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April 14, 2020

VIA ELECTRONIC MAIL

British Columbia Utilities Commission
6th Floor, 900 Howe Street
Vancouver, B.C. V6Z 2N3

**Attention: Patrick Wruck, Commission Secretary
and Manager, Regulatory Support**

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Dear Sirs/Mesdames:

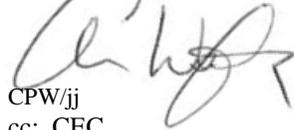
Re: British Columbia Hydro and Power Authority, FortisBC Energy Inc. and FortisBC Inc. - Evacuation Relief Tariff Amendment Applications

We are counsel to the Commercial Energy Consumers Association of British Columbia (the "CEC"). Attached please find the CEC's second set of Information Requests with respect to the above-noted matter.

If you have any questions regarding the foregoing, please do not hesitate to contact the undersigned.

Yours truly,

OWEN BIRD LAW CORPORATION



CPW/jj
cc: CEC
cc: BC Hydro and Power Authority
cc: FortisBC Energy Inc. and FortisBC Inc.
cc: Registered Interveners

**COMMERCIAL ENERGY CONSUMERS ASSOCIATION
OF BRITISH COLUMBIA (“CEC”)**

INTERVENER INFORMATION REQUEST NO. 2

**British Columbia Hydro and Power Authority, FortisBC Energy Inc. and FortisBC
Inc. Evacuation Relief Tariff Amendment Applications
Project No. 1599047**

April 14, 2020

10. Reference: Exhibit B1-4, BCUC 1.1.1.1

1.1.1.1 Please explain why evacuee assistance will not apply to all eligible general service rate schedule customers.

RESPONSE:

Medium General Service (MGS) and Large General Service (LGS) accounts are primarily comprised of business and government accounts. BC Hydro’s proposal does not include providing billing relief to MGS and LGS customers for the following reasons:

- 1. As they are funded through taxpayers, government organizations don’t experience the same degree of financial impact resulting from an Evacuation Order as do Residential and Small General Service customers. In addition, local authorities may receive financial assistance from the Government of B.C. for response and recovery costs related to the disaster;**
- 2. Larger businesses commonly carry forms of business interruption insurance that provide relief arising from loss of operations. Accordingly, BC Hydro does not believe it is appropriate for other ratepayers to be responsible for financial losses that should be covered by insurance. Furthermore, many MGS and LGS accounts are associated with large parent companies that can absorb financial impacts associated with an Evacuation Order; and**
- 3. Some MGS and LGS accounts (e.g., unmanned municipal or industrial pumping sites) would continue to operate normally despite an Evacuation Order being in place. In addition, other accounts require the continuous supply of electricity despite being closed because of an Evacuation Order (e.g., continued use of electricity in a grocery store). In both situations, the**

customer continues to benefit from the consumption of electricity despite the Evacuation Order.

- 10.1 Please confirm that not all businesses or customers under the MGS or LGS rate schedules are required to carry business interruption insurance in order to receive service from the utility.
- 10.2 Please provide any evidence available that business interruption insurance applicable to paying for energy costs during an evacuation is carried by a significant majority of its MGS and/or LGS customers.

- 10.3 Please provide an estimated cost of the business interruption insurance that would be required to be carried in order to provide similar relief as that provided under this program.
- 10.4 Please provide quantification, with the relevant calculations, of an appropriate rate adjustment (reduction) for businesses that carry business interruption insurance, thereby relieving the utility of meeting that requirement.
- 10.5 Please confirm that residential customers also carry insurance.
- 10.6 How does the utility know that residential or small business customers do not have the equivalent benefit from their residential or small business insurance?
- 10.7 Would BC Hydro provide the evacuee assistance to residential customers if their residential insurance covered the potential loss? Please explain.
 - 10.7.1 What would be the expected cost to a residential or small business for their insurance to cover the energy costs covered by the utility evacuee assistance?
- 10.8 Please provide any evidence the utilities have that quantifies the number or percentage of businesses that would continue to operate under an Evacuation Order.
- 10.9 Please explain how continued supply to a 'grocery store' provides greater benefits from the continued consumption of electricity during an evacuation than continued supply to an alternative small commercial enterprise.
- 10.10 Please confirm that residential customers can also benefit from the continued supply of electricity during an evacuation.

