

Submission the B.C. Utilities Commission

Wednesday, January 5, 2011

Ref: British Columbia Hydro and Power Authority application for Residential Inclining Block Rate Re-pricing

I wish to register an objection to the application by British Columbia Hydro and Power Authority [B.C. Hydro] for a rate increase. I do not believe the application of B.C. Hydro's rates will be applied in a manner consistent with the public interest.

The reason for this objection is the application of a tiered pricing structure on residential accounts, specifically as it applies to those homeowners whose residence contains a legal secondary residence or "suite" where electrical consumption is measured through a single meter.

1. In their application of RIB rates, B.C. Hydro pricing policies run counter to both federal and provincial direction on the provision of affordable housing, imposing a penalty through higher Tier 2 rates on both renter and homeowner. A report from the Canada Mortgage and Housing Corporation clearly shows this key rationale for secondary suites, specifically:
 - Secondary suites are an important and inexpensive source of affordable housing because they provide low-cost shelter for low-income persons.
 - Secondary suites meet a market requirement for low-rent housing, they are a form of urban intensification and they address various needs (mostly financial) of homeowners.
 - Secondary suites are a source of affordable housing with rents generally lower (between \$100 and \$200 less per month) than comparable apartment rents.
2. The government of British Columbia clearly supports the use of secondary suites, as evidenced by the publication of a guide for local governments. The executive summary notes that "Secondary suites are a form of rental housing that is typically affordable, ground-oriented and market-based. Suites can provide many benefits to homeowners, tenants and the community."
3. B.C. Hydro has, to its credit, recognized the impact of power rates on low income persons. This is evident on the corporation's own website, in the section committed to stakeholder engagement where the company notes:

The Low Income Advisory Group understands that the energy burden on low-income households is often three to four times greater than the average, based on percentage of income. Because they live with little or no financial safety net, they are more vulnerable to the impacts of changes in the economy, and to service and rate changes.

As presently structured, the general rate increase sought by the proponent will significantly add to the burden for many homeowners and suite residents. B.C. Hydro's application does not address how they will apply their rate increase to ensure the application of Tier 2 pricing is not imposed at the point of typical single family consumption, but rather at a point that reflects the amount of energy typically used by two families. This lack of a clear policy detracts from the affordability for residential suites, and is counter to clearly established public policy by all levels of government to promote the supply of affordable housing.

B.C. Hydro may wish to argue that a second meter and account would address this issue. As a homeowner with a legal suite, power use for both the suite and our residence is billed on a single meter. Adding a second meter is not a reasonable option as it will:

- Provide an additional financial burden to install a second meter, increasing costs to both renter and owner;
- Be an unsightly addition, detracting from overall home values;
- Neglect the possibility that the home will revert to single family use at some point, causing owners to either pay multiple utility bills, or revert to a single meter system at additional expense.

Unfortunately, RIB pricing as proposed by B.C. Hydro in their current application, and as already applied, penalizes low income persons living in suites on a common meter by applying Tier 2 pricing when energy consumption reaches a set point, calculated as sufficient to supply a single consumer, and to motivate them towards energy conservation.

I have previously contacted B.C. Hydro about this matter, and was referred to their “Powersmart” team who were unable to offer any resolution, and in any case, a resolution specific to one account would ignore the broader impacts of RIB pricing on similar situations across the province.

I would request that B.C. Hydro be directed to adjust their proposed pricing structure so that when RIB rates are set, homeowners with legal, registered suites who share a common meter are provided with twice the amount of power at Tier 1 rates, clearly reflecting the consumption needs of two separate consumers. The process of gaining access to additional power at Tier 1 rates should be at the request of homeowners, and should only be provided when a suite is legal and recognized by their local government.

These steps will encourage homeowners to make any suites legal, will minimize administration burden to B.C. Hydro, and place the onus on the homeowner / account holder to make the application. They will also assist low income families by helping to keep power affordable, ensure B.C. Hydro follows the recommendations of their own advisory group, and also support broader government policies to encourage affordable housing options.

References:

1. Canada Mortgage and Housing Corporation, **Permitting Secondary Suites, Case Studies**
www.cmhc.gc.ca/en/inpr/afhoce/tore/afhoid/pore/pesesu/pesesu_005.cfm
2. Ministry of Community, Aboriginal and Women’s Services, Housing Policy Branch (2005)
Secondary suites : a guide for local government
www.housing.gov.bc.ca/housing/docs/web_secondary_suites.pdf
3. B.C. Hydro Stakeholder Engagement, **Low Income Advisory Committee**
www.bchydro.com/about/our_commitment/stakeholder_engagement/features/conservation_is_for_everyone.html