

E-Plus Homeowners Group

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May 18, 2016

British Columbia Utilities Commission
6th Floor – 900 Howe Street
Vancouver, BC V6Z 2V3
Attention: Laurel Ross, Acting Commission Secretary

Dear Madam:

**Re: British Columbia Hydro and Power Authority (BC Hydro)
Project No. 3698781/G-156-15
2015 Rate Design Application
E-Plus Homeowners Group (EPHG) – Submission of Evidence re: Residential E-Plus Rate
Design (Rate Schedule 1105)**

Further to the British Columbia Utilities Commission Order G-61-16 establishing the process for the Residential E-Plus rate design and amending the regulatory timetable, specifically that the process would proceed by way of a written hearing and that written evidence from the E-Plus Homeowners Group would be filed by May 18, 2016, attached is our submission.

Although the abbreviation “EPHG” for our group has been used previously we note that the Commission has assigned “EHOG” in filing documents and we have utilized that identification for the purpose of making this filing.

Each of our members represents a separate BC Hydro Residential E-Plus account. A list of our current members is attached to our submission as Exhibit 1.

No paid counsel, staff or researchers are available to the EPHG; submissions and other documents are prepared by volunteer members and represent the input and consensus views of the Group. We ask the Commission’s patience and indulgence if this or our other submissions deviate from the expected form or standard.

Yours truly,

Gary McCaig – for, E-Plus Homeowners Group

**Re: British Columbia Hydro and Power Authority (BC Hydro)
Project No. 3698781/G-156-15
2015 Rate Design Application**

E-Plus Homeowners Group (EPHG) –

Submission of Evidence re: Residential E-Plus Rate Design (Rate Schedule 1105)

1.0 Summary

An outcome of the 2007 BC Hydro Rate Design Application was that “transferability” of the Residential E-Plus rate (RS 1105) to new buyers of E-Plus homes was ended. The BCUC recognized that the immediate loss of the rate would impose considerable financial hardship on E-Plus customers, while ending transferability would ensure that the rate ended naturally by attrition. This is in fact happening; the number of households on the rate has dropped by 37% since 2007, and last year alone dropped over 10%. Residential E-Plus now uses only 0.18% of BC Hydro’s generating capacity, and it is impossible to claim that E-Plus impacts other BC Hydro customers in any significant way. With these facts in mind, after the 2007 RDA concluded, the remaining E-Plus customers had good reason to believe they would no longer be subjected to the fear and uncertainty engendered by periodic reviews of the rate, and proposals to end or modify it. In fact, when BC Hydro began the current rate review process in 2014, they took the clear position that the rate would continue and be allowed to end by attrition.

Without good reason, BC Hydro diverted from that fair and logical position. To the surprise and concern of E-Plus customers, in the 2015 RDA BC Hydro has made Application to the BCUC to change the wording of the Special Conditions of RS 1105 to give them increased opportunities to interrupt the power used by Residential E-Plus customers to heat their homes. To support and inform their Application, on the request of the BCUC, they have prepared a Business Practice that describes when and how interruptions will be implemented.

E-Plus customers have made significant expenditures and personal effort in order to qualify for the E-Plus rate. They did so based on a number of written commitments BC Hydro made at the time the rate was being promoted and introduced, commitments that up to now have governed how interruptions would be applied.

E-Plus customers fully understand and accept that E-Plus is an interruptible power supply and that they may at times face curtailments in the event of legitimate supply shortages. They also understand the need for clear, practical and fair language to govern the management and sale of electric power. However, it is apparent that when taken together with BC Hydro’s proposed Business Practice, the changes proposed go beyond what is necessary to achieve the stated goals of making E-Plus “practically interruptible” or to “function as originally intended”. In fact the changes are intended to change the fundamental understandings on which E-Plus was originally based, and to considerably increase the potential for curtailments by removing key protections that were intended to ensure fairness, and reduce hardship, in their implementation.

Most importantly the proposed Business Practice ignores prior commitments that:

- Residential E-Plus customers will have priority over other non-firm power customers
- 30 days notice will be given for interruptions of more than a few hours duration

BC Hydro is taking a strong position that they are not bound by any such prior commitments made to E-Plus customers because the BCUC has sole jurisdiction over rates. BC Hydro's actions appear to challenge the boundaries of BCUC jurisdiction versus civil contract law. This potential conflict was recognized and discussed in the 2007 RDA hearings. Without revisiting those earlier arguments regarding the enforceability of BC Hydro's commitments, we submit that they should be recognized and given strong consideration by both BC Hydro and the BCUC as a matter of fairness to customers, ethical business practice, and to protect the integrity of the process of power supply and regulation in British Columbia and the public's faith in that process.

We believe there is an onus on BC Hydro to present compelling arguments in support of any application for changes to RS 1105 or to the way such changes are implemented through a Business Practice. This is especially true when those changes directly impinge on the prior understandings on which the rate was originally established and on which customers made long term commitments to join the E-Plus program.

Tests that were applied by the BCUC in the 2007 RDA include “**just, reasonable and not unduly discriminatory.**” We submit that BC Hydro has failed to meet this standard, in several areas:

- they have not adequately demonstrated that they cannot currently interrupt E-Plus power
- they have not adequately quantified financial considerations, including the impact on E-Plus and other customers
- their Application does not reflect broad, informed input from stakeholders and E-Plus customers
- they have not demonstrated that the proposed changes benefit the public and have not acknowledged the disproportionate impact on the E-Plus customers directly affected
- their approach challenges the integrity of the process of power supply and regulation in British Columbia

Overall BC Hydro makes little attempt to justify their proposals. For the most part they do little more than characterize understandings that they themselves created and that have stood unchallenged for almost 30 years as “impractical”. At the same time they have ignored or attempted to minimize the potential impact of their proposals on E-Plus customers.

For these reasons EPHG opposes both BC Hydro's Application to amend the “Special Conditions” of Rate Schedule 1105, and their proposed Business Practice. We submit that the changes proposed go too far, are unnecessary, and will provide minimal benefit while potentially inflicting significant personal and financial cost on our members and on other E-Plus customers.

We believe that the Residential E-Plus rate should be left unchanged and allowed to end naturally by attrition, which was the considered outcome of the 2007 RDA. Our position continues to be that so long

as E-Plus customers fulfill their responsibilities under the E-Plus agreements then BC Hydro should supply them with power as in the past. E-Plus Customers should not be subjected to an increased number of interruptions or otherwise penalized on the basis that “circumstances have changed” or simply because the program as designed by BC Hydro was not robust enough to stand the test of time, especially when BC Hydro is unable to demonstrate that any significant public good can arise from the proposed changes.

2.0 Background - the “E-Plus Agreement”

The E-Plus program was the result of months of work and study by BC Hydro. When introduced the program was the subject of considerable public, media and political attention, included an advertising campaign to encourage customers to join, and was even discussed in the Provincial Legislature **(1)**, The rate schedule was approved by the BCUC in 1988 as being in the public good **(2)**. There can be no doubt that the terms of the program, including commitments made to customers, were fully considered and understood by both BC Hydro and the BCUC who approved the E- Plus rate.

These terms were developed unilaterally by BC Hydro. As one of the largest and most sophisticated corporations in Canada, BC Hydro was able to utilize the advice of experts in finance, law, technology and planning and had total freedom to design a practical, robust program that would meet their goals both at the time and into the future. The resulting program was offered to a group of trusting, unsophisticated homeowners. The balance of knowledge, information and power was overwhelmingly in BC Hydro’s favour.

A number of supporting information documents were used by BC Hydro to supplement the framework provided by the wording of RS1105. These documents include the signed “Residential Dual Fuel Interruptible Electric Service Agreement” between BC Hydro and individual customers, the promotional and informational brochures created to encourage homeowners to join the program and to help them understand its requirements and benefits, and “question and answer” documents and explanatory letters written by BC Hydro executives to explain the key provisions of the program. For purposes of this submission we will refer to this group of documents, taken together with the Rate Schedule, as the “E-Plus Agreement”.

