

1 **NP-CA-88**

2 **Reference: Page 14, Lines 5-6**

3 **Q. Does Mr. Todd agree that regulatory mechanisms that permit**
4 **recovery of energy supply costs, as shown in CA-NP-444, are common**
5 **among regulated investor owned distribution utilities in Canada? If not,**
6 **provide evidence to the contrary.**

7

8 A. Mr. Todd was not asked by the Consumer Advocate to conduct a survey
9 of other jurisdictions to determine the regulatory treatment of variances in energy
10 supply costs.

11 However, based on his incidental knowledge of other Canadian jurisdictions, it is
12 his understanding that:

- 13 • there are few investor-owned electricity distribution utilities in Canada;
- 14 • natural gas distribution utilities typically have rate structures that
15 accommodate retail competition and therefore have unbundled rates so
16 that commodity costs are passed through to customers separately from
17 distribution rates;
- 18 • Fortis BC is permitted recovery of energy supply costs, subject to the
19 supply costs being reviewed annually by intervenors and the BCUC at its
20 Annual Review;
- 21 • other jurisdictions with investor-owned electricity distributors (Alberta and
22 Ontario) have competitive markets for electricity; hence, rates are
23 unbundled and the rates paid for power by distributors on behalf of their
24 customers is not regulated.

25 Mr. Todd is not aware of any jurisdiction in Canada where rates are fully
26 regulated (i.e., energy rates as well as distribution rates) that have a mechanism
27 similar to the Energy Supply Cost Variance clause that is being proposed by NP.