

VIA COMMISSION E-FILING

October 11, 2016

British Columbia Utilities Commission
6th Floor - 900 Howe Street
Vancouver, BC
V6Z 2N3

Attention: Ms. Laurel Ross, Acting Commission Secretary

Dear Ms. Ross:

**Re: BC Hydro 2015 Rate Design Application (RDA) - Project No. 3698781
Zone II Ratepayers Group (ZonellRPG)
Zone II Final Argument**

Further to the Commission's August 29, 2016 letter (Exhibit A-39) regarding the submission of Final Arguments for the RDA, ZonellRPG submits the enclosed Final Argument.

Sincerely,



Linda Dong
Representing Zone II Ratepayers Group (ZonellRPG)

Enclosure

BC Hydro 2015 Rate Design Application
Project No. 3698781

Final Argument
Of the
Zone II Ratepayers Group

October 11, 2016

Zone II Ratepayers Group
Final Argument
BC Hydro 2015 Rate Design Application

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Zone II Ratepayers Group
Final Argument
BC Hydro 2015 Rate Design Application

Overview

The Zone II Ratepayers Group (“ZonellIRPG”) includes Kwadacha Nation whose interests and rates are impacted by the BC Hydro 2015 Rate Design Application (“RDA”). Kwadacha Nation is a First Nation community in Fort Ware, BC, and has approximately 400 people, 380 of which are members. “About 10 – 12% of community members rely on Income Assistance, providing an average of about \$540 per month”¹ which is less than the \$610 per month current basic income assistance benefit rate for a single person² provided by the Ministry of Social Development and Social Innovations (“MSDSI”).

“In the 1960’s and early 1970’s Kwadacha Tsek’ene waterways, trails, trap lines, and hunting areas were flooded by the Willison Reservoir caused by the W.A.C. Bennett Dam built across the Peace River on the eastern side of the Rocky Mountains.”³ Kwadacha Nation was relocated to the more remote Fort Ware and as “a result of this flooding BC Hydro and Kwadacha Nation eventually entered into the 2008 Settlement Agreement.”⁴

Fort Ware is a remote community located about 600 kilometers north of Prince George. The residents of Fort Ware experience extreme winter conditions with the coldest temperature reported as -26.5 Celsius.⁵ Kwadacha Nation has some significant and unique circumstances including being a remote, northern First Nation community, lack of commercial establishments such as banks and grocery stores, low income levels, high food costs, poor quality home construction, high electricity bills and not connected to the BC Hydro integrated electricity grid. Fort Ware became a BC Hydro customer under the Remote Community Electrification program in 2013. BC Hydro generates electricity to serve the Fort Ware community via a diesel generating power station.

¹ Transcript Vol 3, p 407 lines 1-3.

² Transcript Vol 5, p 785 lines 14-15.

³ Exhibit B-5, Attachment 1 Zonell IR 1-5.

⁴ Transcript Vol 3, p 406 lines 13-15.

⁵ Transcript Vol 3, p 550 line 15.

ZonellIRPG is participating in this proceeding to raise its concerns with respect to the following issues for Zone II and remote communities:

1. Terms and conditions and business practices that recognize their special interests which includes remote communities and low income
2. Customer service requirements for First Nation and remote communities
3. Demand Side Management programs that recognize low income First Nation and remote communities

First Nation communities have a high proportion of low income members. High electricity bills combined with low incomes are a serious concern, particularly due to remoteness and cold winter temperatures.

Remote communities have limited access to BC Hydro services and BC Hydro's payment procedures do not recognize that remote communities have limited options for billing, account access and bill payment.

BC Hydro must recognize the special nature of First Nation communities, in particular remote communities, in its customer service by providing a single point of contact. BC Hydro has recently "opened in-person customer service desks at its Dunsmuir and Edmonds office"⁶ but also needs to provide customer service options for the remote communities that it serves.

Demand Side Management ("DSM") programs and investment in housing improvements are important to reduce electricity bills and improve electricity affordability for remote communities. DSM is a service included in the rate that BC Hydro charges the customer and therefore is part of the rate and rate design. ZonellIRPG recognizes the limitation of the RDA to address DSM issues and that specifics such as DSM funding and program design will be part of the upcoming BC Hydro F2017-F2019 Revenue Requirements Application ("RRA"). ZonellIRPG appreciates BC Hydro's cooperation in responding to DSM IRs and cross-examination during the Oral Hearing. However, the delay in addressing the needs of Fort Ware residents results in another heating season without the DSM programs required.

⁶ Exhibit B-38, Opening Statement of Mr. Anderson, p 5.

In addition, consultation and review of Zone II rates will be part of the Module 2 RDA and therefore are delayed an additional year beyond the review of Zone I rates in this RDA proceeding. As well, Zone II rates have been excluded from the British Columbia Utilities Commission (“Commission”) Residential Inclining Block Rate Report to the BC Government.⁷ Arguably, this is discriminatory and prejudicial to all Zone II ratepayers.

⁷ British Columbia Utilities Commission Project No. 3698845.

Terms & Conditions, Business Practices and Customer Service

First Nations are the most disadvantaged of the low income group. In the case of Fort Ware and other like communities, they are also remote and lacking services. ZonellRPG supports measures that reduce electricity bills, improve bill affordability and improve customer and community relationships. These measures include rates, rate design, terms and conditions, business practices and delivery of services.

