

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.
Responses to Zone II Ratepayers Group
Information Request No. 1 on BCOAPO Evidence**

June 22, 2016

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

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- 1.0 Reference: Exhibit C2-12, Part 3, pages 44-62 of 133**
Topic: Low-Income DSM and BC Hydro's Rate Design Application
Explanation: Mr. Colton's evidence states:

*"I review the commitment of BC Hydro to low-income usage reduction programs in light of current and expected bill increases to low-income customers."
....."While I will not propose specific low-income usage reduction programs for consideration in this proceeding, I will offer recommendations on the level of effort to be devoted to delivery such programs."*

Request:

- 1.1 Describe low-income usage reduction programs that Mr. Colton is familiar with that have been successful in reducing consumption of low-income customers. Indicate the economics of those programs.

RESPONSE

The low income usage reduction programs with which Mr. Colton is most familiar are the Pennsylvania Low-Income Usage Reduction Programs (LIURP) of Pennsylvania utilities, the New Jersey Comfort Partners program, and the federal Residential Energy Assistance Challenge grant. The "economics" of these programs can be seen in the various third party evaluations that have been prepared. The following evaluations are attached:

- John Shingler, *Long Term Study of Pennsylvania's Low Income Usage Reduction Program: Results of Analyses and Discussion*, online: Penn State Department of Agricultural Economics, Sociology, and Education <http://aese.psu.edu/research/centers/csis/publications/long-term-study-of-pas-low-income-usage-reduction-program>
- APPRISE, *PECO Energy: 2009 LIURP Evaluation Final Report*, online: APPRISE Inc. <http://www.appriseinc.org/wp-content/uploads/2016/05/PECO-2009-LIURP-Evaluation-Final-Report.pdf>
- APPRISE, *New Jersey Comfort Partners: Affordability Evaluation Final Report*, online: APPRISE Inc. <http://www.appriseinc.org/wp-content/uploads/2016/05/NJCP-Affordability.pdf>

- Roger Colton, *Georgia REACH Project Energize: Final Program Evaluation (2006)*, online: Fisher, Sheehan & Colton Public Finance & General Economics <http://www.fsconline.com/downloads/Papers/2006%2003%20Ga%20REACH%20Eval.pdf>
- Shon Kraley, Jill Steiner and M. Sami Khawaja, “Oregon REACH Final Evaluation.” (2002). Available at http://bcpiac.com/wp-content/uploads/2016/06/Kraley-et-al_Final-Oregon-REACH-evaluation_Decemeber-2002.pdf
- APPRISE, *Low-Income Customer Assistance Program: Impacts on Payments and Arrearages*, online: APPRISE Inc. <http://www.appriseinc.org/reports/NMPC%20Bill%20Payment.pdf>

1.2 How do these programs compare to and differ from BC Hydro's low-income programs, ESK and ECAP?

RESPONSE

The programs referenced in BCOAPO's response to Zone II IR 1.1 tend to be comprehensive energy efficiency programs. In contrast, as Mr. Colton's Direct Testimony states at page 60, lines 1-8 (Exhibit C2-12, PDF page 65/341):

“When asked, the Company confirmed that the ESK program is not designed to identify and install all cost effective measures (BCOAPO 2.330.8). Moreover, the Company also confirmed that ECAP is also not designed to identify and install all cost-effective measures. (BCOAPO 2.330.9). Relying exclusively on ESK and ECAP will leave cost-effective usage reduction potential undone. And, once a home is treated through ESK or ECAP, BC Hydro will not later go back to the home to install cost-effective usage reduction measures left undone the first time around.”

1.3 Do low-income usage reduction programs for remote communities differ from those in urban communities based on programs that Mr. Colton is familiar with? Provide details.

RESPONSE

The services provided through programs such as those referenced in BCOAPO's response to Zone II IR 1.1 do not vary based on whether the services are delivered in remote communities or in urban communities.

1.4 How are low-income usage reduction programs successfully implemented in remote communities?

RESPONSE

Low income usage programs, whether delivered in urban communities or in remote

communities, are most successfully implemented when done in collaboration with locally-based community organizations.

- 1.5 Who does the installations for low-income usage reduction programs in urban and remote communities?

RESPONSE

The evaluation documents set out above in BCOAPO's response to Zone II IR 1.1 describe who does the installations for low income usage reduction programs in urban and remote communities in those regions.

2.0 Reference: Exhibit C-12, Part 4, Section D, pages 83-88 of 133

Topic: Deferred Payment Arrangements

Explanation: Mr. Colton's evidence states:

"The BC Hydro payment plan procedures and practices are largely ineffective as a means to retire unpaid account balances."....."I ultimately conclude that BC Hydro is spending more and more collection resources to obtain fewer and fewer accounts being paid, involving even few dollars, and to enter into payment plans that remain unsuccessful despite a noticeable increase in the collection activity being expended. The process is not only ineffective, but inefficient as well."

Request:

- 2.1 Explain what led Mr. Colton to the conclusion that the collection process is ineffective and inefficient.

