

16 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
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Ph: 604-687-3034
Our File: 7500.810

Dear Ms. Tresoglavic,

**Re: British Columbia Hydro and Power Authority, FortisBC Energy Inc. and FortisBC Inc. Evacuation Relief Tariff Amendment Applications
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, Tenant Resource and Advisory Centre, and Together Against Poverty Society, 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, TENANT RESOURCE AND ADVISORY CENTRE,
AND TOGETHER AGAINST POVERTY SOCIETY ("BCOAPO")**

**British Columbia Hydro and Power Authority, FortisBC Energy Inc. and FortisBC
Inc. Evacuation Relief Tariff Amendment Applications**

BCOAPO Final Argument

June 16, 2020

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Please be advised that we provide the following final argument regarding the above noted application on behalf of our client groups known in this and other regulatory processes as BCOAPO or BCOAPO et al. The constituent groups of BCOAPO et al. represent the interests of residential energy consumers in British Columbia.

PART 1. BC HYDRO APPLICATION

INTRODUCTION

On August 8, 2019, BC Hydro filed an Application with the Commission seeking approval for¹:

- Waiving certain charges for customers already affected by Evacuation Orders in 2019, for customers affected by Evacuation Orders that remain in effect from a State of Emergency which occurred in 2018, and for customers who may be affected by Evacuation Orders from the time of the application pending the Commission order on the Evacuation Relief Tariff Application and Regulatory Account Treatment (see following bullet),
- An amendment to its Electric Tariff Terms and Conditions (Tariff), pursuant to sections 59 to 61 of the *Utilities Commission Act* (UCA), to provide relief for customers subject to Evacuation Orders arising from a State of Emergency,
- Expanding the scope of the Storm Restoration Costs Regulatory Account to include the deferral of revenue impacts related to BC Hydro's actual amounts for waivers of charges from the Evacuation Relief Tariff Application.

The Application was structured into two parts with the first request comprising the Part One (the Evacuee Assistance Application) and the remaining two requests making up Part Two (the Evacuation Relief Tariff Amendment and Regulatory Account Treatment Application).

On October 3, 2019, the BCUC issued Order G-239-19 including components with respect to Part One of the Application:

1. The BCUC hereby consents to BC Hydro providing bill credits and waivers to Evacuee Customers affected by the Evacuation Orders as follows:

¹ Exhibit B1-1, page 1

a. a credit to customers for the basic charges, energy charges and street lighting rates as set out in the specific Rate Schedules under which customers receive service during the Applicable Period, as follows:

- i. General Service – Basic Charge and Energy Charge;
- ii. Residential Service – Basic Charge and Energy Charge;
- iii. Irrigation – Energy Charge; and
- iv. Street Lighting – all charges;

b. a credit to customers whose dwelling was destroyed for all charges for service for the period immediately after the last billing period before the destruction;

c. a credit for the Service Connection Charge as set out in Section 3.14 of BC Hydro's Electric Tariff for residential Evacuee Customers constructing a new Dwelling if the Evacuee Customer's Dwelling was destroyed during the Evacuation Orders, provided that the service at the new Dwelling is of the same service, and that the Service Connection Charge is not recoverable as part of the customer's home insurance policy. Waivers under this subsection will not include other estimated construction costs, including but not limited to Extension or Optional Facilities;

d. BC Hydro will waive or not calculate the Late Payment Charge set out in Section 6.3 of the BC Hydro Electric Tariff for a customer under an Evacuation Order during the Applicable Period until after the evacuation order has been lifted. The waiver will not apply to a pre-established payment plan.

2. The revenue reduction resulting from BC Hydro providing bill credits and waivers to Evacuee Customers during the Applicable Period will be to the account of the shareholder.

3. A hearing process will be established by the BCUC for the review of Part 2 of the Application at a date to be determined.

On October 22, 2019, the BCUC issued Order G-149-19 wherein it determined that Part Two of BC Hydro's Application would be heard at the same time as a similar Application filed by FortisBC Energy Inc. and FortisBC Inc.(collectively, FortisBC). The same Order established a regulatory timetable which was subsequently revised in Orders G-159-19 and G-68-20. Overall, the final regulatory timetable called for two rounds of information requests followed by written submissions.

Set out below are BCOAPO's submissions with respect to BC Hydro's Evacuation Relief Tariff Amendment and Regulatory Account Treatment Application.

APPROVALS SOUGHT

In Part Two of its Application, BC Hydro is seeking BCUC approval for amendments to its Electric Tariff Terms and Conditions to provide relief for customers subject to Evacuation Orders arising from a State of Emergency. The amendments include definitions for the terms State of Emergency, Evacuation Order, Evacuation Period and Evacuee Customer² in section 1.2 of the Terms and Conditions. There are also amendments to section 5 of the Terms and Conditions which specify³:

- i. Which charges on the applicable Rate Schedules for Evacuee Customers will be waived during the Evacuation Period;
- ii. Additional charges (e.g. the Service Connection Charge) that will be waived in the event an Evacuee Customer's Dwelling is destroyed during the Evacuation Period;
- iii. Circumstances under which BC Hydro may, in its discretion, refuse to waive the charges noted under items (i) and (ii); and
- iv. Circumstances under which BC Hydro may, in its discretion, waive Energy Charges as set out in an applicable Rate Schedule for Medium General Service (Rate Schedules 1500, 1501, 1510 and 1511), Exempt General Service (Rate Schedules 1200, 1201, 1210 and 1211), General Service (35 kW and Over) (Rate Schedules 1255, 1256, 1265, and 1266), or Large General Service (Rate Schedules 1600, 1601, 1610, and 1611).⁴

In Part Two of its Application BC Hydro also requests⁵ the Commission's approval to expand the scope of its Storm Restoration Costs Regulatory Account to include the deferral of revenue impacts related to BC Hydro's actual amounts for bill credits and waivers of charges as described in its Evacuation Relief Tariff Application. These amounts would attract interest and would be recovered over the same period (i.e., the next test period) as other storm restoration costs

² Exhibit B1-1, Appendix C, Section 1

³ Exhibit B1-4

⁴ The referenced General Service Rate Schedules are not included in the definition of "Evacuee Customer".

⁵ Exhibit B1-1, page 16

deferred to the Storm Restoration Costs Regulatory Account in accordance with BCUC Orders G-16-09 and G-47-18.

SUBMISSIONS

RATIONALE FOR THE APPLICATION

On September 14, 2017, BC Hydro applied to the BCUC, under section 63 of the *UCA*, for consent to waive certain charges for residential, general, irrigation, and street lighting service customers in BC Hydro's service territory that were subject to evacuation orders (Evacuee Customers) and alerts for the period starting May 1, 2017 and ending December 31, 2017 arising from the 2017 British Columbia Wildfire Season. Subsequently, in Order G-152-17, the BCUC approved:

- a) Providing a credit for the Applicable Charges that would otherwise have applied during the Applicable Period to Evacuee Customers;
- b) Providing a credit to customers whose dwelling was destroyed by a wildfire during the 2017 British Columbia Wildfire Season for all outstanding charges for service for the period immediately after the last billing period before the destruction;
- c) Providing a credit for the Service Connection Charge as set out in Section 3.14 of BC Hydro's Electric Tariff for residential customers constructing a new dwelling if their prior dwelling was destroyed by wildfire during the 2017 British Columbia Wildfire Season and if the connection charge is not recoverable as part of their insurance; and
- d) Providing a credit to customers under an evacuation alert for the applicable late payment charge set out in Section 6.3 of BC Hydro's Electric Tariff that would have applied between the date of the evacuation alert and September 15, 2017. Late payment charges will not apply to customers under an evacuation alert with an established payment plan.