*Mr. Colton: A: Well, the First Nations peoples certainly are the lowest of the low income that I have worked with and studied in my work in Canada. They have fewer services that have been provided. I won't express an opinion about whether the provincial and federal governments have kept their word on commitments that have been made, but there are lower incomes and fewer services to the First Nations people. Peoples.*⁸

Measures such as DSM and the Zone I Residential Inclining Block ("RIB") rate impact bill affordability for the non-integrated areas ("NIA") particularly since Zone II rates are generally equivalent to Zone I rates, for consumption up to 1500 kWh/month.⁹ NIA rates will not be addressed until Module 2 of the RDA which means another heating season without a review of NIA rate structures particularly since NIA rates "have existed in their current form since about 1980".¹⁰ As well for high electricity consumption residential customers, "a monthly Zone II bill will be higher than a Zone I bill at the same monthly consumption level."¹¹

ZonellRPG argues that BC Hydro does not provide reasonably adequate service to ZonellRPG, Fort Ware, and remote communities. This includes the following services:

- Bill payment options
- Terms and conditions
- Customer service options

The obligations of BC Hydro are set forth in statute. The Utilities Commission Act [RSBC 1996] Chapter 473 ("UCA")¹² in Section 59(2)(a) states that: "a public utility must not: (a) as to. . .service, subject any

⁸ Transcript Vol 7, p 1312 lines 17-25.

⁹ Exhibit B-1, Appendix C-3B, p 258 of 609 lines 2-3.

¹⁰ Ibid, p 257 of 609, line 24.

¹¹ Ibid, p 260 of 609, lines 8-9.

¹² BCUC website, Utilities Commission Act, http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/00_96473_01.

person or locality. . .to an undue prejudice or disadvantage.” (emphasis added). Stated in the affirmative, “a public utility *must*: (a) provide. . .a service to the public that the commission considers is *in all respects* adequate. . .just and reasonable.” (Section 38) (emphasis added).

The use of the word “must” in each section conveys the fact that the obligation is mandatory and “must” is the same as “shall.”

“The British Columbia Utilities Commission is an independent regulatory agency of the Provincial Government that operates under and administers the Utilities Commission Act. The Commission’s primary responsibility is the regulation of British Columbia’s natural gas and electricity utilities. We also regulate intra-provincial pipelines and universal compulsory automobile insurance.”¹³

The UCA explicitly states that “In its supervision of public utilities, the commission must make examinations and conduct inquiries necessary to keep itself informed about: (a) the conduct of public utility business. . .” (Section 24(a)). In addition, the statute states that “If the commission, after a hearing held on its own motion or on complaint, finds that the service of a public utility is unreasonable. . .inadequate or discriminatory, the commission must: (a) determine what is reasonable. . .adequate and fair service, and (b) order the utility to provide it.” (Section 25(a) – (b)). Again, the term “must” imposes a mandatory obligation.

Billing and Payment

Paying a residential bill is part of the service offered by BC Hydro under the rate the customer pays BC Hydro. BC Hydro on its website offers customers several options to pay their BC Hydro bill:¹⁴

- Online banking
- Pre-authorized payments
- Credit card
- Deposit service
- By mail
- At a Service BC location (outside the lower Mainland)
- Electronic Funds Transfer (EFT) for large business customers

¹³BCUC website, Welcome to the British Columbia Utilities Commission, <http://www.bcuc.com/Default.aspx>.

¹⁴ Exhibit C3-17.

- Report a late payment
- Request to defer a payment

In 2015, about 68% (8,101,609) of the 11,937,696 residential payments to BC Hydro were made by online banking, another 25% (2,935,063) were made by pre-authorized payments, 6% (694,054) were made by cheque and about 1% (109,761) were made by over the counter banking.¹⁵ Overall, 99.2% of residential payments to BC Hydro in 2015 were made through these four payment options.

The problem from the ZonellRPG and remote communities' perspective, however, is that these payments options are not options available as each of them assume the availability of supporting financial or communications services and this underlying assumption is in error. BC Hydro, however, is willfully, grossly, and unreasonably blind to the unavailability of these services to First Nation people in remote communities. BC Hydro's focus has been on promoting and expanding their on-line services though not all of their customers have the ability to access this service.

These payments options require banking, internet, mail service and the availability of a Service BC location. Consider the following:

- For online banking payments, BC Hydro states, "visit your bank's website."
- For pre-authorized payments, BC Hydro says, "set-up bills online."
- For epost payments, BC Hydro says, "login to your epost account."
- For mail, BC Hydro says "send your cheque to our payment address."
- Outside of the Lower Mainland, BC Hydro says "pay your bill by cash, cheque or debit at a Service BC location."¹⁶

In many remote communities, such as Fort Ware, there is no bank.

Ms. Dong: Q:based on that exhibit , do you see if there is a bank located in Fort Ware?

Mr. Sanders: A: I don't see a bank listed that indicates that it's in Fort Ware from what I see.¹⁷

¹⁵ Exhibit B-5, BCOAPO 1.221.1, Attachment 1.

¹⁶ Exhibit C3-17.

¹⁷ Transcript Vol 6, p 1162 lines 15-18.

In many remote communities, such as Fort Ware, there is no Service BC office.