Not in the Rate Schedule, in the formal Agreements with individual customers, or in any of the other documents that comprise the “E-Plus Agreement” did BC Hydro include any indication whatsoever that they would have the right to unilaterally terminate the E-plus program, to impose new terms or conditions or to depart from the assurances and commitments made to customers at the time. Unless one is willing to accept negligence or incompetence by BC Hydro, this could not have been an oversight; it could only have been the result of a conscious decision that the program was to be permanent and the terms were to remain unchanged. It was with on this clear basis that homeowners made the individual decisions and the necessary financial investments to join the program,

The key commitments made to those joining the E-Plus program were:

- E-Plus was a permanent program **(3)**
- E-Plus rates would never exceed two thirds of the “regular” price of electricity **(4)**.

- Residential E-Plus customers would be given priority, in interruptions, over other non-firm customers **(5)**.
- 30 days notice would be given for interruptions longer than a few hours **(6)**.

Not only were these provisions the clearly promised terms of the E-Plus program, there was a rationale for each provision based on fairness and practicality, as discussed below.

We note that BC Hydro has always asserted their right to strictly enforce the considerable obligations laid out for homeowners under the “E-Plus Agreement” and in recent years has enforced these obligations to the extent that customers have been removed from the program for non-compliance. This is in sharp contrast to BC Hydro’s position that they can initiate arbitrary changes to E-Plus, to terminate it, or to modify it without regard to the original terms of the “E-Plus Agreement. Such a one-sided approach is clearly neither just nor reasonable.

Joining the E-Plus program was not an inexpensive, easy or obvious decision. It required considerable commitment by homeowners. Not only were they required to make the substantial financial investments required to install both electric and back-up heating systems, and to build or upgrade the energy efficiency of their homes to the standard where their backup systems would be adequate, at a total cost that some EPHG members report ran to over \$10,000 **(7)**, they had to commit to meeting other terms of the program such as maintaining adequate supplies of backup fuel for as long as they stayed on the program. By installing electric heating they turned their back on alternative heating choices available at the time, such as oil, which could only be installed later at considerable cost, if at all. In many cases, depending on home design and the type of electric heat installed (e.g. baseboards), the capital costs of leaving E-Plus would be expected to exceed the cost of joining, effectively trapping customers in the program. In light of these considerations, joining E-Plus was a long-term commitment; it is unlikely homeowners would have signed-on if they had not been assured that they would be protected from future changes in the key terms of the rate.

BC Hydro proposes to deal with Residential E-Plus rates on the basis that they are not bound by any prior written commitments made to customers. They attempt to justify this approach by pointing to a decision of the BCUC in the 2007 RDA that asserted the Commission’s jurisdiction over rate schedules regardless of any commitments made by BC Hydro. BC Hydro claims that “by extension” this means that their “internal rules” governing how E-Plus service interruptions would be implemented can be changed “to reflect current needs and capabilities” **(8)**.

EPHG is not disputing the jurisdiction of the BCUC. However we do not agree that the 2007 BCUC decision gives BC Hydro “carte blanche” to act in a way that would be unacceptable or even illegal in normal business practice, in order to escape their earlier obligations, and does not meet the tests of “just, reasonable and not unduly discriminatory” **(9)**. Important commitments made to customers in writing and repeated by the Minister responsible in the Provincial Legislature cannot be dismissed simply as internal rules to be changed at will. For BC Hydro to take such a position, and ask for the BCUC’s support, challenges the integrity and fairness of the regulatory process.

3.0 BC Hydro’s application does not offer compelling arguments for change

BC Hydro is proposing to make changes to Rate Schedule language (10) that has functioned for many years and to implement a Business Practice that ignores key commitments accepted by customers in good faith.

The proposed changes to language appear to be significant. EPHG understand that they broaden the grounds for interruption from a “lack of hydro power” to include a shortage of both energy and capacity, and that they remove the requirement that a shortage cannot be “provided economically from other energy sources”.

There is an onus on BC Hydro to make a compelling case to support their proposal, and EPHG submits that they have failed to do so, as discussed in detail below. Making a case for change is made particularly difficult by the fact that the number of customers involved represents a tiny and shrinking part of BC Hydro’s customer base yet they stand to bear a disproportionate burden if BC Hydro’s proposals are implemented.

3.1 BC Hydro have not demonstrated that they cannot currently interrupt E-Plus power

BC Hydro proposes to amend Special Condition 1 of RS 1105, the E-Plus rate schedule, as they state that it does not enable them to practically interrupt the service nor function as originally intended (11). EPHG submit that this is not a credible claim. When BC Hydro developed and introduced the E-Plus program they could choose whatever language they wished for RS1105 and for the other components of the “E-Plus Agreement” and unless they are claiming negligence or incompetence on their own behalf then that language must have allowed for practical interruption.

In the 2007 RDA Decision the BCUC noted (12) “one circumstance that has not changed since 1987 is BC Hydro’s ability to interrupt its E-Plus customers”. This was certainly true, and refutes the argument that the original language has become unworkable. We suggest that since 2007 the ability to interrupt has if anything improved; for example, with the installation of “smart meters” and the ability for remote switching.

BC Hydro has provided no clear evidence that as a result of changing circumstances they cannot now practically interrupt E-Plus service in the way that was originally intended or that they have even seriously considered doing so. There appears to be nothing stopping them from doing so, in the event there is a demonstrable lack of non-firm power in the area and for the time of the interruption, providing they meet the very clear and reasonable conditions that are laid out in the “E-Plus Agreement”, including giving residential E-Plus customers priority over other non-firm customers and providing adequate notice.

If E-Plus power has never been interrupted by BC Hydro, we believe that the likely explanation is that the required conditions have simply never come to pass when they can reasonably do so, not because the existing language is flawed. We do not see a lack of interruptions in the past as sufficient reason to deem E-Plus a failure or to broaden the grounds for interruption.

In the case of short term interruptions of a few hours the required conditions to interrupt are not onerous since no advance notice to customers is specified, yet BC Hydro has made no attempt to pursue opportunities in this area. BC Hydro claim that it is “impractical to interrupt for short periods” (13) appears inconsistent with the reference in the 2015 RDA (14) to a Pilot program in Sidney and North Saanich aimed at ‘shaving and shifting peak load’. There are clearly opportunities to pursue similar programs with E-Plus customers if a demonstrated need exists yet BC Hydro has never pursued these.

The BCUC IR’s posed several questions aimed at clarifying BC Hydro’s perception of the “problem” with the existing wording and the intended result of the changes proposed. In our view BC Hydro’s responses were insufficient. They were based on generalities such as the need to for more “flexibility” and the desire to “align” E-Plus language with that of other interruptible rates such as “shore power”, without establishing why this was necessary or beneficial. They went on to label the current E-Plus language as “outdated within BC Hydro’s current operational framework” and claim that it had become more difficult to define the term “lack of surplus hydro energy” which was a requirement specified for a curtailment to take place (15).

Based on these facts we submit that BC Hydro’s proposals are not designed to make the E-Plus rate “function as originally intended”, as they claim, but the exact opposite. BC Hydro is proposing to extend the intent of earlier language to create new and different “opportunities” for interruptions that go beyond those intended when the rate was introduced, approved by the BCUC and accepted by customers. This is made especially clear by their proposed Business Practice (16) that, by removing the need to give priority over other non-firm power customers, and by removing the requirement for adequate notice, is clearly aimed at facilitating interruptions that would be allowable under the original language.

For example BC Hydro has proposed that they might curtail E-Plus service as a way to deal with localized capacity constraint resulting from inadequate infrastructure (17), and that they might curtail power in anticipation of shortages that may never materialize (18). These examples, provided by BC Hydro, appear to confirm the fears of E-Plus customers that there will be an escalation of justifications put forth as reason to interrupt E-Plus.

Additionally, BC Hydro has not explained why they believe the language of Special Condition 1 must be changed to remove the requirement for them to provide electricity “economically from other energy sources” before interrupting (10). That provision of the current language seems eminently reasonable rather than restrictive, and removing it an obvious attempt to create additional interruptions.