On August 22, 2018, BC Hydro made a similar application to the BCUC, pursuant to section 63 of the *UCA*, for consent to waive certain charges for residential, general, irrigation and street lighting service customers in BC Hydro's service territory that were subject to evacuation orders and alerts (Evacuee Customers) for the period July 1, 2018 to December 31, 2018 arising from the 2018 British Columbia Wildfire Season. In Order G-189-18, the BCUC granted approvals similar to those provided in G-152-17.

In Order G-189-18's Reasons for Decision the BCUC provided its reasons for approving the Application:

“BC Hydro customers facing a mandatory evacuation order or alert during the 2018 British Columbia Wildfire Season are unable to make regular use of any service from BC Hydro through no fault or action of their own; however, they remain bound by billing terms of BC Hydro’s approved rate schedule. The BCUC finds that temporary credit relief is warranted for the 2018 British Columbia Wildfire Season to allow BC Hydro to relieve customers of these billing obligations while under mandatory evacuation orders or alerts and thus unable to make regular use of services as contemplated by BC Hydro’s approved rate schedule.”

However, in its Reasons for Decision related to Order G-189-18, the BCUC also noted that, while BC Hydro had not filed an application to amend its Tariff, “this is the second application by BC Hydro in as many years seeking the BCUC’s consent to waive the application of its Electric Tariff Terms and Conditions to customers subject to evacuation orders and/or alerts due to wildfires in BC”. The BCUC then went on to state:

“The BCUC considers that an amendment to the Tariff may be in the best interest of both the utility and customers and ease the regulatory burden on providing relief to similarly affected customers beyond 2018. On this basis, (the) we direct BC Hydro to file an application to amend the Tariff and satisfy the BCUC that the proposed Tariff amendments are just, reasonable and not unduly discriminatory”.

The current Applications were clearly made in response to the BCUC directive per Order G-189-18⁶.

As rationale for its proposed “standardized” approach to providing relief to customers who were subject to evacuation orders, BC Hydro has also referenced the need to recognize that such customers “will, for the most part, not have received benefit of their electricity service while under an Evacuation Order which requires Evacuee Customers to leave their premises immediately or with short notice”⁷. However, in developing the eligibility criteria as to which customers will receive relief BC Hydro has also given consideration to:

- The cost of administering the relief program versus the amount of relief that would be required⁸;

⁶ Exhibit B1-1, page 1

⁷ Exhibit B1-1, page 12

⁸ Exhibit B1-4, BCUC 1.2.1, BCUC 1.2.2, BCUC 1.2.10, and Exhibit B5-1, BCOAPO 2.11.1

- Whether the customers are likely to have recourse to other sources of financial relief⁹;
- Whether the customers are likely to continue to derive some benefit from their electrical service¹⁰;
- The financial/rate impact on all ratepayers who, under BC Hydro's proposal¹¹, will be responsible for the revenue impacts¹².

In BCOAPO's view these are relevant and reasonable public interest considerations for the purposes of the determining the proper scope of the relief to be provided.

CUSTOMERS (RATE SCHEDULES) ELIGIBLE FOR RELIEF

In the initial Application, BC Hydro proposed that bill credits would be available to customers on the following rate schedules for the following charges¹³:

- a) Residential Service (Rate Schedules 1101, 1121, 1105, 1107, 1127, 1148, 1151 and 1161) – Basic Charge, Energy Charge, and the Customer Crisis Fund Rate Rider as set out in Rate Schedule 1903 (as applicable);
- b) Small General Service (Rate Schedules 1234, 1205, 1300, 1301, 1310 and 1311) – Basic Charge, Energy Charge, and Minimum Charge;
- c) Irrigation Service (Rate Schedule 1401) – Energy Charge; and
- d) Street Lighting Service (Rate Schedule 1755) – Charge per fixture for each month the Evacuation Order is in effect.

In its response to the first round of information requests¹⁴, BC Hydro noted that some General Service (i.e., those with demand greater than 35 kW) customers may also be vulnerable to the impacts of an Evacuation Order, similar to customers receiving Residential Service and Small General Service. Examples provided were services to a nursing home, boarding house, rooming house, common area of multiple occupancy building, mobile home park or other similar establishments. As a result, BC Hydro requested a further amendment to the Tariff providing it the discretion to waive Energy Charges as set out in an applicable Rate Schedule for Medium

⁹ Exhibit B1-1, page 5 and Exhibit B1-4, BCUC 1.1.1.1, BCUC 1.1.1.2, BCUC 1.1.2.1 BCOAPO 1.3.1, & CEC 1.2.3

¹⁰ Exhibit B1-4, BCUC 1.1.1.1

¹¹ Exhibit B1-1, page 3

¹² Exhibit B1-1, page 5 and Exhibit B1-4, BCUC 1.1.1.1

¹³ Exhibit B1-1, page 14 and Appendix C-2, Section 5.8

¹⁴ Exhibit B1-4

General Service (Rate Schedules 1500, 1501, 1510 and 1511), Exempt General Service (Rate Schedules 1200, 1201, 1210 and 1211), General Service (35 kW and Over) (Rate Schedules 1255, 1256, 1265, and 1266), or Large General Service (Rate Schedules 1600, 1601, 1610, and 1611), if:

- a) The Customer is subject to an Evacuation Order; and
- b) The Service is for use in a nursing home, boarding house, rooming house, common area of multiple occupancy building, mobile home park or similar establishment.

In subsequent information request responses BC Hydro clarified that it proposes to provide billing relief to nursing homes, boarding houses and mobile home parks when the accounts are held by not-for-profit organizations. Relief would not be provided when, for example, a nursing home is part of a for-profit organization that operates a chain of retirement homes¹⁵.

Similarly, BC Hydro clarified that it is not proposing to waive Energy Charges for Medium General Service and Large General Service customers subject to an Evacuation Order where Service is for use in a nursing home, boarding house, rooming house, common area of a multiple occupancy building, mobile home park or similar establishment that is fully government funded. However, BC Hydro noted that waiving of Energy Charges would be appropriate for these customers if they are operating as not-for-profit organizations that may receive a portion of their funding from the Government of B.C.¹⁶

BCOAPO views BC Hydro's specific proposal to offer bill credits for the specified rate schedules and related charges to have struck a reasonable balance of the considerations noted in the section above. It recognizes that: i) Residential and Small General Service Customers constitute the bulk of the customers typically affected by evacuation orders¹⁷, ii) these customers are generally more vulnerable financially than MGS and larger customers¹⁸, and iii) offering similar relief to MGS and larger customers could significantly increase the financial risk to all ratepayers¹⁹.

With respect to the last point, BCOAPO recognizes that the both MGS and LGS rate schedules were included in the relief approved in Orders G-152-17 and G-189-18²⁰. However, those approvals were for specific events where the scope of the impact of the evacuation orders (i.e.,

¹⁵Exhibit B1-5, BCUC 2.8.1

¹⁶ Exhibit B1-5, BCOAPO 2.9.1

¹⁷ Exhibit B1-4, BCUC 1.2.14.1 and CEC 1.6.1

¹⁸ Exhibit B1-4, BCUC 1.1.1.1 and CEC1.2.3

¹⁹ Exhibit B1-4, CEC 1.2.5, CEC 1.6.2 and CEC 1.6.3

²⁰ Exhibit B1-4, BCUC 1.1.1

number and types of customers) was known. The current Application is meant to address future evacuation orders and both BC Hydro and the BCUC need to be mindful of the potential financial risk of including rate schedules where customers typically have significantly higher monthly bills.

BCOAPO generally supports BC Hydro's proposed amendment to include (subject to certain important qualifications) MGS and LGS Service for use in a nursing home, boarding house, rooming house, common area of multiple occupancy building, mobile home park or similar establishment. As BC Hydro has noted²¹ the service being provided is really for residential customers even though the rate schedules are MGS or LGS. Furthermore, BCOAPO agrees that the not-for profit/non-government funded requirement allows BC Hydro to focus on those customers who are the most vulnerable financially – a position our residential ratepayer group clients appreciate and support.