Ms. Dong: Q:is there a Service B.C. office located in Fort Ware as shown in this map?

The Chairman: Do you accept that the dots on that map are Service B.C. locations, whether they are a complete list or not?

Mr. Doyle: A: Yeah, we do.

Mr. Saunders: A: And to the best of my knowledge there is not a B.C. Service in Fort Ware, Kwadacha.¹⁸

In many remote communities, such as Fort Ware, internet service, cable or fibre optic is not available. Exhibit C36-19 is an accurate representation of the availability of internet service in Fort Ware which indicates there is no cable, fibre or cellular service and therefore only unreliable and expensive satellite service. BC Hydro was not even aware of the type of internet and cellular coverage available in the Fort Ware band and administration offices.

Ms. Dong: Q: referring to this exhibit, would BC Hydro agree that internet service, cable or fibre optic is not available in all communities in B.C., and in particular Fort Ware?

Mr. Sanders: A: To the first question, I would agree that it is not – to my knowledge, it's not available everywhere. I would point out looking at this particular map that this is based on independent internet service providers that have submitted their information to NetworkBC. So I don't know specifically beyond that.

I am aware there is cellular internet coverage in Fort Ware for the Band office and administration offices. I do not know how far beyond that it goes into the community.¹⁹

In many remote communities, mail deliveries for bills and payments are also a concern as expressed by the Non-Integrated Areas Ratepayers Group ("NIARG").

Mr. Weisberg: Q: Okay. Would you agree that whatever challenges the remoteness of the NIAs contributes to longer or less predictable delivery times? For bills, might also apply to the receipt by BC Hydro of customer payments from customers in those areas?

¹⁸ Transcript Vol 6, p 1165 lines 3-10.

¹⁹ Transcript Vol 6, p 1160 lines 15- 26 and p 116 lines 1-3.

*Mr. Sanders: A: Again, generally yes, any remote area the mail takes a long time to get to. If it is not electronically paid, then that becomes a factor.*²⁰

BC Hydro is not even aware of internet availability and the type and quality of the internet service in Fort Ware. When BC Hydro's witnesses were questioned about the availability of internet service necessary for most payment options as described above, Ms. Ferguson, Counsel for BC Hydro, objected, stating "...these are probably outside the scope of BC Hydro's knowledge...I don't know that BC Hydro can comment on where internet is, how good it is, or any questions related to that".²¹ Yet, BC Hydro's payment options rely on the availability of such a service.

BC Hydro refuses to act proactively to determine the unavailability of service. When BC Hydro witnesses were asked directly whether they agreed "that for regions outside urban communities in BC, such as the remote community of Fort Ware, they do not have the same payment options available to them as most other communities,"²² BC Hydro witnesses did not respond to the question. BC Hydro's attitude is that it is not their duty to make inquiries about whether the payment options they offer are available in actuality. But if payment options are not available, those customers who are denied that service are subjected "to an undue prejudice or disadvantage"²³ and BC Hydro fails to provide service that "is in all respects adequate".²⁴

Rather than ensuring that payment service "is in all respects adequate,"²⁵ including for First Nation living in remote communities, BC Hydro's stated attitude is that its only obligation is to respond to "a request of that from Fort Ware."²⁶ However, even then, that is not always the case according to Mr. Sanders "...we can in some instances set up a local store as a payment station. But those are on request..."²⁷

Clearly BC Hydro is contrary to UCA Section 59(2)(a) subjecting ZonellRPG and other remote communities "to an undue prejudice or disadvantage."²⁸ ZonellRPG and other remote communities are denied the payment options that are used in 99.2% of bill payments to BC Hydro. BC Hydro is contrary

²⁰ Transcript Vol 6 p 1180 lines 15-22.

²¹ Ibid, p 1161 lines 8-13.

²² Transcript Vol 6, p. 1165, lines 11-15.

²³ UCA, Section 59(2)(a).

²⁴ Ibid, Section 38.

²⁵ Ibid.

²⁶ Transcript Vol 6, p 1165 lines 25-26.

²⁷ Ibid, lines 21-23.

²⁸ UCA, Section 59(2)(a).

to Section 38 of the UCA failing to provide a service that “is in all respects adequate.”²⁹ BC Hydro isn’t even aware of the lack of financial and communications infrastructure needed for its payment options to be available and does not seek to find out and when informed of the lack of such options, only responding by offering alternatives “in some instances.”³⁰

In summary, BC Hydro relies on bill payment options in remote communities even though the infrastructure needed to make those options available are not readily available and BC Hydro is unaware of the lack of available services. Based on the above discussion of the facts presented during the proceedings, ZonellIRPG proposes that the Commission direct BC Hydro to do an inventory of the availability of free and reliable internet coverage for remote communities, similar to free internet with library computers provided in public libraries and public facilities with free internet such as coffee shops and restaurants in urban areas. In those remote communities where there is no ready access to free and reliable internet coverage, the Commission direct BC Hydro to pursue improved internet service with the Province, its shareholder, if necessary and provide internet stations, free of charge, for BC Hydro customers to access their billing and account, including receiving bills and making payments to BC Hydro and for other account issues. In addition, BC Hydro needs to adjust its bill collection process for remote communities to account for delays in mail delivery for customer bills and bill payments to BC Hydro.

