



FortisBC Energy Inc. and FortisBC Inc. (collectively FortisBC) Application for Approval of COVID-19 Customer Recovery Fund Deferral Account (the Application)	Submission Date: April 6, 2020
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1 **1.0 Eligibility**

2 FortisBC states that “(E)ligible residential and small commercial customers can apply to
3 defer their energy bill payments for three months starting April 1, 2020, without penalty,
4 fees, interest charges, or threat of disconnection.”

5 **Questions:**

6 1.1 What are the “eligibility criteria” for this bill deferral program? Is it the same for
7 both FEI and FBC?

8 1.2 Are the “eligibility criteria” for this bill deferral program the same for residential
9 and small commercial customers? What are the differences, if any?

10 **Response:**

11 Working one on one with customers to make payment arrangements is something that FortisBC
12 does on a regular basis, without eligibility requirements. However, because this bill deferral
13 program is addressing a specific and temporary need associated with COVID-19, FortisBC
14 believes that simple eligibility criteria will provide ease of administration and consistency in the
15 offering of this option to customers.

16 The two eligibility criteria for the bill deferral program are that the customer has experienced a
17 loss of revenue due to the COVID-19 pandemic, affecting their ability to pay their FortisBC bill,
18 and that the customer agrees to enter into a repayment plan of the deferred bill balance
19 commencing July 1, 2020. The eligibility criteria are the same for both FEI and FBC customers.

20 Residential customers will need to confirm through an application that the household has
21 experienced a loss of income due to the COVID-19 pandemic. Residential customers may be
22 experiencing a loss of income due to the COVID-19 pandemic either because of a loss of job or
23 livelihood or because they are unable to work because they are required to care for others (such
24 as high-risk family members or children).

25 For the bill deferral program, small commercial customers will need to confirm that, although
26 their business is still operating, they are experiencing a reduction in revenue due to the COVID-
27 19 pandemic. Small commercial customers may be experiencing a loss of revenue due to the
28 COVID-19 pandemic as a result of having to comply with public health orders which can include
29 one or more factors such as: a reduction in sales and/or services, a reduction in operating
30 hours, a closure of a component of their operations or service delivery, or an increase in costs
31 to restructure their operations or service delivery. In order to qualify for bill relief in the form of
32 bill credits instead of just the bill deferral program, small commercial customers must confirm
33 that they have temporarily closed their business to comply with public health orders due to
34 COVID-19.



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1 Both residential and small commercial customers will also need to confirm that they agree to
2 enter into a repayment arrangement for the deferred balance over a twelve-month repayment
3 period, commencing July 1, 2020. However, depending on how the COVID-19 pandemic
4 situation progresses and the duration of public health orders and measures in place,
5 adjustments to the repayment period may become necessary. Further, once the COVID-19
6 pandemic immediate crisis is over, FortisBC recognizes that it will need to continue to work with
7 customers enrolled in the deferral program, on a case-by-case basis, through any COVID-19
8 economic recovery period.

9

10

11 **Questions:**

12 1.3 Are payments for energy charges incurred prior to April 1, 2020 that become due
13 after April 1, 2020, eligible for deferral?

14 **Response:**

15 Yes.

16

17

18 **Question:**

19 1.4 Is there a need for FEI and FBC to make amendments in each of its tariffs in
20 order to implement this program?

21 **Response:**

22 For bill payment deferrals, tariff amendments are not required for FEI and FBC as their General
23 Terms and Conditions provide the Companies with the flexibility to implement bill payment
24 deferral on a case-by-case basis. While no tariff amendments are required to implement the bill
25 deferment program, given the circumstances of the COVID-19 pandemic, by formalizing this
26 program, FortisBC is making it available more broadly to customers who need help at this
27 critical time. Formalizing the bill deferment program allows FortisBC, like other utilities with
28 similar programs across Canada, to communicate and make customers aware of this assistance
29 if they need it.

30 With respect to bill credits, FortisBC has requested an order from the BCUC similar to the
31 orders received in 2017 and 2018 under section 63 of the *Utilities Commission Act* related to
32 Evacuation Relief (BCUC Orders G-124-17, G-125-17A, G-169-18, and G-170-18), which also
33 allowed for bill credits to be issued to applicable customers without formal tariff changes being
34 required. Under section 63, the BCUC may consent to the utilities charging less than what is



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1 specified in their rate schedules. The BCUC could reference section 63 of the UCA when in its
2 order if granting approval of this Application.