BCOAPO's only concern is that by specifically referencing just the common area of multiple occupancy building the list of eligible MGS/LGS Services appears to exclude the actual residential premises in such circumstances. In situations where the multiple occupancy building is being operated on a "for profit basis" and/or the premises are individually metered residential customers of BC Hydro this exclusion is reasonable. However, in those circumstances where the service is to a residential condominium corporation (effectively owned by the residents and operated on a not-for-profit basis) and the suites are not separately metered, the MGS/LGS customer (i.e., the condominium corporation) should be eligible for the bill credits for its entire service (not just the common area), to proceed otherwise is illogical and defeats the purpose BC Hydro has cited it intends this application to address.

Also, in the event that a residential customer's Dwelling is destroyed²² when there is an Evacuation Order²³, BC Hydro proposes to waive all charges²³ for service for the period immediately after the last billing period, up to the date of destruction. Furthermore, BC Hydro proposes to waive Service Connection charges for the customer's new Dwellings constructed to replace Dwellings destroyed during the disaster, where costs are not covered by the Evacuee Customers' insurance and the service at the new Dwelling uses the same service²⁴.

BCOAPO agrees with BC Hydro's proposal to waive the Service Connection charges for just new residential dwellings. As BC Hydro has noted "owners of properties occupied by General Service

²¹ Exhibit B1-4

²² Exhibit B1-4, BCOAPO 1.4.2

²³ Exhibit B1-4, BCUC 1.3.5

²⁴ Exhibit B1-1, page 14 and Appendix C-2, section 5.8

customers should have insurance that will allow them to rebuild their buildings following a disaster event”²⁵.

CIRCUMSTANCES UNDER WHICH RELIEF WILL BE PROVIDED

BC Hydro will provide bill credits (i.e., waive the specified charges) to eligible customer accounts under the specified rate schedules that are subject to an Evacuation Order for the duration of the Evacuation Period²⁶. Similarly, BC Hydro’s proposal to waive certain charges if an Evacuee’s Dwelling is destroyed applies only if the Dwelling is destroyed during the Evacuation Period²⁷.

BC Hydro proposed amendments to its Tariff defines an Evacuation Order as:

“An order issued by a local authority, provincial government, federal government, or First Nations band council during a State of Emergency, which requires Evacuee Customers remain away from their Premises until the Evacuation Order is lifted by the issuing authority”²⁸.

The Evacuation Period is defined as “The period during which an Evacuee Customer is under an Evacuation Order” and an Evacuee Customer is defined as “A Customer who receives Service under the following Rate Schedules²⁹ as amended and filed with the British Columbia Utilities Commission from time to time, and who is under an Evacuation Order”³⁰.

In response to information requests³¹ BC Hydro has clarified that assistance would be available to Evacuee Customers under Evacuation Orders which were issued due to a State of Emergency pursuant to the applicable statutory authorities:

- For the federal government, the *Emergency Management Act*, SC 2007, c 15;
- For the provincial government, the *Emergency Program Act*, RSBC 1996, c 111; and
- For local governments, either the *Local Government Act*, RSBC 2015, c 1, or the *Vancouver Charter*, SBC 1953, c 55, as applicable.

Also, Treaty First Nations are deemed to be Local Authorities under the *Emergency Program Act*.

²⁵ Exhibit B1-4, CEC 1.5.1.1

²⁶ Exhibit B1-1- page 5 and Appendix C-2, Section 5.8

²⁷ Exhibit B1-1, Appendix C-2, Section 5.8

²⁸ Exhibit B1-1, Appendix C-2, Section 1.2

²⁹ The Rate Schedules listed in the Definition are the Residential, Small General Service, Irrigation and Street Lighting Service Schedules noted in section 3.2 above.

³⁰ Exhibit B1-1, Appendix C-2, Section 1.3

³¹ Exhibit B1-4, BCUC 1.3.1

In response to information requests, BC Hydro has also noted that it does not have a way of confirming whether a customer subject to an Evacuation Order actually evacuated their premises, or on what day. As a result, a bill credit would be applied consistent with the proposed Tariff amendments even if the customer did not comply with the Evacuation Order³². The relief will not apply to customers who are subject to evacuation alerts or instances where an Evacuation Order has not been issued despite a State of Emergency being declared³³.

BCOAPO generally considers these limitations regarding the circumstances under which relief will be provided to be reasonable. The only exception is the circumstances under which certain charges will be waived if an Evacuee's Dwelling is destroyed. The proposed Tariff wording requires that the Dwelling be destroyed during the period the Evacuation Order is in effect. This is most likely the period during which the Dwelling will be destroyed. However, in the unlikely event that the destruction occurs either immediately before the Evacuation Order was issued or between Evacuation Orders (i.e., if an Order was issued, lifted and then re-issued again) and the destruction was caused by the same event that gave rise to the Evacuation Order(s), then BCOPA submits similar relief should be provided.

BC Hydro proposes that the relief may also not apply if the duration of the Evacuation Order is less than five consecutive days, or if an Evacuation Order has ended more than two years before the date BC Hydro receives a request from a customer subject to the Evacuation Order or otherwise becomes aware of the Evacuation Order³⁴. The specific wording of the proposed Tariff amendment³⁵ is:

“3. Notwithstanding the provisions in paragraph 1 and paragraph 2, BC Hydro may, in its discretion, refuse to waive the charges in paragraph 1 and paragraph 2 above, if:

- a) The Evacuation Period is for a period less than five consecutive days; or
- b) An Evacuation Order has ended more than two years before the date BC Hydro receives a request from an Evacuee Customer or otherwise becomes aware of the Evacuation Order”.

BC Hydro believes it is appropriate that the level of billing relief provided be meaningful to customers to justify administration costs³⁶. However, the cost of administering the evacuation

³² Exhibit B1-4, BCUC 1.2.6

³³ Exhibit B1-1, page 13

³⁴ Exhibit B1-1, page 13 and Appendix C-2, Section 5.8

³⁵ Exhibit B1-1, Appendix C-2, Section 5.8

³⁶ Exhibit B1-1, BCUC 1.2.4

relief is largely independent of the number of days the Evacuation Order is in effect and is driven primarily by the effort required to identify the affected customers which, in turn, depends primarily on the complexity of the event and precision in the evacuation orders issued³⁷. As a result, BC Hydro views establishing a threshold for the minimum number of days of an Evacuation Order as a practical way to provide a balance between the relief provided to customers and the administrative cost of identifying the affected customers and applying credits.³⁸

In its response to the information requests BC Hydro has suggested that a reasonable guideline for determining the threshold is the duration that would allow a residential customer with median consumption to receive a bill credit of at least \$10 in the summer months, which is five days³⁹. In contrast, BC Hydro notes that credits for a one-day evacuation would range from \$1 to \$8 per residential customer⁴⁰.

BCOAPO agrees with BC Hydro that there is a point of de minimis at which the benefit to recipients does not warrant the costs borne by other customers⁴¹ and that 5 days is a reasonable threshold. In arriving at this conclusion BCOAPO, considered that the fact that only 21 of 30,231 customers receiving credits for 2017 wildfire events were evacuated for less than five days and, for 2018 the wildfire events as well as the 2018 and 2019 landslide events there were no customers subject to Evacuation Orders of less than five days⁴².

The 5-day threshold is not absolute as the wording of the Tariff amendment permits it to be waived at BC Hydro's discretion⁴³. BC Hydro proposes the following criteria to determine relief for Evacuee Customers who may not meet the five consecutive day threshold:

1. The disaster event resulted in an Evacuation Order, or Orders, in place for at least five days for parts of the municipality or regional district;
2. An Evacuation Order, or Orders, in place for less than five days affected customers on the same distribution feeder(s) as customers under an Evacuation Order in place for at least five days; and
3. The customers affected by Evacuation Orders less than five days are geographically in the same area as those affected by Evacuation Orders in place for at least five days.

