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Our file: 7615

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VIA EMAIL

Erica Hamilton
Commission Secretary
BC Utilities Commission
6th Floor 900 Howe Street
Vancouver, BC V6Z 2N3

Re: BC Hydro 2015 Rate Design Application – Reply Submissions on Written Submissions from Interveners and BC Hydro on Issues in Appendix B to Order G-156-15

We write to provide reply submissions in response to BC Hydro and interveners' submissions on the issues set out in Appendix B to the BC Utilities Commission's ("Commission") Order G-156-15, on behalf of the British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, BC Poverty Reduction Coalition, Council of Senior Citizens' Organizations of BC, Disability Alliance BC, Together Against Poverty Society, and Tenant Resource & Advisory Centre, known collectively in regulatory processes as "BCOAPO *et al.*" The constituent groups of BCOAPO *et al.* represent the interests of low and fixed income residential energy consumers within BC and more specifically in this process, the interests of BC Hydro's low and fixed income residential ratepayers.

Commission Order G-156-15 (and Appendix B to that Order) invited submissions on several preliminary issues respecting BC Hydro's 2015 Rate Design Application (the "Application"). Several parties made such submissions.

We have reviewed the submissions of BC Hydro and other interveners in relation to the issues set out in Order G-156-15 (the "Appendix B Issues"), and provides our reply submission below.

1. Review process for the F2016 Cost of Service study

Based on comments provided, the extent of the review proposed and how the BCUC should view the Cost of Service study ("COS") depends on the degree to which the results are being used to inform the recommended changes in rate design. At one end, some parties see it as simply providing context and thus not warranting extensive review and not requiring BCUC acceptance. Others parties see it as being a fundamental part of BC Hydro's justification for some of its rate design proposals and, as a result, requiring more extensive review and consideration by the BCUC.

One objective of the first round of information requests should be to explore this issue and, in particular, the degree to which the particular choices made by BC Hydro in its COS methodology impact its rate design proposals.

2. Accelerated process for LGS/MGS customers without historical baseline

While no parties opposed an accelerated process by way of written hearing for the requested order for LGS and MGS New Customers, BCOAPO, COPE 378 and BCSEA's lack of opposition hinges on whether the same accommodation can be made to BCOAPO's request for an accelerated review of the Minimum Reconnection Charge. BCSEA specifically said that "BCSEA-SCBC support a target effective date of January 1, 2016 for the LGS/MGS New Customer rate design if and only if the same target effective date is adopted for the Minimum Reconnection Charge change."¹

3. Expedited review process for freshet rate, pricing principles for RS 1823, and other existing Transmission Service rates

As with the requested order for LGS and MGS New Customers, while no parties have opposed expedited review processes for the freshet rate, pricing principles for RS 1823, and other existing Transmission Service rates, BCOAPO and COPE 378's lack of opposition hinges on whether the same accommodation can be made to BCOAPO's request for an accelerated review of the Minimum Reconnection Charge. To be clear, BCOAPO also expressed some reservations about the Transmission pricing principles. BCOAPO's lack of opposition to the expedited review process for these rates hinges on the same accommodation being given for the Minimum Reconnection Charge.

4. Expedited process for Minimum Reconnection Charge

Parties who oppose expedited implementation of the proposed reduction in the Minimum Reconnection Charge ("MRC"), have not provided a reason why there should be no early implementation (if the proposed reduction is approved by the BCUC).

Further, no interveners specifically supported BC Hydro's implicit rationale for the April 1, 2016 target date—that is, a \$950,000 reduction in net income if implemented earlier. In fact, several intervenors (BCSEA, COPE 378, NIARG, and BCOAPO) agree that the revised charge should be in place by at least January 1, 2016.

There is a cost of service basis for having an expedited process to reduce the MRC. BC Hydro has acknowledged that the MRC is currently higher than the cost of reconnecting customers, and we therefore fail to see how a reduction in net income is a valid justification for maintaining the current MRC. As we stated in our letter of July 31, 2015:

The current MRC is a significant amount of money, and is difficult for many low-income customers to pay – especially for those customers disconnected due to an inability to pay their existing electricity account. It has been an unreasonable

¹ Exhibit C3-2, BCSEA-SCBC Appendix B Submissions, p.2.

and unjust cost for some time now, as those customers who can be remotely reconnected continue to pay the same charge as those who require a site visit from BC Hydro.²

It would be unjust and unreasonable for the provincial government to profit from higher than cost reconnection charges until April 1, 2016 when it seems entirely possible that a reduced MRC could be in place by January 1, 2016.

5. Other issues raised

In addition to the specified issues, the Appendix B Issues included a final catch-all item asking for “any other relevant matters that parties wish to bring to the attention of the Panel before the procedural conference.”

Below, BCOAPO addresses several of the additional matters parties raised in their submissions.

(a) Frequency of BC Hydro’s Rate Design Applications

COPE 378 has indicated that it will ask that the Commission to order BC Hydro to initiate another RDA after BC Hydro completes its next COS study in F2019. BCOAPO agrees with COPE 378 that there is value in addressing the issue of the frequency of future COS studies and RDA filings. It would be useful to know at an early stage of this proceeding when the next COS will be completed, and when the next RDA will take place. BCOAPO agrees with COPE 378 that the 8 year gap between the 2007 RDA and the present one was far too long.

(b) Nexus between Module 1 and Module 2

The Non-Integrated Areas Ratepayer Group (“NIARG”) submitted that Zone II ratepayers have an essential interest in Module 1 issues because Commission determinations with respect to Zone I rates will significantly inform or impact Zone II rates, which are proposed to be determined in Module 2.

BCOAPO supports NIARG’s participation in Module 1, as it will better inform NIARG’s submissions in Module 2.

(c) Participant Assistance Cost Awards (“PACA”)

NIARG also requested early guidance on PACA budget estimates from the Commission. As NIARG points out, the Application will undoubtedly involve a lengthy and complex proceeding, and it is useful for interveners that rely on PACA funding to have some feedback on time estimates for these early stages. NIARG has proposed that the Commission provide a deadline for submission of initial PACA budget estimates for participation through completion of the January Procedural Conference, and a second

² Exhibit B-1, Appendix C-3D, page 52-53.

deadline for estimates for subsequent process shortly after the Commission issues further procedural directions and a Regulatory Timetable arising from the Procedural Conference.

BCOAPO supports NIARG's proposed approach regarding PACA budget estimates.

(d) Clarifying the procedure for this Application

Several intervenors' submissions demonstrate that the length and breadth of the Application and these proceedings is somewhat overwhelming for some participants who are unfamiliar with BCUC proceedings. In order to assist these participants, it would be useful if the Commission and/or BC Hydro at the January, 2016 Procedural Conference could provide participants with a clear description about the steps that will be involved in this proceeding - both to provide a basic overview, and to provide unfamiliar interveners with assurance that they will have ample opportunity to comment on the substance of the Application. It would also be beneficial to make sure that all parties are aware of the information process and their ability to ask clarifying questions of BC Hydro and all parties who submit evidence.

Please do not hesitate to contact us should you have any questions.

Yours truly,
BC Public Interest Advocacy Centre

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