

BRITISH COLUMBIA UTILITIES COMMISSION
IN THE MATTER OF THE UTILITIES COMMISSION ACT
R.S.B.C. 1996, CHAPTER 473

and

RE: British Columbia Hydro and Power Authority
2015 Rate Design Application

Vancouver, B.C.
August 23rd, 2016

PROCEEDINGS

BEFORE:

D. Morton,	Panel Chair
K. Keilty,	Commissioner
D. Cote,	Commissioner

VOLUME 6

ERRATA

Volume 3, August 16th, 2016

- Zone 1, Zone 1B and Zone 2 should be "Zone I", Zone IB", and "Zone II"
- Page 404, Lines 17-18 "user document is on the record" should read "views are on the record"
- Page 405, Lines 10-11 "fly energy and fly demand charges" should read "flat energy and flat demand charges"
- Page 405, Line 19 "a clear pricing" should read "a clear price signal"
- Page 405, Line 21 "ought to -- not to" should read "ought to -- ought to"
- Page 405, Line 22 "as applied to" should read "as applied for"

Volume 4, August 17th, 2016

- Page 583, Line 7 "Page 404" should read "Page 404, line 20"
- Page 622, Line 4-12 "MR. DOYLE" should be "MR. REIMANN"
- Page 641, Line 4 "Focus of" should read "focus on"
- Page 649, Line 19 "adjusting the RS 1828 rate" should read "adjusting the RS 1823 A rate"
- Page 622, Line 4-12 "MR. DOYLE" should be "MR. REIMANN"
- Page 646, Lines 14 and 19 "inter-class" should read "intra-class"

Volume 5, August 18th, 2016

Page 859, Line 16

"the witness panel too" should
Read "witness panel 2"

Page 861, Line 3

"due to the cart" should read
"due to the CARC"

Page 861, Line 6

"the 5 percent DAR" should read
"the 5 percent DARR"

Page 864, Line 17

"out this in context" should
Read "put this in context"

Page 868, Line 3

"come from the REAS" should read
"come from the REUS"

Page 878, Line 22

"informed by REAS" should read
"informed by REUS"

APPEARANCES

P. MILLER L. BUSSOLI	Commissioner Counsel
J. CHRISTIAN C. FERGUSON	Counsel for British Columbia Hydro and Power Authority (BCH)
C. WEAVER	Counsel for Commercial Energy Consumers' Association of British Columbia (CEC)
S. KHAN E. PRITCHARD A. PULLMAN	B.C. Old Age Pensioners Organization, Active Support Against Poverty, B.C. Poverty Reduction Coalition, Council of Senior Citizen's Organizations of B.C., Disability Alliance B.C., Together Against Poverty Society, and the Tenent Resource and Advisory Centre (BCOAPO)
W.J. ANDREWS	Counsel for B.C. Sustainable Energy Association and Sierra Club of British Columbia (BCSEA-SCBC)
L. WORTH	Counsel for Movement Of United Professionals (MoveUP)
M. KEEN M. MANHAS	Counsel for Association of Major Power Customers (AMPC)
F. WEISBERG	Counsel for Non-Integrated Areas Ratepayers Group (NIARG)
L. HERBST	Counsel for FortisBC Energy Inc. and FortisBC Inc.
L. DONG L. GUENTHER	Zone II Ratepayers Group
D. AUSTIN	Counsel for Clean Energy Association of BC(CEABC)

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CAARS

VANCOUVER, B.C.

August 23rd, 2016

(PROCEEDINGS RESUMED AT 9:00 A.M.)

THE CHAIRPERSON: Please be seated. Thank you.

Good morning. I understand you have some undertakings for us, do you?

MS. FERGUSON: I have a number of things to report on. The first update with respect to undertakings is that last week Ms. Khan asked BC Hydro to request some data from Fortis with respect to an IR response to BCOAPO 1.108.4. That request is at volume 4, pages 714 to 715 of the transcript, and we can report that BC Hydro has made the request, and understands that Fortis will be providing BC Hydro with the information requested later today.

I understand that Ms. Khan, though, may have some comments to make. Do you want to make those now, or after I've finished?

MS. KHAN: I'll wait.

MS. FERGUSON: Okay. So that's our first update with respect to that undertaking. I can also report on Friday BC Hydro filed twelve undertakings, which are marked as Exhibit B-52, which included responses to undertaking numbers 5, 6, 14, 17, 18, 19, 20, 21, 22, 23, 24, and 25. And with that filing BC Hydro is now

1 up to date on all outstanding requests.

2 THE CHAIRPERSON: Thank you.

3 MS. FERGUSON: One other -- or two other clarifications
4 that we have. We have reviewed the transcript and
5 have given this morning a number of small
6 typographical errors we've consolidated from Volume 3
7 to 5 of the transcript, and we've provided those to
8 the Hearing Officer this morning.

9 Secondly, there is one other clarification
10 which is probably easier if you go to the transcript.
11 It is at Volume 4, page 612. And it's starting at
12 line 13, where Mr. Austin asked Mr. Reimann for a copy
13 of BC Hydro's recent resource options report. And
14 directly following you will see that Mr. Reimann
15 clarified and stated that it's actually a resource
16 options analysis that BC Hydro has undertaken, and not
17 an official report.

