

Undertaking 165: To determine what the total program cost would be given corrections, if any, determined to be appropriate in response to Undertaking 164:

**RESPONSE:**

A corrected cost calculation for a fixed credit percentage of income-based program was provided in response to Undertaking 164. The request for “total program costs” in light of those changes is construed to ask for both the total program cost given the program as a whole, and the total program costs as it is spread over ratepayers through a cost recovery mechanism.

As Mr. Colton testified on cross-examination, the “total program cost” depends on policy choices made by the Commission. If a 6% “affordable burden” results in a “total program cost” that the Commission believes imposes an excessive burden on ratepayers through the proposed cost-recovery mechanism, the Commission may make alternative program design decisions to control the cost. For example, rather than implementing a program tied to an affordable burden of 6% of income, the Commission could approve a program tied to an 8% burden or to a 10% burden. Rather than offering the program to LICO-125 customers, the Commission could limit the program to LICO-100 customers.

Indeed, Mr. Colton’s report in this proceeding states (page 45) that “Clearly, however, the reasonableness of an energy burden is a range and not a point. Ultimately, whether an affordable burden should be set as 6% or as 8% (or some other figure) is a policy decision.” See, also, footnote 70, page 46.

Accordingly, determining the “total program cost” involves an assessment of the interaction between those costs and the policy decisions that are influenced by the level of those costs. The total program costs that are attached to this response thus present six scenarios, labeled as follows:

- Part 1 presents the home energy burdens and program design as contained in Mr. Colton’s testimony (6% heating burden; 3% baseload burden);
- Part 2 presents home energy burdens set at 8% for heating and 4% for baseload;
- Part 3 presents home energy burdens set at 10% for heating and 5% for baseload.
- Part 1 (Alternative 1) presents the home energy burdens set at 6% for heating/3% for baseload, but imposing a ceiling on benefits that will be provided in any given year;
- Part 2 (Alternative 1) presents the home energy burdens set at 8% and 4% (for heating and baseload respectively) with a ceiling imposed on benefits that will be provided in any given year;
- Part 3 (Alternative 1) presents the home energy burdens set at 10% and 5% (for heating and baseload) with a ceiling imposed on benefits that will be provided in any given year.

In each case, to the extent that the level of late fees was sufficient to do so, the administrative costs of the program were budgeted to be covered by residential late fee revenue.

The lesson to be learned from the requested calculation of “total program costs” is that program costs and the program policy design choices are inter-dependent on, and not independent of, each other.

## Part 1:

Discounts	\$39,945,085	Heating burden	6%
Arrears	\$2,678,400	Baseload burden	3%
Total	\$42,623,485	Heating benefit ceiling	\$0
Crisis %	5%	Baseload benefit ceiling	\$0
Crisis Dollars	\$2,131,174		
Admin %	10%		
Admin Dollars	\$4,475,466		
Total program	\$49,230,125		

	Customers	Months	Meters Charge	Annual Metre Revenue		
Residential	466,951	12		\$5.10	\$61	\$28,577,401
General Service (small)	52,241	12		\$12	\$144	\$7,522,704
General Service (small) (51 kV.A and up)	22,774	12		\$21	\$252	\$5,739,048
General Service (medium)	3,712	12		\$72	\$864	\$3,207,168
General Service (large)	303	12		\$425	\$5,100	\$1,545,300
						\$46,591,621
Admin covered by late fees						\$2,638,504

Residential	
Residential	445517
Seasonal	20855
Diesel	579
General Service (small)	
< 50 KVA	51166
51 KVA	11387
100 KVA	11387
Seasonal	830
Diesel	114
Government and First Nation Education	67
LUBD	64
General Service (medium)	
500 kV.A	1845
1000 kV.A	1845
LUBD	22
General Service (large)	
5,000 kV.A	240
10,000 kV.A	30
50,000 kV.A	13
LUBD	20

