

10 June 2020

VIA E-FILING

Marija Tresoglavic
Acting Commission Secretary
BC Utilities Commission
6th Floor 900 Howe Street
Vancouver, BC V6Z 2N3



Reply to: Leigha Worth
ED@bcpiac.org
Ph: 604-687-3034
Our File: 7200.610

Dear Ms. Tresoglavic,

**Re: Corix Multi-Utility Services Inc. –Tariff Changes Application due to COVID-19
BCOAPO Final Argument**

We represent the BC Old Age Pensioners' Organization, Active Support Against Poverty, Council of Senior Citizens' Organizations of BC, Disability Alliance BC, and Tenant Resource and Advisory Centre, known collectively in this regulatory process as "BCOAPO et al." ("BCOAPO").

Enclosed please find the BCOAPO's Final Argument with respect to the above-noted matter.

If you have any questions, please do not hesitate to contact the undersigned.

Sincerely,

BC PUBLIC INTEREST ADVOCACY CENTRE

Original on file signed by:

Leigha Worth
Executive Director | General Counsel

Encl.

**BC OLD AGE PENSIONERS' ORGANIZATION, ACTIVE SUPPORT AGAINST POVERTY,
COUNCIL OF SENIOR CITIZENS' ORGANIZATIONS OF BC,
DISABILITY ALLIANCE BC, AND TENANT RESOURCE AND ADVISORY CENTRE
("BCOAPO")**

**Corix Multi-Utility Services Inc. –Tariff Changes Application due to COVID-19
BCOAPO Final Argument**

June 10, 2020

Introduction

On April 20, 2020, Corix Multi-Utility Services Inc. (Corix) filed an application with the British Columbia Utilities Commission (BCUC) for approval of tariff changes in response to the COVID-19 pandemic.

Pursuant to section 60 of the *Utilities Commission Act* the following specific approvals are sought for each of the Corix Utilities¹:

- The temporary suspension of the existing Late Payment Charge (LPC) clause in the tariff for each of the Corix Utilities until June 18, 2020;
- To cease the suspension of the LPC clause in the respective tariffs for each of the Corix Utilities on the day after June 18, 2020;
- That any subsequent direction by the BCUC to the Corix Utilities regarding suspension of disconnections automatically changes the date in items (i) and (ii) above from June 18, 2020 to any other date directed by the BCUC;
- The establishment of a non-rate base COVID-19 Deferral Account for each Corix Utility to record: (a) the difference between revenue billed and revenue collected on a monthly basis from the issuance of the first bill (bill for March 2020 sent in April 2020) through to the end of the COVID19 pandemic; (b) subsequent payments by customers for bills previously not paid during the COVID-19 pandemic after practical bill collection efforts; and (c) incremental costs related to the COVID-19 pandemic. Corix proposes that that the deferral account will attract carrying costs calculated and applied on a monthly basis at Corix's cost of capital; and

¹ Exhibit B-1, pages 4 – 5

- For each Corix Utility, in its discretion, to implement a flexible payment plan for customers with outstanding balances. Each Corix Utility may implement a flexible payment plan or a standard repayment schedule on a case by case basis.

By Order G-98-20, the BCUC granted interim approvals for Corix and established a public hearing process for review of the Utility's Application. This process involved one round of information requests followed by written submissions. Set out below are BCOAPO's submissions regarding the Corix application.

Submissions

Temporary Suspension of Late Payment Charge (LPC)

Corix applied for a temporary suspension of the existing LPC for all customers until June 18, 2020. The June 18, 2020 date was aligned with the 90-day suspension of disconnections directed by BCUC Letter L-13-20. Corix has indicated it is agreeable to extend the suspension of the LPC, provided the BCUC extends the 90-day suspension of disconnections by a specified length of time.

BCOAPO notes that Corix's submission seems to indicate a Utility position that to extend the suspension of its LPC, the BCUC must first direct the utilities to do so. BCOAPO does not agree that Corix should defer its responsibility in this matter to the BCUC – while this Commission Panel may determine it appropriate to extend the time period under which British Columbia's regulated utilities do not disconnect their customers for non-payment, we note that, in letter L-13-20, the BCUC directed utilities to suspend disconnections for a *minimum* of 90 days.² Thus, the utilities are not limited by this deadline and can extend the suspension of disconnections beyond this date without any additional directions from the BCUC depending upon how the COVID-19 pandemic evolves.

BCOAPO's member groups note that while British Columbia is making some small, measured moves towards reopening for business, our provincial leadership has made it clear that progress in that direction is entirely dependent upon whether those actions do not result in a surge in infection. As we have said in another, similar process, BC is not likely to resume business as usual across the board for quite some time to come because we are not the kind of society willing

² Exhibit B-1, page 3

to throw the lives and health of our people to the wolves to feed the economic ambitions of the one percent.

While the possible timelines for a vaccine vary widely, those associated with the more credible sources are fairly consistent: 12 to 18 months after the onset of research is a best case scenario and the human cost of a model seeking a sharp, swift move toward herd immunity is, by any measure, unthinkable. However, whether we follow the science and the example set by history such as the multiple waves of Spanish Flu or not, it is, in our submission, unrealistic to set a firm three month end date to the need for any customer relief measures.

BCOAPO submits that Corix should, on its own, re-assess the need to extend the LPC suspension period prior to the end of the current 90-day deadline even in the absence of the BCUC directions regarding an extension of the suspension of disconnection.

