

June 22, 2016

VIA EMAIL

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



Reply to: Sarah Khan
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Our file: 7615

Dear Ms. Ross:

**Re: BC Hydro 2015 Rate Design Application Module 1
Information Request Responses of BCOAPO *et al.***

We write to file responses to the following parties' Information Requests to BCOAPO in the above noted proceeding:

1. British Columbia Utilities Commission (BCUC)
2. BC Hydro and Power Authority (BC Hydro)
3. BC Sustainable Energy Association and Sierra Club of BC (BCSEA)
4. Commercial Energy Consumers Association of British Columbia (CEC)
5. Movement of United Professionals (MoveUp)
6. Zone II Ratepayers Group (Zone II)

Please note that some of our responses contain links to various documents. We have indicated when links are replicated elsewhere in the responses.

Please let us know if you have any questions.

Sincerely,

BC Public Interest Advocacy Centre

Sarah Khan & Erin Pritchard
Barristers and Solicitors

- c. Tom Loski, Chief Regulatory Officer, BC Hydro
Registered participants

Encl.

British Columbia Old Age Pensioners Organization *et al.*
Response to BC Sustainable Energy Association and
Sierra Club BC Information Request No. 1 on BCOAPO Evidence

June 22, 2016

British Columbia Hydro and Power Authority
2015 Rate Design Application
Project No. 6398781

1.0 Topic: Essential Services Program

Reference: Exhibit C2-12, Part 1, Roger Colton evidence, Part 1

- 1.1 Mr. Colton proposes that the maximum size of the Essential Services usage block would be 4,800 kWh per year, or 400 kWh per month. Is the proposal that this would be converted to kWh per day for billing purposes, given that some bills are monthly and some are bimonthly?

RESPONSE

BC Hydro should not be required to adopt a unique process to apply the Essential Services Usage Block. The process used to determine actual usage, in light of the number of days in a billing month, for Step 1 and Step 2 should also be used to determine usage for the Essential Services Usage Block.

- 1.2 How would the proposed Essential Services program handle the two-step Residential Inclining Block (RIB) rate structure? Would the Step 1 rate, the threshold, and Step 2 rate apply as usual, except that consumption up to the prorated amount of the ES usage block would be charged at Step 1 or Step 2, as applicable, less the ES discount rate? In other words, would consumption within the Essential Services usage block count toward the threshold between Step 1 and Step 2?

RESPONSE

Yes.

- 1.3 How long would a participant's qualification for the Essential Services program last? Would there be a mechanism through which a participant would leave the program if and when he or she ceased to meet the income criterion?

RESPONSE

Please see BCOAPO's response to MoveUp IR 2.5 and 2.5.2.

2.0 Topic: Low-Income Eligibility Criterion

Reference: Exhibit C2-12, Part 1, Roger Colton evidence, p.14

“The Essential Services usage block should be available to customers confirmed as having income at or below 100% of the Pre-Tax Low-Income Cutoff (LICO-PT).” [p.14]

- 2.1 Did Mr. Colton consider the idea of defining eligibility for the Essential Services usage block at some percentage less than 100% of the LICO-BT, so that there could be a larger block or a steeper discount for the same financial impact to residential customers as a whole? If so, why was this approach rejected?

RESPONSE

No. The question assumes that the process began with a set “financial impact to residential customers as a whole” and allocated those dollars in by varying the size of the block or the extent of the discount. The analytic process did not proceed along those lines. Moreover, the intent was to use the same income qualification for both BCOAPO’s proposed Essential Services Usage Block and BCOAPO’s low income terms and conditions, both of which adopted the same definition of low income that is used in BC Hydro’s own Residential End Use Survey.

- 2.2 Did Mr. Colton reject the idea of defining eligibility for the Essential Services usage block at some percentage greater than 100% of the LICO-BT, so that more low income customers would be eligible for Essential Services support? If so, why was this approach rejected?

RESPONSE

Please see BCOAPO’s response to MoveUp IR 2.1.

3.0 Topic: Usage Block Size

Reference: Exhibit C2-12, Part 1, Roger Colton evidence, pp. page 14, lines 20-23, p.15, p.17

BC Hydro’s category of “small” customers [Appendix C-3B, page 126 of 609] includes customers who consume only in Step 1, i.e., less than the current threshold of 675 kWh per month. Mr. Colton notes that “the Company reports that its definition of “low-use” varies between 370 kWh per month and 380 kWh per month.”

- 3.1 Given that the average consumption of customers who consume only in Step 1 is between 370 kWh/m and 380 kWh/m, did Mr. Colton consider a maximum ES usage block between 370 kWh/m and 380 kWh/m? Why was 400 kWh/m proposed?

RESPONSE

The consumption per month identified by BC Hydro was rounded to 400 kWh. Placing the consumption per month at between 370 kWh and 380 kWh would have implied a level of precision that was not merited. Moreover, placing the consumption per month at between 370 kWh and 380 kWh would have made consumer education on the basis of the Essential Services Usage Block more difficult.

“My recommended Essential Services usage block [4,800 kWh/y] is just below the low-income median consumption of 5,298 kWh per year. (BCOAPO 1.58.3)...” [p.15]

- 3.2 Does this mean that slightly less than half of low-income customers would purchase all their power at the ES rate (assuming all low-income customers with usage below 4,800 kWh/y are approved for the ES program)?

RESPONSE

It was not possible to model the number of customers consuming all their power at the Essential Services Usage Block without having month-to-month usage data, which BC Hydro, when asked, said it could not provide (see BC Hydro responses to BCOAPO 1.58.2, BCOAPO 1.85.1, and BCOAPO 1.86.1). It would be highly unlikely, however, that the proposition set forth in this question would be accurate. See Exhibit C2-12, Direct Testimony of Roger Colton at page 22 (PDF page 27/341).

- 3.3 Please explain why 4,800 kWh/y was chosen, instead of, say, 5,300 kWh/y (the low-income median annual consumption rounded). Is it because 4,800 kWh/y is easily divided by 12 months and therefore easier to explain?

RESPONSE

The basis for the selection of 400 kWh per month was explained in Mr. Colton’s Direct Testimony at pages 15-17 (Exhibit C2-12, PDF pages 20-22/341). See also: BCOAPO’s Response to BCSEA IR 3.1.

“I recommend that the Essential Services usage block be set at 400 kWh a month, 4,800 kWh per year.” [p.14]

- 3.4 Please confirm that setting an Essential Services usage block as recommended (4,800 kWh/y) would result in \$192 plus applicable taxes in bill relief for a low-income customer who was able to take full advantage of the block.