RESPONSE

See Direct Testimony of Roger Colton, Schedule RDC-3, page 139 (Exhibit C2-12, PDF page 144/341). In addition, BCOAPO engaged in a series of consultations between July 2015 and December 2015 regarding the Company's credit and collection processes as applied to low income customers. For the final BCOAPO presentation to BC Hydro arising from those consultations, see BCOAPO's response to BCUC IR 12.2 – Attachment 1.

- 2.2 Has Mr. Colton compared the uncollectible accounts of BC Hydro with other utilities?

RESPONSE

No. Comparing uncollectibles between utilities is generally not helpful because it is impossible to ensure an "apples-to-apples" comparison. Not only do different utilities adopt different decision-rules on when they deem an unpaid account to be "uncollectible," but different utilities differ on how they report "uncollectibles" (e.g., gross vs. net, residential vs. non-residential, general service vs. non-general service).

- 2.3 Describe payment plans that Mr. Colton is familiar with that have been successful in retiring unpaid account balances for low-income customers.

RESPONSE

On June 6, 2016, Mr. Colton made a presentation to the annual National Energy Utility and Affordability Conference (“NEUAC”) (Denver, CO) in a session titled: “How to Successfully Implement a Low-Income Rate and Why” (online: Fisher, Sheehan & Colton Public Finance & General Economics <http://neuac.org/wp-content/uploads/2016/06/2F-Roger-Colton.pdf>) (also cited in BCOAPO’s response to BC Hydro IR 20.1.1).

As part of that presentation, Mr. Colton included a CD-ROM containing materials describing payment plans that Mr. Colton has found to be successful in retiring unpaid account balances. For space purposes, Mr. Colton is not attaching each document contained on that CD-ROM. However, helpful information can be found on the following, all but one (Attachment 2.3G) of which were contained on that CD-ROM.

- Roger Colton, *Measuring the Outcomes of Low-Income Energy Assistance Programs Through a Home Energy Insecurity Scale*, online: Fisher, Sheehan & Colton Public Finance & General Economics <http://www.fsconline.com/downloads/Papers/2003%2005%20insecurity-scale.pdf>
- Roger Colton, *Best Practices: Low-Income Affordability Programs – Articulating and Applying Rating Criteria*, online Fisher, Sheehan & Colton Public Finance & General Economics http://www.fsconline.com/downloads/Papers/2007%2011%20BestPractice_Rate_Affordability.pdf
- Roger Colton, *Attributes of Massachusetts Gas/Electric “Arrearage Management Programs” (AMPs): 2011 Program Year*, online: Fisher, Sheehan & Colton Public Finance & General Economics http://www.fsconline.com/downloads/Papers/2012%2003%20MA_%20Arrearage_Mgmt_2011.pdf
- Roger Colton, *Public Service Company of Colorado’s (PSCo) Pilot Energy Assistance Program (PEAP) and Electric Assistance Program (EAP): 2011 Final Evaluation Report*, online: Fisher, Sheehan & Colton Public Finance & General Economics http://www.fsconline.com/downloads/Papers/2012%2002%20Xcel_PEAP_Evaluation.pdf (Also cited in BCOAPO’s response to BCUC IR 12.2 and CEC IR 7.1)
- 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.)

- Roger Colton, *An Outcome Evaluation of Indiana's Low-Income Rate Affordability Programs*, online: Fisher, Sheehan & Colton Public Finance & General Economics
<http://www.fsconline.com/downloads/Papers/2007%2007%20IN%20Outcome%20Evaluation-final.pdf> (Also cited in BCOAPO's response to BCUC IR 12.2.)

Clearly, these are not the only programs that have been found to be "successful." A comprehensive presentation of existing third party evaluations of differing low income payment plan models was included as Appendix B to Mr. Colton's Direct Testimony. BCOAPO can provide any of the evaluations listed there as being "electronically available" on request.

Mr. Colton also referenced what is perhaps the single most comprehensive multi-state study of various "payment plans" performed to date in footnote 12, page 21 of his Direct Testimony (Exhibit C2-12, PDF page 26/341). That extensive multi-state study is cited at BCOAPO's response to MoveUp IR 3.1.

- 2.4 Compare the success of the payment plans that Mr. Colton is familiar with based on statistics for bad debts and collections.

RESPONSE

For reasons described above, the success of payment plans is not usefully measured by reference to statistics on bad debt. Please see two presentations that consider the success of payment plans based on statistics for collections:

- Roger Colton, *Water Bill Affordability for the City of Philadelphia*, online: City of Philadelphia
<http://www.phila.gov/water/rateboard/PDF/CityInformationRequestsSet%20I.pdf> (Also cited in BCOAPO's response to BCUC IR 12.2 and CEC IR 7.1; please see Objective #1: Improving Payment Patterns of Low-Income Customers, beginning at page 1.)
- Roger Colton, "Final Evaluation of the Xcel Energy PEAP Program." (2012). Available at: http://bcpiac.com/wp-content/uploads/2016/06/Colton_Presentation_Xcel-Energy_Feb-2012.pdf (Also cited in BCOAPO's response to BCUC IR 12.2.)

- 2.5 How do these plans compare to and contrast with BC Hydro's payment plans?

RESPONSE

BC Hydro does not have a payment plan corresponding to that which BCOAPO has described in its responses to Zone II IR 2.3 and 2.4 above.