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www.b cuc.com**British Columbia
Utilities Commission**

Letter of Comment

In accordance with the Commission's Rules of Practice and Procedure, to submit a letter of comment concerning an application currently before the Commission, please provide a completed form to commission.secretary@bcuc.com. If email is unavailable, please mail the form to the address above. By doing so, you acknowledge that all letters of comment are published with the author's name as part of the public evidentiary record, both in print copy and on the Commission's website. All personal contact information provided on this page is removed before posting to the website. Forms must be received by the Commission by the last filing date included in the proceeding's regulatory timetable before final arguments.

Proceeding name

Richard S. Smith

Are you currently registered as an intervener or interested party?

No

Name (first and last)

Richard S. Smith

City

[REDACTED]

Province

BC

Email

[REDACTED]

Phone number

[REDACTED]

Letter of Comment

Name (first and last)

Richard S. Smith

Date:

30-Oct-16

Comment: Please specify the reasons for your interest in the proceeding, your views concerning the proceeding, any relevant information that supports or explains your views, the conclusion you support and any recommendations. The Commission may disallow comments that do not comply with the Rules of Practice and Procedure.

October 30, 2016

Ms. Laurel Ross

Acting Commission Secretary

B.C. Utilities Commission

Sixth Floor, 900 Howe St.

Vancouver, B.C.

V6Z 2N3

Dear Ms. Ross,

With respect to the two tier system I will state outright that I am not a fan and feel that the practice is quite unfair as I am one of those customers that is hurt by the change. With this I will qualify my feelings with some back ground and hopefully in a constructive fashion.

Firstly let me state that I fully understand the concept and have no real issues with the “why” of the programme. It is the “how” of the programme that I take issue with. Around 2006 we endeavored to become more green and efficient by installing an air source heat pump and replacing our old gas furnace with a high efficiency electric one. At that time the technology was not in place to run a gas furnace and the heat pump simultaneously which was also an influence in our choice to switch to electric. Immediately there was no significant change in our overall heating bills as gas was expensive and we were now using much more electricity; so it was pretty much a wash. After a couple of years of extremely high winter bills, we decided in 2010 that we needed to make the house more efficient as the bills were simply getting too high to sustain.

After a very significant investment turning our built in 1969-70 R1500 - 2100 home into an R2500 – 3000 home we managed to accomplish just that. I have kept statistics from 2010 to present day and we use about 40% less power than we did before the renovation. We undertook the Kootenay Energy Diet challenge that was offered in 2013 and had our home tested by the recommended evaluation company with the following results:

For a home of this age the average EnerGuide rating in B.C. was 58 and the highest EnerGuide rating we could achieve was an 81.

Our home achieved a 79 which was also the highest rated energy efficient house score in this category.

Comparatively our home meets the requirements for a new house built to code and containing the energy standards and is just out

of the energy efficient “new house” category.

Unfortunately, hydro has risen rather dramatically over the past six years and as gas is no longer an option for us without another large investment. As a result, we have not seen a great reduction of overall payments over the years; but without the renovation on this two tiered system the bills would have been out of sight.

There are some claims on the Fortis B.C. website that are supposed to debunk the myths out there with respect to the RCR program that I take issue with as they simply are not true in our case and likely others as well.

According to the Fortis B.C. website:

[Myth 2: If I use more than 1,600 kWh every two months, my bill will be higher than in the past.](#)

Fact: Customers only see an increase if they use more than 2,500 kWh every two months. While the rate does increase after 1,600 kWh, customers are charged a lower rate on this first block. The breakeven is about 2,500 kWh.

While according to the raw numbers this is true, it probably does not take into account those customers that actually use hydro for heating purposes. In this household during the lowest usage months (August – September billing) we have averaged 31.5 kW/day over a 60 day average billing period over the past six years. This is not a lot different than our pre-renovation usage for the same billing period and equates to 1890 kW used with no heating and minimal cooling. On the flat rate we would have paid \$216.02 for this bill and on the two tier system we pay 201.68 a \$14.34 savings (6.6%) before taxes.

[Myth 3: Everyone pays more under the residential conservation rate.](#)

Fact: About 71 per cent of our customers pay the same or less under the residential conservation rate compared to the previous flat rate. The average residential customer uses approximately 2,018 kWh every two months,* which is below the breakeven threshold of 2,500 kWh.

Again I do not necessarily dispute the claim on the average numbers, but rather that it is misleading in that there is no indication of the numbers of customers who use electricity as the primary source of heat. The averages likely include all customers that use natural gas, pellets or wood to supplement their heating and report electricity as their primary for insurance saving purposes. Regardless, having the alternate source of heat will drop the electricity consumption and thus the averages Fortis is quoting. In this household during the highest usage months (December – January billing period) we averaged 76.8 kW/day over an average 60 day billing period over the past six years. This was a significant reduction from our pre-renovation usage for the same billing period and equates to 4610 kW used with the biggest difference being that we are heating the house during this time. On the flat rate we would have paid \$526.92. On the two tier system, we pay \$624.15 a \$97.23 increase (18.5%)

before taxes.

According to Fortis B.C.'s reported averages, this household would have to average 41.6 kW/day over a 60 day billing period to be paying the same on either rate system. In this household, over the last 6 years (36 billing periods) 20 of those have exceeded this break even point. Obviously the late fall, winter and early spring times are where these overruns occur, but looking at the examples given it is not difficult to see that the increased bills at these times, as a direct result of the two tier system, far and away exceed the much smaller savings in the warmer months under this same system. If the averages reported are true, and I will assume for argument sake that they are, then how does it make sense that our home, which is so much more efficient than the averages, is using so much more electricity than the averages quoted? If 71% of Fortis B.C. customers are paying the same or less on the new system, then I would charge that the 29% who are not are likely paying significantly more than before and are almost assuredly all using electricity as a primary heat source. Again, a variable likely not considered in the average numbers that Fortis is reporting. I understand and accept that the whole process may be revenue neutral to Fortis, but there is no doubt to me that those of us in the 29% group are making up the revenue of the 71% group and for those who have made the effort, this is grossly unfair.

I have to admit that after all of the effort and resources expended to do what we feel was right for ourselves and the environment, to feel sabotaged by this two tiered system is more than disappointing; especially when we were not given a choice in the matter. We are consciously not power wasters and are not being rewarded at all with this system, but rather we are being penalized by it. We have no issues penalizing those who choose to waste power, but when one has done all that is possible in their home to be efficient we start to ask what the point of our efforts was.

If I may propose potential solutions:

- 1) Allow people the choice of the type of billing system (flat vs. tiered) that would best suit their needs according to a more variable sensitive and thus accurate set of averages. (i.e. primary heat sources, additional supplementary heat sources, home efficiency testing results) This could be done by having consumers have their homes tested and then apply for the right to have this choice based on proving that they are not using excess power in an inefficient manner.
- 2) Increase the base from 1600 kW and add more tiers to the system as the current jump is extremely large (54% increase) and really punishes those reliant in the colder times regardless of house efficiency.

I truly hope that this request for comments from us consumers is taken seriously and given real consideration and is not merely an exercise in appeasing the public as other public opinion requests have appeared. Consumers with real concerns and legitimate arguments will likely be putting a good deal of effort into this process and that needs to be recognized and considered appropriately and not just scanned and dismissed.

I sincerely thank you for the opportunity to express our concerns and to propose potential ideas of how to make the billing system more fair to all B.C. consumers.

Sincerely,

Richard S. Smith

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]