³⁷ Exhibit B1-4, BCUC 1.2.1, BCUC 1.2.12 and CEC 1.8.2

³⁸ Exhibit B1-4, BCUC 1.2.2 and BCUC 1.2.10

³⁹ Exhibit B1-4, BCUC 1.2.4

⁴⁰ Exhibit B1-4, BCUC 1.2.10

⁴¹ Exhibit B1-5, BCOAPO 2.11.1

⁴² Exhibit B1-4, BCUC 1.2.2 and BCUC 1.2.11

⁴³ Exhibit B1-1, Appendix C-2, Section 5.8

(i.e., because outside of urban centres a single distribution feeder can service customers over a wide territory).

In such circumstances, BC Hydro has indicated it sees discretion in applying the five-day threshold as enabling a more consistent customer treatment when customers are subject to the same qualifying disaster event⁴⁴. BC Hydro also notes that the boundaries for Evacuation Orders are often less than precise and can change over time⁴⁵ and that the additional costs to address and investigate a customer's complaint/claim that they too are eligible for relief would almost certainly exceed the \$10.95 bill credit expected to be provided to a median customer in the summer⁴⁶.

In light of these circumstances, BCOAPO considers BC Hydro's proposal to waive the 5-day threshold criteria for the stated circumstances to be reasonable.

BC Hydro's proposes that it be allowed the discretion to refuse to waive charges if an Evacuation Order has ended more than two years before the date BC Hydro receives a request from an Evacuee Customer or otherwise becomes aware of the Evacuation Order is based on the fact obtaining historical Evacuation Orders can be difficult as there is not a centralized source for obtaining Evacuation Orders⁴⁷. Furthermore, this difficulty is likely to increase over time⁴⁸. As a result, BCOAPO considers the two-year time limit as reasonable.

REGULATORY ACCOUNT TREATMENT

As part of its Application, BC Hydro is requesting the Commission's approval to expand the scope of its Storm Restoration Costs Regulatory Account to include the deferral of revenue impacts related to BC Hydro's actual amounts for bill credits and waivers of charges as described in its Evacuation Relief Tariff Application⁴⁹. The revenue impacts that BC Hydro is proposing to defer to the Storm Restoration Costs Regulatory Account include the following⁵⁰:

- i. Bill Credits During Evacuation Order (per page 6, item No. 2 of the Application - with the exception of the Customer Crisis Fund Rate Rider). The waiver of the Customer Crisis Fund Rate Rider would not be deferred to the Storm Restoration Costs

⁴⁴ Exhibit B1-4, BCUC 1.2.1 and Exhibit B1-5, BCOAPO 2.10.3

⁴⁵ Exhibit B1-1, BCUC 1.2.1

⁴⁶ Exhibit B1-5, BCOAPO 2.11.2

⁴⁷ Exhibit B1-4, BCUC 1.2.14

⁴⁸ Exhibit B1-5, BCOAPO 2.14.1.1

⁴⁹ Exhibit B1-1, page 16

⁵⁰ Exhibit B1-5, BCOAPO 2.16.1

Regulatory Account as this would be captured in the amounts deferred to the Customer Crisis Fund Regulatory Account.

- ii. Waiver of All Charges For Destroyed Residential Dwelling (per page 6, item No. 3 of the Application).

Any Service Connection Charges for new Residential Dwellings (per page 6, item No. 4 of the Application) or Late Payment Charges waived as a result of an Evacuation Order would not be deferred to the Storm Restoration Costs Regulatory Account⁵¹. These latter two charges are treated as Miscellaneous Revenues and any variance from forecast will be to the account of the shareholder⁵².

The proposed regulatory account treatment of the revenue impacts arises from BC Hydro's view that, given the BCUC direction to amend the Tariff, the proposed treatment of revenue impacts should be to the account of ratepayers⁵³ as opposed to its shareholder because:

- The relief will be now available to all customers who meet the requirements set out in the Electric Tariff;
- The relief will be on-going, rather than on an ad hoc basis;
- The revenues impacted will be unpredictable from year to year; and
- BC Hydro will not have control over revenue impacts⁵⁴.

Furthermore, BC Hydro indicates that the nature of the bill credits and waivers proposed to be provided as per the Application would align with the regulatory account types included in BCUC's Regulatory Account Filing Checklist, specifically a forecast variance account described under item (f) in the checklist⁵⁵.

While the occurrence of wildfires and other events that may lead to an Evacuation Order cannot be forecast in advance, BC Hydro's past practice has been to request approval to waive the application of its Electric Tariff Terms and Conditions to certain customers subject to specific evacuation orders⁵⁶. In each of these instances the foregone revenue incurred was the direct

⁵¹ Exhibit B1-5, BCOAPO 2.16.1

⁵² Exhibit B1-4, BCUC 1.3.9 and Exhibit B1-5, BCOAPO 2.16.1

⁵³ BC Hydro has not explicitly sought approval to recover the waived charges from ratepayers. However, such a result is part of BC Hydro's rationale for deferring the revenue impacts to the implicit in BC Hydro's proposal to defer the Storm Restoration Costs Regulatory Account.

⁵⁴ Exhibit B1-1, pages 14-15

⁵⁵ Exhibit B1-5, BCOAPO 2.15.3

⁵⁶ Exhibit B1-1, page 2

result of BC Hydro's application and the revenue impacts were considered to be a shareholder cost.

In Order G-189-18 the BCUC noted BC Hydro's one-off requests to waive the application of its Electric Tariff Terms and Conditions to customers subject to specific evacuation orders and/or alerts due to wildfires in BC were becoming a regular practice and directed BC Hydro to standardize the practice through a formal amendment to its Electric Tariff. In doing so, the BCUC's objective was to reduce regulatory burden by removing the need for similar one-off applications in the future.

Presumably, without the BCUC's direction to file for approval of a Tariff Amendment, BC Hydro would have continued to make one-off requests to waive the application of its Electric Tariff Terms and Conditions to customers subject to specific evacuation orders with the Government paying the tab as its sole shareholder. BCOAPO does not view the fact the Tariff Amendments are result of direction from the BCUC as a proper basis upon which to now make the revenue impacts of any further evacuation events the responsibility of ratepayers as opposed to BC Hydro's shareholder and there is certainly no evidence on the record that seems to justify a full departure from the past practice of having such costs borne by the utility's shareholder.

One of BC Hydro's considerations in establishing the eligibility criteria for Evacuee Customers was the need to limit the size of the resulting revenue shortfalls. In BCOAPO's view, the revenue impacts due to rate schedule charges waive in conjunction with evacuation relief cannot be viewed as completely uncontrollable and the need to fully recover the revenue shortfalls from ratepayers should not be taken as a given.

It is acknowledged that the Tariff amendments remove any discretion BC Hydro has as to whether or not to make such requests and on this basis BCOAPO considers that, at most, it would be appropriate for the revenue impacts to be shared between ratepayers and the shareholder on a 50/50 basis.

BCOAPO notes that BC Hydro intends to separately track storm restoration costs and evacuation assistance costs within the Storm Restoration Costs Regulatory Account⁵⁷. Given this commitment, BCOAPO considers BC Hydro's proposal to defer the revenue impacts related to its Evacuation Relief Tariff Application to the Storm Restoration Costs Regulatory Account to be reasonable. Separate tracking of the evacuation assistance costs within the Account will permit

⁵⁷ Exhibit B1-4, BCUC 1.5.4

a different approach to recovery of the revenue impacts if such is deemed appropriate by the BCUC.