RESPONSE

Confirmed for a low income customer who is able to take full advantage of the block (\$0.04/kWh x 4,800 kWh = \$192); however, this amount does not include the corresponding reduction in the DARR and GST. See also: Exhibit C2-12, Direct Testimony of Roger Colton at page 19 (PDF page 24/341), and BCOAPO response to BC Hydro IR 9.1.

- 3.5 For an Essential Services usage block of 4,800 kWh/y, please provide the arithmetic mean and the median annual bill relief for participating customers. If the data is available, please provide the annual bill relief as a percentage of the customer's total annual bills.

RESPONSE

This arithmetic mean and median annual bill relief for participating customers cannot be calculated. See Exhibit C2-12, Direct Testimony of Roger Colton at page 11, line 29 through page 12, line 13 (PDF pages 16-17/341). The annual bill relief given differing customer characteristics, assuming that annual consumption is spread equally over twelve months, can be seen in Schedule RDC-2 (in the "per-customer cost" column).

- 3.6 Please discuss the expected practical effects for a typical participating customer of receiving the rate relief of the Essential Services program as proposed (maximum 4,800 kWh/y at \$0.04/kWh discount). Would the bill relief make a meaningful contribution to the low-income customer's ability to afford electricity service?

RESPONSE

Yes, given that the Essential Services Usage Block is proposed with affordability being one of several justifications for its implementation. See Direct Testimony of Roger Colton at page 12, line 15 through page 13, line 8 (Exhibit C2-12, PDF pages 17-18/341). Moreover, the Essential Services Usage Block is not offered as a stand-alone response to low income payment difficulties. The contributions of the Essential Services Usage Block, low income DSM, Crisis Intervention Fund and low income Terms and Conditions are synergistic.

4.0 Topic: Essential Services Program, Justification Reference: Exhibit C2-12, Part 1, Roger Colton evidence

- 4.1 Is it the author's argument that low-income customers pay more than their share of costs compared to non-low-income residential customers because low-income customers tend to have lower consumption than non-low-income customers at each decile of consumption and low-usage customers cost less to serve?

RESPONSE

No. This question does not completely or accurately capture the analysis set forth by Mr. Colton on why it is reasonable to conclude that low income customers pay more than their share of costs compared to non-low income residential customers. The fact that low income customers in the eighth decile of consumption (for low income customers) have a lower consumption than do residential customers in the eighth decile of consumption, for example, is not a consideration. Mr. Colton's Direct Testimony discusses, and the Company agrees, that lower load factor customers are more costly to serve ("low load factors are indicative of customers that are *relatively more costly to serve...*" (BC Hydro's 2015 Rate Design Application, at page 4-8; BCOAPO 1.49.1). If lower load factor customers are more costly to serve, higher load factor customers must be less costly to serve. Low income customers tend to be low use, low load factor, customers.

- 4.2 Please comment on these observations: Low usage is not a good proxy for low income. While many low income customers have low usage, many other low income customers have medium or high usage. Altering the residential rate design to recover less revenue from low-use customers and more revenue from high-use customers would increase the bills of medium-use and high-use low income customers while reducing the bills of non-low income low-use customers.

RESPONSE

Mr. Colton acknowledged and responded to this argument in his report entitled "Inverted Block Tariffs and Universal Lifeline Rates: Their Use and Usability for Delivering Low-Income Electric Rate Relief" (online: Fisher, Sheehan & Colton Public Finance & General Economics http://www.fsconline.com/downloads/Papers/2008%2002%20Hydro_Quebec_Lifeline-Final.pdf). By this reference thereto, Section 2.3 of that report is incorporated into this response as if fully set forth. Consistent with that analysis, while BC Hydro has not used the beneficiary incidence, the benefit incidence or the Omega metric in *any* of its rate design analysis (BCOAPO 1.79 and 1.80), the beneficiary incidence and benefit incidence discussion set forth by BCOAPO indicates that it is appropriate to find that low use and low income are related for BC Hydro.

- 4.3 Does the author agree that under the Residential Inclining Block rate (that BC Hydro proposes to continue), low-use customers effectively pay less per unit of energy than do high use customers?

RESPONSE

Please see BCOAPO's response to BCUC IR 21.1.

- 4.4 Please comment on the observation that an Essential Services program, defined as a limited block of power available at a reduced rate to qualifying low income customers, is fully justified by affordability factors.

RESPONSE

The Essential Services Usage Block was not set forth to be fully justified by affordability factors. See Direct Testimony of Roger Colton at page 12, line 15 through page 13, line 8 (Exhibit C2-12, PDF page 17-18/341). See also: BCOAPO response to MoveUp IR 3.2.2. Had BCOAPO undertaken to propose a low income bill affordability program that would be “fully justified by affordability factors,” such a program proposal would have been substantively different than the recommended Essential Services Usage Block (Roger Colton, *Home Energy Affordability in Manitoba: A Low-Income Affordability Program for Manitoba Hydro*, online: Fisher, Sheehan & Colton Public Finance & General Economics <http://greenactioncentre.ca/wp-content/uploads/2011/01/Home-Energy-Affordability-in-Manitoba-A-Low-Income-Affordability-Program-for-Manitoba-Hydro.pdf>) (also cited in BCOAPO’s response to BCUC IR 17.1).

- 4.5 In the author’s opinion, do residential customers as a whole have an interest in ameliorating the unaffordability burden of electricity rates on low-income customers?

RESPONSE

Yes.

- 4.6 Does the author agree that there is no particular reason to believe that the hardship imposed by electricity bills on low income customers is worse for low-use low income customers than it is for medium-use and high-use low income customers?

RESPONSE

Mr. Colton believes that the hardship electricity bills impose on low income customers is fact-specific. Low-use customers tend to be lower income customers, with a correspondingly higher bill as a percentage of income. As income increases, a corresponding increase in bills would be necessary to impose the same “hardship.” Accordingly, a low use, low income customer may experience an equal or greater hardship than a higher income, low income customer with higher use. Certain observations, however, can be empirically established, one of which is that electricity usage and income are directly related. As income increases, usage increases as well. Low income BC Hydro residential customers have been found to have lower consumption on average than non-low income residential customers (Exhibit C2-12, Direct Testimony of Roger Colton at page 5, lines 2-15 (PDF page 10/341)).

- 4.7 Please confirm that the proposed Essential Services program is intended to, and would if implemented, provide a modest bill discount to qualifying low income customers whether their consumption is low-use, medium-use or high-use.