## Part 2:

Discounts	\$31,451,034	Heating burden	8%
Arrears	\$2,678,400	Baseload burde	4%
Total	\$34,129,434	Heating benefit	\$0
Crisis %	5%	Baseload benefi	\$0
Crisis Dollars	\$1,706,472		
Admin %	10%		
Admin Dollars	\$3,583,591		
Total program	\$39,419,496		

	Customers	Months	Meters Charge	Annual Metre Revenue	
Residential	466,951	12	\$4.25	\$51	\$23,814,501
General Service (small)	52,241	12	\$8	\$96	\$5,015,136
General Service (small) (51 kV.A and up)	22,774	12	\$14	\$168	\$3,826,032
General Service (medium)	3,712	12	\$62	\$744	\$2,761,728
General Service (large)	303	12	\$375	\$4,500	\$1,363,500
					\$36,780,897
Admin covered by late fees					\$2,638,599

Residential	
Residential	445517
Seasonal	20855
Diesel	579
General Service (small)	
< 50 KVA	51166
51 KVA	11387
100 KVA	11387
Seasonal	830
Diesel	114
Government and First Nation Education	67
LUBD	64
General Service (medium)	
500 kV.A	1845
1000 kV.A	1845
LUBD	22
General Service (large)	
5,000 kV.A	240
10,000 kV.A	30
50,000 kV.A	13
LUBD	20

### Part 3:

Discounts	\$24,979,189	Heating burden	10%
Arrears	\$2,678,400	Baseload burde	5%
Total	\$27,657,589	Heating benefit	\$0
Crisis %	5%	Baseload benefi	\$0
Crisis Dollars	\$1,382,879		
Admin %	10%		
Admin Dollars	\$2,904,047		
Total program	\$31,944,515		

	Customers	Months	Meters Charge	Annual Metre Revenue
Residential	466,951	12	\$3.40	\$41 \$19,051,601
General Service (small)	52,241	12	\$6	\$72 \$3,761,352
General Service (small) (51 kV.A and up)	22,774	12	\$10	\$120 \$2,732,880
General Service (medium)	3,712	12	\$55	\$660 \$2,449,920
General Service (large)	303	12	\$350	\$4,200 \$1,272,600
				\$29,268,353
Admin covered by late fees				\$2,676,162

Residential	
Residential	445517
Seasonal	20855
Diesel	579
General Service (small)	
< 50 KVA	51166
51 KVA	11387
100 KVA	11387
Seasonal	830
Diesel	114
Government and First Nation Education	67
LUBD	64
General Service (medium)	
500 kV.A	1845
1000 kV.A	1845
LUBD	22
General Service (large)	
5,000 kV.A	240
10,000 kV.A	30
50,000 kV.A	13
LUBD	20

## Part 1 -- Alternative 1:

Discounts	\$31,193,862	Heating burden	6%
Arrears	\$2,678,400	Baseload burde	3%
Total	\$33,872,262	Heating benefit	\$2,000
Crisis %	5%	Baseload benefi	\$1,000
Crisis Dollars	\$1,693,613		
Admin %	10%		
Admin Dollars	\$3,556,588		
Total program	\$39,122,463		

	Customers	Months	Meters Charge	Annual Metre Revenue	
Residential	466,951	12	\$4.30	\$52	\$24,094,672
General Service (small)	52,241	12	\$7	\$84	\$4,388,244
General Service (small) (51 kV.A and up)	22,774	12	\$15	\$180	\$4,099,320
General Service (medium)	3,712	12	\$60	\$720	\$2,672,640
General Service (large)	303	12	\$300	\$3,600	\$1,090,800
					\$36,345,676
Admin covered by late fees					\$2,776,787

Residential	
Residential	445517
Seasonal	20855
Diesel	579
General Service (small)	
< 50 KVA	51166
51 KVA	11387
100 KVA	11387
Seasonal	830
Diesel	114
Government and First Nation Education	67
LUBD	64
General Service (medium)	
500 kV.A	1845
1000 kV.A	1845
LUBD	22
General Service (large)	
5,000 kV.A	240
10,000 kV.A	30
50,000 kV.A	13
LUBD	20

