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October 13, 2017

British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC
V6Z 2N3

Attention: Mr. Patrick Wruck, Commission Secretary and Manager, Regulatory Support

Dear Mr. Wruck:

Re: British Columbia Hydro and Power Authority (BC Hydro) Customer Emergency Fund Pilot Program (the Application)

Project No. 1598924

FortisBC Energy Inc. and FortisBC Inc. (collectively FortisBC) Technical Information Request (IR) No. 1 to BC Hydro

In accordance with the Regulatory Timetable set by the British Columbia Utilities Commission Order G-131-17, attached is FortisBC Technical IR No. 1 to BC Hydro on the above noted Application.

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC ENERGY INC.

Original signed:

Diane Roy

Attachment

cc (email only): Registered Parties

British Columbia Hydro and Power Authority (BC Hydro) Customer Emergency Fund (CEF) Pilot Program – Project No. 1598924	Submission Date: October 13, 2017
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1.0 Subject: Eligibility Criteria

Reference: BC Hydro CEF Application, pp. 9-11

“The criteria can be grouped into three categories/sets. The first set of criteria focuses on ensuring that CEF funding is directed to customers who, with the grant, will be able to maintain or reconnect their energy service and remove the possibility of disconnection. Thus, to be eligible for a CEF grant, customers must meet all of the following criteria:

- Be the BC Hydro residential account holder, or authorized representative;
- Have a BC Hydro account in arrears and under the possibility of disconnection, or have been disconnected;
- Have an account balance of less than \$1,000;
- Account holder must reside at the address for which there are arrears;
- Have demonstrated prior attempt to pay the bill per their account records; and
- Have not have been issued a CEF grant within the past 12 months.”

“... A second set of criteria has been established consistent with the idea that the CEF Pilot could be akin to “insurance” for all customers should they find themselves in a temporary financial crisis. This second set of criteria focusses on customers who have recently experienced a “life event” within the previous 12 months that has caused short-term financial hardship.”

“... Finally, customers should also meet a number of administrative criteria”.

- 1.1 Please confirm, or otherwise explain, that all the three groups of criteria mentioned should be met simultaneously for an application to be eligible for a CEF grant.
- 1.2 From the second bullet in the first set of criteria, what measures will BC Hydro use to assess whether a customer is “under the possibility of disconnection”? Is any customer in arrears under the possibility of disconnection?
 - 1.2.1 Please explain how a particular grant applicant will be found to have met this criterion.
- 1.3 How will BC Hydro assess whether a customer has demonstrated a prior attempt to pay the bill per their account records? Please explain.

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1.4 Other jurisdictions have included energy education as part of eligibility conditions for these types of programs, providing customers with energy efficiency information and also support in understanding and managing their bills. Did BC Hydro consider an educational component to this program?

1.4.1 If not, what was the reason to not include a component such as this?

2.0 Subject: Survey Results

Reference: BC Hydro CEF Application, Appendix E, p. 5

2.1 According to BC Hydro Survey results, in response to a question regarding the frequency of grants the majority of respondents stated that the grant should only be used every 5 years or more (27% stated once in a life time, 11% stated once every 10 years, 19% stated once every 5 years) with only 17% desiring a grant that is available every year. Please discuss the reasons behind choosing a one year frequency between grants.

2.2 Please explain how the customer survey and focus group results were reflected in CEF program design.

3.0 Subject: Financial Criteria

Reference: BC Hydro Rate Design Decision G-5-17, p. 53

“The Panel is not persuaded that sections 23 and 38 of the UCA explicitly grant the Commission jurisdiction to set a low-income rate, in the absence of an economic or cost of service justification.

“The Panel agrees with BC Hydro that ‘the Commission is empowered to do only those things - including setting rates - that it is expressly authorized to do by the UCA, or which are necessarily implied by the UCA’. We further agree that there are no words regarding customers' financial circumstances or incomes, and that expressions to that effect in the rate-making sections of the UCA are conspicuously absent.”

Reference: BC Hydro CEF Application, pp. 5

“As mentioned above, BC Hydro is proposing the CEF Pilot following the Commission’s preliminary, non-binding indication that it would support a modest residential monthly surcharge - a rate rider - to allow for the funding and assessment of a pilot program to provide emergency assistance to residential customers in temporary financial need.”