RESPONSE

The level of discount resulting from the Essential Services Usage Block was discussed in the Direct Testimony of Roger Colton at page 18, line 21 through page 19, line 7 (Exhibit C2-12, PDF pages 23-24/341). The level of discount, disaggregated by various customer characteristics, can also be seen in Schedule RDC-2 (Exhibit C2-12, Direct Testimony of Roger Colton p. 137-138 (in the “per customer cost” column) (PDF pages 142-143/341).

5.0 Topic: Usage Block Model

Reference: Exhibit C2-12, Part 1, Roger Colton evidence

- 5.1 The usage block model provides a bill benefit that is an increasingly small percentage of low-income customers' bills the higher the customers' annual consumption (where consumption is above the size of the usage block). Has Mr. Colton considered alternative models, such as a smaller discount for qualifying low-income customers but a discount applied to all energy consumed? If so, why were alternative models rejected?

RESPONSE

The Essential Services Usage Block was not advanced as a mechanism justified exclusively to promote affordability. The Essential Services Usage Block was selected as being unequivocally within the Commission's jurisdiction to order; being supported by traditional regulatory principles; providing meaningful assistance without imposing an unreasonable burden on non-participating ratepayers; improving cost-reflectivity; and improving the efficient operations of BC Hydro all at the same time. “Alternative models”, which may have resulted in different affordability impacts, if affordability impacts were considered on a stand-alone basis, were not considered.

6.0 Topic: Clarification

Reference: Exhibit C2-12, Part 1, Roger Colton evidence, A. The Need for an Essential Services Usage Block, pp.5-13, Exhibit C2-12

- 6.1 Please confirm, or otherwise explain, that the various numbers of customers provided in this section of the evidence refer to numbers of accounts and not the numbers of people who live in the residences served by these accounts. For example, “there are 78,442 low-income apartment dwellers” [p.6, lines 21-22] means 78,442 low-income accounts.

RESPONSE

Confirmed.

7.0 Topic: Balancing Meaningful Assistance and Unreasonable Burden

Reference: Exhibit C2-12, Part 1, Roger Colton evidence, p.14

“First, the block size and discount should be sufficient to provide meaningful assistance to low-income customers taking service under this rate. Second, the cost of providing the level of discount should not impose an unreasonable burden on residential ratepayers not taking service under the Essential Services usage block.” [p.14 underline added]

- 7.1 Does Mr. Colton agree that one of the factors relevant to whether a particular Essential Services usage block size and discount imposes an unreasonable burden on non-participating customers is the extent to which the ES program does provide meaningful assistance to low-income customers?

RESPONSE

Mr. Colton considered both the extent to which the ES program provides meaningful assistance and the extent to which the ES program imposes burdens on non-participating ratepayers, and agrees that these concepts are interrelated. See for example, the Direct Testimony of Roger Colton at page 64, line 4 through page 68, line 15 (Exhibit C2-12, PDF pages 69-73/341). However, Mr. Colton notes that the Essential Services Usage Block was not proffered by BCOAPO exclusively as a mechanism to provide affordability assistance. See the Direct Testimony of Roger Colton at page 12, line 15 through page 13, line 8 (Exhibit C2-12, PDF pages 17-18/341). See also: BCOAPO’s response to BCSEA IR 3.6.

8.0 Topic: Schedule RDC-1 Reference: Exhibit C2-12, Part 1, Roger Colton evidence, p.5

- 8.1 Please provide a revised version of page 2 of Schedule RDC-1 showing for (a) Residential and (b) Low Income the number of customers and percentage by Characteristic (the percentage meaning the number of, say, Residential Single-family Detached customers as a percentage of all Residential customers).

RESPONSE

These numbers are not readily available to BCOAPO.

9.0 Topic: Program Cost Estimate Reference: Exhibit C2-12, Part 1, Roger Colton evidence, Schedule RDC-2

“The total cost of providing the \$0.04 [kWh] discount on 400 kWh [month] will not exceed \$26,912,049 [year].” [p.23]

- 9.1 Please explain more about Schedule RDC-2.
- 9.1.1 Please confirm that Number of Customers shows the number of low-income customers in the corresponding Housing Type and Median Annual Use.

RESPONSE

Confirmed.

- 9.1.2 Confirm that the total Number of Customers is 161,383, jibing with the 161,383 low-income customers in BC Hydro's disaggregation of low-income customers discussed in Footnote 13 on page 23.

RESPONSE

Confirmed.

- 9.1.3 Confirm that for each pair of Housing Type and Heating Type there are four Median Annual Use figures provided, presented from largest to smallest. What percentiles define these four tranches?

RESPONSE

Confirmed. These numbers were supplied by BC Hydro, not derived from microdata. The percentiles requested are not available from the data provided.

- 9.2 Do the data for Number of Low-Income Customers by Housing Type/Heating Type/Median Usage shown in Schedule RDC-2 provide a basis for showing the number of low-income customers at various usage levels? Would it be possible to present a breakdown of the number of low-income customers by annual usage, such as by quartile or decile? If so, please provide it. If not, please explain why it would not be possible.

RESPONSE

The numbers referenced were supplied by BC Hydro, not derived from microdata. The requested numbers are thus not available to BCOAPO.

- 9.3 Using the data shown in Schedule RDC-2 (or from elsewhere if it is available), please provide an estimate of the number and percentage of low-income customers who are (a) below 4,800 kWh/y usage and (b) above 4,800 kWh/y usage.

RESPONSE

Please see BCOAPO's response to BCSEA IR 9.2.

- 9.4 Please confirm that the estimate that ES bill reduction costs would not exceed \$26,912,049 per year is based on an assumed 100% take-up rate.

RESPONSE

Confirmed.

“When fully ramped up, I would expect a participation rate of roughly 50% of the total income-eligible population.” [pp. 31-32]

- 9.5 Please provide an estimate of the not to exceed annual cost of the ES program based on a 50% take-up rate.

RESPONSE

Assuming that the 50% take-up rate is directly proportionate to the 100% take-up rate across all customer characteristics, the cost would be 50% of that presented in Schedule RDC-2.

10.0 Topic: Low Income Qualification

Reference: Exhibit C2-12, Part 1, Roger Colton evidence, pp.28-31

The author proposes that in the first stage, BC Hydro would accept a confirmation of low-income eligibility from the BC Ministry of Social Development and Social Innovation, or receipt of social assistance on First Nations reserves, or residence in a home provided through non-profit housing provider or community service organization. The author proposes that in Stage 2 BC Hydro would expand the social service agencies from which it will accept a confirmation of income eligibility. The author proposes that in Stage 3 BC Hydro would accept confirmation of income eligibility from the “third party administrator retained to operate the [proposed] crisis intervention program”

- 10.1 Please confirm, or otherwise explain, that the proposal is that BC Hydro itself would not process applications for confirmation of low-income eligibility. What are the reasons for that approach?

