONSULTING SERVICES**

**ON BEHALF OF:
OPTION CONSOMMATEURS**

NOVEMBER 17, 2005

Régie de l'énergie
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TABLE OF CONTENTS

1	INTRODUCTION.....	1
2	PURPOSE OF EVIDENCE.....	1
3	COST OF SERVICE ALLOCATION.....	3
3.1	Methodological Changes	3
3.1.1	BT Rate.....	3
3.1.2	Special Contracts	4
3.1.3	Depreciation of Distribution Assets	5
3.1.4	Number of Customers and Connections	6
3.1.5	Determination of Medium and Low Voltage Line Costs	7
3.1.6	Organizational Changes.....	7
3.1.7	Other Income	8
3.1.8	General Comments.....	8
3.2	Post Heritage Pool Allocation.....	9
3.2.1	HQD's Proposal	9
3.2.2	Comments	11
4	COST ALLOCATION AND THE CROSS-SUBSIDIZATION INDEX.....	14
4.1	Background	14
4.2	HQD's Proposal.....	16
4.3	Comments	17
5	RESIDENTIAL RATE DESIGN	23
5.1	HQD's 2004 Application (R-3541-2004).....	23
5.2	ECS' 2004 Rate Design Evidence.....	25
5.3	HQD's Current Rate Design Proposal	26
5.4	Comments	27
6	CONCLUSIONS	33
6.1	Cost Allocation Methodology Changes.....	33
6.2	Allocation of Post-Heritage Pool Costs.....	33
6.3	Cost Allocation and Determination of the Cross-Subsidization Reference Indices.....	34
6.4	Residential Rate Design.....	35

Appendix:

CV for ECS Consultant

1 *Demand Charge for Excess Use*

2

3 The proposed \$0.75 / kW increase in the demand charge applicable to usage in
4 excess of 50 kW results in an excess demand charge of \$4.71 / kW. This is
5 equivalent to a charge of \$0.0046 /kWh⁹⁰. When combined with the proposed
6 second block energy rate of \$0.0661 cents / kWh net effective rate for usage
7 over 50 kW is 7.07 cents per kWh (on an annual basis). This is still less than
8 HQD's marginal supply cost for space heating⁹¹ (8.56 cents/kWh). As a result,
9 the preceding comments with respect to the proposal representing a gradual
10 move in the right direction apply here as well.

11

12 *Customer Bill Impacts*

13

14 HQD suggests that one of factors limiting the degree to which the differential
15 between the rate for the first and second usage blocks can be increased is the
16 impact the results would have on customers' bills⁹².

17

18 The residential customer impacts arising from HQD's proposed 3% average
19 class increase and the rate structure changes range from zero to 8.1%.
20 However, only 0.5% of the customers will experience annual bill impacts in
21 excess of 4%⁹³. For typical levels of use the impacts range from 1.6% (for
22 monthly use of 625 kWh) up to 3.6% (for monthly use of 3000 kWh). These bill
23 impacts are modest and generally within the range of rate impacts that would be
24 considered acceptable elsewhere⁹⁴.

⁹⁰ HQD-14, Document 6, Question 30 a)

⁹¹ HQD-13, Document 1, page 26.

⁹² HQD-14, Document 3, page 68

⁹³ HQD-13, Document 1, page 41

⁹⁴ Evidence prepared by ECS earlier this year and filed with the OEB (R-2004-0188) concluded that rate increases the order of 10% attracted significantly more attention of regulators and would generate concerns regarding rate shock.