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5 **Question:**

6 1.5 Please discuss how FortisBC will confirm/audit customer eligibility? Will the
7 confirmation/audit process be before or after program acceptance? For any
8 customers who are found to be ineligible after FortisBC's audit process, will
9 FortisBC rebill these customers? If so, will this rebilling include all applicable
10 penalties, fees and interest charges?

11 **Response:**

12 FortisBC will confirm eligibility by reviewing the application and, if necessary, following up with
13 the customer prior to program acceptance. Similar to other relief programs instituted by the
14 federal and provincial governments, FortisBC would largely be relying on the honesty and
15 integrity of each customer applying for bill deferment. FortisBC does not intend to collect private
16 customer information nor does it intend to audit applications for the deferment program.
17 Customers are ultimately responsible to pay their account balances; the deferment program
18 simply provides customers with additional time to pay in the hope that their financial
19 circumstances improve once the COVID-19 pandemic crisis has passed. FortisBC believes it
20 can manage the administration of this proposed application process with its available staffing
21 levels.

22 FortisBC will evaluate the situation and determine an appropriate course of action in the event
23 that a customer who participated in the program is confirmed at a later date to be ineligible.
24 Penalties, fees and interest charges are unlikely to apply as the waiving of those fees is
25 applicable to all customers at this time and as such, is not exclusive to this bill deferment
26 program. To the extent that a customer was provided bill credits based on the information
27 provided at the time of application, rebilling with a reversal of the bill credits would be an option
28 considered. Although the customer may not meet the eligibility requirements of this bill deferral
29 program, as is done today, FortisBC would work with the customer to understand what bill
30 payment options may work for their situation.

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33 **Question:**

34 1.6 For customers do not meet the initial eligibility criteria, please discuss FortisBC's
35 handling process for reconsiderations or complaints.



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1 **Response:**

2 FortisBC will work with customers on a one-on-one basis to find payment arrangements that fit
3 their needs should they not meet the eligibility criteria for the bill deferral program. As such,
4 FortisBC does not expect there to be complaints or reconsiderations with respect to the bill
5 deferral program.

6 FortisBC believes that any potential complaints arising from the proposed bill deferral
7 program can be appropriately dealt with in the manner that all FortisBC customer concerns or
8 complaints are presently managed and resolved. That is, FortisBC expects to continue to work
9 with customers on a one-to-one basis to satisfactorily resolve any issues or concerns

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13 **2.0 Repayment plan**

14 FortisBC states that “Residential and small commercial customers who apply and qualify
15 for the three-month bill deferral will also enter into repayment arrangements for their
16 deferred balance to be paid over the twelve months following the deferral period,
17 commencing July 1, 2020.”

18 **Question:**

19 2.1 What are FortisBC’s actions if customers fail to to meet these replayment plans
20 following July 1, 2020?

21 **Response:**

22 Depending on the state of the economic recovery post COVID-19 pandemic, FortisBC’s would
23 work with customers on a case-by-case basis given their individual circumstances and enter into
24 different payment arrangements or, if appropriate, FortisBC would institute its regular collections
25 process.

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28 **Question:**

29 2.2 Is there a need for FEI and FBC to make amendments in each of its tariffs in
30 order to allow for making repayment arrangement with its customers?



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1 **Response:**

2 FortisBC’s current tariffs allow for flexibility for the Companies to make payment arrangements
3 with customers on a case-by-case basis. Therefore, no change to the tariff language is required
4 to allow for bill deferment without fees and for repayment arrangements.

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8 **Question:**

9 2.3 Can residential and small commercial customers make repayment arrangements
10 longer than 12 months?

11 **Response:**

12 Initially, the repayment arrangements would be set for a twelve-month period; however,
13 individual customers can contact FortisBC to discuss their individual circumstances and
14 FortisBC will determine whether lengthier repayment arrangements are reasonable. FortisBC’s
15 objective is to work with customers and to recover as much revenue as possible during these
16 difficult and challenging times in an effort to have the least amount of unrecoverable revenue
17 from the COVID-19 pandemic once the crisis is over and the economy has recovered to a
18 reasonable extent. FortisBC believes this approach will ultimately result in a greater amount of
19 revenue collected and will help keep customers connected to the system.

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23 **Question:**

24 2.4 Does FortisBC anticipate a higher level of bad debts write offs as a result of the
25 pandemic? If so, please quantify.