Bill Relief/Deferral Program

Corix is not proposing a bill payment relief or bill payment deferral program.³ According to Corix, one of the main reasons for not proposing a bill relief program is that, due to the small customer base of each Corix utility, the costs of the program would be spread over the small number of customers who did not participate in the program, impacting them materially.⁴ With respect to a formal bill payment deferral program, Corix takes the position that due to the small size of the utility and nominal LPC for each customer, “the costs of carrying out a bill payment deferral program is likely to be higher than the benefits received”.⁵

Our clients are deeply disappointed with the Utility’s decision not to offer a bill credit or discounted rate to assist its ratepayers. Although BCOAPO appreciates Corix’s rationale for not proposing a bill relief program, we submit that during this unprecedented crisis caused by COVID-19, it may be fair and reasonable that revenues otherwise directed to the shareholder’s return should be used to assist with the costs of the program. It is not palatable that, in the face of an economic and social crisis the likes have which have not been seen for generations, the regulated utility’s shareholder is held 100% harmless while virtually all other businesses, governments and the utility’s customers are taking a massive financial hit. In the absence of a Corix statement on this, our clients are left to assume that it will seek to recover not only the costs outlined in this application but those necessary to provide its shareholders with its approved return. If so,

³ Corix Final Argument, page 5; Exhibit B-2, BCUCIR 1.7.1

⁴ Corix Final Argument, page 5

⁵ Corix Final Argument, page 6

BCOAPO must point out that the result is not only unfair but likely contrary to what the Utilities Commission Act's intention would be, had its drafters contemplated a situation like this. We and our clients would be deeply disappointed were it to become apparent that Corix' shareholders are not only not in the same boat, they are not in the same storm.

BCOAPO agrees that the proposed temporary suspension of the LPC "effectively amounts to the allowance of bill payment deferral for all customers"⁶, without incurring the extra administration costs of a formal program. BCOAPO accepts that, at this time, the proposed approach achieves a reasonable "balance between alleviating the financial burden faced by customers due to COVID-19 and maintaining a financially viable energy utility"⁷.

However, in our submission, given the uncertainty regarding how the COVID-19 circumstances will evolve in the future and the fact that the impacts on individual residential and commercial customers could vary widely depending upon their specific circumstances (e.g. occupation, personnel situation, type of business, etc.), it is important that Corix keep itself apprised of current COVID-19 related events while working with its stakeholders to determine what actions are called for.

We submit that Corix should revisit its position regarding a bill relief and, or bill deferral program, and that that this reconsideration should not be based on arbitrary numbers and uninformed belief, but facts, figures and evidence – something lacking in too many utilities' justifications for their decisions to limit the relief they offer their ratepayers during this extraordinary time.

COVID-19 Deferral Account

Corix is requesting approval to establish a non-rate base deferral account to record: (a) the difference between revenue billed and revenue collected on a monthly basis from the issuance of the first bill (bill for March 2020 sent in April 2020) through to the end of the COVID19 pandemic; (b) subsequent payments by customers for bills previously not paid during the COVID-19 pandemic after practical bill collection efforts; and (c) incremental costs related to the COVID-19 pandemic.

Corix proposes to charge its weighted average cost of capital (WACC), not the short-term interest rate, to the balances in the deferral account.⁸ Basically, Corix is treating a proposed measure offering short term flexibility for customers as if it were a long-term rate base investment in

⁶ Corix Final Argument, page 6

⁷ Exhibit B-1, page 3

⁸ Exhibit B-2, BCUC IR1.5.1

infrastructure. However, from the current record, it does not appear that the utility faces a material, adverse cash flow situation that will prevail for years⁹. There is, therefore, in our submission, no basis upon which Corix could justify the proposed financial treatment: it clearly cannot be compared to investments in facilities which last for up to 50 years, and it is not a major risky investment of shareholder capital in delivering energy.

BCOAPO submits that the short-term interest rate is appropriate. As the situation evolves, if evidence of a material negative impact on Corix appears it is certainly open to the Utility to reapply to get a higher rate on the outstanding balance, provided their evidence and justification are robust enough.

Flexible Payment Plan

Corix has applied for approval for each Corix utility, at its own discretion, to implement a flexible payment plan for customers with outstanding balances. BCOAPO does not oppose this proposal. However, considering that after ending the suspension of the LPC, flexible payment plans would be the only measure available to customers who are unable to pay their bills due to COVID-19, we suggest that Corix should be ordered to provide to the BCUC an update on the payment options offered and implemented, the number of customers availing themselves of those options, and the financial impacts of those options, on a monthly or quarterly basis.

Conclusion

BCOAPO does not oppose Corix's application to provide a temporary suspension of the existing LPC for all customers until June 18, 2020. Corix' customers deserve the support of their utility during this difficult time and, subject to our comments regarding the WACC, our clients do not object to the creation of a deferral account. However, this does not mean that our clients are content with the entirety of Corix's application. We urge Corix to closely monitor COVID-19 related events and impacts while working with its stakeholders to determine what further actions are called for as the situation evolves, including the offering of a bill relief and/or bill deferral program.

We note that Corix's application does not cite how the utility plans to deal with any potential bad debt that may arise out of this situation. Without any specific mention of it having been made in the Utility's application, and no evidence on the Utility's estimates of the possible quantum or impact of such debts on the record, our clients do not support that debt being assigned to the

⁹ Exhibit B-2, BCUC IR 1.5.2 and Exhibit B-3, BCOAPO IR 1.3.2

applied-for deferral account and instead submit that the process should either have the evidentiary phase reopened or any bad debt accrued to the shareholders' account.

Additionally, our clients ask this Commission Panel to direct Corix to re-assess the need to extend the LPC suspension period at the end of the proposed period ending on June 18, 2020.

ALL OF WHICH IS RESPECTFULLY SUBMITTED:

Original on file signed by:

Leigha Worth, Executive Director

BC Public Interest Advocacy Centre

Irina Mis, Staff Lawyer

BC Public Interest Advocacy Centre