18 Over the next page, at the top of page 613,
19 Mr. Reimann then stated that the results of that
20 analysis can be found on the BC Hydro website, subject
21 to check. We went back to confirm that the resource
22 options analysis is in fact on the BC Hydro website,
23 and it's true that the majority of that analysis is
24 there. The actual calculation that shows the price of
25 the greenfield resources had not yet been posted to
26 the website. BC Hydro has now undertaken to post that

1 calculation to its website, and it should appear on
2 the website this morning. And those are the only
3 things I have to report this morning.

4 **Proceeding Time 9:03 a.m. T2**

5 THE CHAIRPERSON: Thank you very much.

6 MS. FERGUSON: Thank you.

7 THE CHAIRPERSON: Ms. Khan, are you ready to begin?

8 MS. KHAN: Yes. Good morning.

9 THE CHAIRPERSON: Good morning. So first off I'd just
10 like to respond to the request that BC Hydro has made
11 to Fortis for the information regarding the Energy
12 Savings Kits. We did make the request in the middle
13 of last week, so we're hoping to have the request
14 provided by Fortis by today, by the end of lunchtime,
15 so we can take a look at it because we were planning
16 to ask some follow-up questions -- or we may have some
17 follow-up questions for this panel in relation to the
18 Energy Savings Kits gas savings depending on what the
19 response from Fortis is. So we're hoping that Fortis
20 could provide that by the end of lunch today.

21 THE CHAIRPERSON: Is this panel able to address that?
22 Because that was a matter before the previous panel,
23 was it not?

24 MS. KHAN: Yes, I understand that. I think our questions
25 would be quite simple, but we need just to see the
26 response first from Fortis.

1 THE CHAIRPERSON: Good.

2 MS. FERGUSON: I think the information was put over to
3 this panel, but all I can say is that the power we
4 have over this undertaking request is that we've made
5 the request. We understand the information is coming.
6 I don't know, however, in terms of interpretation what
7 this panel will actually be able to do with that
8 information because it's Fortis's information and not
9 BC Hydro's information.

10 THE CHAIRPERSON: I understand.

11 MS. KHAN: Fair enough. Yes, I accept that.

12 THE CHAIRPERSON: I see that Ms. Herbst is going to help
13 us out here.

14 MS. HERBST: Just to provide a little bit of information.
15 When I heard this morning that there was a request for
16 the information by noon hour, I checked with Fortis
17 and they do plan on providing it this morning to BC
18 Hydro.

19 THE CHAIRPERSON: Thank you.

20 MS. HERBST: So I think that should be accomplished
21 either way.

22 THE CHAIRPERSON: Great. Thank you very much. So why
23 don't we see where we are when we come back after the
24 lunch break?

25 MS. KHAN: Very good, thank you.

26 THE CHAIRPERSON: Thanks.

1 MS. KHAN: I also have some errata to file in relation to
2 Mr. Colton's report that's found at Exhibit C2-12, so
3 I wanted to just file those this morning.

4 THE CHAIRPERSON: Please go ahead.

5 MS. KHAN: I have three documents to file and they're all
6 updates to a few different pages of his report in
7 relation -- and the reason for the updates, as he'll
8 explain tomorrow, is simply that BC Hydro had provided
9 a lot of revised responses to information requests and
10 errata between the time of Mr. Colton preparing his
11 report and so -- or sorry, after Mr. Colton had
12 prepared his report. So that's the purpose of these
13 filings.

14 THE CHAIRPERSON: Thank you. Please go ahead.

15 MS. KHAN: I have the first document here which -- and I
16 understand that the next exhibit number in our series
17 is C2-39.

18 THE HEARING OFFICER: Marked Exhibit C2-39.

19 **(FOUR PAGE ERRATA TO MR. COLTON'S REPORT MARKED**
20 **EXHIBIT C2-39)**

21 MS. KHAN: The next document can be marked as Exhibit C2-
22 40.

23 THE HEARING OFFICER: Marked Exhibit C2-40.

24 **(THREE PAGE ERRATA TO MR. COLTON'S REPORT MARKED**
25 **EXHIBIT C2-40)**

26 MS. KHAN: And the final document can be marked as C2-41.

1 THE HEARING OFFICER: Marked Exhibit C2-41.

2 (THREE GRAPHS, "SCHEDULE RDC-3", ERRATA TO MR.
3 COLTON'S REPORT MARKED EXHIBIT C2-41)

4 MS. KHAN: And I'll turn it back over to BC Hydro now.

5 **Proceeding Time 9:08 a.m. T03**

6 MS. FERGUSON: Thank you. So, we are pleased to present
7 BC Hydro's third panel, the terms and conditions
8 panel. Sitting closest to you is Mr. Daren Sanders.
9 Next to him is Mr. Gordon Doyle, who is now familiar
10 to all of us.