Low Income Terms and Conditions

In Kwadacha Nation, “10 – 12% of community members rely on Income Assistance.”³¹ First Nations are the most disadvantaged of the low income group and receive lower support payments. Low income terms and conditions are welcome measures to assist customers who are facing unaffordable electricity bills.

ZonellIRPG recognizes and appreciates the work that BCOAPO and BC Hydro have undertaken to review potential changes to Terms and Conditions and business practices and for low income customers.³² BC Hydro’s existing and proposed measures for low income customers were identified in BC Hydro’s

²⁹ UCA, Section 38.

³⁰ Transcript Vol 6, p 1165 line 21.

³¹ Transcript Vol 3, p 407 line 407.

³² Exhibit B-5, BCOAPO 1.192.1 Attachment 1.

Application³³ and by Mr. Anderson in his Opening Statement³⁴ and are set out in BC Hydro's Final Argument.³⁵ ZonellRPG supports these measures with exceptions or changes to address remote NIA and First Nation communities and those changes are listed and discussed below:

- Installment Plans
- Extended Payment Deferrals and Installment Plans for Customers Receiving MSDSI Direct Employment Assistance
- Working with MSDSI: avoid security deposits and postpone disconnections for customers awaiting MSDSI decisions on applications for income support
- Residential low income DSM Programs
- RIB Rate
- Changes to Standard Charges and Security Deposits
- Opened in-person customer service desks
- Delay disconnections for demonstrated medical reason
- Establish a low income advisory group

Installment Plans

"BC Hydro is working on business process changes to allow repayment over longer periods provided that bills are paid before the next winter heating season."³⁶ ZonellRPG supports BC Hydro allowing repayment over longer periods; however, is concerned that repayment before the next winter heating season may not be an adequate amount of time for the customer to make payment depending upon when the customer enters into the installment plan, such as in late spring, summer or fall. ZonellRPG suggests a longer period of time for repayment up to 12 months as necessary.

Billing and Payment Arrangements for First Nation receiving Income Assistance funded by INAC

BC Hydro has billing and payment procedure arrangements in place with MSDSI for low income customers which it does not have with First Nation receiving Income Assistance funded by Indigenous

³³ Exhibit B-1, Section 8.6.

³⁴ Exhibit B-38, Opening Statement of Mr. Anderson, p 5.

³⁵ BC Hydro Final Argument, p 76-78.

³⁶ Exhibit B-38, Opening Statement of Mr. Anderson, p 5.

and Northern Affairs Canada (“INAC”). These arrangements between MSDSI and BC Hydro include the following:

*Direct Payments - MSDSI makes Direct payments to BC Hydro for approximately 6,000 of its clients.*³⁷

*Disconnection Grace Period - BC Hydro committed to and implemented a process for deferring disconnection for low income customers that have applied (or are about to apply) for social assistance or a crisis supplement until MSDSI completes its review.*³⁸

*Reduced Number of Disconnections - File status is now reviewed during daily conference calls between BC Hydro’s collection team and MSDSI’s Employment Assistance Workers. During the first three months of operation it was estimated that 60 per cent of crisis supplement applications were discussed through this channel, with the result that fewer low income customers were disconnected.*³⁹

*Security Deposit Waiver - BC Hydro and MSDSI are also developing a process for waiving security deposits for MSDSI’s Direct low income customers.*⁴⁰

*Future Steps - BC Hydro and MSDSI are currently developing an additional Information Sharing Agreement to help the process for the waiving of security deposits for MSDSI clients that receive a Final Notice of Disconnection with a security deposit warning.*⁴¹

BC Hydro does not have processes with any other organization, including First Nation through INAC and the bands, which it has with MSDSI “for direct payments, as well as processes to waive security deposits and delay disconnections for customers having application reviewed.”⁴²

BC Hydro indicates that they are open to implementing payment procedures with other organizations such as INAC.

Ms. Dong: Q: Okay, are there any discussions on implementing same payment procedures with INAC or the Band that it had in place with MSDSI? Those being waiving security deposits, direct payment arrangements, stopping collection processes when a customer is applying for MSDSI assistance?

Mr. Sanders: A: So, as we talked about before, our arrangements with MSDSI were – this is where we started, because that’s certainly the largest set of customers on

³⁷ Exhibit B-5, BCOAPO IR 1.192.1 Attachment 1 p 18.

³⁸ Ibid.

³⁹ Ibid.

⁴⁰ Ibid, page 19.

⁴¹ Ibid.

⁴² Exhibit B-23, Zonell IR 2.18.1.

social assistance. One of the logical next steps would be to look at the INAC funded social assistance that works through the Bands. We have had, I believe, one conversation to date with INAC. ⁴³

Given that First Nations, the most disadvantaged of the low income group, have not had the benefit of these programs, and as BC Hydro already has these systems in place with MSDSI, ZonellIRPG requests that the Commission have BC Hydro place a priority on implementing these arrangements as soon as possible for the 2016-17 heating season.

Residential Low income DSM Programs

ZonellIRPG recognizes the scope limitation in the RDA process for DSM and will also be addressing DSM in the RRA proceeding which extends well into 2017. ZonellIRPG appreciates BC Hydro's cooperation in responding to ZonellIRPG's DSM IRs and cross-examination during the Oral Hearing. Unless specific and timely action is taken, another winter will pass without remote communities, and in particular Fort Ware, benefiting from energy efficiency improvements.