3.2 BC Hydro have not adequately quantified financial considerations, including the impact on E-Plus and other customers

There was no language included in the E-Plus Agreement that provides for revisiting or modifying the provisions of the rate based on changing financial opportunities or conditions. As with the rest of the Agreement this must have been a conscious and informed decision by BC Hydro and by the BCUC who reviewed and approved the rate. We submit that any argument that is based on financial considerations must be compelling and must, like other arguments, meet the test of “just, reasonable and not unduly discriminatory”. We believe this requires full recognition of the economics of the E-Plus program for

customers from the time they joined the program, as well as the additional sales and profits generated by the E-Plus program from the time of its introduction.

Although the RDA does not propose to terminate the E-Plus program, questions have been asked and information provided regarding the financial impact of doing so. BC Hydro has attempted to quantify the impact of ending E-Plus and suggests this would be \$6 million annually (19) if applied to the current year (obviously, the amount would decrease with the significant on-going attrition of E-Plus customers.

This estimate appears to be based on all E-Plus customers continuing to use the same amount of electric heat, and paying at Residential Tier 2 rates. We believe that to be a false assumption. Based on feedback from EPHG members, if E-Plus were lost, most would want to move to alternate heating methods, depending more on their backup systems while installing new oil or gas systems if they could afford to do so. (Many live in rural areas that are not served with natural gas.) They believe that at Step 2 rates, electric heating would be far more expensive than most alternatives. (BC Hydro is best qualified to provide comparable heating costs of gas, oil and electricity). As E-Plus usage dropped, BC Hydro would be forced to find additional markets for that power, and it is not clear if prices realized would match Tier 2 rates.

The question of the appropriate method of determining the marginal cost of providing residential E-Plus power, and whether this is fully recovered by E-Plus rates, has been a contentious one from the time of the 2007 RDA at least. EPHG does not have the technical expertise to enter into this debate, however we note the difficulties of making a case on this basis (e.g. Is it to correct to argue that the cost of providing non-firm power is the same as for firm power, simply because a particular non-firm power customer has not yet been interrupted?)

A possible motivation for forcing changes to E-plus is to create or preserve opportunities to sell this power to others, possibly export customers, at a higher price. This would fit with BC Hydro's refusal to recognize the priority promised previously for residential E-Plus (20). BC Hydro has not attempted to quantify any such opportunities available to them from reallocating non-firm power to customers other than residential E-Plus nor have they attempted to explain how this would work in practice. Many questions must be addressed, including how this fits with the mandate of our public utility, whether, for example, BC Hydro has an obligation to serve residential customers before commercial ones, or the needs of British Columbia customers before exporting. In any case, interrupting residential E-Plus customers solely for the purpose of selling power to other non-firm customers would fall far from the original intent of the E-Plus rate.

The financial consideration that is most pertinent at this time, in the context of the current RDA and Business Case is; what would be the impact of easier/more frequent interruptions of E-Plus. If the intent of such interruptions is to reduce or avoid outside purchases, to maintain outside sales, or to avoid curtailing other non-firm customers who pay higher rates than E-Plus customers in times of shortage – then BC Hydro has not quantified the financial benefits.

While the financial benefits for BC Hydro from changing or interrupting E-Plus are unproven, the economics of the E-Plus program as it has affected and might affect E-Plus homeowners are better defined.

- Qualifying for E-Plus required a substantial investment for electric heating as well as a backup heating system and in many cases (although not strictly required by BC Hydro) a high-energy efficiency home in order to make backup heating practical **(8)**.
- Homeowners have incurred additional costs to maintain or upgrade their backup systems as well as to maintain fuel supplies over many years **(8)**.
- Homeowners have enjoyed savings in home heating costs, at least initially. Savings have been less certain in recent years as the cost of electricity have risen while that of oil and gas has decreased substantially. (Arguably the savings relating to E-Plus should be measured against fossil fuel alternatives, and not against the normal price of electric power.)
- Since transferability was ended in 2008, having E-Plus heat no longer added to the value of a home but in fact diminished its value. At Tier 2 rates potential purchasers would have to factor in \$730/year (130 percent) higher heating costs, on average **(21)**, which at current mortgage rates would have about a \$15,000 impact on home value. EPHG believe that the cost of replacing electric heat with a gas or oil system could be that amount or more, and in some cases (e.g. houses using electric baseboards, with no basement or crawl space for ducting) no alternatives might exist.
- A homeowner who wished to move off the E-Plus rate, who could no longer qualify, or who found more frequent interruptions intolerable would face costs similar to those described for new homeowners **(8)**.

Any potential returns from changing the E-Plus program must be viewed in light of the relatively small number of E-Plus customers and the ongoing decrease in their numbers since the action taken following the 2007 RDA to end “transferability” to new purchasers of E-Plus homes. The rate of decrease is driven primarily by demographics; as customers grow older they move to other homes, or die. In 2015 over 80 % of E-Plus customers were over 55 years of age, 50% over 65 **(22)**. As a result their numbers are falling rapidly in an exponential manner; the decrease of 754 customers (10%) from 8177 to 7423 between 2015 and 2016 was the largest ever in a single year, and the total decrease since transferability was ended has risen to 37% **(23)**. Of course some customers may “hang on” for many more years. In reply to an IR BC Hydro has estimated as much as 25 years will pass before all have left the program **(24)**, but that estimate is largely irrelevant as the numbers will be very small in a much shorter time frame, and even now residential E-Plus customers account for less than 0.1% of BC Hydro’s total revenues **(25)**.

Considering BC Hydro’s estimate that the maximum savings created by terminating E-Plus equate to 0.3% of the bills paid by “non-participating” residential customers **(19)** it seems highly unlikely that there would be meaningful financial benefits to others from the changes being proposed.

3.3 BC Hydro’s Application does not reflect broad, informed input from stakeholders and E-Plus customers

BC Hydro has not demonstrated that there is a strong public or stakeholder demand for proposed changes or that there has been adequate consultation on their proposal with those most directly affected.

At workshops held in May of 2014 **(26)** in preparation for the 2015 RDA, BC Hydro proposed to “maintain attrition approach” for the Residential E-Plus program. This was an entirely reasonable proposal that respected BC Hydro’s earlier commitments that E-Plus was a permanent program, as well as the outcome of the 2007 RDA that “transferability” of the rate to new homeowners would no longer be allowed, ensuring that the rate would disappear through natural attrition.

At least 22 “stakeholder groups” attended that workshop, however no individuals or groups representing E-Plus customers were notified or invited and consequently had no chance to provide information or make input. Specifically, the EPHG was not invited even though they had been active interveners representing Residential E-Plus customers in the 2007 RDA.

Only two intervener groups gave feedback that questioned BC Hydro’s proposed “attrition” approach **(27)**. The BCSEA input was, “This should be phased out if it does not serve a useful purpose”. This qualified response indicated that BCSEA was unfamiliar with the program at the time, and in fact BCSEA later submitted over 100 questions to better inform themselves about it. The BCOAP feedback simply stated, “all E-plus rates should be phased out by 2018 at the latest”. This was clearly not a fully informed position since after an exchange of information with EPHG, and upon learning more about E-Plus, in particular the prior commitments made to customers and the financial impact of their losing the rate, the BCOAP changed their position on E-Plus to “neutral” and have since maintained that approach **(28)**.

Nevertheless, based on the concerns expressed by two groups who have no direct interest in the E-Plus rate, who at the time were unfamiliar with the details of the program such as commitments made to customers or the impact on those customers of losing the program, and in the absence of any consultation with those directly affected, BC Hydro changed their initial position and undertook a review of the possibility of terminating the residential E-Plus program. They sent out mailings and held information sessions asking E-Plus customers to give input on two options: Option 1 Maintain the Rate, and Option 2 “Phase out” the Rate **(29)**. Over 3700 residential E-Plus customers responded overwhelmingly in favour of Option 1 and many presented arguments to support their position **(30)**.

No other options were presented or implied. In fact BC Hydro assured customers that only these two options were on the table, as follows: “In spring 2015 BC Hydro will discuss the two options set out above for the E-Plus rate with stakeholder groups... once BC Hydro reviews your feedback and feedback from stakeholder representatives it will... decide which option it will propose for the 2015 RDA” **(29)**.