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Reference: BC Hydro CEF Application, pp. 10-11

“... BC Hydro believes that the ‘insurance’ aspect of the program requires that the event causing the financial hardship is somewhat recent. The program is not intended to provide customers with assistance for long-term financial issues, nor is to be limited to low-income customers.

Customers participating in recognized assistance programs (e.g., Income Assistance, Canada Pension Program – Guaranteed Income Supplement) will not need to provide further proof of financial emergency beyond establishing their “life event”. However, customers not in these assistance programs will be required to provide additional financial information (e.g., bank statements) to demonstrate that they have exhausted all legal sources of funds (e.g., income, liquid assets, and other financial assistance programs) ... Many of the criteria are similar to those of the Low-Income Energy Assistance Program (LEAP) program in Ontario. However, the major difference between the LEAP and the CEF Pilot is that the LEAP is only available to customers below certain income levels.”

- 3.1 How do the more stringent financial criteria for customers who are not part of a recognized assistance programs affect customers’ access to grants?
- 3.2 How does BC Hydro define “temporary financial need” for those who are not part of a recognized assistance program? For example, regarding the applicants’ bank statement, is there a threshold amount to determine whether an applicant is eligible for the grant?
- 3.3 What information will applicants be required to provide to BC Hydro as part of their “declarations of short term financial hardship” that BC Hydro proposes to accept as accurate?
 - 3.3.1 Please confirm that it will include details regarding the nature and timing of the “life event” that is the basis of the grant application.
- 3.4 What is the scope of the proposed random audit of approximately 10 percent of approved applications?
 - 3.4.1 Will the audit include verification of the short term financial hardship and associated life event, including a review of discretionary spending, as well as review of the subsequent billing and payment history for the customer after the grant was received?
- 3.5 What investigative powers does BC Hydro intend to use for the purposes of the random auditing of 10 percent of approved applications?

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- 3.5.1 Will the program terms and conditions require recipients of CEF grants to provide additional information and access to personal records upon request for the purposes of verifying that the “life event” on which a particular grant was based, did occur as stated in a customer’s declaration of short term financial hardship?
- 3.5.2 What steps can or will BC Hydro take if a customer does not cooperate with an audit?
- 3.6 What length of time prior to the application for a CEF grant does BC Hydro consider would make the relevant life event “somewhat recent”?
- 3.6.1 Would the length of time be different depending on the nature of the “life event”?
- 3.6.2 If an application is rejected on the basis that it was not made in a timely way, what objective criteria would be used if the determination is disputed, such as on a reconsideration or other complaint process?
- 3.7 In Ontario, the income eligibility level is defined by the government while BC Hydro does not specify the financial eligibility with any detail. Please discuss the legal basis for BC Hydro to determine customers’ financial need without clearly defined government or Commission-approved criteria.
- 3.7.1 What section(s) of the UCA or any other legislation authorize BC Hydro to assess who is in financial need and who is not?

4.0 Subject: Recognized Assistance Programs Eligibility Requirements

According to the Canada Revenue Agency’s website you may qualify for the Guaranteed Income Supplement (GIS) if you meet **all** of the following conditions:

- you are receiving an Old Age Security pension; and
- your annual income (or in the case of a couple, your combined income) is lower than the maximum annual threshold.

According to the BC government website individuals may be eligible to receive income assistance in any of these situations:

- You’re out of work or not earning enough to meet your basic needs
- You’re waiting for other sources of money to arrive

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- You can't work at all
- You urgently need food, shelter or medical attention

4.1 Please confirm that the above eligibility requirements for the GIS program and BC Income Assistance are accurate.

5.0 Subject: Funding and Program Administration

Reference: BC Hydro CEF Application, p. 14

“BC Hydro proposes that the CEF Rate Rider be set in the amount of \$0.0082 per day, equivalent to 25 cents per month on average. During the 2015 RDA process, BCOAPO proposed a \$0.25 per month charge per BC Hydro account. The Commission subsequently determined that the charge should be limited to residential customers. When applied to all residential accounts, this results in annual CEF Rate Rider revenues of approximately \$5.3 million. Without a solid base for forecasting participation, BC Hydro proposes the \$0.25 monthly charge (on average) during the CEF Pilot.”