ZonellIRPG argues that DSM is part of the services paid and to be provided under the rates it charges to its customers and therefore are also part of the RDA. ZonellIRPG is not addressing budgets or programs but the provision of those programs to Zone II and remote communities. DSM is important to ZonellIRPG communities in order to reduce customer electricity bills and improve electricity affordability in Fort Ware and other like communities. Given that BC Hydro generates electricity to serve the Fort Ware community via a diesel generating power station with higher generation and avoided costs BC Hydro and Fort Ware residents' interests should be aligned to reduce electricity consumption and address housing and related energy efficiency deficiencies.

BC Hydro's low income program offerings are comprised of "Free Energy Savings Kit", "Free Product Install and Advice" and "Non-Profit And Aboriginal Housing Upgrades" ⁴⁴ ⁴⁵ and Carillion Canada is BC Hydro's delivery contractor for the Energy Conservation Assistance Program ("ECAP") across all Zones I,

⁴³ Transcript Vol 6, p 1158 lines 11-23.

⁴⁴ Exhibit C36-17.

⁴⁵ Transcript Vol 3, p 555 lines 2-9.

IB and II.⁴⁶ BC Hydro’s DSM programs for NIA consist of BC Hydro’s Residential DSM programs, with the exception of the Retail Rebate program.^{47 48}

Table 5-16 Existing BC Hydro Residential DSM Programs

Program Name	Description
Retail Rebate	Provides a rebate offer for lighting, appliances, consumer electronics and other energy efficient products.
Behaviour	Provides an incentive for Residential customers who are successful in reducing their electricity consumption by 10% over one year.
Refrigerator Buy Back	Provides an incentive for the removal of secondary, inefficient fridges.
New Home	Provides incentives to owners of qualified Energy Star new homes. Features of Energy Star new homes include efficient heating and cooling systems, Energy Star appliances, heat recovery ventilation systems, insulation and Energy Star windows and doors.
Home Energy Rebate Offer	Provides rebates to owners of existing homes for improving the energy efficiency of their home. Rebates are provided for insulation, draft proofing, ductless heat pumps, Energy Star water heater, Energy Star bathroom fans, Energy Star windows and doors, Energy Star high efficiency heating systems and Energy Star heat recovery ventilators.
Low Income	Provides energy savings kits and financing for deeper energy efficiency retrofits for low income customers. Refer to section 5.6.2 below.

There is little participation by low income First Nation households for the ECAP programs and therefore ZonellIRPG argues that these programs are not effective for First Nation. DSM initiatives for First Nation need to be approached differently. “In F2015, 111 First Nation households participated in ECAP Basic offerings. No First Nation households participated in ECAP Advanced offerings”⁴⁹ and none of these First Nation households included any NIA communities.⁵⁰ Furthermore, according to BC Hydro’s data, First Nation homes that were potentially eligible for ECAP Advanced offerings from BC Hydro (i.e. electrically heated in a single family, townhome or duplex) did not meet program criteria for further measures. Out of the 111 homes that participated, 26 were potentially eligible for ECAP Advanced but only 1 received additional upgrades under ECAP Advanced which was completed in F2016. The other 25 homes did not

⁴⁶ Exhibit B-46.

⁴⁷ Exhibit B-5, Zonell IR 1.5.2.

⁴⁸ Exhibit B-1, Table 5-16, p 5-73 lines 13-14.

⁴⁹ Exhibit B-5, BCOAPO IR 1.135.8.

⁵⁰ Exhibit B-23, Zonell IR 2.26.5.

meet the program criteria due in part to poor housing conditions such as sufficient access and no significant existing health and safety issues (e.g., no vermiculite).^{51 52}

Generally, BC Hydro does not provide multi-year DSM programs which are desperately needed by communities such as Fort Ware. The Kwadacha Energy Efficiency Upgrade Pilot Project that occurred between 2010 and 2013 was a successful program resulting in “total savings from DSM intervention at just over 137,000 kilowatt hours per year, or 32.1 percent.”⁵³ This successful program was not continued even though the contractor concluded that “THE APPROACH WORKS!”⁵⁴ and identified a series of next steps to continue with this program.⁵⁵ When questioned about the Kwadacha Energy Efficiency Upgrade Pilot Project, BC Hydro did not “have any specific knowledge of the program”⁵⁶ despite participating in the program and a conference presentation and was not aware of any measures BC Hydro is undertaking to continue this successful program in Fort Ware or in other remote communities.⁵⁷ In some cases, BC Hydro does provide multi-year funding, such as Coastal First Nations and is in discussion with Tsay Keh Dene to create a multi-year plan to support DSM initiatives.⁵⁸ Communities such as Fort Ware require multi-year programs as these initiatives are successful in promoting ECAP and support local conservation efforts in remote communities and build trust and relationships.

When questioned, BC Hydro was not aware of any funding for housing remediation, such as overcoming some of those barriers around the vermiculite⁵⁹ so that homes can meet the program criteria for ECAP. However, BC Hydro is having discussions to coordinate and support housing and energy-related projects on-reserve.

Coordination between organizations supporting First Nations housing and energy: An informal group (including Ministry of Energy and Mines, Ministry of Aboriginal Relations and Reconciliation, BC Hydro, Indigenous and Northern Affairs Canada, CMHC, FortisBC, Fraser Basin Council meets quarterly to identify opportunities to

⁵¹ Exhibit B-23, Zonell IR 2.26.3.