11. Reference: Exhibit B1-4, BCUC 1.1.1.1

BC Hydro is also concerned about the level of risk placed upon ratepayers if credits were to be issued to MGS and LGS accounts subject to an Evacuation Order should there be a very large or extended evacuation. As identified in BC Hydro's response to BCUC IR 1.1.1, bill credits for the 2017 Wildfire Season totaled approximately \$149,000 for 234 MGS and LGS customers, for the Energy Charge only (i.e., credits were not provided for the Demand Charge). This equates to 14 per cent of the total bill credits despite representing only 0.8 per cent of accounts subject to Evacuation Orders.

The relative magnitude of bill credits is also shown in BC Hydro's response to BCUC IR 1.2.14.1, which shows that in the 2017 Wildfire Season residential customers received evacuee bill credits that averaged \$1.71 per day while MGS and LGS customers received an average of \$25.82 per day and \$126.87 per day, respectively. Should there be a very large disaster in a developed commercial area, the total amount of bill credits for MGS and LGS customer could be substantial (please refer to BC Hydro's response to CEC IR 1.2.4).

We acknowledge that the common areas of some multiple occupancy buildings are billed under MGS and LGS accounts as well as some facilities such as nursing homes, boarding houses, and rooming houses. In recognition that these types of MGS and LGS customers are also vulnerable to the impacts of an Evacuation Order, BC Hydro proposes to amend the Electric Tariff further to include the following term to the new proposed section on Evaluation Relief (Section 5.8):

In addition, BC Hydro may, in its discretion, waive Energy Charges as set out in an applicable Rate Schedule for Medium General Service (Rate Schedules 1500, 1501, 1510 and 1511), Exempt General Service (Rate Schedules 1200, 1201, 1210 and 1211), General Service (35 kW and Over) (Rate Schedules 1255, 1256, 1265, and 1266), or Large General Service (Rate Schedules 1600, 1601, 1610, and 1611), if

- (a) the Customer is subject to an Evacuation Order; and
- (b) the Service is for use in a nursing home, boarding house, rooming house, common area of multiple occupancy building, mobile home park or similar establishment.

- 11.1 Please identify what under what rate class 'hotels' operate.
- 11.2 Please provide a list of the types of businesses operating under the MGS rate class.
- 11.3 Please provide a list of the types of businesses operating under the LGS rate class.
- 11.4 Please confirm that MGS and LGS customers have a R:C ratio of greater than unity, and provide the R:C ratios.

12. Reference: Exhibit B1-4, CEC 1.2.4

1.2.4 Please provide BC Hydro's cost analysis of the 'additional financial risk' that would accrue if charges were waived for Medium General Service customers

RESPONSE:

This information request response also answers CEC IR 1.2.5.

Table 1 shows the range of potential bill credits for Energy Charges only for Medium General Service (MGS) and Large General Service (LGS) customers assuming that consumption doesn't change during the Evacuation Order. These ranges are described in more detail in BC Hydro's responses to CEC IR 1.6.2 (for MGS customers) and CEC IR 1.6.3 (for LGS customers). Bill credits would be higher if Demand Charges were also assumed to be eligible for waivers.

Table 1: Range of Bill Credits (Energy Charge only) for MGS and LGS Customers

		20 th Percentile (\$)	Median (\$)	80 th Percentile (\$)
One Day	MGS	20.64	47.33	88.87
	LGS	72.37	130.65	302.48
Five Days	MGS	103.20	236.65	444.35
	LGS	361.85	653.25	1,512.40

BC Hydro's primary concern regarding the level of financial risk is that an extended Evacuation Order affecting a large number of MGS and LGS customers could result in a significant waiver of charges. Table 2 provides an example of the potential bill credits if an Evacuation Order was issued for Annacis Island, which is one of many concentrated industrialized areas around the Province. As shown, using median consumption values from Table 1, evacuation of the 122 MGS and 85 LGS customers could result in bill credits (Energy Charge only) of over \$84,000 if subject to an Evacuation Order for five days.