Reference: BC Hydro CEF Application, p. 16

Table 1 CEF Rate Rider Components¹⁷

A	One-half of Estimated CEF Pilot Set-Up Costs	300,000
B	Estimated Annual CEF Pilot Operating Costs	900,000
C	Estimated Annual CEF Grants	4,100,000
D = A+B+C	Subtotal Annualized Costs (\$)	5,300,000
E	Number of Residential Accounts	1,770,546
F = D/E	Annual Cost per Residential Account (\$)	3.00
G	Number of Days per Year	365
H = F/G	CEF Rate Rider (Daily Charge) (\$)	0.0082
I	Number of Months per Year	12
J = F/I	Average monthly CEF Rate Rider (\$)	0.25

Reference: BC Hydro CEF Application, p. 20

BC Hydro has also confirmed that receipt of the CEF grant will not disqualify a customer if applying for assistance through B.C. Ministry of Social Development and Social Innovation (MSDSI).

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- 5.1 Did BC Hydro consider a volunteer based collection of funds, allowing customers to choose to make a donation as has been done in other jurisdictions?
- 5.1.1 If not, why not?
- 5.2 What basis or criteria did BC Hydro use to forecast an annual average of 10,250 participants receiving an average grant of \$400 per customer?
- 5.3 Does BC Hydro consider that the yearly administration costs of \$1.2 million or 23% of funds generated is a reasonable and sufficient amount?
- 5.3.1 Has BC Hydro compared this to other similar funds?
- 5.4 BC Hydro cites, at p. 26 of the CEF Application, the costs associated with a third-party program delivery agency as a reason in favour of its proposal to self-administer the CEF program. Has BC Hydro done an analysis comparing these costs to the costs of hiring an additional 1.5 FTE Program Management employees and 6.1 FTE employees to adjudicate CEF applications and administer grants (as detailed in CEF Application, Supplementary Information, Attachment 2, Table 3)?
- 5.4.1 If so please provide details.
- 5.5 Considering the high set-up and annual operational costs of the program and that a similar assistance program is already administered by the BC government, would it be more efficient for BC Hydro to work with the government to expand government's existing assistance program rather than establishing a new one from scratch?
- 5.5.1 Does BC Hydro agree that this approach will reduce the overall costs to its ratepayers?

6.0 Subject: Privacy and Associated Costs

Reference: BC Hydro CEF Application, p. 27

“To assess a customer’s eligibility, BC Hydro will need to collect, use and store applicant personal information (e.g., details of their crisis situation and information about assets and liabilities) with which BC Hydro does not currently deal. For prudence sake, BC Hydro is consulting with the Office of the Information and Privacy Commissioner for BC (OIPC) to seek their input on how to best address the associated privacy risks.

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Subject to the input of the OIPC, and in accordance with the requirements of the Freedom of Information and Protection of Privacy Act, the application process will provide applicants with appropriate privacy notifications and seek written consent where necessary. BC Hydro will implement appropriate collection, use and storage measures and security controls with respect to the collected personal information – including restrictions on access to the stored personal information.”

- 6.1 Storage and handling of customers’ private and sensitive personal information is a significant part of this application. Please explain why BC Hydro has filed its application without a definitive direction from the OIPC?
 - 6.1.1 Has BC Hydro received any direction from OIPC about CEF program privacy concerns since filing the application?
- 6.2 Does BC Hydro’s annual \$1.2 million CEF administration budget include all necessary additional technology and procedural investments to ensure safety of the collected data to prevent unauthorized access?
 - 6.2.1 If so, please provide a detailed cost break-down of the proposed investments and ongoing annual costs.
- 6.3 Has BC Hydro considered any measures such as “cyber and privacy insurance” to protect itself against potential data breaches of customers’ sensitive personal information?
 - 6.3.1 If not, who will be responsible for potential penalties and civil litigation if a data theft occurs?
- 6.4 What country will host the servers where BC Hydro intends to store this sensitive and private data?
 - 6.4.1 If the servers will be hosted from a location outside of Canada, please comment on the ability of government authorities in the relevant jurisdiction to gain access to the private data collected for the CEF program.
- 6.5 BC government already administers a similar assistance program and is generally more experienced in dealing with private and sensitive personal information. Does BC Hydro agree that working with government to expand its existing assistance program (rather than creating the program from scratch) would have addressed its potential privacy concerns?