

RÉGIE DE L'ÉNERGIE
DOSSIER R-3897-2014, PHASE 1

RÉPONSES DE L'AQCIE/CIFQ À L'ENGAGEMENT

E-1 Transcript, Vol 7, p. 25

Request:

(AQCIE-CIFQ) Expliquer la réponse en lien avec la question et la réponse 1.5 de la pièce C-AQCIE-CIFQ-39 considérant que ce sont les variations de coûts plutôt que les coûts globaux qui seraient alloués, considérant que les méthodes d'allocation existantes n'allouent pas les variations de coûts, mais bien les coûts globaux, sur quelle base ce partage serait-il réalisé? (Demandé par la FCEI)

E-1) Réponse de l'AQCIE/CIFQ :

Dr. Lowry would like to clarify his response to FCEI question 1.5. He does not advocate any change in the current cost allocation method. In his response to question 1.5, he spoke only of the variations between cost and revenue that are considered in the pass-on accounts.

E-2 Transcript, Vol 7, p. 27

Request:

(AQCIE-CIFQ) Expliquer comment l'interfinancement serait reflété dans l'allocation des "tracked costs" (Demandé par la FCEI)

E-2) Réponse de l'AQCIE/CIFQ :

In his response to FCEI question 1.6, Dr. Lowry intended only to say that the cross-subsidization would be preserved with respect to the revenue for indexed costs as well as to the revenue for tracked costs, to the extent that it applied to both.

E-3 Transcript, Vol 7, pp. 174-175

Request:

(AQCIE-CIFQ) Identify the New York utility where there is a price cap and a revenue cap, and specify to whom the price cap applies, to which tariff, and how many clients are part of that tariff, with the supporting documentation or link to the website providing the documentation (asked by HQD-HQT)

E-3) Réponse de l'AQCIE/CIFQ :

New York State Electric & Gas ("NYSEG") serves much of the territory immediately south of New York's border with Quebec. The current MRI for NYSEG's electric operations features a

forecasted attrition relief mechanism. Details are set forth in a settlement document.¹ The document contains forecasts of rates for all service classes in each year of the MRI. The MRI also includes a revenue decoupling mechanism that applies to the majority of service classes. Customers that are excluded from the revenue decoupling mechanism are subject to the underlying forecast-based price caps.²³ Customers that are subject to price caps include residential customers that take seasonal service, members of service class 7-4 ("Transmission-Time of Use"), most customers that take standby service, and lighting customers.

The price cap for the Transmission-Time of Use service class is provided below as an example.⁴

	Effective Date			
	7/01/16	09/01/16	05/01/17	05/01/18
VOLTAGE PRIMARY S.C. 7-4 TRANSMISSION				
Customer Charge	\$2164.81	\$2164.81	\$2288.06	\$2413.80
Meter Ownership Charge	\$18.32	\$18.32	\$18.32	\$18.32
Meter Service Charge	\$154.73	\$154.73	\$154.73	\$154.73
Meter Data Service Charge (Meter Reading)	\$54.78	\$54.78	\$54.78	\$54.78
Demand Charge				
On-Peak Service	\$0.80	\$0.76	\$0.79	\$0.83
Reactive Charge				
Reactive kilovolt-ampere hours, per billing reactive kilovolt-ampere hour	\$0.00078	\$0.00078	\$0.00078	\$0.00078

The same settlement also outlined MRIs for the gas operations of NYSEG and for the electric and gas operations of an affiliated utility, Rochester Gas & Electric. These MRIs also feature forecasted attrition relief mechanisms where the rates for each service class are determined as part of the settlement. Revenue decoupling mechanisms apply to most gas service classes. Those service classes not included in the revenue decoupling mechanism are subject to price caps. For the gas operations of NYSEG, these service classes include industrial manufacturing and processing customers and residential and non-residential distributed generation firm sales and transportation services.⁵ For Rochester Gas & Electric's electric operations, these service classes include the large general service time of use – transmission, standby service, and lighting services. PEG was able to identify one service class for Rochester Gas & Electric's gas operations, General Service-Economic Development, which was subject to a price cap.

Unfortunately, the number of customers excluded from the revenue decoupling mechanism is not readily available for these companies.

PEG has also been able to confirm that several additional New York utilities have similar staircase attrition relief mechanisms where some service classes are subject to revenue decoupling

¹ Joint Proposal in New York Public Service Commission Case 15-E-0283. This document is included as Undertaking E-3 Attachment A.

² The revenue decoupling tariff for New York State Electric & Gas' electric service is included as Undertaking E-3 Attachment B.

³ Some customers, notably those with negotiated rates, may not be subject to either the price cap or the revenue decoupling mechanism.

⁴ New York State Electric & Gas Corporation Tariff, PSC No: 120 – Electricity, Leaf No. 215, Revision: 25, Initial Effective Date September 9, 2016. Accessed September 23, 2016 from:

http://www.nyseg.com/MediaLibrary/2/5/Content%20Management/NYSEG/SuppliersPartners/PDFs%20and%20Docs/PS120ServiceClassification_7.pdf

⁵ The interruptible sales and transportation and firm or limited firm negotiated transportation service classes are not included in either the price cap or revenue decoupling mechanisms and as a result are not included in the list above.

mechanisms and others to price caps. These include Central Hudson Gas & Electric's current MRI for electric and gas operations and Niagara Mohawk's recent MRI for gas operations.⁶ Time did not permit PEG to review the MRIs of Orange & Rockland, Consolidated Edison, and the remaining New York gas distributors for similar features.

While the limited time available has not permitted PEG to undertake an exhaustive survey of other jurisdictions, it notes that Puget Sound Energy in Washington state has MRIs for its electric and gas services with some rate classes operating under revenue decoupling mechanisms and some operating under price caps.⁷

⁶ The source for Central Hudson's use of price caps for some classes and revenue decoupling for others is provided in the joint proposal in New York PSC Cases 14-E-0318 and 14-G-0319, Appendices K (Electric and Gas Rate Design and Billing Determinants) and M (RDM Targets). The source outlining Niagara Mohawks' MRIs for electric and gas operations and their annual prices is provided in the joint proposal in New York PSC Cases 12-E-0201 and 12-G-0202, Appendix 3, Schedules 4.5, 5.5, and 6.5 for gas service, while the source identifying the service classes included in Niagara Mohawk's gas revenue decoupling mechanism can be found at <https://www2.dps.ny.gov/ETS/jobs/display/download/5882188.pdf>, Leaf 122.2.

⁷ Details of the use of revenue decoupling mechanisms and price caps for Puget Sound Energy are found in Puget Sound's tariff sheets at https://pse.com/aboutpse/Rates/Documents/elec_sch_142.pdf for electric service and https://pse.com/aboutpse/Rates/Documents/gas_sch_142.pdf for gas service.