⁵² Exhibit B-49.

⁵³ Transcript Vol 3, p 574 lines 15-16.

⁵⁴ Exhibit B-5, Attachment 1 Zonell IR 1.5.

⁵⁵ Ibid.

⁵⁶ Transcript Vol 3, p 574 lines 19-20.

⁵⁷ Ibid, lines 21-26.

⁵⁸ Transcript Vol 6, p 1151.

⁵⁹ Transcript Vol 3, p 571 lines 12-23.

increase coordination and support for housing and energy-related projects on-reserve.⁶⁰

BC Hydro recognizes that there are unique market barriers for First Nation communities with respect to DSM programs and therefore “is currently developing a pilot offer for First Nations and remote communities”⁶¹ “in F2016-F2017.”⁶² Of these unique market barriers in the design and development of conservation programs,

the following were seen to have the greatest impact on customers in First Nations and remote communities:

- *Accessibility – Due to the remoteness and small size of many First Nations and remote communities, energy efficient technologies and service providers may not be directly available in these communities, and*
- *Acceptance – Even when the potential benefits of energy efficiency are recognized, there are other barriers that may prohibit action such as: living in accommodation where someone else pays the utility bill (e.g., Band-owned housing, rental housing); concerns about participating due to lack of trust in the utility, and; attention and resources focused on other, more pressing issues (e.g., improving overall housing conditions, rather than focusing on energy efficiency).⁶³*

Due to the remoteness of the communities, funding limitations, weather, planning, coordination and contractor availability, DSM and home upgrades need to be scheduled over several years.

BC Hydro provided several examples of initiatives to promote ECAP and support local conservation efforts in Zone IB and Zone II. These included community initiatives for Coastal First Nations, Kwadacha/Fort Ware, Tsay Keh Dene and Skidegate Band.⁶⁴ None of these initiatives were provided by Carillon, BC Hydro’s sole ECAP provider.

Ms. Dong: Q: Okay. So in this exhibit, are these initiatives that are described in this exhibit to promote ECAP and support local conservation being done by Carillon, BC Hydro’s sole ECAP provider?

⁶⁰ Exhibit B-44.

⁶¹ Exhibit B-5, BCOAPO IR 1.135.5.

⁶² Exhibit B-5, BCOAPO IR 1.135.5.1.

⁶³ Exhibit B-23, Zonell IR 2.25.2.

⁶⁴ Exhibit B-44.

*Mr. Doyle: A: I don't believe so. When I read it it appears as though some of them are coordination and communication between BC Hydro and various communities or bands, directly.*⁶⁵

In summary, BC Hydro recognizes that there are unique market barriers for First Nation communities with respect to DSM programs. This is demonstrated by BC Hydro implementing a pilot program for First Nations and remote communities in F2016 – F2017. In addition, First Nation communities are not participating in the ECAP program and if they are their homes are not meeting the program criteria due in part to poor housing conditions. There are ECAP initiatives underway and under discussion in Zone IB and Zone II; however, they are not being facilitated by Carillon, BC Hydro's sole ECAP provider.

ZonellIRPG suggests that BC Hydro fund and allow the First Nation bands to administer their own DSM programs in their communities. This would address issues such as accessibility and acceptance which BC Hydro identifies would have the greatest impact on customers in First Nations and remote communities. With the high avoided cost of diesel generation and possible load growth which BC Hydro was unaware that there is clearly a need to act. When questioned about electricity consumption forecast in Zones IB and II and growth plans in Fort Ware, BC Hydro did not "recall the details of Zone IB or II...and don't typically see that level of detail."⁶⁶ Addressing DSM penetration along with housing deficiencies and related energy efficiency improvements should be a priority.

Due to the lack of action to date, and as demonstrated by the lack of follow-up on the successful Kwadacha Energy Efficiency Upgrade Pilot Project in Fort Ware, the Commission must direct BC Hydro to work with organizations to coordinate housing funding on a priority basis in order to be able to implement DSM measures and initiatives without delay. BC Hydro's ECAP program does not currently provide the right incentives to address Zones IB and II communities. The Transmission Project Incentives⁶⁷ that BC Hydro provides its Transmission Rate Customers may be a better model to fund DSM in remote communities in order to provide multi-year funding based on total lifespan electricity savings.

⁶⁵ Transcript Vol 6, p 1147 line 26 and p 1148 lines 1-7.

⁶⁶ Transcript Vol 4, p 592 lines 8-18.

⁶⁷ Exhibit C36-17.

RIB Rate

ZoneIIRPG submits that any implementation of BCOAPO's proposal for an Essential Services Usage Block ("ESUB")⁶⁸ would need to be adjusted to reflect the difference in NIA rate structure where the first rate step is 1500 kWh. The higher first step consumption is directionally more representative of consumption in remote northern communities. We anticipate that this will be addressed in the Module 2 proceedings.