In its information requests⁵⁸, BCOAPO sought confirmation from BC Hydro that foregone revenues are captured in BC Hydro's Non-Heritage Account as part of the Domestic Revenue variance. In its response BC Hydro stated:

"BC Hydro confirms that the revenue impacts for the bill credits and waivers of charges identified in item (i) in the question above and in BC Hydro's response to BCOAPO IR 2.16.1 that are proposed to be deferred to the Storm Restoration Costs Regulatory Account would be excluded from the domestic revenue variance captured in Non-Heritage Deferral Account to ensure that these amounts are only deferred once".

From this response it is not clear to BCOAPO whether the current calculation of the Domestic Revenue variance for purposes of the Non-Heritage Deferral Account excludes the foregone revenues BC Hydro proposes to defer to the Storm Restoration Costs Regulatory Account or whether the calculation of the domestic revenue variance captured in Non-Heritage Deferral Account will need to specifically altered to address this issue. BCOAPO requests that BC Hydro clarify this issue in its Reply Submissions.

PART 2. FORTISBC APPLICATION

INTRODUCTION

On August 1, 2018, FortisBC Energy Inc. (FEI) applied⁵⁹ to the BCUC for the following approvals:

1. Pursuant to section 63 of the *UCA*, approval to provide to evacuee customers (Evacuee Customers) who were under an evacuation order due to flooding or wildfires between May 1 and August 31, 2018 (the Applicable Period), a credit for the charges that would otherwise have applied to the Evacuee Customers during the Applicable Period (the Applicable Charges). The Evacuee Customers receive service under FEI Rate Schedules 1, 1U, 1X, 1B, 2, 2U, 2X, 2B, 3, 3U, 3X, 3B and 23 (part 2 of the Application); and
2. Pursuant to sections 59–62 of the *UCA*, approval for tariff changes to the FEI General Terms and Conditions (the Tariff). The changes to the Tariff are to permit evacuation relief for customers who are subject to an evacuation order (part 1 of the Application).

⁵⁸ Exhibit B1-5, BCOAPO 2.16.2

⁵⁹ Exhibit B2-1

On the same date and in the same Application, FortisBC Inc. (FBC) applied for the following approvals:

1. Pursuant to section 63 of the *UCA*, approval to provide to evacuee customers (Evacuee Customers) who were under an evacuation order due to flooding or wildfires between May 1 and August 31, 2018 (the Applicable Period), a credit for the charges that would otherwise have applied to the Evacuee Customers during the Applicable Period (the Applicable Charges). The Evacuee Customers receive service under FBC Electric Tariff Rate Schedules 1, 2A, 3, 3A, 20, 21, 22A, 23A, 60, 61 and 95 (part 2 of the Application); and
2. Pursuant to sections 59–62 of the *UCA*, approval for tariff changes to the FBC General Terms and Conditions (the Tariff). The changes to the Tariff are to permit evacuation relief for customers who are subject to an evacuation order (part 1 of the Application).

On September 18, 2018, the BCUC approved⁶⁰ Part 2 of both Applications for a period extending to the end of the 2018 calendar year and determined that Part 1 of each Application would be heard at a later date⁶¹.

After BC Hydro filed a similar Application regarding relief for customers under evacuation orders with the BCUC, the BCUC determined⁶² that regulatory efficiency warranted FEI's and FBC's (collectively referred to as FortisBC) and BC Hydro's applications should be heard at the same time. The same Order established a regulatory timetable which was subsequently revised in Orders G-159-19 and G-68-20. As stated above in Part 1 of this argument, the final regulatory timetable called for two rounds of information requests followed by written submissions.

Set out below are BCOAPO's submissions with respect to Part 2 of FortisBC's Application for Approval of Tariff Changes to Permit Relief for Customers Under Evacuation Orders.

APPROVAL SOUGHT

The approvals sought by FortisBC were amended in FortisBC's responses to the information requests.

⁶⁰ Orders G-169-18 and G-170-18

⁶¹ Note: While the preambles to G-169-18 and G-170-18 refer to the specific approvals requested for 2018 Evacuation Orders as part 1 of the Application, in the Application itself they are part 2.

⁶² Order G-250-19

For FBC, the Application now seeks tariff changes to permit relief in the form of a credit, or to not charge a qualifying customer (Evacuee Customer) who is under an Evacuation Order, and who receives service under Rate Schedules 1, 2A, 3A, 20, 60, and 61, with discretion under certain circumstances for Rate Schedules 21, 22A, 23A and 50, for the charges that would otherwise have applied during the period the Evacuee Customer is under an Evacuation Order (Evacuation Period)⁶³.

The proposed amendments to FBC's Electric Tariff include:

- Definitions for the terms Evacuee Customer, Evacuation Order, Evacuation Period, First Nations and State of Emergency.
- A new section 19 (titled Evacuation Relief) as follows:

19.1 Applicability

If a Customer is under an Evacuation Order for a period of five or more consecutive days, then the Company may provide credit to an Evacuee Customer, or not charge the Evacuee Customer, for the Rate Schedule charges that are or would otherwise have been applicable during the Evacuation Period.

The Company also may, in its discretion, provide credit to an Evacuee Customer, or not charge the Evacuee Customer, for the Rate Schedule charges that are or would otherwise have been applicable during the Evacuation Period, if:

- (a) The Evacuation Period is for a period of less than five consecutive days;
- (b) An Evacuation Order has ended more than two years before the date the Company receives a request from an Evacuee Customer or otherwise becomes aware of the Evacuation Order;
- (c) A Customer being served under Commercial Service (Rate Schedules 21, 22A, and 23A) is under an Evacuation Order and Service is to a nursing home, boarding house, rooming house, common area of multiple occupancy building, mobile home park, or similar establishment; or
- (d) A Customer being served under Lighting Service (Rate Schedule 50), is under an Evacuation Order and Service is to private outdoor lighting.

⁶³ FortisBC's May 26, 2020 Submission, Appendix C

When evacuation relief is granted, if shown on an Evacuee Customer's bill in the form of a credit to the Evacuee Customer's account, interest will not be paid on any amounts credited to the Evacuee Customer's account under this section in any circumstance.

For FEI, the Application now seeks tariff changes to permit relief in the form of a credit, or to not charge a qualifying customer (Evacuee Customer) who is under an Evacuation Order, and who receives service under Rate Schedules 1, 1U, 1X, 1B, 2, 2U, 2X, 2B, 3, 3U, 3X, 3B, and 23, for the charges that would otherwise have applied during the period the Evacuee Customer is under an Evacuation Order (Evacuation Period).

The proposed amendments to the FEI Tariff's General Terms and Conditions include:

- Definitions for the terms Evacuee Customer, Evacuation Order, Evacuation Period, and State of Emergency⁶⁴.
- A new section 17 (titled Evacuation Relief) as follows"

17.1 Applicability

If a Customer is under an Evacuation Order for a period of five or more consecutive days, then FortisBC Energy may provide credit to an Evacuee Customer, or not charge the Evacuee Customer, for the Rate Schedule charges that are or would otherwise have been applicable during the Evacuation Period.

If a Customer is under an Evacuation Order for a period of less than five consecutive days, or if an Evacuation Order has ended more than two years before the date FortisBC Energy receives a request from an Evacuee Customer or otherwise becomes aware of the Evacuation Order, then FortisBC Energy may, in its discretion, provide credit to an Evacuee Customer, or not charge the Evacuee Customer, for the Rate Schedule charges that are or would otherwise have been applicable during the Evacuation Period.

When evacuation relief is granted, if shown on an Evacuee Customer's bill in the form of a credit to the Evacuee Customer's account, interest will not be paid on any amounts credited to the Evacuee Customer's account under this section in any circumstance.

⁶⁴ The FEI General Terms and Conditions are already includes a definition for First Nations.

SUBMISSIONS

RATIONALE FOR THE APPLICATION

On August 3, 2017, FortisBC Inc. (FBC) applied to the BCUC pursuant to Section 63 of the *UCA* (the Application), to provide a credit to customers who receive service under FBC Electric Tariff Rate Schedules 1, 2A, 3, 3A, 20, 21, 22A, 23A, 60, 61 and 95 for the 2017 charges that would otherwise have applied under those rate schedules (the Applicable Charges) due to wildfires (the Applicable Period) applicable to that customer (the Evacuee Customers). Approval for the Application was granted in Order G-124-17.