Subsequently, in May 2015, BC Hydro held a second workshop “9-B” for “stakeholders” **(31)** and again no E-Plus customers or their representatives were invited. At this workshop BC Hydro proposed a new option, Option 3 - “Amend RS 1105 Special Condition 1 to provide a practical interruptible option”. This Option forms the basis of their current Application. In the RDA BC Hydro describes stakeholder input on Option 3 as follows **(32)**:

- “BCOAP indicated it was neutral on Residential E-Plus issues.”
- “COPE 378 suggested an option whereby customers are given a choice between truly interruptible service, if a service can be developed and implemented to provide an appreciable benefit to BC Hydro and the system that justifies the lower rate, and a phase out of RS 1105 over a reasonable period”

- “BCSEA questioned whether Option 3 would improve the situation but notes that it had not had a chance to review BC Hydro’s response to BCSEA’s written questions.”

For the second time BC Hydro had changed their position on residential E-Plus (deciding to present an Application based on Option 3) apparently based on input from as few as two stakeholders whose input fully acknowledged their unfamiliarity with the details of the rate. It is noteworthy that none of the stakeholder groups who originally raised questions regarding E-Plus, including BCSEA who have gone to the greatest lengths to fully inform themselves of the E-Plus program, have indicated that they will advocate further for changing it in the current RDA hearings.

The E-Plus customers who would be directly affected by the decision to move to Option 3 were given no opportunity to make input or participate in the decision process. When they were finally told that an Option 3 had been generated and was to be the basis of the 2015 RDA, in a letter dated August 26, 2015 (33) this was already a “fait accompli”. Option 3 was presented to E-Plus customers as a seemingly benign “update” in language that was overshadowed by the welcome news (for customers) that the E-Plus rate itself would be maintained. It is unlikely that more than a handful of customers who read this letter understood the significance of the changes proposed to Special Condition 1 of the Rate Schedule, or its potential ramifications for them.

EPHG immediately wrote BC Hydro (34) to ask for clarification of their proposals and BC Hydro subsequently (35) offered EPHG the opportunity to make input regarding their proposed Business Practice governing interruptions. EPHG have since made vigorous representations (36) to BC Hydro asking them to modify their Business Practice to make it fair and reasonable and to respect prior commitments, particularly those guaranteeing priority over other non-firm customers and specifying a 30 day notice for extended interruptions.

BC Hydro has rejected or ignored all such input from EPHG. The over 7000 residential E-Plus customers who are not members of EPHG have had no opportunity to even make input and will have every reason to feel “blind-sided” when they learn the potential impact of the changes contemplated. BC Hydro’s approach to E-Plus customers stands in sharp contrast to their willingness to accept input and to change direction based on the input of a few groups with no direct interest in the residential E-Plus rate. This is hardly the balanced approach expected of a valid consultation process.

3.4 BC Hydro has not demonstrated that their proposals are in the public interest while not imposing undue hardship on those customers directly affected

Two of the measures applied by BCUC in the 2007 RDA were whether proposals are in the public interest while at the same time not imposing undue hardship (37). EPHG submit that BC Hydro’s current application does not adequately address these concerns.

Their Application and supporting Business Practice are clearly intended to increase their ability to interrupt residential E-Plus power. They state that “the rate has never been interrupted” and that their proposal will ensure “that the rate is truly interruptible as was intended when the discount was offered” (38). BC Hydro appears to imply that the E-Plus rate is a problem or a failure because it has not led to periodic interruptions in power in the time it has been in place. This misrepresents the original purpose of the E-Plus rate which BC Hydro acknowledges was “to market surplus energy because at the time

consistent access to the spot market was not available” (39). Presumably E-Plus delivered in that regard for some period of time, providing increased sales and revenue to BC Hydro, to the benefit of other customers.

Making interruptions in itself has no value. As described in Section 3.2 any financial opportunities or returns from doing so are at this point unclear. In fact every interruption would likely result in a loss of revenue to Hydro (which may or may not be offset by lower costs of supply), and BC Hydro has acknowledged that at times interruptions might be imposed unnecessarily stating that they “would interrupt E-Plus customers when resources are forecast to be limited even if the situation does not actually materialize” (17).

BC Hydro describes the benefits of their proposals to non E-plus customers as follows “non-participating customers will now benefit through BC Hydro’s ability to manage system requirements with a reliable curtailment option” (40). Our primary concern in this regard is BC Hydro’s stated intention to ignore the priority promised residential E-Plus over other non-firm customers. **EPHG do not dispute the fact that curtailing E-Plus to protect power supply to firm power customers is totally consistent with the E-Plus Agreement.** However, it is not clear whether circumstances exist under the current supply demand situation, or will arise in the future when this would be required, and considering that residential E-Plus demand has dropped to only 0.18% of BC Hydro’s total generating capacity (41) and is continuing to decrease, the opportunities in this regard are clearly very limited.

BC Hydro and some stakeholders have at times, in particular during the 2007 RDA Hearings, suggested that E-Plus rates might discourage conservation as they are lower than regular rates. However no information comparing usage in “like for like” homes or other data has ever been presented to support this so far as EPHG are aware. In fact, EPHG contends that E-Plus homes are generally energy efficient as it would not otherwise be practical to heat them with back-up systems. We also note that even at E-Plus rates electric heating is expensive and has increased substantially in recent years in line with BC Hydro’s large general price increases

Electric heat is accepted as clean, safe and environmentally friendly. Interruptions of residential E-Plus will result in greater use of combustible fuels, and in some communities air quality may become a contentious issue due to increased wood burning. If E-Plus customers are forced to abandon the rate those changes could be magnified many times as back-up systems will be used extensively.

In summary, imposing interruptions may have little more than symbolic value with no clear or defined public benefits. However the impact on the small group, mostly seniors, who comprise E-Plus customers will be severe (see Sections 3.2 and 4.0). They will face the considerable difficulty of responding to long-term power interruptions with as little as two days notice if the harsh terms of BC Hydro’s proposed Business Practice are accepted. They will face inconvenience, labour and cost to run their back-up systems. If interruptions become intolerable they will face substantial costs to move off E-Plus. The impact on them will be far out of proportion to any conceivable gain for BC Hydro or for other customers.

3.5 BC Hydro’s approach challenges the integrity of the process of Hydro supply and regulation in British Columbia

In a letter from Keith Anderson to EPHG dated January 27, 2016, BC Hydro confirms their position that they are not required to honour prior written commitments made to E-Plus customers, commitments that were the basis of the approval of the program as well as the financial decisions of those who joined. Mr. Anderson characterized these as mere “discussions”. He also states that rules can “change to reflect current needs and capabilities”. He bases BC Hydro’s position “by extension” on a decision of the BCUC in the 2007 RDA, which asserted the Commission’s jurisdiction over rate schedules, regardless of any commitments made by BC Hydro (42).

A large private or public corporation could never take a similar position with their customers without widespread condemnation and the threat of legal action. The potential conflict between BCUC jurisdiction and civil contract law was recognized and discussed in the 2007 RDA hearings (43). Without attempting to revisit those arguments we believe that as a Crown Corporation there is a particular obligation on BC Hydro to act in good faith in it’s dealing with its customers and the citizens of British Columbia. Regardless of any questions about “contracts” or “legality” the idea that BC Hydro can design, promote and enter into a profitable business arrangement, reap the benefits of that arrangement for several years and then unilaterally make fundamental changes to it if business conditions change in a way that makes it less attractive to them is repugnant. Such actions will not stand up to the kind of scrutiny that they would attract from the public, the media and in the political arena.

Obviously any interruptions in heating power will be closely examined by those affected as well as by third party observers, and will potentially be contentious. If done improperly or unnecessarily there could be serious human, social, environmental and political repercussions, and clearly these would increase exponentially with the length of time of the interruption. Among many customers there will be a belief that interruptions were neither necessary nor useful, or at worst, reflect heavy handed bullying designed to drive E-Plus customers from the rate. This can only be avoided by respecting the commitments made when the rate was introduced, and the legitimate concerns of customers.

