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June 16, 2020

## VIA ELECTRONIC MAIL

British Columbia Utilities Commission  
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Our File: 23841/0223

**Attention: Marija Tresoglavic, Acting Commission Secretary**

Dear Sirs/Mesdames:

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

We are counsel to the Commercial Energy Consumers Association of British Columbia (the "CEC"). Attached please find the CEC's Final Submissions to BC Hydro and Power Authority with respect to the above-noted matter.

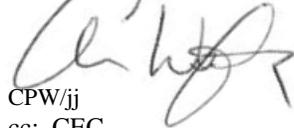
Due to an unforeseen technical matter, we are unable to file the Final Submissions for Fortis BC Energy Inc. and Fortis BC Inc. today. We confirm this afternoon we have advised the Commission Secretary and Fortis of same. We advise that we are working with the CEC's consultant to file the Final Submissions for Fortis by end of day tomorrow. The CEC has no issues should Fortis require additional time to file a response to the CEC's submissions.

The CEC appreciates the accommodation of the Commission and Fortis in this regard

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

Yours truly,

**OWEN BIRD LAW CORPORATION**



CPW/jj

cc: CEC

cc: BC Hydro and Power Authority

cc: FortisBC Energy Inc. and FortisBC Inc.

cc: Registered Interveners

**COMMERCIAL ENERGY CONSUMERS  
ASSOCIATION OF BRITISH COLUMBIA**

**FINAL SUBMISSIONS TO  
BRITISH COLUMBIA HYDRO AND POWER AUTHORITY**

**British Columbia Hydro and Power Authority, FortisBC Energy Inc. and FortisBC Inc.  
Evacuation Relief Tariff Amendment Applications  
Project No. 1599047**

**June 16, 2020**

**Commercial Energy Consumers Association of British Columbia**

**British Columbia Hydro and Power Authority, FortisBC Energy Inc. and FortisBC Inc.  
Evacuation Relief Tariff Amendment Applications  
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**COMMERCIAL ENERGY CONSUMERS ASSOCIATION  
OF BRITISH COLUMBIA**

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1. The Commercial Energy Consumers Association of British Columbia (the “**CEC**”) represents the interests of ratepayers consuming energy under commercial tariffs in applications before the BC Utilities Commission (“**BCUC**” or “**Commission**”).
2. BC Hydro and Power Authority (“**BC Hydro**”) and FortisBC Energy Inc. (“**FEI**”) and FortisBC Inc. (“**FBC**”) (together “**FortisBC**”) apply for amendment to Evacuation Relief tariffs.
3. The applications from the parties are substantially aligned in direction.
4. The CEC has participated in the proceeding and provides the following submissions for the Commission’s review and consideration.

**I. SUMMARY POSITION**

5. The CEC submits that it is not appropriate for customers that are paying more than their cost of service to be excluded from relief provided to other customers.
6. The CEC submits that there is no persuasive evidence to suggest that Medium General Service (“**MGS**”) and Large General Service (“**LGS**”) customers are not vulnerable to the effects of Evacuation Orders and that they should not be treated in a comparable manner with regard to need and impact.
7. The CEC recommends that the Commission require BC Hydro to establish criteria and processes to ensure non-discriminatory treatment for LGS and MGS customers based on customer application information.

**II. SUBMISSIONS**

**A. INTRODUCTION**

8. BC Hydro and FBC are both proposing tariff amendments to provide a credit, or to not charge, Evacuee Customers, who are subject to an Evacuation Order, during an Evacuation Period.

9. Tariff amendments that are aligned between BC Hydro and FBC, are as follows:
  - The definitions for Evacuation Order and Evacuation Period;
  - Discretion in the provision of evacuation relief when the Evacuation Order is less than five consecutive days and when an Evacuation Order ended more than two years before evacuation relief was requested; and
  - Evacuation relief is provided as a credit on a customer's account and the credit will not bear interest.
10. Due to the terms of the Electric Tariff, BC Hydro requires two areas of tariff amendments that differ from FBC's filed proposal. Specifically, BC Hydro requires: (1) the definition of Evacuee Customer, with respect to the customer types eligible for evacuation relief as identified by the rate schedule; and (2) the discretion for BC Hydro to provide evacuation relief to certain MGS and LGS customers.<sup>1</sup>
11. BC Hydro and FBC have identified specific customers by rate schedule, in their respective definition of Evacuee Customer, who may be eligible for evacuation relief. BC Hydro's proposals also differ from FBC in that:
  - BC Hydro's evacuation relief extends to Street Lighting Service but is limited to the Private Outdoor Lighting only, as discussed in its response to BCUC IR 1.1.2.1.
  - BC Hydro's evacuation relief does not extend to its MGS and LGS rate class customers as this would result in a greater financial risk for ratepayers, as discussed in its responses to BCUC IR 1.1.1.1 and CEC IR 1.2.4.<sup>2</sup>