Table 2: Illustrative Example of Potential Bill Credits (Energy Charge Only) for MGS and LGS Customers

	Number of Customers	Median Bill Credit per Day (\$)	Bill Credit – One-Day Evacuation (\$)	Bill Credit – Five-Day Evacuation (\$)
MGS	122	47.33	5,774	28,871
LGS	85	130.62	11,103	55,514
Total	207		16,877	84,385

The LGS rate class contains a number of very large customers that have significantly larger consumption than the 80th percentile. In particular, the 10 largest LGS accounts each have annual consumption in excess of 35 GWh, with the largest being nearly 56 GWh. Therefore, if any of these customers was

12.1 Please convert the information contained in Tables 1 and 2 into annual rate impacts for residential and commercial customers, by \$ and %.

13. Reference: Exhibit B1-4 CEC 1.2.3

RESPONSE:

Customers of the Medium General Service (MGS), Large General Service (LGS) and Street Lighting Service rates excluded from the proposed evacuee bill credits are predominately government entities and businesses.

BC Hydro suggests that government entities aren't vulnerable to the impacts of Evacuation Orders from the view that their ongoing financial viability isn't threatened by an Evacuation Order. This is because they are taxpayer funded, and also because local governments may have access to financial assistance from the Province for response and recovery costs related to the disaster. Accordingly, the ongoing operation of government entities isn't threatened because some or all of their operations are located within the boundaries of an Evacuation Order.

The severity of impact of an Evacuation Order likely varies significantly between businesses. BC Hydro acknowledges that economic conditions and industry-specific concerns can be such that businesses of any size can face financial challenges, making them vulnerable to the impacts of an Evacuation Order. However, businesses should generally be expected to carry property insurance to protect their physical assets, as well as business interruption insurance to cover loss of income. BC Hydro is generally aware that small businesses are less likely to carry business interruption insurance than larger businesses but doesn't have statistics that indicate levels of coverage within British Columbia.

Also, many of BC Hydro's MGS and LGS accounts are parts of much larger operations that have the financial strength to absorb losses associated with an Evacuation Order. For example, a national retailer is less likely to be vulnerable to the impacts of an Evacuation Order affecting one of its locations than would a "mom and pop" business impacting its only store.

- 13.1 Please provide the number and proportions of customers in MGS and LGS that can be considered as government entities.
- 13.2 Please discuss the impact of permitting relief for MGS and LGS customers that were not governmental organizations.
 - 13.2.1 Please provide quantification of the potential costs and translate into annual bill impacts for residential and commercial customers if only government entities were excluded instead of all MGS and LGS customers.
- 13.3 Please confirm that all ratepayers pay for the benefit of evacuee assistance.

14. Reference: Exhibit B1-4, CEC 1.5.1

- 1.5.1 Does the Service connection charge waiver apply to any other rate groups? Please explain.

RESPONSE:

No, the proposed waiver of the service connection charge applies only to residential customers. In addition, the waiver would only be granted if costs to re-establish electrical service aren't recoverable as part of the customer's insurance.

14.1 Please confirm that customers whose insurance does not recover the costs to re-establish electrical service could be less costly than that which does recover the cost.

15. Reference: Exhibit B1-4 CEC 1.7.1 and 1.9.1

1.7.1 Please confirm that the costs will be recovered from all ratepayers proportional to their cost of service.

RESPONSE:

BC Hydro does not confirm that costs will be recovered from all ratepayers proportional to their cost of service.

Rather, costs will be recovered from ratepayers through general rate increases or decreases, as approved by the BCUC through BC Hydro's Revenue Requirements Application.

1.9.1 Please identify from which rate classes the bill credits will be recovered.

RESPONSE:

Costs associated with bill credits will be recovered from all rate classes. Please also refer to BC Hydro's response to CEC IR 1.7.1.

15.1 Please elaborate on the difference between recovering costs proportional to a rate class's cost of service and that of being recovered from ratepayers through general rate increases or decreases.