RESPONSE

Confirmed. Please see BCOAPO’s response to BCUC IR 10.2.

11.0 Topic: Reporting

Reference: Exhibit C2-12, Part 1, Roger Colton evidence, p.32

“I recommend that the Company routinely review and report on take-up rates in future Rate Design Application proceedings.”

- 11.1 What does the author recommend regarding requirements for BC Hydro to report to the Commission about the Essential Services program?

RESPONSE

Reporting on the Essential Services Usage Block should reflect reporting otherwise performed on inclining block rates. The one unique reporting element that Mr. Colton recommended specific to the Essential Services Usage Block involves the percentage

of estimated low income customers that apply for and are income-qualified for the Essential Services Usage Block.

- 11.2 What lessons can be learned from the studies identified in Appendix B about reporting and reporting requirements regarding low-income utility bill programs?

RESPONSE

Limiting the “lessons” to those requested in this question (i.e., “about reporting and reporting requirements”), without limitation, the studies identified in Appendix B demonstrate that reporting requirements do not impose an unreasonable time or expense burden on the reporting utilities; that it is beneficial for utilities to identify and be able to track low income customers; that utility data systems can provide important and beneficial information to segment their customer populations; that important data can often, if not generally, be lost if not actively archived; and that specific inquiries can be frequently, if not generally, answered by information collected in the normal course of business.

12.0 Topic: Crisis Intervention Fund

Reference: Exhibit C2-12, Part 1, Roger Colton evidence

- 12.1 The author proposes that the crisis intervention program should be administered by an independent third party. Why should it not be administered by BC Hydro?

RESPONSE

There are a number of reasons supporting the use of an independent third party. Without limitation, Mr. Colton recommends an independent third party administrator based on experience indicating that customers in arrears are more likely to be willing to provide income information to someone other than a utility known to be a creditor. Moreover, utility staff are not generally trained or qualified to engage in income verification processes. In addition, the use of an independent third party can often, if not generally, build upon existing processes that do not exist within a utility’s business practices.

- 12.2 Please explain why the author proposes a small rate rider as the mechanism for funding the proposed crisis intervention program. Were other funding mechanisms considered, such as an annual lump sum from the revenue requirement?

RESPONSE

Mr. Colton proposed a small rate rider for all rate classes because it would generate a meaningful amount of assistance without imposing an unreasonable cost burden. All classes were included in the rate rider since all classes will benefit from the provision of crisis assistance to eligible low income residential BC Hydro customers. The primary

alternative considered was a volumetric rate rider. A volumetric charge was not proposed since no rationale exists to impose a greater charge on larger users of electricity, whether within a class or between classes. Mr. Colton did not consider an “annual lump sum from the revenue requirement” as an alternative funding mechanism.

- 12.3 The author proposes a bill rider of \$0.25 per month per account on all accounts, residential and non-residential, to yield annual fund revenue of approximately \$5.4 million [pp.43-44]. How does this fund size compare with crisis intervention funds established in other jurisdictions?

RESPONSE

Mr. Colton has not completed a comprehensive comparison of the \$5.4 million fund size to the fund size of crisis intervention funds established in other jurisdictions. Nor would such a comparison be useful or informative without a consideration of the totality of resources brought to bear on inability-to-pay problems.

- 12.4 Would a fund of the proposed size be sufficient to make a meaningful difference?

RESPONSE

Yes.

- 13.0 Topic: Low-Income DSM and RDA**
Reference: Exhibit C2-12, Part 1, Roger Colton evidence, page 21, lines 1-6 and footnote 12; p.44

“A multi-state study of affordability programs in the United States, of which I was a co-author, found that “every state that has adopted a home energy affordability program has incorporated an energy efficiency component into that affordability initiative.” The study found that “these [low-income efficiency] programs can effectively complement the impacts of affordability programs.” They cannot, however, serve as a stand-alone response.”

- 13.1 Please file the report titled “Ratepayer Funded Low-Income Energy Programs: Performance and Possibilities” in this proceeding.

RESPONSE

Please see links to the report contained in BCOAPO’s response to MoveUp IR 3.1.

- 13.2 Please discuss why low-income efficiency programs cannot “serve as a stand-alone response.”

RESPONSE

The sentence of Mr. Colton's Direct Testimony immediately following the quoted language states: "This is particularly true here, as here in British Columbia, an Essential Services usage block is offered not exclusively as an affordability program, but as a mechanism to improve the cost reflectivity of rates." In addition, a comprehensive discussion of how and why energy efficiency investments cannot serve as a stand-alone response to affordability problems was presented in pages 31-34 of Roger Colton, *Home Energy Affordability in Manitoba: A Low-Income Affordability Program for Manitoba Hydro*, online: Green Action Centre <http://greenactioncentre.ca/wp-content/uploads/2011/01/Home-Energy-Affordability-in-Manitoba-A-Low-Income-Affordability-Program-for-Manitoba-Hydro.pdf> (also cited in BCOAPO's response to BCUC IR 17.1). One set of reasons why energy efficiency cannot be a stand-alone response lies in the discussion presented by Mr. Colton about the need for a Crisis Intervention Program (Exhibit C2-12, Direct Testimony of Roger Colton at page 36 (PDF page 41/341)).

- 13.3 Please confirm that, according to the economic principle of demand elasticity, other things being equal, a decline in electricity rates should stimulate an increase in electricity usage.

RESPONSE

Not confirmed. Please see the following:

- Roger Colton, "Client Consumption Patterns within an Income-Based Energy Assistance Program" (1990) 24:4 *Journal of Economic Issues* 1079. (Available at http://bcpiac.com/wp-content/uploads/2016/06/Colton_1990_EAP_Usage_Patterns.pdf). (Also cited in BCOAPO's response to BCUC IR 19.2.)
- Appendix A of Roger Colton, "Water Affordability in Philadelphia: Comparing the Tiered Discount and Percentage of Income-Based Bill Affordability Proposals." (2015). Available at http://bcpiac.com/wp-content/uploads/2016/06/Colton_Water_Affordability_Philadelphia_October-2015.pdf. (Also cited in BCOAPO's response to BCUC IR 12.2.)
- Pages 31 – 34 of Roger Colton, *Home Energy Affordability in Manitoba: A Low-Income Affordability Program for Manitoba Hydro*, online: Green Action Centre <http://greenactioncentre.ca/wp-content/uploads/2011/01/Home-Energy-Affordability-in-Manitoba-A-Low-Income-Affordability-Program-for-Manitoba-Hydro.pdf>. (also cited in BCOAPO's response to BCUC IR 17.1.)