The idea that BC Hydro can avoid their commitments by arguing that they did not have to right to make those commitments in the first place, or that they made those commitments out of ignorance or lack of foresight, will not be well received by BC Hydro customers or by the public. BC Hydro will be seen as acting unethically and attempting to “hide behind the skirts” of the BCUC, rather than accepting responsibility for their actions. The BCUC should not be put in the position of facilitating such actions by BC Hydro. For the BCUC to do so would severely damage the public’s faith in the integrity of the system of electrical power regulation in British Columbia.

4.0 Proposed Business Practice Governing Interruptions

While EPHG sees the usefulness and even the need for a Business Practice document to supplement RS 1105, we note that the value of this will be compromised by BC Hydro’s position that they can change such “rules” at will to suit their interpretation of current needs and capabilities.

To have value and credibility a Business Practice must recognize and incorporate the key commitments of the existing E-Plus Agreement that relate to interruptions. These are:

1. Residential E- Plus customers will be given priority over other non-firm power customers (6)
2. Residential E-Plus customers will be given 30 days notice of interruptions longer than a few hours (7)

These provisions are further discussed in Sections 4.1 and 4.2 below

Additionally we submit that it would be fair and reasonable for BC Hydro to include in a business practice

3. A provision that individual customers may specify by what means of communication they wish to be advised of pending interruptions – mail, telephone or email
4. Confirmation that interruptions will only be initiated where there is a demonstrable lack of surplus power (energy or capacity), that is power beyond that needed to service firm power customers, during the **full period** of the interruption and for the **specific service area** to be affected

EPHG has made considerable input to BC Hydro on these four points and BC Hydro has rejected all of that input, without exception. In doing this they are ignoring language and understandings that have stood unchallenged for almost thirty years. The only commitment BC Hydro has offered to E-Plus customers is that power will not be interrupted in the warm months of May to September (44), the period when heat is unlikely to be required in any case! We believe this to be a disingenuous, insensitive offer and an indicator of BC Hydro's failure to recognize or take seriously the impact that interruptions of home heating during the cold winter months will have on an elderly and vulnerable group of customers.

BC Hydro appears to be driven by a desire to reinvent E-Plus. Our understanding is that when E-Plus was first introduced customers were led to believe that interruptions would likely be brought about by major, foreseeable, and unavoidable circumstances such as abnormally low reservoir levels (45). In their application BC Hydro appears to be asking for flexibility to use E-Plus as a sort of demand management tool that they can use at their discretion and with a minimum of hindrance; "a flexible option to respond to system or localized constraints when circumstances require" and "one of many tools in the toolbox (46).

On the surface this objective does not appear unreasonable, but combined with the language change proposed in the Rate Schedule, and their stated intention to ignore both the priority of residential E-Plus customers and the notice period promised before interruptions, BC Hydro's application would remove virtually all of the key protections for those customers that were put into place at the time they joined the program, and would greatly increase the likelihood of them having their power interrupted.

4.1 Priority among non-firm customers

BC Hydro's current Application and letters sent to customers make repeated reference to treating E-Plus customers the same as other non-firm customers: "Amendment is consistent with the wording found in BC Hydro's other non-firm (interruptible) rates such as the Shore Power Rates" (47). This is reflected in their proposed Business Practice which ignores one of the most important assurances given to E-Plus customers when the rate was introduced, that Residential E-plus customers would be given priority over other non-firm customers: "**Residential customers will be given priority over other surplus energy**

customers and will not be interrupted to export surplus interruptible energy” (6). (EPHG understand the word “export”, in this context, to mean sales outside of BC Hydro’s normal service area in British Columbia).

The promise of priority lies at the very heart of the “E- Plus Agreement”. It gave those joining the program the assurance that they would not be interrupted without good reason and that they would not be “squeezed” off the rate by BC Hydro making additional sales to other non-firm customers. This assurance was considered so important at the time that it was repeated in the British Columbia Legislature by the Minister responsible, who in regard to potential interruptions of E-Plus service stated: **“Obviously, the export market will be the first to be cut off, then large industrial customers here, then commercial and finally the homeowner, if there is indeed a shortage of energy”(6).**

There can be no question that this commitment was understood and accepted by BC Hydro, by the BCUC when they approved the rate in 1987 and by the Government of British Columbia at the time. The EPHG submission and verbal testimony in the 2007 RDA repeated the commitment of priority (48). This was not challenged by either BC Hydro in their response, or by the BCUC Panel who acknowledged but did not challenge it in their Decision (49).

Giving priority to residential E-Plus customers, in addition to being a commitment by BC Hydro, is just and reasonable for a number of reasons, including:

- The amount of power consumed is only 0.18% of BC Hydro’s generating capacity (41), and continually getting smaller (23), and only in extreme cases could it be demonstrated that there was a need to curtail this because of insufficient energy or capacity.
- Giving proper notice and carrying out an interruption of service to 7500 individual residential customers will be challenging and costly in comparison to dealing with other non-firm customer groups.
- Residential E- Plus customers are the most unsophisticated and vulnerable of non-firm power customers and do not have the technical, legal or business expertise to monitor interruptions, sales to other non-firm customers, the conditions that led up to a lack of surplus or to otherwise ensure that agreed upon practices are being followed and curtailments are not being imposed unnecessarily or punitively. This concern would be magnified greatly under the proposed changes which give much more latitude to BC Hydro.
- Without such an assurance BC Hydro would in theory be free to simply push residential E-plus customers off the rate by expanding sales to other non-firm customers
- There will be a negative environmental impact from residential interruptions as these will result in greater use of fossil fuel, and in some communities air quality may become a contentious issue due to increased wood burning
- There could be serious, unintended social and human cost attached to interruptions; as an example, senior citizens in Northern communities could be chopping wood in the snow to fuel backup heating systems, or sitting in the cold because of unexpected problems with those systems, while non-firm power was being exported

The promise of priority can only be maintained if BC Hydro makes a reasonable attempt to manage non-firm sales with a view to what effect these will have on power availability in the foreseeable future. For example, EPHG submits that it would not be acceptable to knowingly allow reservoir levels to be depleted by sales to other non-firm customers when this could reasonably be foreseen to result in future shortages leading to interruptions of residential E-Plus.

BC Hydro's response to EPHG's request to honour the promise of priority among non-firm power customers is simply to deny that what they term a "hierarchy of interruption for non-firm service" does or should exist, (50). Based on the numerous references EPHG has provided we submit that there clearly is an "established hierarchy"; BC Hydro is simply suggesting that they are free to ignore it. The burden of proof falls on BC Hydro to justify such a clear change from previous understandings, yet they provide no rationale for their position beyond their general comment that this and other suggestions made by EPHG will "limit their flexibility" (51). EPHG sees no practical reason why the promised priority cannot and should not be maintained, considering what a small and decreasing part of capacity is accounted for by Residential E-Plus. The suggestion that electric heat supplied in the winter to the home of a senior citizen living in northern British Columbia must, for some unstated reason, be governed by the same rules as e.g. "shore power" supplied to cruise ships in Vancouver harbor, and could in theory be interrupted before that power, is both unreasonable and discriminatory.

4.2 30-days notice period for long- term interruptions

In their Business Practice BC Hydro proposes (52) to issue a "reminder notice" at the beginning of the heating season, reminding customers of the possibility of interruptions, and then to provide only 2-days notice when interruptions are expected. This ignores the commitment of the "E-Plus Agreement" that established a required notice period of 30 days for interruptions of more than a few hours. This notice period was repeated in different documents (7) including a letter from John Sheehan, Vice President Customer Service of BC Hydro dated October 17, 1990, which unequivocally stated "You will be given at least 30 days notice of any interruption."

A 30-day notice period for long interruptions is therefore well established, and providing adequate notice of interruptions is fully justified for several reasons, including:

- E-Plus customers might be travelling, hospitalized, working away from home or otherwise be unavailable to receive and promptly react to a shorter notice period. A 2-day notice period would make them prisoners in their own homes during the heating season.
- BC Hydro has established harsh consequence for those who do not properly react, charging the punitive rate of 30.37 cents/kW hour and/or permanently removing the customer from E-Plus service if power is used for heating during interruptions (53).
- If extended curtailments were initiated automatically or manually by Hydro, and a customer was not properly informed and prepared, there would be risk of substantial property damage or in the worst case health consequences for the homeowner, due to unavailability of heat.