26 **Response:**

27 FortisBC expects that the COVID-19 pandemic is likely to have economic impacts that may
28 affect the ability of some customers to pay their bills; however, it is too early to determine the
29 number of customers significantly impacted and any potential impact on uncollected revenue. A
30 benefit of the proposed deferral account is to provide greater transparency into the amount of
31 uncollected revenue that results from the COVID 19 pandemic specifically which will help to
32 “normalize” the bad debt expense.



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1 Over the next several months and as the repayment period commences, FortisBC will have a
2 greater sense of the incremental impact to bad debt write offs, if any, as a result of this
3 pandemic. The bill deferment program and recovery support are intended to help customers
4 successfully pay their bills, albeit over a potentially longer period than normal, and in so doing
5 help mitigate higher levels of bad debt write offs that may have occurred all else equal.

6

7

8 **Question:**

9 2.5 What are the cash flow impacts for FEI? FBC? Over the next 6 months? 12
10 months?

11 **Response:**

12 The cash flow impacts of the bill deferment and repayment program will be dependent on the
13 number of customers that choose to participate in this program as well as the number of
14 customers that honour the repayment arrangements put in place, both of which are not known
15 at this time.

16 For example, if thirty percent of residential and small commercial customers participated in this
17 program, using the revenue forecast provided in the FortisBC interim rate applications,
18 approximately \$50 million less revenue for FEI and \$15 million less revenue for FBC will be
19 collected in the three months from April through June. Assuming this shortfall in revenue will be
20 successfully collected over the following twelve months, it would result in revenue that is
21 approximately \$4 million per month higher than forecast for FEI and approximately \$1 million
22 per month higher than forecast for FBC. This does not include any impacts from large
23 commercial or industrial customers.

24

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27 **3.0 Small Commercial Customers**

28 FortisBC proposes to offer two targeted relief measures for qualifying small commercial
29 customers, effective April 1, 2020:

- 30
- bill payment deferral, and
 - temporary bill relief for certain qualifying small commercial customers experiencing significant financial difficulties as a direct result of the COVID-19 pandemic.
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1

2 **Question:**

3 3.1 Please clarify whether a small commercial customer could both be eligible for a
4 three month bill deferral and also be eligible for temporary bill relief (bill credit)?
5 Does one program override another? Do the same eligibility criteria apply to both
6 forms of relief? If not, please explain the differences.

7 **Response:**

8 Yes. Small commercial customers could qualify for both programs; however, should the small
9 commercial customer qualify for a bill credit, a bill deferment will not be necessary for the period
10 that the bill credit applies as the deferment would effectively be zero. For example, in the case
11 where a small commercial customer closed effective May 1st, that customer may seek a bill
12 deferment for their April bill and may qualify for the bill credits for May and June. Furthermore,
13 FortisBC recognizes that small commercial customers who are temporarily closed due to the
14 COVID-19 pandemic may, as a result, be concerned about paying their bills from prior to April 1,
15 2020. As such, FortisBC will work with small commercial customers to determine if both a bill
16 payment deferral and bill credit are warranted.

17 The distinction in eligibility criteria for bill credits is the addition of the requirement that the small
18 commercial customer confirms that they have had to temporarily close their business to comply
19 with public health orders due to COVID-19.

20

21

22 **Question:**

23 3.2 Are there two different application forms? Where can customers locate these
24 application forms?

25 **Response:**

26 No, FortisBC expects that a single application form will be used. FortisBC is currently
27 developing the application form and expects that it will be made available on the FortisBC
28 website and can be completed and submitted electronically. Alternatively, the customer can
29 also apply by phone to the customer contact centre and the customer service representative will
30 complete the form from the information provided by the small commercial customer.

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1 **Question:**

2 3.3 Can a small commercial customer apply for both at the same time, or in tandem?

3 **Response:**

4 Yes.

5

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7

8 FortisBC states that it will review customer consumption at the end of the three month
9 period to confirm that there was no or only very limited consumption during this time.

10 **Question:**

11 3.4 For some small commercial customers, there may be refrigeration units or other
12 mechanical devices that continue to draw energy while their businesses were
13 ordered to be closed. Please discuss how FortisBC will manage these concerns.