- 13.4 In Mr. Colton's view would adoption of the proposed Essential Services program tend to stimulate increased consumption by participating customers due to the change in the price signal? Is Mr. Colton aware of any evidence on the elasticity of demand shown by low-income electricity customers?

RESPONSE

Please see BCOAPO's response to BCSEA IR 13.3. See also: Direct Testimony of Roger Colton, footnote 15 on page 27 (Exhibit C2-12, PDF page 32/341).

- 13.5 On page 52, the author cites BCOAPO 1.106.1 (revised), Attachment 2, pages 4, 8 and 33 of 40 [Exhibit B-14]. Is this the correct citation?

RESPONSE

The reference in Mr. Colton's Direct Testimony was an error. The reference should have been to Attachment 3 rather than to Attachment 2. Please see Exhibit B-14 (in this proceeding), BCH Responses to outstanding BCUC and BCOAPO IR's and Errata No. 3, BCOAPO IR 1.106.1 REVISED Attachment 3, pp. 4, 8 & 33.

14.0 Topic: Cold Weather Disconnections

Reference: Exhibit C2-12, Part 1, Roger Colton evidence, B. Cold Weather Shutoff Protections, pp.68-77

"...BC Hydro should adopt restrictions on the disconnection of service for nonpayment during the cold weather period stretching from November 1 through April 1 of each winter heating season." [p.68]

- 14.1 Please describe in detail the author's proposal for a BC Hydro cold weather disconnections policy. Would there be a low-income qualification? Does "restrictions" mean no disconnections?

RESPONSE

"Restrictions" means no disconnections. There would be no income qualification.

- 14.2 What is the author's understanding of BC Hydro's current policy and practice regarding cold weather disconnections? Is it inadequate? Why?

RESPONSE

BC Hydro does not impose meaningful cold weather shutoff restrictions. Mr. Colton and BCOAPO understand BC Hydro's current policy and practice regarding cold weather disconnection to be limited to a sub-zero policy to provide customers with a 72-hour warning to protect their property from possible weather impacts with a disconnection. BCOAPO understands that this message is embedded in all customer communications, including phone calls done prior to a disconnection. For more details concerning BC Hydro's sub-zero disconnection procedure, please see Exhibit B-1, 2015 BC Hydro Rate Design Application, Appendix C-3D, at page 2 (item #6) and pages 11-17.

Mr. Colton and BCOAPO further understand that during the winter holiday season, BC Hydro does suspend disconnections for approximately 2 weeks prior to the new year but that is not connected to the weather; but rather, the two-week moratorium is related

to low staffing levels over the holidays, as BC Hydro needs to be able to reconnect customers following a disconnection.

The inadequacy of that practice was described in detail in the Direct Testimony of Roger Colton at page 69 (Exhibit C2-12, PDF page 74/341). BC Hydro has acknowledged that its current practices “do not meet the intent of BCOAPO’s proposal [regarding cold weather disconnections]” (BC Hydro response to BCOAPO IR 1.192.1, Attachment 1, page 45).

15.0 Topic: Sensitive Customer Disconnections

Reference: Exhibit C2-12, Part 1, Roger Colton evidence, C. Shutoff Protections for the Very Young, Seniors and People with Medical Emergencies, pp.77-83

“I conclude that it is reasonable for BC Hydro to provide a renewable 60-day delay in nonpayment disconnections for the very young, seniors and people with medical emergencies.”

- 15.1 Please describe in detail the author’s proposal for a BC Hydro policy regarding disconnections of the very young, seniors and people with medical emergencies. How would it work? How would BC Hydro become informed that someone meeting the criteria for special protection lives within the premises that are subject to disconnection? Would it be BC Hydro, or a third party, that would determine that an account has a person qualifying for special protection? What happens if the account holder cannot reasonably make a payment plan that would eliminate the arrears? What would be the role of the Commission in this mechanism?

RESPONSE

The protections would attach when BC Hydro knows or should know that a member of the protected class lives within the premises. Actual or constructive knowledge of such circumstances might arise from information provided by a person living at the premises, by a third party, arising in a customer contact, or in any other fashion through which such information can be transmitted to the utility. The role of the utility is to record such information in a manner that makes such information accessible. The obligation of a customer to pay, and potential roles for the Commission in administering such a business practice, are presented in a model regulation Mr. Colton authored for State public utility commissions regarding “medical certificates” (Roger Colton, *A Model State Regulation for Medical Certificates Limiting Service Shutoffs*, online: Fisher, Sheehan & Colton Public Finance & General Economics http://www.fsconline.com/downloads/FSC%20Newsletter/news2014/n2014_0506.pdf).

16.0 Topic: Deferred Payment Plans

Reference: Exhibit C2-12, Part 1, Roger Colton evidence, D. Deferred Payment Arrangements, pp.83-88

I recommend several modifications to BC Hydro practices and procedures that will improve both the effectiveness and the efficiency of the Company's use of deferred payment plans as a collection tool. These modifications include:

Downpayments: For payment plans offered to customers with income less than 100% of LICO, I recommend that required downpayments be set at 10% of the outstanding delinquency.

Payment plan term (in months): For payments plans offered to customers with income less than 100% of LICO, I recommend that BC Hydro offer a payment plan term of not less than 12 months.⁴⁵ Payment plan installments to be paid toward arrears, however, should not exceed the average of a monthly bill for current service.”

16.1 Is the author's critique of BC Hydro's current approach to bill arrears payment plans basically that BC Hydro insists on payment terms that are too onerous over too short a time period?

RESPONSE

Mr. Colton's critique of BC Hydro's current approach to bill arrears payment plans is that current practices can be made more effective and more efficient, and thus more cost-effective, through the modifications proposed. Stated conversely, BC Hydro's current approach to bill arrears payment plans are less effective and less efficient, and thus less cost-effective, than they could otherwise be made through the modifications proposed.

16.2 Is it the author's understanding that BC Hydro's current approach to arrears payment plans requires such a plan to fully recover all of the arrears (if it was implemented), i.e., with no forgiveness of any part of the arrears?

RESPONSE

Yes.

16.3 To clarify, in the author's proposed approach to arrears payment plans does the payment plan call for payment of the same total amount of arrears as a status quo BC Hydro payment plan would recover (if implemented)?

RESPONSE

The payment plan proposal contained in the Direct Testimony of Roger Colton does not call for the grant of any "arrearage forgiveness" (or arrearage credits).