## **B. BC HYDRO**

12. BC Hydro seeks amendments to its Electric Tariff Terms and Conditions to provide relief for Evacuee Customers. The relief includes bill credits primarily for electricity use during Evacuation Orders declared under a State of Emergency.
13. The proposed relief is a "rate", which must not be unjust, unreasonable, unduly discriminatory, or unduly preferential, as set out in the *Utilities Commission Act*.<sup>3</sup>

### **General Practices**

14. BC Hydro provided a description of its proposed practices in implementing the proposed rate relief, and responded to multiple information requests.

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<sup>1</sup> Exhibit B1-5, BCUC 2.10.1

<sup>2</sup> Exhibit B1-5, BCUC 2.10.1

<sup>3</sup> Exhibit B1-5 BCUC 2.7.1

15. The CEC has reviewed the evidence and submits that BC Hydro's proposals for dealing with customers in the event of a disaster are acceptable.

### **Impacted Customers**

16. BC Hydro does not include MGS or LGS customers in its proposed relief, but requests discretion to grant Evacuation Relief to certain MGS and LGS customers. These include nursing homes, boarding houses, rooming houses, common areas of multiple occupancy buildings, mobile home parks, or similar establishments being operated in a not-for-profit manner. This group is deemed to be vulnerable to the effects of Evacuation Orders in the same manner as residential Customers.<sup>4</sup> Relief would not be provided when a nursing home is part of a for-profit organization that operates a chain of retirement homes.<sup>5</sup>
17. BC Hydro proposes to identify MGS, Exempt General Service and LGS customers within the area subject to an Evacuation Order, at the same time as Residential, Small General Service and Irrigation customers are identified. The nature of the MGS, LGS and Exempt General Service customers could be determined based on attributes of their account such as name, housing type, and North American Industry Classification System code.
18. Billing relief would be provided to the common area of multiple occupancy residential or mixed-use strata developments as described further in BC Hydro's response to BCUC Information Request 2.8.3.
19. BC Hydro has not yet developed policies or standards to provide direction or guidance to staff.<sup>6</sup>
20. BC Hydro proposes to exclude other MGS and LGS customers on the basis that they are 'less vulnerable' to the impacts of Evacuation Orders for various reasons.<sup>7</sup> BC Hydro states:

“For instance, they may derive their financial viability from taxpayer funding; during an Evacuation Order, some LGS and MGS Customers may continue to operate, such as unmanned industrial or municipal pumping stations; or those Customers may be more likely to carry forms of business interruption insurance which would include coverage for costs such as electricity.”<sup>8</sup>
21. The CEC does not find BC Hydro's argument to be persuasive. It appears to suggest that it is appropriate to exclude all MGS and LGS customers because some can continue to operate, have business interruption insurance or other means of financial support.

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<sup>4</sup> BC Hydro Final Argument page 3

<sup>5</sup> Exhibit B1-5, BCUC 2.8.1

<sup>6</sup> Exhibit B1-5, BCUC 2.8.1

<sup>7</sup> BC Hydro Final Argument page 3

<sup>8</sup> BC Hydro Final Argument pages 3- 4

Although, the CEC would recognize that continuing to operate with normal or adequate revenues would seem to be an appropriate exclusion for all customer classes.

