



May 29, 2020

Sent via email/eFile

NELSON HYDRO – COVID 19 RELIEF PROGRAM APPLICATION EXHIBIT A-2

Mr. Alexander Love
General Manager
Nelson Hydro
Suite 101, 310 Ward Street
Nelson, BC V1L 5S4
alove@nelson.ca

Re: Nelson Hydro – COVID 19 Relief Program Application – Project No. 1599097 – British Columbia Utilities Commission Questions

Dear Mr. Love:

Further to your application dated May 13, 2020 regarding the above-noted matter, please see attached British Columbia Utilities Commission (BCUC) Questions, which will determine interim approval and further process.

The BCUC requests that Nelson Hydro provides responses to the BCUC Questions by **Wednesday, June 3, 2020.**

Sincerely,

Original signed by:

Marija Tresoglavic
Acting Commission Secretary

/aci
Enclosure

cc: Ms. Marg Craig
Office Administrator
Nelson Hydro
(mcraig@nelson.ca)



Nelson Hydro
COVID-19 Relief Program Information and Bylaw Amendment

BCUC QUESTIONS TO NELSON HYDRO

A. LATE PAYMENT PENALTIES

**1.0 Reference: LATE PAYMENT PENALTIES
Exhibit B-1, COVID-19 Relief Program Information
and Bylaw Amendment (Application), pp. 1-4
Late Payment Penalties**

In its letter dated May 13, 2020, Nelson Hydro states:

Accordingly, since March 2020 Nelson Hydro has waived for all its customers any penalties it would normally apply for late payments until June 30, 2020.

In the Bylaw amendment attached to Nelson Hydro's letter, it states:

That Section 8.8.3 be deleted in its entirety and replaced with the following words:

8.8.3 A late-payment shall be added to the account with the exception of any late payments made between May 4, 2020 and June 30, 2020.

In Schedule "D", the collection procedures include:

3. Accounts unpaid after the due date shall be subject to a penalty of 5% of the current balance, which shall become part of the unpaid balance due.
4. Notwithstanding paragraph 3 above, no penalties shall be applied for any amounts owed from May 4, 2020 through June 30, 2020.
5. For active Electrical Services, the City may commence disconnection procedures for any account that remains unpaid for more than seven (7) days after the due date.

1.1 Please clarify if Nelson Hydro is seeking approval to waive the late payment penalties effective March 2020 or May 4, 2020.

1.1.1 If March 2020, please explain why the Bylaw amendment and Schedule D states May 4, 2020 and explain if this proposal constitutes retroactive ratemaking.

1.1.2 If May 4, 2020, please explain why Nelson Hydro has also waived late payment penalties since March 2020 as stated in its letter.

1.2 Please provide an estimate of the financial impact to Nelson Hydro for waiving the late payment penalties and explain the impact this will have on the approved revenue requirement for the current year.

1.2.1 Please explain Nelson Hydro's plans with regards to recovering any losses via the revenue requirement in future years. Does Nelson Hydro believe the City of Nelson should bear these losses or ratepayers?

- 1.3 Please explain why Nelson Hydro has chosen to end the waiver of penalties for late payment on June 30, 2020.
 - 1.3.1 Has Nelson Hydro considered waiving the penalties for a term longer than June 30, 2020? Why or why not?
- 1.4 Please provide the estimated cash flow impact of revenue not collected for the next 3, 6 and 12 months.

B. 12-MONTH EQUAL PAYMENT PLAN

**2.0 Reference: 12-MONTH EQUAL PAYMENT PLAN
Exhibit B-1, Application, pp. 1-4
12-Month Equal Payment Plan**

In its letter dated May 13, 2020, Nelson Hydro states:

- After June 30, 2020, customers able to demonstrate financial hardships due to the COVID-19 pandemic will be able to roll any unpaid electrical bill amounts onto a 12-month equal payment plan.
- 2.1 Please clarify whether Nelson Hydro currently has the capability of implementing a 12-month equal payment plan through its existing Terms & Conditions (T&Cs) and it is not seeking British Columbia Utilities Commission (BCUC) approval of specific amendments to its T&Cs to do so.
 - 2.1.1 If Nelson Hydro is requesting approval for the implementation of a 12-month equal payment plan, please explain how Nelson Hydro intends to determine the criteria on how a customer will qualify for a payment plan.
 - 2.1.2 Has Nelson Hydro ever offered a 12-month equal payment plan, or similar payment plan to customers prior to the COVID-19 pandemic? If so, how many customer (split by Rural and Urban) have used this program, and what is the criteria used to determine their eligibility?
 - 2.2 Please explain the criteria Nelson Hydro will use to determine that customers are experiencing financial hardships due to the COVID-19 pandemic versus not paying their bill for other reasons unrelated to COVID-19.

In Schedule “D”, the collection procedures include:

5. For active Electrical Services, the City may commence disconnection procedures for any account that remains unpaid for more than seven (7) days after the due date.
- 2.3 Please clarify if item 5 in Schedule D pertaining to disconnection procedures still applies given Nelson Hydro’s proposal to roll any unpaid electrical bill amounts onto a 12-month equal payment plan, and to not charge any penalties from May 4, 2020 through June 30, 2020.
 - 2.3.1 If yes, please explain how Nelson Hydro will determine which debts are no longer collectible, and how Nelson Hydro will determine which accounts are to be disconnected.

C. GENERAL

**3.0 Reference: GENERAL
Exhibit B-1, Application, pp. 1-4
General**

- 3.1 Does Nelson Hydro anticipate a higher level of bad debts write offs as a result of the pandemic? If so, please quantify, if possible, and explain the impact this will have on the approved revenue requirement for the current year.
- 3.1.1 Please discuss if Nelson Hydro considered requesting deferral account treatment for any potential losses and/or increases in bad debts. Why or why not?
- 3.1.2 Please explain Nelson Hydro’s plans with regards to recovering any increase in bad debt expense via the revenue requirement in future years. Does Nelson Hydro believe the City of Nelson should bear these losses or ratepayers?
- 3.2 Please discuss if Nelson Hydro plans to provide an update to the BCUC with regards to the foregone penalties, status of 12-month repayment plans, and levels of increased bad debts. If so, please discuss the timing and content of when Nelson Hydro expects to provide this update, as well as whether or not Nelson Hydro will track this information separately for Rural and Urban customers.