- 16.4 Is there evidence to support the idea that arrears payment plans that are longer rather shorter are more successful in terms of the amount of arrears recovered?

RESPONSE

There is significant evidence indicating that payment plans that more closely reflect an affordable payment are both substantially more successful (i.e., “effective”) and substantially more efficient. This evidence includes a review of BC Hydro practices and procedures. See e.g., BCOAPO’s response to BCUC IR 12.2 – Attachment 1 and BCOAPO’s response to BC Hydro IR 19.2 – Attachment 1.

17.0 Topic: Late Payment Charges

Reference: Exhibit C2-12, Part 1, Roger Colton evidence, E. Late Payment Charges, pp.89-104

- 17.1 Is the gist of the author’s critique of BC Hydro’s 1.5%/month late payment charge that (a) 1.5% is higher than BC Hydro’s carrying cost and (b) is not prorated by the day of the month when payment occurs?

RESPONSE

Mr. Colton’s Direct Testimony documents that BC Hydro’s current late payment charge can be justified neither on the basis that it is cost-reflective nor on the basis that it operates as an effective incentive to reduce either arrearages or bad debt.

“I recommend that BC Hydro be allowed to establish an annual Late Payment Charge equal to its Weighted Average Cost of Debt rounded to the nearest one-half percent. At present, that WACD equals 4.28 percent, rounded to 4.5%.” (Exhibit C2-12, Direct Testimony of Roger Colton, at page 97 (PDF page 102/341))

- 17.2 What does the author mean by an “annual Late Payment Charge”? Is the proposal that the Late Payment Charge be prorated daily (e.g., between the due date and the payment date), with the amount being based on the WACD?

RESPONSE

Mr. Colton did not propose a Late Payment Charge that would be prorated daily.

“I further recommend that no late payment charge should be imposed unless and until an arrearage reaches 60 days beyond the bill’s due date.”

- 17.3 Is there a risk that this recommendation would invite all residential ratepayers, low income and otherwise, to treat the “due date” as optional for up to 60 days? Would that be a problem? Are there ways to formulate the recommendation to avoid that problem?

RESPONSE

No such problem exists. No risk exists that “this recommendation would invite all residential ratepayers, low income and otherwise, to treat the “due date” as option for up to 60 days.” For example, the Company prioritizes its disconnection of service based on the size and age of the outstanding arrearage. Given the fact that BC Hydro does not disconnect all customers in arrears, the reasoning implicit in this question would lead to the conclusion that no-one would pay their bills unless and until their bills reach the age and/or level that would generate a physical disconnection of service. We know that such customer reaction to the Company’s lack of collection does not exist. In addition, the analysis presented in Mr. Colton’s testimony examines actual historic payment patterns by date of payment (see, e.g., Schedule RDC-4 at pp. 146-148 of the Direct Testimony of Roger Colton (Exhibit C2-12, PDF pages 151-153/341)). There is no association between a decision of when (or whether to pay) and the imposition of a late payment charge.

Finally, as Mr. Colton testified:

“When specifically asked to ‘provide all written studies currently within BC Hydro’s custody or control, whether or not prepared by or for BC Hydro, that explicitly assesses the extent to which [late payment charges] reduce residential bad debt,’ BC Hydro admitted that it ‘does not have studies or analysis on the extent to which the other activities¹ reduced residential bad debt.’ (BCOAPO 1.199.1(g)). Similarly, the Company could not provide any such analysis that linked the imposition of Late Payment Charge to the reduction of residential arrears in general. (BCOAPO 1.200.1(g), citing BCOAPO 1.198.2)” (Direct Testimony of Roger Colton at page 96, line 22 through page 97, line 6 (Exhibit C2-12, PDF pages 101-102/341)).

17.4 In its response to BCOAPO IR 2.298.1 [Exhibit B-23, pdf p.488 of 951], BC Hydro lists various circumstances in which it may use discretion to waive or suspend the application of late payment charges. The author notes that “Not on that list are those instances when a customer has entered into a deferred payment plan.” [p.97] Does the author recommend that entry into a deferred payment plan be a specific circumstance in which BC Hydro may use discretion to waive or suspend the application of late payment charges?

RESPONSE

Mr. Colton’s Direct Testimony recommends that no late payment charge be applied against an arrearage that is subject to a deferred payment plan on which payments are current. The recommendation is that this exemption be established by tariff in all cases. The proposal is not that BC Hydro may use discretion (emphasis) as indicated in the question. Mr. Colton’s Direct Testimony stated the following:

¹ The “other activities” included imposing late payment charges.

“I recommend that low-income customers --defined to be those customers who are taking service under the Essential Services usage block-- be exempt from late payment charges” (Exhibit C2-12, Direct Testimony of Roger Colton at page 98 (PDF page 103/341)).

17.5 Is there a risk that this recommendation would induce low-income customers to not pay on the due date and thereby go into arrears that might prove to be even more difficult to pay off than the original bill on the due date? Can this recommendation be structured so as to prevent this problem?

RESPONSE

Please see BCOAPO’s response to BCSEA IR 17.3. It is, of course, possible to structure a recommendation to prevent this problem, though Mr. Colton does not propose such a structure. For example, if a customer has paid late more than “x” times in a given 12-month period, the Company could impose a late payment charge even if the late payment does not extend to 60-days. For all the reasons presented in response to BCSEA IR 17.3, however, Mr. Colton does not believe such a recommendation to be necessary or beneficial.

18.0 Topic: Low Income Exemption from Minimum Reconnection Charge and Account Charge

Reference: Exhibit C2-12, Part 1, Roger Colton evidence, F. Exempting Low-Income Customers from Specified Charges, pp.100-104

“...I recommend that BC Hydro exempt low-income customers from the assessment of a “minimum reconnection charge” and from the proposed “account charge.” [p.100]

18.1 Is the author’s proposal that the low-income exemption from the Minimum Reconnection Charge and Account Charge would be determined on the same basis as eligibility for the proposed Essential Services program?

RESPONSE

Yes. See Direct Testimony of Roger Colton at page 63, lines 5-15 (Exhibit C2-12, PDF page 68/341).

19.0 Topic: Security Deposits

Reference: Exhibit C2-12, Part 1, Roger Colton evidence, G. Reform Security Deposits, pp.105-117

“I recommend that the Company’s proposal to impose cash security deposits on all new residential customers be denied.” [p.110]

19.1 Is this an over-statement of BC Hydro’s proposal regarding security deposits?

RESPONSE

The more accurate description of the Company's proposal is set forth in Mr. Colton's Direct Testimony at page 105, lines 10-13 (Exhibit C2-12, PDF page 110/341):

"BC Hydro states it that can assess a security deposit in two situations: (1) when an applicant for service has not established credit satisfactory to BC Hydro; and (2) when an existing customer has not maintained a credit history satisfactory to BC Hydro. (Exhibit B-1, 2015 Rate Design Application, at 8-10)."