## Part 2 -- Alternative 1:

Discounts	\$25,238,861	Heating burden	8%
Arrears	\$2,678,400	Baseload burde	4%
Total	\$27,917,261	Heating benefit	\$2,000
Crisis %	5%	Baseload benefi	\$1,000
Crisis Dollars	\$1,395,863		
Admin %	10%		
Admin Dollars	\$2,931,312		
Total program	\$32,244,436		

	Customers	Months	Meters Charge	Annual Metre Revenue
Residential	466,951	12	\$3.75	\$45 \$21,012,795
General Service (small)	52,241	12	\$5	\$60 \$3,134,460
General Service (small) (51 kV.A and up)	22,774	12	\$9	\$108 \$2,459,592
General Service (medium)	3,712	12	\$50	\$600 \$2,227,200
General Service (large)	303	12	\$200	\$2,400 \$727,200
				\$29,561,247
Admin covered by late fees				\$2,683,189

Residential	
Residential	445517
Seasonal	20855
Diesel	579
General Service (small)	
< 50 KVA	51166
51 KVA	11387
100 KVA	11387
Seasonal	830
Diesel	114
Government and First Nation Education	67
LUBD	64
General Service (medium)	
500 kV.A	1845
1000 kV.A	1845
LUBD	22
General Service (large)	
5,000 kV.A	240
10,000 kV.A	30
50,000 kV.A	13
LUBD	20

### Part 3 -- Alternative 1:

Discounts	\$20,391,012	Heating burden	10%
Arrears	\$2,678,400	Baseload burde	5%
Total	\$23,069,412	Heating benefit	\$2,000
Crisis %	5%	Baseload benefi	\$1,000
Crisis Dollars	\$1,153,471		
Admin %	10%		
Admin Dollars	\$2,422,288		
Total program	\$26,645,171		

	Customers	Months	Meters Charge	Annual Metre Revenue	
Residential	466,951	12	\$2.90	\$35	\$16,249,895
General Service (small)	52,241	12	\$6	\$72	\$3,761,352
General Service (small) (51 kV.A and up)	22,774	12	\$8	\$96	\$2,186,304
General Service (medium)	3,712	12	\$30	\$360	\$1,336,320
General Service (large)	303	12	\$200	\$2,400	\$727,200
					\$24,261,071
Admin covered by late fees					\$2,384,100

Residential	
Residential	445517
Seasonal	20855
Diesel	579
General Service (small)	
< 50 KVA	51166
51 KVA	11387
100 KVA	11387
Seasonal	830
Diesel	114
Government and First Nation Education	67
LUBD	64
General Service (medium)	
500 kV.A	1845
1000 kV.A	1845
LUBD	22
General Service (large)	
5,000 kV.A	240
10,000 kV.A	30
50,000 kV.A	13
LUBD	20

Late fee \$s	2009	2008
Jan	\$257,025	\$241,035
Feb	\$250,682	\$218,156
Mar	\$247,485	\$233,535
Apr	\$271,083	\$264,722
May	\$288,178	\$277,360
Jun	\$309,452	\$280,536
Jul	\$338,222	\$307,891
Aug	\$357,305	\$236,938
Sep	\$386,359	\$365,892
Oct	\$401,053	\$366,744
Nov	\$373,137	\$332,177
Dec	\$296,081	\$278,090
Total	\$3,776,062	\$3,403,076

Late fee #s	2009	2008
Jan	81,978	77,955
Feb	81,515	74,938
Mar	78,575	74,279
Apr	79,395	79,397
May	80,834	78,387
Jun	82,536	78,897
Jul	84,709	81,877
Aug	88,963	86,365
Sep	85,373	86,051
Oct	90,488	88,923
Nov	90,772	88,141
Dec	84,012	85,112
Total	84,096	81,694