

<b>AMC/GAC - 1</b>			
<b>Document: Direct Testimony of Paul Chernick on behalf of Green Action Centre</b>			
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<b>Topic:</b>	Rate Increase and Rate Design		
<b>Subtopic:</b>	Customer Impacts		
<b>Issue:</b>	Impacts on customers located on First Nations reserves		

**PREAMBLE:**

Mr Chernick proposes a first block (500 kWh/month) discount for LICO-125 customers, set at 4¢/kWh. Mr Chernick also notes that the average annual usage for LICO-125 customers is 14,484 kWh, and the average annual usage for non-LICO-125 customers is 16,422 kWh.

**QUESTION:**

Based on the average annual usage, please quantify the average energy charge (¢/kWh) for the average LICO-125 customer that would result from the proposed 4¢/kWh rate for the first 500 kWh/month of consumption.

Based on the data from AMC/MH I-1 and AMC/MH II-1, please then quantify the average energy charge (¢/kWh) for the average on-reserve residential customer, if this customer was to benefit from the proposed first block discount.

**RATIONALE:**

To further the analysis on the proposed discount.

**RESPONSE:**

Assuming that the customer uses at least 500 kWh annually, the total bill would be 6,000 kWh at 4¢/kWh and 8,484 kWh at 8.556¢/kWh, or \$965.89, which is 6.67¢/kWh.

Based on the data from AMC/MH I-1, the average on-reserve bill was for 19,506 kWh. Using the same assumptions, the average on-serve customer would receive 6,000 kWh at 4¢/kWh and 13,506 kWh at 8.556¢/kWh, or \$1,395.57, which is 7.15¢/kWh.

Mr. Chernick does not understand the phrase “if this customer was to benefit from the proposed first block discount.”

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<b>Section:</b>	V	<b>Page No.:</b>	Page 35-37 of 54
<b>Topic:</b>	Rate Increase and Rate Design		
<b>Subtopic:</b>	Rates for Heating Customers		
<b>Issue:</b>	Method of rate design		

**PREAMBLE:**

Mr Chernick describes a “typical heating customer” (Table 5) as using 14,500 kWh excess, compared to the use of customers not using electric heat. Mr. Chernick bases his design of a rate discount for users of electric heat based on that “typical customer”.

**QUESTION:**

- A) Please explain how Mr. Chernick defines a “Typical” Customer in Table 5.
- B) Please provide a comparison of the average Monthly Excess Use for electric heating customers on-reserve, and electric heating customers off reserve.
- C) What is the resulting average annualized cost of electricity (¢/kWh) for an average electrically heated home versus an on-reserve home when the space heating discount suggested here is applied?

**RATIONALE:**

**RESPONSE:**

- a) “Typical” is defined as using 14,500 kWh for heating, which is slightly higher than the excess in the non-summer months.
- b) Mr. Chernick does not have seasonal usage data for on-reserve customers.
- c) See part (b)