"The Company should be prohibited from imposing a cash security deposit on an applicant for service based on a credit rating from an external credit agency unless that credit rating is based exclusively on the prior utility bill payment history of the new applicant." [p.110, underline added]

19.2 To clarify, please confirm, or otherwise explain, that this recommendation applies to applicants for service, not to existing account holders.

RESPONSE

Confirmed. Mr. Colton intended for the terms "new customer" and "applicant" to be interchangeable.

19.3 To clarify, does this recommendation apply to any applicant for service, regardless of income, or is it limited to low-income applicants?

RESPONSE

This proposal is not limited to low income applicants.

19.4 In the author's experience, is it practical for a public utility to obtain a credit rating based exclusively on a person's prior utility bill payment history? Does this type of credit rating exist?

RESPONSE

Whether or not a "credit rating" from an external agency exists based exclusively on a person's prior utility bill payment history, Mr. Colton's experience is that utility deposits can be based exclusively on a person's prior utility bill payment history.

19.5 Does "cash security deposit" mean 'financial security deposit'? If it means something else, please explain.

RESPONSE

Mr. Colton's use of the term "cash security deposit" is intended to reflect a business practice or procedure that requires a customer to provide a dollar amount in cash or cash equivalent as security against loss due to write-offs arising from nonpayment.

“Q: PLEASE EXPLAIN YOUR RECOMMENDATION THAT LOW-INCOME HOUSEHOLDS BE EXEMPT FROM PAYING CASH SECURITY DEPOSITS.

A. In recommending that low income households be exempt from paying cash security deposits, I find that it is important first to focus on the purpose of a deposit...” [p.112]

19.6 Does the author recommend that existing low-income account holders be exempt from paying a security deposit in situations of (a) reconnection and/or (b) arrears?

RESPONSE

For the reasons stated in Mr. Colton’s Direct Testimony, given that the only function of a cash security deposit is to protect against loss due to write-offs of bad debt, Mr. Colton opposes the imposition of a security deposit when reconnection and/or arrears is the exclusive test being used.

19.7 Is the phrase “cash security deposits” used here to distinguish from security deposits paid by MSDSI on behalf of a low-income customer or applicant for service?

RESPONSE

No. Cash security deposits would not be required of MSDSI. If cash security deposits were not imposed on the low income customer, MSDSI would have no reason to make a security deposit payment on behalf of a low income customer. Moreover, MSDSI payments to BC Hydro are not funds unique to that purpose. As Mr. Colton states in his Direct Testimony, “the MSDSI payments paid to BC Hydro are deducted from, and thus reduce, the level of income assistance benefits MSDSI would otherwise pay the household (BCOAPO 1.231.1).” Direct Testimony of Roger Colton at page 35, lines 8-10 (Exhibit C2-12, PDF page 40/341).

“While BC Hydro proposes to waive deposits for customers whose bills are being directly paid by MSDSI, those direct payment customers represent only 6,000 of the 170,000 low income customers on the BC Hydro system.” [p.114]

19.8 For clarity, what is the author’s recommendation regarding BC Hydro’s proposal to waive deposits for customers whose bills are being directly paid by MSDSI?

RESPONSE

Mr. Colton’s Direct Testimony at page 107, lines 1-11 (Exhibit C2-12, PDF page 112/341) states the following: “I endorse the waiver of security deposits for customers whose bills are directly paid by MSDSI. I discussed in more detail above (in my discussion of the Essential Services usage block) how MSDSI direct payments reduce arrearages and make it unlikely that such accounts would impose any bad debt

expense on the Company. Moreover, it is not clear what level of commitment is evidenced by BC Hydro's "exploring" waiving security deposits for MSDSI Indirect clients. To take this action, however, would be consistent with my discussion below. While BC Hydro said that it would "provide its proposal on this subject as part of its responses to RDA Round 2 IRs, anticipated to be sometime in March 2016," (BCOAPO 1.192.1, Attachment 1, at 40), no such further proposal has yet to be seen."

"Given the costs of maintaining deposits, it is in the best financial interests of BC Hydro to seek non-cash alternatives to the collection of deposits.

One alternative to cash security deposits is the solicitation of third-party sureties." [p.115, underline added]

19.9 Is there a concern that using third-party sureties to bolster a low-income applicant or customer's financial credit, in circumstances where a financial security deposit would otherwise have been required, would 'back-fire' on low income applicants and customers? Has the author considered the experience with landlords requiring sureties or guarantors as a condition of renting premises?

RESPONSE

There is no concern that allowing a customer to offer a non-cash alternative to a requested cash security deposit would "back-fire" on customers. (Mr. Colton's recommendation is to exempt low income applicants from cash security deposits so that portion of the question is set aside.) The author did not consider experience with landlords requiring a surety or guarantor as comparable to a utility allowing an applicant to replace a required cash security deposit with a non-cash surety or guarantor. The permissive use of non-cash alternatives to cash security deposits is not uncommon in the utility industry.

19.10 Is there evidence that a utility's use of a third-party surety in place of a financial security deposit is actually effective in terms of promoting on-time payments or reducing arrearages or bad debts?

RESPONSE

This question asks about the effectiveness relative to three different things: (1) promoting on-time payments; (2) reducing arrearages; and (3) reducing bad debt.

There is no evidence that the use of a financial security deposit, whether it is a cash deposit or non-cash alternative, is effective in terms of promoting on-time payments or reducing arrearages. Nor does the purpose of a security deposit, whether it be a cash deposit or a non-cash guarantor or surety, extend to the reduction of arrearages or to "promoting on-time payments."

In fact, the only function of a cash security deposit is to reduce bad debt (Direct Testimony of Roger Colton at page 112, line 16-18 (Exhibit C2-12, PDF page 117/341)).