Similarly, on August 3, 2017, FortisBC Energy Inc. (FEI) applied to the BCUC pursuant to section 63 of the *UCA* (the Application) to provide a credit to customers who receive service under FEI Rate Schedules 1, 1U, 1X, 1B, 2, 2U, 2X, 2B, 3, 3U, 3X, 3B and 23, for the 2017 charges that would otherwise have applied under those rate schedules (the Applicable Charges) during the period the customer was under an Evacuation Order due to wildfires (the Applicable Period) applicable to that customer (the Evacuee Customers). Approval for this Application was granted in Order G-125.17A.

Part 1 of FortisBC's current August 1, 2018 Application similarly sought approval for the Companies to provide a credit to customers, or to not charge customers, who are or were under an Evacuation Order due to the recent flooding and wildfires in 2018. These approvals were granted in Orders G-169-18 (FEI) and G-170-18 (FBC). In both Orders the BCUC found that temporary credit relief was warranted for 2018 to allow the Companies to relieve customers of these billing obligations while under mandatory evacuation orders and thus unable to make regular use of services as contemplated by their approved rate schedules.

Part 2 of FortisBC's August 1, 2018 Application seeks to allow the Companies to provide more timely and efficient response and relief to Evacuee Customers by standardizing the provision of evacuation relief as part of their respective Tariffs⁶⁵.

FortisBC has confirmed that there is neither a "cost of service" nor an "economic" justification for the proposed tariff changes⁶⁶. Rather, they are proposed on the basis that they are in the "public interest". The proposal recognizes that Evacuee Customers will, for the most part, not have obtained the benefit of their gas or electricity service while under an Evacuation Order. This is because customers would be required to leave their premises immediately or with short notice

⁶⁵ Exhibit B2-1, page 2

⁶⁶ Exhibit B2-6, BCOAPO 2.10.2 and 2.20.3

and would be denied access to their premises in the context of the Evacuation Order. Often Evacuee Customers face stressful and uncertain circumstances where little or no notice of evacuation can occur and ordinary measures to reduce or forestall service may not be possible or realistic to take in the situation⁶⁷. This rationale is similar to that applied by the BCUC in Orders G-169-18 (for FEI) and G-170-18 (for FBC).

FortisBC further notes that depending on the circumstances of the Evacuation Order and in the interest of customer safety, FortisBC may advise customers to not attempt to shut their gas service off, or FortisBC or other authorities may request that customers maintain power to their sprinklers or other tools to help mitigate community damage. In each of these examples, not only is the customer unable to benefit from the utilities' services because they are under an Evacuation Order to leave their premises, they are also being asked to leave those services running for safety purposes⁶⁸.

In BCOAPO's view these are relevant and reasonable public interest considerations that justify the need for the Application.

CUSTOMERS (RATE SCHEDULES) ELIGIBLE FOR RELIEF

The proposed Tariff amendments for FEI and FBC would provide relief for Evacuee Customers.

For FBC, Evacuee Customers are defined as⁶⁹:

“A Customer who receives Service under the following Rate Schedules, as amended and filed with the British Columbia Utilities Commission from time to time, and who is under an Evacuation Order:

1. Residential Service (Rate Schedules 1, 2A, and 3A);
2. Small Commercial Service (Rate Schedule 20);
3. Irrigation and Drainage Service (Rate Schedules 60 and 61); and
4. Commercial Service (Rate Schedules 21, 22A and 23A) and

Lighting Service (Rate Schedule 50) in limited circumstances as discussed below in section 3.3.”

⁶⁷ Exhibit B2-1, page 2

⁶⁸ Exhibit B2-3, BCUC 1.2.7

⁶⁹ FortisBC's Final Argument, Appendix B

It is noted that in the initial Application Evacuee Customers included Rate Schedule 95 (Net Metering). This Rate Schedule has been excluded from the updated proposed amendments as net metering customers are served from an underlying base rate schedule and eligibility for evacuation relief will be determined by the base rate schedule, consistent with BC Hydro's approach⁷⁰.

The updated amendments have also removed the previous reference to Rate Schedule 03. BCOAPO notes that this change is consistent with Order G-40-19 which approved the removal of RS 03 from FBC's Electric Tariff.

The updated amendments have also removed (except in limited circumstances) Commercial Service Rate Schedules 21, 22A and 23A and Lighting Service Rate Schedule 50 from those qualifying as Evacuee Customers. The associated Commercial Rates Schedule are for customers whose electrical demand is typically between 40 kW and 500 kW and is supplied at a primary distribution voltage through one meter. This results in the definition of Commercial Evacuee Customers being reasonably aligned with that proposed by BC Hydro⁷¹.

In consideration of the potential impact to all customers of larger revenue shortfalls and the likelihood of more readily available contingencies to Industrial customers, such as business interruption insurance, FortisBC has not included FBC's Large Commercial (Primary and Transmission Service) customers in the eligibility for evacuation relief⁷².

BCOAPO agrees that the impact on all ratepayers (who FortisBC proposes to be responsible for the revenue impacts of any evacuation relief provided) and the other contingencies/forms of relief that customers may reasonably be viewed as having available are appropriate considerations in determining those customers that should be eligible for evacuation relief.

Overall BCOAPO agrees with the FortisBC's proposals as to the FBC Rate Schedules that should be eligible for evacuation relief. Further discussion regarding the discretion FBC is proposing for Commercial Service Rate Schedules 21, 22A and 23A and Lighting Service Rate Schedule 50 is provided in the Section below.

For FEI, Evacuee Customers are defined as⁷³:

⁷⁰ Exhibit B2-5, BCUC 2.6.1

⁷¹ Exhibit B2-5, BCUC 2.6.1

⁷² Exhibit B2-4, BCOAPO 1.1.2

⁷³ FortisBC's Final Argument, Appendix B

A Customer who receives Service under the following Rate Schedules, as amended and filed with the British Columbia Utilities Commission from time to time, and who is under an Evacuation Order:

1. Residential Service (Rate Schedules 1, 1U, 1X, and 1B);
2. Small Commercial Service (Rate Schedules 2, 2U, 2X, and 2B); and
3. Large Commercial Service (Rate Schedules 3, 3U, 3X, and 3B) and Large Commercial Transportation Service (Rate Schedule 23).

It is noted that these are the same Rate Schedules that the BCUC approved for evacuation relief in Orders G-125-17A and G-169-18.

Overall, BCOAPO agrees with the FortisBC's proposals as to the FEI Rate Schedules that should be eligible for evacuation relief.

As mentioned above, BC Hydro's Evacuation Relief Tariff Amendment Application also includes a proposal to waive Service Connection charges for a residential customer's new Dwellings constructed to replace Dwellings destroyed during the disaster, where costs are not covered by the Evacuee Customers' insurance and the service at the new Dwelling is of the same service⁷⁴. When FortisBC was asked why it has not sought approval to waive service connection charges for new Residential dwellings (if the prior dwelling was destroyed) as BC Hydro has proposed, the responses were⁷⁵:

"Presently, when a customer notifies FortisBC that their premise has been destroyed, regardless of the reason, FortisBC closes the account to capture the date of the destruction. In a situation where a customer's premise is destroyed during an Evacuation Order, FortisBC would attempt to determine the date the premise was destroyed, and would close the account on the earliest of the date the premise was destroyed or the date of the Evacuation Order. Further, when the customer of a destroyed premise rebuilds and requests reconnection, FortisBC has the ability to waive certain fees, if appropriate, such as the application, reconnection, or reactivation charges."