22. In CEC 2.10.1 BC Hydro confirms that not all businesses or customers under the MGS or LGS rate schedules are required to carry business interruption insurance.<sup>9</sup>
23. In CEC 2.10.1 BCUC was not able to provide the percentage of customers in any of its rate classes that hold business interruption insurance.<sup>10</sup>
24. In CEC 2.10.3 BC Hydro is unable to provide an estimated cost for business interruption insurance.<sup>11</sup>
25. In BCUC 2.7.2 BC Hydro acknowledges that it would be unlikely that a business would forgo business interruption insurance on the basis of the proposed program.<sup>12</sup>
26. In CEC 2.10.4 BC Hydro is unable to identify an appropriate rate adjustment for businesses that carry interruption insurance thereby relieving the utility from providing evacuee relief as provided to other customers.<sup>13</sup>
27. The CEC notes that BC Hydro does not appear to require residential customers to ‘not’ have adequate insurance when providing billing relief for Basic Charge and Energy Charge, but only when a customer requests waiving of the Connection Charge for new electrical service.<sup>14</sup>
28. In CEC 2.10.5 BC Hydro confirms that a proportion of residential customers carry homeowner and other forms of insurance but does not have details regarding the percentage of customers carrying the insurance or the types of coverage provided.<sup>15</sup>
29. In CEC 2.10.6 BC Hydro is not able to provide data that indicates the extent to which insurance products have been purchased.<sup>16</sup>
30. BC Hydro does not believe potential reductions in the amount of waivers granted would be justified by the level of effort to verify the insurance coverage of customers subject to Evacuation Orders from a large event.<sup>17</sup>

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<sup>9</sup> Exhibit B1-5, CEC 2.10.1

<sup>10</sup> Exhibit B1-5, CEC 2.10.2

<sup>11</sup> Exhibit B1-5, CEC 2.10.3

<sup>12</sup> Exhibit B1-5, BCUC 2.7.2

<sup>13</sup> Exhibit B-1-5, CEC 2.10.4

<sup>14</sup> Exhibit B-1-5, BCUC 2.8.4

<sup>15</sup> Exhibit B-1-5, CEC 2.10.5

<sup>16</sup> Exhibit B-1-5, CEC 2.10.6

<sup>17</sup> Exhibit B-1-5, BCUC 2.8.5

31. The CEC submits that it is not appropriate to hold businesses accountable for possibly having business interruption insurance, while not having the same threshold for residential customers.
32. In CEC 2.11.4 BC Hydro confirms that MGS and LGS customers have a Revenue:Cost (“R:C”) ratio greater than unity. The MGS Class R:C ratio is 115.1% and the LGS R:C ratio is 102.4%.<sup>18</sup>
33. The CEC notes that cost recoveries are done through general rate increases impacting different rate classes slightly differently.<sup>19</sup>
34. The CEC submits that it is not appropriate for customers that are paying more than their cost of service to be excluded from relief provided to other customers.
35. BC Hydro has previously provided credits to LGS and MGS customers in earlier years.<sup>20</sup> BC Hydro provides a rationale for not dealing with LGS and MGS because these might become large credits in a future situation with a large scale.<sup>21</sup>
36. The CEC notes that waived costs would be collected from ratepayers in the future.<sup>22</sup>
37. The CEC submits this is inappropriate for discrimination against rate classes when need is at issue.
38. BC Hydro has a \$10 minimum threshold<sup>23</sup>, and an internal appeal process<sup>24</sup> and a 5 day minimum evacuation period<sup>25</sup>, where BC Hydro has no way to determine if the customer actually evacuated.<sup>26</sup>
39. BC Hydro notes that the costs of managing an Evacuation Order relief are relatively modest.<sup>27</sup>
40. The CEC accepts the reasonableness of minimum threshold criteria for economic administrative reasons.

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<sup>18</sup> Exhibit B-1-5, CEC 2.11.4