14 **Response:**

15 FortisBC recognizes there is a level of energy consumed by some businesses even when
16 closed. FortisBC will review the historic consumption patterns and does expect that a closed
17 business would have less consumption than one in full operation. In the case where the
18 consumption pattern over the bill-credit period is higher than expected, FortisBC will contact the
19 customer to discuss how this consumption pattern might reasonably be the case in the
20 circumstance if the business is actually closed.

21

22

23 **Question:**

24 3.5 What is FortisBC's proposed dispute resolution plan for any disagreements or
25 discrepancies regarding consumption levels during this three month period?

26 **Response:**

27 FortisBC will work with customers directly on a case-by-case basis to resolve any
28 disagreements or discrepancies regarding consumption levels.

29 The Application explains that the proposal is designed around the principles put forward by
30 FortisBC and BC Hydro in the Evacuation Relief Tariff Amendments proceeding currently before



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1 the BCUC, which is proposing evacuation relief for customers that are under an evacuation
2 order rather than being under a public health order.

3

4 **Question:**

5 3.6 Please discuss whether FortisBC's eligibility criteria for small commercial
6 customers considers whether the customer was (or was not) first eligible for an
7 insurance claim during this period.

8 **Response:**

9 For small customers that may have a business interruption policy, FortisBC does not know
10 whether the circumstances of the COVID-19 pandemic would be covered under such policies,
11 or what deductibles would apply. The application form will indicate that small commercial
12 customers are obligated to repay FortisBC for any bill credits they receive if they are
13 compensated through an insurance claim.

14

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16

17 **4.0 Deferral Account treatment**

18 On page 4 of the Application, FortisBC states that the COVID-19 Customer Recovery
19 Fund deferral accounts will accrue the amount of customers' energy bills by rate
20 schedule that ultimately become unrecoverable from customers and FortisBC will seek
21 approval of the method of recovery of the balances in the deferral accounts in future rate
22 setting processes when the impact of unrecovered customer amounts from pandemic is
23 better known.

24 **Question:**

25 4.1 Please discuss whether FortisBC has considered a cap on this deferral account?
26 Why or why not?

27 **Response:**

28 FortisBC considered a cap but concluded there would be no benefit to having a cap in place.

29 The deferral account is being proposed to provide increased transparency on the impacts of the
30 COVID-19 crisis on revenues, and to allow for a future process to consider the method of
31 recovery of those impacts. As such, FortisBC does not consider that the creation of the deferral
32 account will result in more unrecovered revenues than would otherwise be the case; instead,



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1 the actions being taken are intended to help customers ultimately pay their bills and reduce the
2 amount of unrecovered revenues over time.

3 With that background, there would be no benefit to be gained by putting a cap on the deferral
4 account balance.

5
6

7 **Question:**

8 4.2 If a cap were to be implemented, what is a reasonable methodology to calculate
9 a cap?

10 **Response:**

11 Due to the range of unrecovered revenues and the timing of when those amounts would be
12 recorded and subsequently recovered, FortisBC has not been able to develop a reasonable
13 method to estimate a cap.

14 If the BCUC were to order a cap, it would need to consider the potential variability and timing of
15 the peak balance of the account, the expected repayment terms, forecast annual revenue, as
16 well as the total number of customers that may be impacted. Due to the detail required to
17 estimate such a balance on a reasonable basis, FortisBC would require at least a month of
18 experience working with customers to provide such an estimate.

19
20

21 **Question:**

22 4.3 Please discuss whether FortisBC intends to provide the BCUC with an update on
23 the amount accrued in this deferral account on or before July 1, 2020.

24 **Response:**

25 FortisBC can provide an update on or before July 1, 2020; however, it will not realistically be a
26 reflection of the total of the unrecovered revenues that could be recorded in the account by July
27 1, 2021. FortisBC proposes to report on the deferral account balance in each company's
28 Annual Review which is expected to be filed in August or September 2020.

29 FortisBC explains that the deferral account will capture any unrecovered revenue resulting from
30 customers in any rate class being unable to pay their bills due to the COVID-19 pandemic.

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1

2 **Question:**

3 4.4 Please discuss how FortisBC intend to determine the cause of these
4 unrecoverable amounts before accruing any unrecovered revenue into this
5 deferral account.

6 **Response:**

7 FortisBC will seek to determine the cause of unrecoverable amounts based on the
8 communications record with the customer and the circumstances on a case-by-case basis.
9 FortisBC will only record amounts in the deferral account if the customer indicates that the
10 payments are unrecoverable due to COVID-19 related cases.

11