BC Hydro attempts to minimize the impact of a short notice period by suggesting that as customers have back-up heating systems "there should be no detrimental effect on the comfort or security of E-Plus

customers” (54). This misrepresents the reality. There was never a requirement that backup heating systems be capable of starting automatically, be thermostatically controlled or otherwise be capable of operating without continual attention. A large majority of E-Plus customers use wood stoves as back-up (55), and these cannot be started, regulated, fueled or left safely without constant attention. These concerns are amplified for the largely elderly E-Plus customer group.

BC Hydro’s proposal to “side-step” the required 30 day notice period by providing a “reminder notice” at the beginning of the heating season ignores both the intent of and the need for reasonable notice. In attempting to justify their actions they characterize their own long standing commitment of 30-days notice as providing “no value”, claim that “a service interruption would not be called under any of the other non-firm programs if a 30 day advance notice was required”, and point out that interruption of firm service does not require notice (56).

These are false comparisons, based on the assumption that E-Plus customers are no different from other non-firm customers. As discussed above BCHG do not accept that BC Hydro can ignore the priority of E-Plus customers, who should be the last among non-firm customers to be interrupted. Regardless, the ability of a homeowner, most likely a senior citizen, to respond to or manage a power curtailment cannot be compared to that of a large industrial or commercial customer or a cruise ship. Other customers, including those on firm power are not facing the potential loss of their primary home heating for long periods, perhaps for months.

BC Hydro has even rejected EPHG input asking that individual customers should be allowed to specify their preferred means of communication for notice of interruption as registered mail (as provided for in existing language). They state that this does not “reflect changes in communication capabilities” and wish to use only email or “auto dial” telephone messaging (57). This statement is insensitive to the needs of a customer group that includes many elderly people who may, for example, overlook or misunderstand such messages.

For short term interruptions of a few hours made necessary by high demand, such as those resulting from daily “peak periods”, EPHG recognize that a long notice period is neither practical nor is required under the “E-Plus Agreement”. EPHG suggest a reasonable definition of “short term interruptions” would be those of 3 hours or less. E-Plus homeowners are well positioned to manage such short interruptions of their E-Plus service, and potentially these might be initiated remotely by BC Hydro or in the home through the use of e.g. programmable thermostats. Working constructively with E-Plus customers to achieve benefits from short term interruptions might be the best opportunity for BC Hydro to realize increased benefits from the E-Plus program while respecting their prior commitments.

5.0 Conclusions

The E-Plus program (Rate Schedule 1105) was introduced in 1987 in order to create increased sales and profits for BC Hydro through the sale of “interruptible” surplus power. Joining the program required a long term commitment to electric heating, and a considerable investment. Customers who joined did so based on assurances as to the permanence of the program and the way in which it would be managed.

Although presented as an “update” intended to allow more flexibility, the changes proposed by BC Hydro, through new language for the Special Conditions of the rate as well as a proposed “business

practice”, stray far from the original terms and intent of the program. BC Hydro’s has not supplied compelling arguments in support of the changes it proposes. Furthermore, those changes fail to meet the test of “just, reasonable, and not unduly discriminatory”. They provide little more than token benefits to BC Hydro and its other customers, while imposing undue hardship on a small and vulnerable group.

E-Plus is a very small program, accounting for just 0.18% of BC Hydro’s capacity and is disappearing rapidly through natural attrition. No further action is justified, and therefore BCUC should deny the changes proposed in the current RDA.

REFERENCES

1. Hansard: Monday May 25, 1987 Afternoon sitting

Hon. Mr. Davis

“The policy announced on Friday had previously been cleared by the B.C. Utilities Commission for fairness across the province and cost recovery.”

“BC Hydro has devoted some nine months to the establishment of this rate, the two to three months advance notice for disconnection and so on. The Hon. member can rest assured that our public power company knows what it’s doing.”

“Obviously the export market will be the first to be cut off, then large industrial customers here, then commercial and finally the homeowner, if there is indeed a shortage of energy. But the priorities are well established....”

**2. Province of British Columbia – British Columbia Utilities Commission
In the matter of an Application by the British Columbia Hydro and Power Authority - May 15, 1987**

Order number G-24 – 87

P. 1 - “Order

WHEREAS by the introduction of the proposed Electric Tariff Rate Schedules B.C Hydro seeks to develop a more secure market for its surplus energy for the benefit of all its customers”

p. 2 WHEREAS the Commission has reviewed the Application and finds that the introduction of the proposed electric service is in the public interest.

NOW THEREFORE the Commission orders the B.C. Hydro and Power Authority as follows”

The introduction of the following Electric Tariff Rate Schedules is approved effective May 15, 1987: Schedule 1105 - Residential Dual Fuel Interruptible Service.

3. BC Hydro Electric Plus Heating Program – October 1987 [informational brochure]

“Electric Plus is a permanent program, ---

BC Hydro Electric Plus Question and Answer Guide September 1989

Q. How long will the Electric Plus rate be available?

A. Once our targets have been achieved, the rates will be closed... but those customers who already have the rate can keep it.

4. 11. BC Hydro- Electric Plus Owner’s Guide - January 1989

“Our obligations - The special low Electric Plus rate is expected to remain fixed until March 31, 1991. After that we will keep the Electric Plus rate at least one third lower than the firm electric rate, subject to BC Utilities Commission concurrence.

Letter BC Hydro (John Sheehan) to individual E-Plus customers 7 January 1991

“We had previously indicated when the program was introduced in 1987 that the Electric Plus rate would be fixed until at least 31 March 1991 and thereafter the rate WOULD NEVER EXCEED two thirds of the regular price of electricity. Naturally, WE STAND BY THAT COMMITMENT.”
[Capitals included in original document]

5. BC Hydro Electric Plus Heating Program – October 1987 [information brochure]

“Residential customers will be given priority over other surplus energy customers and will not be interrupted to export surplus interruptible energy.”

Hansard: Monday May 25, 1987 Afternoon sitting

Hon. Mr. Davis

“Obviously the export market will be the first to be cut off, then large industrial customers here, then commercial and finally the homeowner, if there is indeed a shortage of energy. But the priorities are well established....”

6. British Columbia Hydro and Power Authority – Residential Dual Fuel Interruptible Electric Service Agreement

“The customer understands that... interruptions in service under the Electric Plus (Rate Schedule 1105) rate will be of two types:

- (a) Infrequent interruptions of long duration (possibly several months) following advance notice
- (b) Interruptions of short duration (usually only hours) without notice, to prevent local system overload

BC Hydro- Electric Plus Owner’s Guide- January 1989

“Our obligations

Electric Plus customers will receive written notice at least 30 days before a scheduled interruption.

BC Hydro Electric Plus Question and Answer Guide September 1989

- 29. Q. When will service interruptions occur?
 - A. A minimum of 30 days notice will be given for long-term interruptions.

Letter – BC Hydro (John P. Sheehan) to Individual E-Plus Customers 17 October 1990 -

“You will be given at least 30 days notice of an interruption.”

7. Anecdotal Evidence from EPHG members, most conservative estimates based on experience:

- cost of electric heating vs oil furnace - \$0 to \$2000 depending on application
- original cost of back-up heating, based on one wood heater - \$1000 and up (\$3000 and up if masonry chimney required) in 1987 dollars)
- annual cost of maintaining back-up heating (wood), including insurance, chimney cleaning and one replacement unit since installation - \$250 in current dollars

- removal of electric furnace, replacement with oil furnace, including oil tank and piping, controls, and ducting work - \$10,000 - \$15,000 in current dollars

8. Letter from BC Hydro (Kevin Anderson) to EPHG – January 27, 2016

“In the 2007 RDA Decision... ‘The Commission panel is of the opinion that it had the jurisdiction to find Rate Schedules 1105 and 1205 to be in the public interest in 1987, to amend them in the public interest in 1992 and that that jurisdiction remains’. BC Hydro agrees with this determination and, by extension, the internal rules how and under what conditions E-Plus services interruptions would work can change to reflect current needs and capabilities”

9. 2007 RDA Phase – 1, DECISION, October 26, 2007 Page 135

“The Commission is of the opinion that in order to meet the standard of being in the public interest a Rate Schedule must be just reasonable and not unduly discriminatory

10. BC Hydro Electric Tariff – Effective 03 March 2016, RS 1105 – Special Condition 1 [Existing language]

“BC Hydro may, at any time and from time to time, interrupt the supply of electricity under this rate schedule whenever there is a lack of surplus hydro energy and the service cannot be provided economically from other energy sources.”

