

Re: Interim \$35 fee

December, 13, 2013

Erica Hamilton
Commission Secretary
BC Utilities Commission
Sixth Floor, 900 Howe Street, Box 250
Vancouver, BC V6Z 2N3

And:

Ms. Janet Fraser
Chief Regulatory Officer
British Columbia Hydro and Power Authority
16th Floor, 333 Dunsmuir Street
Vancouver, BC V6B SR3

From: John Mansell registered Intervener in BCH application for approval of charges in the Meter Choices Program.

I have questions for both the BCUC and BCH now that the Application for Approval of Charges Related to Meter Choices Program Enrolment Status numbers are shown.

For the context of my questions I refer you both to the following question and response from exhibit B-6-1 in which I have highlighted the relevant text in red.

Citizens for Safe Technology Society and Nomi Davis et al.

Information Request No. **1.26** Dated: **November 8, 2013**

British Columbia Hydro & Power Authority

Response issued **November 29, 2013**

Page 1 of 1

British Columbia Hydro & Power Authority

Application for Approval of Charge Related to Meter Choices Program

Exhibit:

B-6-1

Estimated opt-out numbers?

1.26 How many customers would BCH expect to opt out in the event that the cost for opting out was nil?

RESPONSE:

At the proposed charges for the radio-off meter and legacy meter options, BC Hydro expects that 10,000 customers will participate in the Meter Choices Program. BC Hydro has not forecast what the rate of participation would be assuming participation in the Program is free of charge. **However, basic economic theory suggests that demand will increase as the price decreases. Accordingly, at a price of zero it would be expected that the number of customers choosing to participation in the Meter Choices Program would be greater than 10,000.**

BCH has clearly stated that the \$35 opt out fee is based on a combined opt out for radio off and legacy meters of 10,000 customers.

BCH has also stated in their replies that if more than 10,000 customers choose to opt out for radio off and legacy meters the \$35 fee would be adjusted accordingly.

BCH has recognized (**in red text above**) that the less the fee the more customers would choose to opt out for radio off and legacy meters.

BCH's Approval of Charges Related to Meter Choices Program Enrolment Status numbers show that 19,836 customers have chosen to opt out for radio off and legacy meters.

Rounded to 20,000 this doubles the number for the Meter Choices Program and therefore the individual customer share of the costs for this program should now be half of \$35, i.e. \$17.50, in accordance with BCH 's own statements.

In relation BCH's recognition that "... **basic economic theory suggests that demand will increase as the price decreases. Accordingly, at a price of zero it would be expected that the number of customers choosing to participation in the Meter Choices Program would be greater than 10,000**" the obvious question is how many customers would have opted out had BCUC not allowed an interim fee of \$35. In accordance with BCH's own recognition of **basic economic theory** it is safe to say that of the 48,242 customers that chose to take smart meters 24,121 customers did so because of the \$35 fee and would not have made that choice had the fee been \$17.50.

Of course with 24,121 customers added to the figure this recalculation could continue on infinitely splitting fractions. There in lays the crux of the problem that has been created by allowing an interim fees.

Only for the purpose of demonstrating my point here, without prejudice, let us assume that it is fair that the cost of the Meter Choices Program be borne by those

customers that opt out of having a smart meter. **Then it is imperative that to make an informed choice (the legal right of every consumer) one must know the true cost of the choice being offered.**

Because of the interim fees this has not been the case with the Meter Choices Program **BUT** it easily could have been. Had BCH sent out letters offering the same choices stating the program costs to as they would be divided among 10, 20, 30, 40 ,50 and/or 60,000 customers then customers could have made choices at least that informed. **HAD** BCUC or BCH set the fees at \$5.83 as divided among the existing 60,000 ($\$35 \div 6$) customers without smart meters, informing customers fees may be adjusted upward according to numbers rather than a \$35 fee to be adjusted downward then the Approval of Charges Related to Meter Choices Program Enrolment Status numbers would show a much more democratic and honest representation of a customer choice rather than a customers' ability to pay.

My questions to BCUC and BCH are;

2-1 Now the costs will be half will BCUC and/or BCH re-offer the choice to the 48,242 customers that previously chose to opt out but when faced with a \$35 monthly increase in their bill chose smart meters?

2-2 Given the information and rational expressed above will BCUC acknowledge the lack of a truly informed choice offered customers in the Meter Choices Program to this point?

2-3 With or without such acknowledgement can BCUC do something to correct the situation I have outlined in this letter?

2-4 Will BCH do something to correct the situation I have outlined in this letter?

Sincerely,

John Mansell, Intervener