Moreover, cash security deposits, when imposed on low income customers, can reasonably be expected to be counter-productive to this objective of reducing bad debt. Mr. Colton's Direct Testimony states at page 114, lines 6-19 (Exhibit C2-12, PDF page 119/341):

"Imposing a security deposit, particularly subsequent to a service disconnection and as a prerequisite to reconnection, is counter-productive rather than productive for low-income customers. In its consideration of low income Terms and Conditions, BC Hydro reports that:

BCOAPO stated that security deposits may be counter-productive to the collection of bills when customers cannot afford to pay their bills. A low-income customer who has experienced a disconnection of service would face not only the financial burden of paying the unpaid bills that led to the disconnection in the first instance, but the additional financial burden of paying a new deposit. The deposit, rather than protecting the company, could represent an insurmountable barrier to the customer, thus both harming the customer and preventing the company from collecting the outstanding amount. BC Hydro acknowledges this concern (BCOAPO 1.192.1, Attachment 1, at 37)."

The use of non-cash sureties and guarantors avoids the problem expressed by Mr. Colton and acknowledged by BC Hydro. This is one reason that the use of non-cash alternatives to security deposits is so commonly accepted in utility commission regulations in the United States. See Roger Colton, *A Model State Regulation for Residential Utility Cash Security Deposits*, online: Fisher, Sheehan & Colton Public Finance & General Economics
http://www.fsconline.com/downloads/FSC%20Newsletter/news2013/n2013_0304.pdf

20.0 Topic: Non-payment Response Strategy

Reference: Exhibit C2-12, Part 1, Roger Colton evidence, H. Implement Specific Practices and Procedures

"I recommend that BC Hydro undertake a customer segmentation study that is specifically directed toward characterizing patterns of nonpayment; identifying the characteristics of nonpayers; identifying predictors of nonpayment; and identifying early indicators of nonpayment. I recommend that this study further be specifically directed toward assessing, for each customer segment (e.g., type of nonpayer, type of nonpayment), the extent to which, if at all, the following activities have the impact of reducing residential arrears and/or residential bad debt: (1) cash security deposits; (2) deferred payment agreements; (3) disconnections for nonpayment; (4) field collections; (5) call center collection calls; (6) budget billing plans; and (7) late payment charges. Based on this empirical analysis, which should be pursued in consultation with residential and low-income stakeholders, BC Hydro should identify the most effective and cost-effective strategies to respond to nonpayment." [p.121, underline added]

20.1 In what timeframe would be it reasonable for BC Hydro to be in a position to identify strategies to respond to nonpayment?

RESPONSE

The process of undertaking a customer segmentation study would be coincident with the process of identifying strategies to respond to nonpayment. The timeframe would involve months, not years.

“I recommend that the Company be required to begin, no later than six months after a final decision in this proceeding, reporting basic consumer credit and collection activities and outcomes. One reasonable model for such collection is the list of data elements included in a resolution of the National Association of State Utility Consumer Advocates (NASUCA). NASUCA’s proposed list of data reporting elements is attached as Schedule RDC-5.” [p.122]

20.2 What other utilities collect and report basic consumer credit and collection activities and outcomes?

RESPONSE

Recent work Mr. Colton undertook for a Pacific Gas and Electric Company (PG&E) rate case in California examined, and relied upon (in part), basic consumer credit and collection reporting from: California, Iowa, Maine, Massachusetts, Missouri, Ohio, Pennsylvania, Rhode Island and Wisconsin. Other states collecting data, not used in that California testimony, can be obtained from New York, Maryland, Connecticut and Illinois. This list is not intended to represent a comprehensive list of jurisdictions in which similar credit and collection reporting is undertaken.

20.3 What makes the NASUCA proposed list of data reporting elements a reasonable model for BC Hydro to use?

RESPONSE

Mr. Colton and other stakeholders have found the data reporting elements included on the NASUCA list useful in reviewing the effectiveness, efficiency and cost-effectiveness of utility activities in providing reasonably adequate service at just and reasonable rates.

See Chonda J. Nwamu, *Pacific Gas and Electric Company’s Quarterly Disconnect Data Report (October 2015 Through December 2015)*, online: California Public Utilities Commission

<http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M159/K360/159360969.pdf>

See also: D. Davis, “Columbia Gas of Pennsylvania Inc. response to Office of the Consumer Advocate, Set 4 Data Request.” (2016). Available at http://bcpiac.com/wp-content/uploads/2016/06/CGPI_2013-2015_Reports.pdf

21.0 Topic: Low-Income Customer Assistance Unit
Reference: Exhibit C2-12, Part 1, Roger Colton evidence, (3) Skills-Based Low-Income Customer Assistance Unit (CAU)

“Accordingly, BC Hydro should create a dedicated staff unit specifically assigned the responsibility of addressing the customer service and bill payment needs of low-income customers. The dedicated staff unit should be trained as specialists in understanding and addressing the unique needs of low-income customers. These specialized staff can generate additional resources to be applied to low-income bills to the advantage of both the low-income customer base and the utility.” [p.123]

21.1 Please explain the term “skills-based” applied to the concept of a BC Hydro Low-Income Customer Assistance Unit.

RESPONSE

“Skills-based” means that individual staff-persons in such a Low-Income Customer Assistance Unit would be trained as specialists in understanding and addressing the unique needs of low income customers.

22.0 Topic: Low-Income Advisory Group
Reference: Exhibit C2-12, Part 1, Roger Colton evidence, (4) Standing Low-Income Advisory Group

The author supports a proposal that BC Hydro establish a Low Income Advisory Group that would build upon the relationships recently developed with BCPIAC and MSDSI.

22.1 Based on his experience and the reports in Appendix 2, is Mr. Colton able to provide recommendations aimed at ensuring that the low-income advisory group achieves its full potential?

RESPONSE

Practices and procedures that Mr. Colton would recommend to assist an advisory group in achieving its “full potential” include, without limitation:

- Meetings should be regular.
- Meetings should be of sufficient length.
- All stakeholders should have input into establishing the issues to be considered by the Advisory Group.
- All stakeholders should have access to information, including a commitment by all stakeholders, where appropriate, to engage in reasonable inquiry to develop information.

- Stakeholders need to be able to set aside their “ideology.”
- Stakeholders should be willing to engage in problem-solving when needed, rather than allowing the Advisory Group to devolve into “chatting.”
- Stakeholders should be willing, when appropriate, to engage in off-the-record or “confidential” conversations without fear that the exploration of ideas will be subsequently quoted as a “position.”
- Stakeholders should be willing to be flexible enough to engage in conversations without commitment to a particular proposed resolution.
- The Advisory Group should maintain its role of being an *advisory group*, without devolving into a group having an expectation of advice and consent prior to decision making.
- When problems are presented to the Advisory Group for consultation, subsequent actions should be reported back to the Advisory Group to indicate ultimate resolution, or lack thereof, so that topics and issues do not appear to disappear.
- Conversations within an Advisory Group should involve exchanges, with all stakeholders taking an active participation.