British Columbia Hydro and Power Authority – 2015 Rate Design Application – September 24, 2015, 5.3.4, page 5-55 [Proposed language – Special Condition 1 of RS 1105]

“BC Hydro will provide electricity under this rate schedule only to the extent that it has energy and capacity to do so. BC Hydro may, at any time and from time to time, interrupt the supply of energy under this rate schedule where BC Hydro does not have sufficient energy or capacity”.

11. British Columbia Hydro and Power Authority – 2015 Rate Design Application – September 24, 2015, 5.3.4, page 5-55

“The proposed changes to Special Condition 1 will allow for the Residential E-Plus rate to be practically interruptible. ... Option 3 ensures that... the rate is truly interruptible and serves a useful function as was intended when the discount was offered.”

12. 2007 RDA Phase – 1 , DECISION, October 26, 2007 Page 136

“The Commission panel notes that one circumstance that has not changed since 2007 is BC Hydro’s ability to interrupt its E-Plus customers”

13. Letter – BC Hydro (Kevin Anderson) to EPHG – January 27, 2016-02-15 Page 2 –

“it would be impractical and therefore unlikely to interrupt E-Plus for periods of very short duration, such as a few hours”

14. British Columbia Hydro and Power Authority – 2015 Rate Design Application – September 24, 2015 Page 5-54 – “BC Hydro is investigating the viability of residential response initiatives

through a pilot program in Sidney and North Saanich aimed at shaving and shifting peak load by focusing on water heating and storage. Option 3 dovetails with these initiatives.”

15. **BC Hydro Responses to Information Request No. 2 - 2.142.1**
16. **BC Hydro Response to Information Request 1.43.1, issued February 12, 2016 – Exhibit B-14**
Attachment 1 Proposed Residential E-Plus Interruption Business Practice
17. **BC Hydro Responses to Information Request No. 2 - 2.144.2**
Question - If approved would the proposed changes to the E-Plus tariff change BC Hydro’s design practices? Please explain.
Response – Generally, the proposed changes would not impact BC Hydro’s design practices as the individual E-Plus loads are generally small when compared to a feeder or substation total load.
If, however, BC Hydro were looking to address a capacity related issue where:
 - 1) Site and regional conditions made installing additional capacity difficult; and
 - 2) Load could not be transferred to another circuit; and
 - 3) There was a significant concentration of E-Plus customers on the feeder.BC Hydro would consider interrupting E-Plus customers to address these specific capacity constraints.
18. **BC Hydro Responses to Information Request No. 2 – 2.143.6.3**
“BC Hydro would interrupt E-Plus customers when resources are limited even if the situation does not actually materialize.”
19. **BC Hydro Response to BCUC Information Request No. 2 – 2.148.2**
“Incremental revenues to BC Hydro if all E-Plus customers transitioned onto the RIB rate for all their electricity consumptions would amount to about \$6 million at current rates. This would translate into a rate decrease to non-participating customers of about 0.3%”
20. **Letter – BC Hydro (Keith Anderson) to EPHG – January 27, 2016**
“there currently isn’t an established hierarchy of interruption for non-firm service, and BC Hydro does not agree one should exist.”
21. **BC Hydro Response to BCUC Information Request No. 2 – 2.146.3**
“For an E-Plus customer consuming at the median of the E-Plus class consumption... the F2016 annual energy charge is expected to be about \$1400.... If this same customer was fully under the RIB rate, their F2016 annual energy charge is expected to be about \$2140,”
22. **BC Hydro Rate Design Application – Q & A, April 15, 2015**
Response to Question No. 5
23. **BC Hydro Response to BCUC Information Request No. 2 – 2.148.4**

Residential E-Plus accounts as of 2008 – 11765
Residential E-Plus accounts as of 2015 – 8177
Residential E-Plus accounts as of 2016 - 7423

24. **BC Hydro Response to Information Request No. 2 – 2.148.5**
“a reasonable estimate of the natural termination of the E-Plus rate for Residential customers is about 20 to 25 years.”
25. **British Columbia Hydro and Power Authority – 2015 Rate Design Application – September 24, 2015, 5.3.2. Page 5-49**
“Residential E-Plus Customers represent a small portion of the Residential customer revenues (approximately \$4.7 million of \$1.9 Billion (F2014).” [Note - This is equivalent to about 0.25% of residential revenues and less than 0.1 % of total revenues which exceed \$5 Billion according to BC Hydro’s website]
26. **2015 Rate Design Application, May 8th Workshop #1**
27. **BC Hydro – 2015 Rate Design Application, Workshop #1, 8 May 2014
Summary of Feedback and Considerations**
28. **British Columbia Hydro and Power Authority – 2015 RDA – September 24, 2015, 5.3.4.
Page 5-54**
“BOCAPO indicated it was neutral on Residential E-plus issues.”
29. **Letter from Keith Anderson to E-Plus customers – Feb. 24, 2015**
“BC Hydro is considering two options for the E-Plus rate:
Option 1 – maintain the E-Plus rate
Option 2 – phase out the E-Plus rate”
“Once BC Hydro reviews your feedback and feedback from stakeholder representatives it will --
- decide which option it will propose for the 2015 RDA”
30. **British Columbia Hydro and Power Authority – 2015 RDA – September 24, 2015, 5.3.4.
Page 5-52**
“BC Hydro received approximately 3,700 Residential E-Plus customer responses to the February 24, 2015 letter (about 45 per cent of the total number of Residential E-Plus customers). The vast majority of respondents support Option 1 for a number of reasons including:
 1. The E-Plus rate is a contract between BC Hydro and the customer (37 per cent of comments);
 2. Investments in back-up systems were made in good faith (36 per cent of comments);
 3. Electricity affordability (36 per cent); and

4. The closed rate will end under attrition given the generally older age of E-Plus customers (21 per cent).

31. **BC Hydro - 2015 Rate Design Application, Workshop No. 9 B, 21 May 2015**
32. **British Columbia Hydro and Power Authority – 2015 RDA – September 24, 2015**
5.3.4. Page 5-54
33. **Letter from BC Hydro (Keith Anderson) to individual E-Plus Customers – August 26, 2015**
34. **Letter from EPHG to Keith Anderson, BC Hydro – September 4, 2015**
35. **Letter from BC Hydro (Keith Anderson) to EPHG – December 15, 2015**
36. **Letter from EPHG to Keith Anderson, BC Hydro – January 5, 2016**
37. **2007 RDA Phase – 1, DECISION, October 26, 2007, Pages 134 and 136**
38. **Letter from BC Hydro (Keith Anderson) to individual E-Plus Customers – August 26, 2015**
39. **British Columbia Hydro and Power Authority – 2015 RDA – September 24, 2015**
5.3.2. Page 5-49
“The purpose of the rates was to market surplus energy that would have been spilled because at the time consistent access to the spot market was not available.”
40. **BC Hydro Response to Information Request No. 2 - 2.147.1**
“non-participating customers will benefit through BC Hydro’s ability to manage system requirements with a reliable curtailment option.”
41. **BC Hydro Rate Design Application – Q & A, April 15, 2015**
Question 3
Answer (Table) [As of Dec. 2014 Residential E-Plus consumed 86,320,000 kWh, adjusted for 10% drop in accounts to Dec. 2015 this would be about 78,000,000 kWh or .18% of the total generating capacity of 43,000 gigawatt hours stated on BC Hydro website.]
42. **Letter – BC Hydro (Keith Anderson) to EPHG – January 27, 2016**
43. **British Columbia Utilities Commission – British Columbia Hydro and Power Authority – 2007 Rate Design Application Phase -1 - DECISION – October 26, 2007**
Page 133 “The Commission Panel will make no findings on the nature of the commercial relationship that may exist between BC Hydro and its E-Plus customers