<sup>19</sup> Exhibit B-1-4, CEC 1.7.1

<sup>20</sup> Exhibit B-1-4, BCUC 1.1.1

<sup>21</sup> Exhibit B-1-4, BCUC 1.1.1.1

<sup>22</sup> Exhibit B-1-4, BCOAPO 1.3.3

<sup>23</sup> Exhibit B-1-4, BCUC 1.2.2

<sup>24</sup> Exhibit B-1-4, BCUC 1.2.3

<sup>25</sup> Exhibit B-1-4, BCUC 1.2.5

<sup>26</sup> Exhibit B-1-4, BCUC 1.2.6

<sup>27</sup> Exhibit B-1-4, BCUC 1.2.12

41. The CEC accepts that it could be reasonable to exclude customers that can have costs covered by insurance are continuing operation with adequate revenues or are otherwise not impacted, but that this assessment criteria should be the same for all customers.
42. In the CEC's view it would be reasonably easy for BC Hydro to determine if a business had taxpayer funding for ongoing support, was still operating, or carried business interruption insurance when a request was made by any MGS or LGS customer at the time of customer application. MGS and LGS customers with those benefits could be excluded if appropriate.
43. The CEC submits that there is no persuasive evidence to suggest that MGS and LGS customers are not vulnerable to the effects of Evacuation Orders and that they should not be treated in a comparable manner with regard to need and impact.
44. The CEC recommends that the Commission require BC Hydro to establish criteria and processes to ensure non-discriminatory treatment for LGS and MGS customers based on customer application information.

### **Rate Impact**

45. BC Hydro also notes that:

“The application of Evacuation Relief to MGS and LGS Customers could result in a very significant financial risk for BC Hydro because electrical consumption by LGS and MGS Customers per customer is far greater than residential Customers. During the 2017 Wildfire season, 234 MGS and LGS Customers received approximately \$149,000 of bill credits, equaling approximately per cent of the total bill credits despite representing only 0.8 per cent of customers who received bill credits that year. Further, these bill credits were for the Energy Charge only; if Demand Charges were included, the financial impact to ratepayers would be even greater.”<sup>28</sup>

46. On the whole, BC Hydro is unable to determine the potential rate impact from its current proposal as the costs are unpredictable from year to year and BC Hydro has no control over the revenue impact. Evacuation relief provided to date has ranged from \$0.2 million to 1.1 million, for an estimated rate impact of approximately 0.02% if \$1.1 million had been recovered in the Fiscal 2020-2021 Revenue Requirements Application.<sup>29</sup>
47. The CEC submits that the rate impact from the example noted above is relatively very small in comparison to BC Hydro's annual revenues. Further the CEC submits that BC Hydro is enabled to recover the revenue impacts from customer over time into the future.
48. The CEC submits that it is not appropriate to exclude rate classes on the basis of a potential rate impact that is highly uncertain, while applying differing standards of 'need.'

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<sup>28</sup> BC Hydro Final Argument page 4

<sup>29</sup> Exhibit B1-5, BCUC 2.9.1

The CEC submits that BC Hydro should make every effort to include MGS and LGS customers who can demonstrate that they do not have insurance coverage, are not operating, and do not have other sources of relief such as government funding. This can be a matter of reporting by the customers with penalties for false reporting.

49. The CEC points out that, as noted earlier in these submissions, BC Hydro argues that the majority of the MGS and LGS customers have one or more of the above relief mechanisms in place. Accordingly, it stands to reason that the impact of those customers who do not have those relief measures would be relatively small.
50. The CEC recommends that the Commission deny the application and request BC Hydro to refile with the inclusion of MGS and LGS customers or in the alternative, approve the application subject to BC Hydro filing fair terms criteria with the Commission for its exercise of discretion with respect to LGS and MGS customers.

### **Storm Restoration Regulatory Account**

51. BC Hydro also seeks approval to expand the scope of the Storm Restoration Regulatory Account to include deferral of revenue impacts related to BC Hydro's actual amounts for bill credits and waivers of charges resulting from Evacuation Relief.
52. BC Hydro confirms that it will be tracking storm restoration costs separately.<sup>30</sup>
53. BC Hydro indicates that the use of an existing regulatory account can limit the regulatory burden associated with a new regulatory account.<sup>31</sup>
54. The CEC accepts that it may be more cost-effective to utilize the existing Storm Restoration Costs Regulatory account and agrees that it is appropriate for the nature of the deferral.<sup>32</sup>

ALL OF WHICH IS RESPECTFULLY SUBMITTED

***David Craig***

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David Craig, Consultant for the Commercial Energy  
Consumers Association of British Columbia



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Christopher P. Weafer, Counsel for the Commercial  
Energy Consumers Association of British Columbia

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<sup>30</sup> Exhibit B-1-4, BCUC 1.5.4

<sup>31</sup> Exhibit B-1-5, BCUC 2.15.1

<sup>32</sup> Exhibit B-1-5, BCUC 2.15.2