Changes to Standard Charges and Security Deposits

BC Hydro has proposed changes to its Standard Charges to improve cost apportionment which are summarized in Table B-1 and Table B-2 in the Application.⁶⁹ BC Hydro is proposing to maintain its Late Payment Charge at 1.5% per month. ZoneIIRPG views this Late Payment Charge as excessive considering the current low interest rate environment. Instead ZoneIIRPG suggests a Late Payment Charge based on BC Hydro's short term interest rate plus 0.5% rounded up to the nearest full percentage rate. For ZonesIB and II communities, due to mail and electronic access limitations, an extension of 10 business days to the date before Late Payment Charges are applied should be implemented.

BC Hydro "seeks Commission endorsement of its proposed review of Standard Charges between rate design applications, specifically, that: RRAs are the appropriate forum for updating existing Standard Charges to reflect currently costs."⁷⁰ ZoneIIRPG disagrees that this should be allowed and if allowed at all it must be done with supporting costs and evidence.

For Security Deposits, BC Hydro is proposing to provide greater flexibility in the amount assessed which ZoneIIRPG supports. In addition, BC Hydro is also proposing to "charge a new security deposit or increase an existing security deposit if actual consumption is found to be significantly higher than the consumption that is estimated when the account was created."⁷¹ ZoneIIRPG suggest that customers should also receive a decrease to an existing security deposit if actual consumption is significantly less than the consumption estimated when the account was created.

⁶⁸ BCOAPO Final Arguments, p 51.

⁶⁹ Exhibit B-1, p 8-6 line 1 and p 8-7 line 1.

⁷⁰ BC Hydro Final Argument, p 66.

⁷¹ Ibid, p 71.

In-Person Customer Service Desks

BC Hydro states that it has “opened in-person customer service desks at our Dunsmuir and Edmonds offices, with plans to explore providing similar services in other district offices.”⁷² Remote communities, such as Fort Ware and other non-integrated areas do not have BC Hydro district offices. These communities would benefit from improved access to these BC Hydro services. BC Hydro discusses that it is exploring providing these services elsewhere.

Ms. Dong: Q: Is BC Hydro planning on providing improved access for areas without a district office such as in Zone IB and II?

Mr. Sanders: A: Similarly we’re exploring providing those services elsewhere. We haven’t made any commitments to do so yet. With respect to Zone II and Zone IB, those would be things we would certainly consider in trying to figure out how we can get better access to those communities and provide those customers with ways to – and address barriers to payment and understanding. But whether that’s an office or some other format, we haven’t go that far in the exploration to this point.⁷³

ZoneIRPG proposed providing “in-person assistance using a service like Skype”⁷⁴ for Zones IB and II. NIARG suggested “a pilot involving advanced notification to such communities for perhaps a monthly in-person service desk.”⁷⁵ Reliable internet service is a prerequisite for Skype service and must be a priority.

In summary, ZoneIRPG proposes that the Commission direct BC Hydro to develop a customer service group for its remote customers in Zones IB and II in consultation with these stakeholders. Given that these in-person customer service desks at Dunsmuir and Edmonds offices have been operational for some time and there is an upcoming heating season for customers in remote areas, BC Hydro should be directed to develop these options on a priority basis. BC Hydro’s relationships must be with the First Nation communities such as Fort Ware and not just individuals served within a First Nation community. It must be on a day to day basis and not just crisis related or stakeholder engagement for BC Hydro’s capital programs.

⁷² Exhibit B-38, Opening Statement of Mr. Anderson, p 5.

⁷³ Transcript Vol 6, p 1170 lines 3-5 and lines 10-19.

⁷⁴ Ibid, lines 20-21.

⁷⁵ Ibid, p 1174 lines 25-26 and p 1175 line 1.

Delay Disconnections for Demonstrated Medical Reason

ZonellIRPG supports BC Hydro delaying disconnections for demonstrated medical reasons. However, Zone IIRPG is concerned how BC Hydro will administer this program, obtain the necessary medical information and maintain customer confidentiality.

Establish a Low Income Advisory Group

ZonellIRPG supports establishing a low income advisory group and recommends representation of First Nations, INAC and NIA which BC Hydro agrees “should reflect the interests of a wide range of customers and stakeholders and will be willing to discuss representation from these groups.”⁷⁶ ZonellIRPG proposes that this group have established objectives, action plans and time limits.

Other Measures

ZonellIRPG also recommends additional measures to assist remote communities and First Nation. These include BC Hydro offering monthly billing to remote communities and improving customer service for First Nation.

Monthly Billing:

For low income customers, receiving a monthly versus bi-monthly bill would be easier to manage from a budget perspective. BC Hydro does provide an Equal Payment Plan option⁷⁷ which provides equal monthly payments to BC Hydro based on a yearly estimate of electricity consumption with a debit or a credit at the end of the year whether the customer has paid more or less than the electricity consumed. However, a customer may prefer receiving a monthly bill based on actual electricity consumption.

BC Hydro also acknowledges that “monthly billing would provide customer benefits.”⁷⁸

BC Hydro has committed that they will, “upon request, look at that for specific communities⁷⁹ and that the cost “impacts would not be large if monthly billing was targeted towards remote communities.”⁸⁰

⁷⁶ Exhibit B-23, Zonell IR 2.11.6.

⁷⁷ Exhibit C3-17.

⁷⁸ Exhibit B-5, Zonell IR 1.10.6.

⁷⁹ Transcript Vol 6, p 1167 lines 1-2.

⁸⁰ Exhibit B-5, Zonell IR 1.10.6.