- page 134** “if it remains an issue it is a commercial issue between BC Hydro and its E-Plus customers which is more appropriate for determination by the courts if necessary”
44. **Letter from BC Hydro (Keith Anderson) to EPHG – December 15, 2015**
“We propose to limit interruptions to October through April. – Interruptions would not occur in the other five months of the year.”
45. **BC Hydro Electric Plus Heating Program – October 1987** [information brochure]
“Interruptions may sometimes be necessary when reservoir levels are low. These interruptions may last for several months or more, but you will be notified well in advance.”
46. **Letter – BC Hydro (Keith Anderson) to EPHG – January 27, 2016**
“Accordingly, the proposed E-Plus rate and the Interruption Business Practice align the discounted rate with a service that provides a flexible option to respond to system or localized constraints when circumstances require”
- BC Hydro Responses to Information Request No. 2 - 2.142.2**
“Thus a truly interruptible E-Plus rate would be one of many tools in the tool box for load curtailment purposes.”
47. **2015 RDA, 5.3.1, page 5-48**
“the Residential E-Plus Amendment is consistent with the wording found in BC Hydro’s other non-firm (interruptible) rates such as the Shore Power Rates recently approved”
48. **2007 RDA – Phase 1 – E-Plus Groups Final Argument – August 17, 2007, page13**
“Sales of surplus to others would be cut off before sales to EP customers would be cut off”
49. **2007 RDA Phase – 1, DECISION, October 26, 2007, Page 131**
50. **Letter from BC Hydro (Keith Anderson) to EPHG – December 15, 2015, also BC Hydro Response to Information Request No. 2 - 2.143.6.3**
“There is no established hierarchy of interruption for non-firm service.”
51. **Letter – BC Hydro (Keith Anderson) to EPHG – January 27, 2016**
“Overall, BC Hydro believes your suggestions would limit the flexibility of BC Hydro to interrupt E-Plus service in much the same way as the current Rate Schedule (RS) 1105 does, to the extent that it would remain impractical to ever interrupt E-Plus service.”
52. **BC Hydro Response to Information Request 1.43.1, issued February 12, 2016 – Exhibit B-14 Attachment 1 Proposed Residential E-Plus Interruption Business Practice**
“Annual reminder Notice – provided by BC Hydro each year in September, prior to the October-April period, to all Residential E-Plus customers reminding Customers that an interruption of E-Plus service might be applicable in that period.”

53. **Residential E-Plus Interruption – Question and Answer November 2015**
10. What would happen if an E-Plus customer did not switch to his or her backup system upon receiving an interruption Notice
“If we don’t physically disconnect an E-Plus customer’s service and that customer continues to use electric heating 2 calendar days from the date of the Interruption Notice, we will charge that electric usage during the interruption at the E-Plus exception rate, which is currently 30.37 cents per kilowatt-hour. The E-Plus customer may be removed from E-Plus service if such usage occurred.”
54. **BC Hydro Response to Information Request No. 2 - 2.147.1**
“The ongoing requirement for customers to have a working back-up system heating system to switch to in the event of an E-Plus service interruption... means that there will be no detrimental effect on the comfort or security of E-plus customers.”
55. **2007 RDA Phase – 1, DECISION, October 26, 2007 Page 117**
“BC Hydro states that it only has information available concerning the backup heating types used by approximately 65 percent of the residential E-Plus accounts, which indicates that 75 percent use wood, 19 percent use oil and 6 percent use propane.”
56. **Letter – BC Hydro (Kevin Anderson) to EPHG – January 27, 2016**
“BC Hydro is opposed to a 30-day notice period because it would provide no value to BC Hydro and its ratepayers. ...BC Hydro notes that its interruption of firm service does not require a period of notification.”
57. **Letter – BC Hydro (Kevin Anderson) to EPHG – January 27, 2016**
“ EPHG suggests that individual customers should be asked to specify their preferred means of communication for notice of interruption: registered mail, telephone or email. ...notifying customers by registered mail or hand delivery is not practical as it would diminish the flexibility and value of any possible E-Plus interruption by delaying BC Hydro’s response to system conditions that would warrant a service interruption. It also does not reflect changes in communication capabilities since the rate was originally created. Thus, BC Hydro’s proposed Business Practice proposes to issue notices via auto-dialer (phone) or email only.”

EXHIBIT 1: E-PLUS HOMEOWNERS GROUP MEMBERSHIP LIST, May 2016

Allen, Roy
Anderson, Albert
Ashton, Janet and John
Atherton, Mark
Barrs, Audrey and George
Beatty, Jim
Bernier, Pierre
Bodnarchuck, Ken and Sandy
Bowman, Jamie
Burn, Simon and Ros
Butterfield, Ross
Calder, Andy
Callaghan, Nola
Cameron, Pamela
Cann, Sue and David Gilkes
Carl, David
Carlson, Katherine
Chambers, Elizabeth and Don
Chang, Debbie
Christie, Patricia
Conrad, Gordon
Cosco, Jim
Couturier, Cherie
Crowther, Ron
Cummings, Ann and Steve
Dayton, Thomas
De Bruijn, Mark
Demetriooff, Dennis
Des Roches, Mary Lynn
Devana, Peter
Dodd, Joanne and Mark
Doskie, Sheldon
Dvorak, Diane
Ekdahl, Rosemary
Elsworthy, Paul
Erskine, Terry
Evemark, Gord
Fall, Julia and Mike
Fallis, Allan
Fell, Jack and Vi
Flowitt, David
Ford, Gerald
Foster, Leah and David Ramsey
Frenette, Leona
Friesen, Phil
Frinton, Peter
Fryer, Catherine

Gage, Rosemarie
Giles, Geoff and Linda
Grey, Ethel
Grieve, Alan
Harfield, Brenda and Byron
Harms, Kevin
Hatton, William
Hawes, Jan
Hazell, John
Heppell, Thomas
Hill, Stephen
Hiraoka, Ken
Holland, Stuart
Hopton, Koby
Howden, Bryan
Hughes, Terry
Hunt, Ross
Ibbetson, Kevin
James, Bernice
Jensen, Darrel
Jensen, Fred and Jessie
Keizer, Fred and Doreen
Kelly, Dave and Margaret
Knight, Penny
Laing, Robin
Langejean, Diane and Jan
Larche, Joe and Linda
Lawes, David R.
Leyne, Les
Lick, Thomasine
Lindstrom, Sandra
Littlepage, Jack
Loucks, Maureen and Jim
Lucas, Roger
Martin, Norma
Matthews, Angus and Sandy
McAurthur, Roy
McBride, Shirley
McCaig, Gary and Juliana
McClelland, Nancy
McIntosh, Mary
McPherson, Cindy
Metcalf, David
Midgley, Dick
Miller, Janette
Mogentale, Joe
Morgan, Patricia
Nicoll, Dale
Nixon, Evelyn J.

Novak, Brian
O'Donnell, Dorothy
Olsen, Dennis
Parry, Keith
Paulovich, Larry
Pearse, George
Phillips, Richard R.
Pitkin, Pen and Ed Catton
Powell, Rev. Ian
Rathlef, Bill
Rathleff, Bob
Reedy, Harold
Rees, David
Renfrew, Jim
Reynolds, Ernie
Roberts, Jan and Sandy
Rodvik, Robert
Rogoza, Dennis
Rutter, Ron
Schlakt, Janet and Dieter
Schloser, Jerry
Schmidt, Susan and Rolf
Schroeder, Lanie
Shaw, Rita
Sinclair, Jessica
Smith, Wendy and Jan Sawka
Snelling, Jack and Denise Poulin
Spenser, Dr. Brian
Stoeckly, Tony
Tabata, Naomi
Tosh, Allan
Tran, Khanh
Trueman, Jack
Tukham, Fred
Tutty, Brian
VanAmstel, Joe and Joann
Vautier, Marie
Wagner, Jill and Rick
Walker, Graham and Anne Bowen
Ward, Warren
Wellington, Darlene
Wheeler, Janet and Rick
Whetstone, Larry
Wickins, Helene and Terry
Wilford, Caryl
Wirtanen, Pat and Dave
Wright, Bryan J.