

## 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](mailto: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: British Columbia Utilities Commission Residential Inclining Block Rate Report to the Government of British Columbia ~ Project No.3698845

Are you currently registered as an intervener or interested party? *No*

Name (first and last): Regional District of Central Kootenay	
City: [REDACTED]	Province: BC
Email: [REDACTED]	Phone: [REDACTED]

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# Letter of Comment

Name (first and last): Regional District of Central Kootenay	Date: November 23, 2016
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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.

To reiterate what we submitted in August of 2016, the Regional District of Central Kootenay (RDCK) believes the Residential Inclining Block Rate is a financially discriminatory practice against residents who cannot access natural gas. This situation applies to many of our residents who live in rural areas not serviced by natural gas. The RDCK contends that this two-tiered rate structure violates section 59 of the *Utilities Commission Act*, which states that rates must be "fair, just and not unduly discriminatory." We suspect that the rates paid by rural customers for electrical power may be subsidizing those residents who use natural gas.

Customers who do not have access to natural gas must rely on electricity or be subject to the more volatile market pricing of propane. This difference in options for sources of energy leads to a funding model that could be seen as punitive. A separate model for these areas needs to be developed by the utility companies.

The availability of natural gas in the area would provide a substantial cost savings to the residents in the area. This is demonstrated by the Fortis home energy calculator on the company's website. The annual energy cost to heat a 2400 sq. ft. home with 1200 sq. ft. upstairs and downstairs with average insulation and a 15-year old electric furnace (a typical rural home in the area) as estimated by Fortis is \$2,649 with an annual useage of 18,061 Kwh so heating alone exceeds the lower 1st Tier Kwh allowable rate.

The annual energy cost to heat the same home with a natural gas furnace as estimated by Fortis is \$573.

Clearly, it is a substantial cost saving ( approximately 79%) to a homeowner to have natural gas available to his/her property not only for heating but for all the other appliances that use natural gas.

On reviewing the Fortis BC report which responds to the questions from the Minister, it becomes evident that fundamentally the sample size of the high energy consumption residences without access to natural gas is very small (94 total, 80 with access to natural gas and 14 without access) and is not representative of the communities affected to the greatest degree by the RIB. FORTIS indicates their study area includes nine communities without access to natural gas, so out of the total of 14 high energy use residences from those communities (without access to natural gas) included in the study the average sample size was less than two residences per community.

Within the Sampson Research document, on Table 12, for the high energy consumption homes without access to natural gas there is only one home represented as being constructed prior to 1950 and only two homes as being constructed between 1950 and 1975. Most of the communities listed as not having access to natural gas, such as Riondel, Ymir or Kaslo are old mining and logging towns where the great majority of houses were constructed prior to 1975. The survey results, as stated within the Sampson report, often provide data not suitable to determine "statistically significant differences."

The report fails to identify age of homes as a significant factor where there is high energy use combined with

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no access to natural gas which is to be fully expected when the data is insufficient. If the survey was structured to gain statistically significant data for the challenged communities which are being penalized by the RIB the results would fit the facts on the ground. Those include the fact that the older homes were first fitted with a fuel oil furnace. From the 1970's onward when urban residents were converting their older homes to natural gas, this could not be done in the rural areas without access to natural gas. We therefore have a totally different (from the larger norm) population of rural homes which were either retrofitted with propane furnaces and electric hot water heaters or both electric space heating and hot water heating. The design of these older homes was fundamentally different from homes constructed after 1975, with energy conservation not being an issue. The minor upgrades with weather stripping around doors and windows or even window replacement and additional attic insulation cannot adequately compensate for the lack of vapour barriers or lack of wall insulation. These homes are underrepresented in the survey and therefore the dismissive comments made by Fortis about statistical variations being within tolerable limits are invalid. The inclined rate creates a consistent and unfair penalty for rural residents who do not have access to natural gas, a higher than average proportion of whom can be readily demonstrated to be fixed income seniors.

The reality on the ground which the BCUC must consider is that seniors and low income families in older homes are today turning their heat down in their homes due to the economic hardship placed on them by increased electricity costs. This degrades their quality of life and potentially will result in undue negative health consequences. Also due to the higher rate for the second tier of block billing many residents are now looking at supplementing their heating requirements with wood heat, which has a negative impact on the environment and does not support the Province's nor the Regional District of Central Kootenay's aim to reduce carbon emissions. Additionally, smoke emissions negatively affect air quality and can have a detrimental affect on residents' health.

The RDCK respectfully requests that the BCUC review the 2 Tier Block billing system to ensure that those residents who buy power from Fortis and BC Hydro receive non-discriminatory energy service at fair rates where a source of natural gas is not available to residents to reduce their energy consumption costs. We are further requesting that the utility companies provide some financial relief in the electrical billing rate for residents that do not have access to natural gas. Additionally, we would request that Fortis, as a natural gas company, be mandated to extend its natural gas service to areas that do not have natural gas available. (Fortis would assume the total cost of the extension of the service.)

Furthermore, we feel it would be appropriate if the rate adjustment be retroactive to July 1, 2012 when Fortis was directed by BCUC to implement the 2 tier Block Billing System.

While the RDCK acknowledges that the BCUC directed Fortis and BC Hydro to implement the 2 Tier Block Billing System to reduce the consumption of electrical energy, unfortunately this action has resulted in financial discrimination to residents that do not have access to natural gas to reduce the cost of electrical energy. We therefore expect BCUC to provide the appropriate rate adjustment.