Ms. Dong: Q: Has BC Hydro considered monthly billing as an option to help the residents of Fort Ware manage their finances, improve bill payments?

Mr. Sanders: A: I think we had committed in the IRs that although from a cost perspective, generally speaking, if you have paper bills being delivered, it doesn't make financial sense to have everybody on a month billing, that we would, you know, upon request look at that for specific communities.⁸¹

In consideration of the above discussion, ZonellIRPG proposes that the Commission direct BC Hydro to develop a monthly billing option for its customers in consultation with interested stakeholders with an in-service date prior to the rapidly approaching heating season.

Customer Service for First Nation:

BC Hydro does not have a single point of contact in its offices for First Nations.⁸² Mr. Colton recommends the need for, and operation of, skills-based low income customer assistance unit as their needs “are different from the utility’s other residential customers.”⁸³ Likewise, the needs of First Nation are also different and therefore would benefit from a single point of contact with responsibility by that individual or group to follow-up on community and customer issues. This does not mean responsibility to know all. BC Hydro is aware that they have a contact that Band offices can contact for billing issues.

Mr. Sanders: A: Just to add something as well, we have also for billing issues specifically, so it's not all point of contact, but, you know, contact the Band offices can reach. In fact, it's the same area that the MSDSI, you know, agencies reach through. Because we recognize that it's a good long-standing relationship in the Band administration's role as a property manager, essentially. So we have that with respect to billing. But it's you know, limited to that function.⁸⁴

ZonellIRPG would like to see BC Hydro expand this billing function to encompass all First Nation issues. This group does not need to know everything but just needs be a primary and single point of contact, individual or group, to take responsibility similar to a Key Account Manager role.

⁸¹ Transcript Vol 6, p 1166 lines 17-19 and lines 23-26 and p 1167 lines 1-2.

⁸² Transcript Vol 6, p. 1171 lines 23-26 and p 1172 line 2.

⁸³ Exhibit C2-12, Evidence of Roger Colton, p 123 lines 1-2.

⁸⁴ Transcript Vol 6, p 1172 lines 17-26 and p 1173 line 1.

Conclusion

For the reasons discussed above, ZoneIIRPG is requesting the Commission provide the following directives to BC Hydro in its RDA decision. In summary these include the following:

1. Direct BC Hydro to pursue improved internet service with the Province, its shareholder, if necessary and provide internet stations, free of charge, for BC Hydro customers to access their billing and account; including receiving bills and making payments to BC Hydro and for other account issues. In addition, direct BC Hydro to place a priority on implementing these arrangements as soon as possible and take steps before the rapidly approaching 2016-17 heating season.
2. Direct BC Hydro to adjust its bill collection process and Late Payment Charges for remote communities to account for delays in mail delivery for customer bills and bill payments to BC Hydro.
3. Direct BC Hydro to provide a longer period of time for repayment up to 12 months as necessary for Installment Plans.
4. Direct BC Hydro to implement the billing and payment arrangements that BC Hydro already has in place with MSDSI for First Nation. Given that First Nations, the most disadvantaged of the low income group, have not had the benefit of these programs, and as BC Hydro already has these systems in place with MSDSI, ZoneIIRPG requests that the Commission have BC Hydro place a priority on implementing these arrangements as soon as possible and take steps before the rapidly approaching heating season.
5. Direct BC Hydro to review its incentives for DSM as there might be a better incentive model for remote communities that provides multi-year funding based on total lifespan electricity savings such the Transmission Project Incentives that BC Hydro provides its Transmission Rate Customers.
6. Direct BC Hydro to work with organizations to coordinate flexible housing upgrade funding on a priority basis in order to improve home energy efficiency and to be able to implement DSM measures fully.
7. Direct BC Hydro to fund and allow First Nation bands to administer their own DSM programs in the community on a multi-year basis to provide the ability to plan and carry out necessary energy efficiency and home upgrade programs. Given the higher generation costs for customers

in Zone II, implementing DSM measures must be done on a priority basis and funding should reflect those higher costs as well as the unique remote conditions.

8. Direct BC Hydro to address an ESUB for NIA rate structures should BCOAPO's proposal for an ESUB be approved.
9. Direct BC Hydro to revise its Late Payment Charge to BC Hydro's short term interest rate plus 0.5% rounded up to the nearest full percentage rate. Due to mail and electronic access limitations in Zones IB and II communities, an extension of 10 business days to the date before Late Payment Charges are applied should be implemented.
10. Direct BC Hydro to develop a customer service group for its remote customers in Zones IB and II in consultation with these stakeholders. Given that these in-person customer service desks at Dunsmuir and Edmonds offices have been operational for some time and there is an upcoming heating season for customers in remote areas, BC Hydro should be directed to develop options for face to face assistance, such as Skype, on a priority basis.
11. Direct BC Hydro to develop a monthly billing option for its customers in consultation with interested stakeholders with an in-service date prior to the rapidly approaching heating season.
12. Direct BC Hydro to provide a single point of contact similar to a Key Account Manager for all First Nation issues. This group does not need to know everything but only needs to be a primary and single point of contact, individual or group, to take responsibility to ensure issues are addressed satisfactorily and in a timely manner.

All of which is respectfully submitted this 11th day of October, 2016.

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Representing Zone II Ratepayers Group (ZoneIIRPG)