However, when asked as to whether FortisBC would commit to providing such relief the response was non-committal:

⁷⁴ Exhibit B1-1, page 14

⁷⁵ Exhibit B2-3, BCUC 1.2.1

“Consistent with the response to BCUC-FortisBC IR1 2.1, FortisBC has the flexibility to consider the circumstances and may waive the connection/reconnection fees for customers whose premise is destroyed whether by an event which triggered an Evacuation Order or otherwise”⁷⁶.

Furthermore, when asked⁷⁷ what criteria FortisBC will use to determine whether or not it will exercise its ability to waive such fees, the response simply referred again to BCUC-FortisBC IR1 2.1.

BCOAPO submits that FortisBC’s amendments should include a commitment, similar to that provided by BC Hydro, to waive the Service Connection charges for a residential customer’s new Dwellings constructed to replace Dwellings destroyed during the disaster, where costs are not covered by the Evacuee Customers’ insurance. Under the FortisBC’s proposed Tariff provisions customers have no certainty that such relief will be provided or even the criteria FortisBC will apply in determining whether such relief will be provided or applied consistently.

In the Application, FBC has not requested BCUC approval to credit (not charge) Evacuee Customers late payment charges. FortisBC explains that this is because the current FBC Electric Tariff General Terms and Conditions and Rate Schedules already allows FBC to not apply late payment charges on overdue accounts in certain circumstances⁷⁸. FEI’s General Terms and Conditions include a similar provision⁷⁹.

BCOAPO notes that in both cases the flexibility to apply the Late Payment Charge (or not) lies in the Tariff’s wording which states that the Company “may” include a late payment charge in the customer’s next bill. However, there is no indication as to when or what criteria will be used to determine when this discretion will be applied, leaving customers at the mercy of the willingness of the person handling their file to apply that discretion or not. Given the extraordinary circumstances associated with Evacuation Orders, BCOAPO submits that there should be clear direction from the BCUC that late payment charges will be waived for Evacuee Customers.

CIRCUMSTANCES UNDER WHICH RELIEF WILL BE PROVIDED

The proposed Tariff changes for FEI state that⁸⁰:

⁷⁶ Exhibit B2-6, BCOAPO 2.6.1

⁷⁷ Exhibit B2-6, BCOAPO 2.6.2

⁷⁸ Exhibit B2-4, BCOAPO 1.1.1

⁷⁹ Section 21.1

⁸⁰ FortisBC’s Final Argument, Appendix B

If a Customer is under an Evacuation Order for a period of five or more consecutive days, then FortisBC Energy may provide credit to an Evacuee Customer, or not charge the Evacuee Customer, for the Rate Schedule charges that are or would otherwise have been applicable during the Evacuation Period.

If a Customer is under an Evacuation Order for a period of less than five consecutive days, or if an Evacuation Order has ended more than two years before the date FortisBC Energy receives a request from an Evacuee Customer or otherwise becomes aware of the Evacuation Order, then FortisBC Energy may, in its discretion, provide credit to an Evacuee Customer, or not charge the Evacuee Customer, for the Rate Schedule charges that are or would otherwise have been applicable during the Evacuation Period.

The proposed Tariff changes for FBC similarly state:

“If a Customer is under an Evacuation Order for a period of five or more consecutive days, then the Company may provide credit to an Evacuee Customer, or not charge the Evacuee Customer, for the Rate Schedule charges that are or would otherwise have been applicable during the Evacuation Period.

The Company also may, in its discretion, provide credit to an Evacuee Customer, or not charge the Evacuee Customer, for the Rate Schedule charges that are or would otherwise have been applicable during the Evacuation Period, if:

- (a) The Evacuation Period is for a period of less than five consecutive days;
- (b) An Evacuation Order has ended more than two years before the date the Company receives a request from an Evacuee Customer or otherwise becomes aware of the Evacuation Order;
- (c) A Customer being served under Commercial Service (Rate Schedules 21, 22A, and 23A) is under an Evacuation Order and Service is to a nursing home, boarding house, rooming house, common area of multiple occupancy building, mobile home park, or similar establishment; or
- (d) A Customer being served under Lighting Service (Rate Schedule 50), is under an Evacuation Order and Service is to private outdoor lighting.

FortisBC’s proposed amendments⁸¹ to the FBC Tariff defines an Evacuation Order as:

⁸¹ FortisBC’s Final Argument, Appendix B

“An order issued by a local authority, provincial government, federal government, or First Nations band council during a State of Emergency, which requires Evacuee Customers to remain away from their Premises until the Evacuation Order is lifted by the issuing authority”.

The proposed amendments⁸² to the FEI Tariff contain virtually the same definition for an Evacuation Order:

“An order issued by a local authority, provincial government, federal government, or First Nations band council during a State of Emergency, which requires Evacuee Customers remain away from their Premises until the Evacuation Order is lifted by the issuing authority”.

Furthermore, both definitions mirror the definition proposed by BC Hydro⁸³.

For both FBC and FEI, FortisBC defines the Evacuation Period as “The period during which an Evacuee Customer is under an Evacuation Order”. Both Companies are also proposing the same definitions for State of Emergency as “A state of emergency declared by a local authority, provincial government, federal government, or First Nations band council, pursuant to a statutory authority”⁸⁴. In the case of the Evacuation Period this is the same definition as proposed by BC Hydro⁸⁵, while FortisBC’s definition for State of Emergency has the same intent as BC Hydro’s⁸⁶.

Overall, BCOAPO considers the proposed definitions for Evacuation Order, Evacuation Period and State of Emergency to be appropriate.

Both the FEI and the FBC proposed amendments state the relief for Rate Schedule charges may be provided to Evacuee Customers if a Customer is under an Evacuation Order for a period of five or more consecutive days. In explaining the basis for the choice of five days, FortisBC states that⁸⁷:

“With the experience gained, including that the average duration of Evacuation Orders for the relief provided in 2017 and 2018 was five days or longer, FortisBC has a greater understanding of the effort involved in confirming Evacuation Orders, identifying affected customers, and calculating and issuing appropriate bill credits. Thus, FortisBC considered

⁸² FortisBC’s Final Argument, Appendix B

⁸³ Exhibit B1-1, Appendix C-2

⁸⁴ FortisBC’s Final Argument, Appendix B

⁸⁵ Exhibit B1-1, Appendix C-2

⁸⁶ Exhibit B1-4, BCUC 1.3.1

⁸⁷ Exhibit B2-3, BCUC 1.3.2

that a five consecutive day threshold provides a reasonable balance between the relief granted and the cost associated with providing the relief.”

BCOAPO agrees that there is a reasonable need to balance the administrative cost of providing the relief versus the amount of relief being provided. In this regard, FortisBC notes⁸⁸ that: i) the waived fees or credits that would be applicable for an average residential customer for an Evacuation Period of less than five days would be relatively negligible and, therefore, not significantly impacting a customer and ii) in both 2017 and 2018 the average duration for Evacuation Orders was greater than five days. Based on these considerations BCOAPO submits the five-day threshold is reasonable.

However, BCOAPO notes that for both FEI and FBC the proposed wording for the Tariff amendments states that “relief for Rate Schedule charges may be provided to Evacuee Customers if a Customer is under an Evacuation Order for a period of five or more consecutive days” (emphasis added). In BCOAPO’s view the wording (i.e., the use of “may”) again suggests that the Companies will have some discretion as to whether not to provide relief for Rate Schedule charges even in circumstances where the Evacuation Order is for a period of five or more consecutive days.

In BCOAPO’s view, there is no need for such discretion for Evacuation Periods of 5 consecutive days or more. Indeed, providing such discretion totally undermines the purpose of establishing a “threshold” in the first place and FortisBC has provided no rationale as to why such discretion is required. BCOAPO submits that, absent clear evidence supporting the need for such discretion, it should be eliminated and the threshold analysis applied consistently if a Customer is under an Evacuation Order for a period of five or more consecutive days.

BCOAPO notes that a similar issue arose with respect to FortisBC’s recent Application for Approval of COVID-19 Customer Recovery Fund Deferral Accounts for FBC and FEI. In response to BCOAPO’s concern that the wording of the proposed Order may give FortisBC the discretion to arbitrarily deny relief to qualifying customers, FortisBC stated⁸⁹:

“FortisBC is offering the relief to all qualifying customers, and would not benefit in any way from denying relief to qualifying customers. FortisBC has requested discretion to offer the deferral and bill credits, not discretion to arbitrarily deny relief to qualifying customers. The

⁸⁸ Exhibit B2-3, BCUC 1.3.4

⁸⁹ FortisBC’s Application for Approval of COVID-19 Customer Recovery Fund Deferral Account, Reply Submission, paragraph 29

interim orders of the BCUC and the draft orders sought as attached to FortisBC's Final Submission make this clear."

If FortisBC's intent is the same with respect to the provision of evacuation relief (i.e., relief will be provided to all qualifying customers) then BCOAPO sees no need for including a "qualifier" such as "may " in the wording. BCOAPO notes that the wording proposed by BC Hydro in its Application⁹⁰ for evacuation relief includes no such qualifier or discretion.

While the wording is slightly different, the amendments proposed for both FBC and FEI provide that the Company also may, in its discretion, provide credit to an Evacuee Customer, or not charge the Evacuee Customer, for the Rate Schedule charges that are or would otherwise have been applicable during the Evacuation Period, if:

- (a) The Evacuation Period is for a period of less than five consecutive days;
- (b) An Evacuation Order has ended more than two years before the date the Company receives a request from an Evacuee Customer or otherwise becomes aware of the Evacuation Order.

FortisBC's initial Application did not request any discretion for Evacuation Periods of less than 5 consecutive days or when the Evacuation Order ended more than two years before the date FortisBC Energy receives a request from an Evacuee Customer or otherwise becomes aware of the Evacuation Order. The provisions were added after FortisBC had had the opportunity to review BC Hydro's Application. In FortisBC's view the discretion sought by BC Hydro is reasonable, as it would provide the flexibility to work with customers and take into consideration individual circumstances as well as provide for the dynamic nature of Evacuation Order boundaries, which may shift from day to day⁹¹.

In response to the information requests FortisBC has outlined the considerations that would go into determining if relief should be provided when the Evacuation Period was less than 5 consecutive days⁹²:

1. That the disaster event resulted in Evacuation Order(s) that were in place for at least five consecutive days for parts of the municipality or regional district;

⁹⁰ Exhibit B1-1, Appendix C-2

⁹¹ Exhibit B2-3, BCUC 1.2.3

⁹² Exhibit B2-6, BCOAPO 2.7.1

2. Evacuation Order(s) that were in place for less than five consecutive days were in the same geographic area as customers affected by Evacuation Order(s) for at least five consecutive days; and
3. If Evacuation Order(s) affected a large number of customers but was for less than five consecutive days, it may be appropriate to provide those Evacuee Customers with relief, as was discussed in the response to BCUC-FortisBC IR1 3.4 (Exhibit B2-3).

In the same response, FortisBC indicated that these considerations were similar to those set out by BC Hydro in its evidence.

With respect to the two-year limit, FortisBC is expecting to proactively identify customers eligible for evacuation relief once an Evacuation Order is made. As such, FortisBC expects the number of customers likely requesting evacuation relief more than two years after the end of the Evacuation Order, to be very low. FortisBC indicates that it would evaluate such requests on a case-by-case basis based on the individual circumstances, in consideration of the same factors as would be considered for all Evacuee Customers irrespective of whether the request is made within the two-year period or beyond⁹³.

Based on these responses, BCOAPO considers the discretion requested by FortisBC in these two instances to be reasonable.

TREATMENT OF REVENUE VARIANCE

Under the terms of the current Multi-Year Performance Based Ratemaking Plans (PBR Plans) approved by the Commission for FEI and FBC for the years 2014 to 2019, the Companies currently record revenue variances in the respective Flow-Through deferral accounts for each company⁹⁴. In FortisBC's current 2020-2024 MRP Application, the Companies have proposed similar treatment for the Flow-Through deferral accounts⁹⁵. FortisBC is proposing that any revenue variance resulting from the short-term evacuation relief be treated in a similar manner. The variances would be recorded in the Flow-Through Accounts in the year the relief is provided⁹⁶. However, such revenue impacts will be tracked and recorded separately⁹⁷.

Under both FortisBC's current PBR Plans and its proposed MRPs variances recorded in the Flow-Through deferral accounts are refunded/recovered from ratepayers. Recording the revenue

⁹³ Exhibit B2-6, BCOAPO 2.8.1

⁹⁴ Exhibit B2-1, page 3

⁹⁵ Exhibit B2-3, BCUC 1.4.1

⁹⁶ Exhibit B2-3, BCUC 1.3.11 and 1.4.2

⁹⁷ Exhibit B2-3, BCUC 1.4.4

variances from the evacuation relief in these accounts would result in the any variances being to the account/responsibility of ratepayers⁹⁸.

FortisBC notes that in the event the Flow-through deferral accounts are not approved during the current MRP process or, alternatively, the Flow-through deferral accounts are approved but revenue variances are not approved for inclusion, FortisBC would require separate deferral accounts to record the revenue variances for the relief provided to Evacuee Customers⁹⁹.

FortisBC's rationale¹⁰⁰ for recording the revenue impacts due to rate schedule charges waive in conjunction with the evacuation relief is based on the view that such variances are uncontrollable and variable in nature and therefore consistent with the nature of items that are meant to flow through to customers in rates in these Flow-Through deferral accounts:

“This type of mechanism is used on non-controllable costs and revenues to ensure that customers pay actual costs in circumstances where the Utility does not control the level of expenditures or revenues”¹⁰¹.

In its Application, one of FortisBC's considerations in establishing the eligibility criteria for Evacuee Customers was the need to limit the size of the potential revenue shortfalls¹⁰². As a result, in BCOAPO's view, the revenue impacts due to rate schedule charges waive in conjunction with the evacuation relief cannot be viewed as completely uncontrollable and the need to fully recover the revenue shortfalls from ratepayers should not be taken as a given.

BCOAPO submits that the basis for disposition of the evacuation relief-related revenue shortfalls recorded in the Flow-Through deferral accounts need not be determined by the BCUC at this time and that the BCUC should determine that this matter will be a topic for a future BCUC Panel, including the issue of whether recovery should be entirely from ratepayers.

BCOAPO notes that the proposed Flow-Through treatment only applies to any rate schedule charges waived in conjunction with the evacuation relief. To the extent FortisBC waives Late Payment Charges and/or Service Connection Charges (for destroyed/rebuilt dwellings) these “revenue impacts” would be seen as lower Other Revenue. The treatment of variances between actual late payment and connection/reconnection revenue received and amounts forecast is dependent on the approved rate setting mechanism in place. Under the PBR for 2014-2019,

⁹⁸ Exhibit B2-3, BCUC 1.2.4

⁹⁹ Exhibit B2-3, BCUC 1.4.1

¹⁰⁰ Exhibit B2-3, BCUC 1.4.1

¹⁰¹ FBC 2014-2019 PBR Application, page 60

¹⁰² Exhibit B2-4, BCOAPO 1.1.2

Other Revenue variances of this nature were captured in the Flow-through deferral accounts and returned to or recovered from customers in the subsequent year. As proposed in the current MRP Application, Other Revenue variances of this nature will be shared equally between customers and the shareholder through the proposed earnings sharing mechanism¹⁰³.

CONCLUSION

Overall, BCOAPO supports BC Hydro's and FortisBC Applications subjects to the concerns and recommendations outlined above.

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

¹⁰³ Exhibit B2-6, BCOAPO 2.9.1.1