11 And I would ask now that both Mr. Sanders
12 and Mr. Doyle be sworn in.

13 THE HEARING OFFICER: Mr. Doyle's been sworn three times.

14 MS. FERGUSON: Yeah. He enjoys being sworn in.

15 **BC HYDRO PANEL 3 - TERMS 7 CONDITIONS PANEL:**

16 **GORDON DOYLE, Resumed:**

17 **DAREN SANDERS, Affirmed:**

18 THE CHAIRPERSON: Only twice, apparently.

19 MS. FERGUSON: You understand you're still under oath,
20 Mr. Doyle?

21 MR. DOYLE: I do.

22 **EXAMINATION IN CHIEF BY MS. FERGUSON:**

23 MS. FERGUSON: Q: So, Mr. Sanders, do you have a copy
24 of your pre-filed direct testimony, which was filed as
25 part of Exhibit B-38, in front of you?

26 MR. SANDERS: A: I do.

1 MS. FERGUSON: Q: And I understand that you are the
2 senior manager of customer service operations at BC
3 Hydro, is that correct?
4 MR. SANDERS: A: Yes, I am.
5 MS. FERGUSON: Q: And that you joined BC Hydro in 1991
6 as an engineer in training. Is that also correct?
7 MR. SANDERS: A: Yes, it is.
8 MS. FERGUSON: Q: And do you have any changes or
9 corrections that you would like to make to that direct
10 testimony?
11 MR. SANDERS: A: No, I do not.
12 MS. FERGUSON: Q: Can you confirm that your direct
13 testimony and the evidence referred to it is true and
14 accurate to the best of your knowledge and belief?
15 MR. SANDERS: A: I can.
16 MS. FERGUSON: Q: And do you adopt your direct
17 testimony in this proceeding?
18 MR. SANDERS: A: I do.
19 MS. FERGUSON: Q: Thank you. And unless you have any
20 changes or corrections, Mr. Doyle -- do you have any?
21 MR. DOYLE: A: I do not.
22 MS. FERGUSON: Q: You do not, okay. The panel is now
23 available for cross-examination.
24 THE CHAIRPERSON: Thank you. Ms. Khan?
25 **CROSS-EXAMINATION BY MS. KHAN:**
26 MS. KHAN: Q: Good morning, panel. I'd like to start

1 by returning to Keith Anderson's opening statement at
2 Exhibit B-38, at page 5. And so at -- oh, I'll just
3 wait.

4 At page 5 of Mr. Anderson's opening
5 statement, at point 1, and at various points in BC
6 Hydro's response to BCOAPO IR 1.192.1, revision 2,
7 you've stated that you've -- that BC Hydro has stated
8 that it's established processes with the Ministry of
9 Social Development and Social Innovation to avoid
10 security deposits and postpone disconnections for
11 customers awaiting MSDSI decisions on applications for
12 support. Can you describe what the changes are that
13 Hydro has made in relation to MSDSI?

14 MR. SANDERS: A: Yes, certainly. Last summer we began,
15 in part because of this stakeholder engagement through
16 this process, as well as just the normal discussions
17 with MSDSI, we realized there was a number of ways
18 that we could improve the processes that would help
19 both of our companies and help their clients who are
20 also our customers.

21 **Proceeding Time 9:11 a.m. T04**

22 And in particular with respect to the
23 postponement of disconnections, what we realized was
24 there were customers who were in the process of being
25 evaluated for social assistance that may have problems
26 paying their BC Hydro bills at that same point. And

1 if the customer was going to go on to social
2 assistance, then the Ministry would be picking up --
3 or would begin, obviously, providing funding to that
4 customer, and that would allow BC Hydro to have its
5 bills met, or bills paid.

6 So what we did with the Ministry is we have
7 now set up daily phone calls between their
8 representatives and our customer service
9 representatives where, if there are issues that come
10 up with respect to certain customers, we allow, for
11 instance, if a customer of BC Hydro indicates they are
12 applying for social assistance, that becomes the forum
13 that they can confirm -- our CSR, customer service
14 rep, can confirm that with MSDSI, and vice versa. And
15 then as long as that application gets accepted, then
16 we postpone disconnection for that duration. So in
17 effect they have not been disconnected while they're
18 in the application process.

19 MS. KHAN: Q: And are there any other changes that
20 you've made? So, in relation to postponement of
21 dunning, or interest, or disconnection?

22 MR. SANDERS: A: So, not specifically with dunning.
23 Our dunning process, or our collections process --
24 just, you know, we're going to use that word probably
25 a lot today, and it reflects the process that we use
26 for evaluating accounts, understanding the outstanding

1 arrears, and then determining what action we take on
2 that.

3 With respect to dunning, we have had long-
4 standing arrangements with MSDSI where, if customers
5 were indicated as having outstanding balances that the
6 Ministry would defer some of those payments, or we
7 would defer some of those payments until after the
8 customer left social assistance. Specifically I think
9 in this case, though, we have also added the fact that
10 if the Ministry is paying the customer's BC Hydro
11 bills directly, then we now waive the security
12 deposits, or don't assess security deposits for those
13 customers.

14 MS. KHAN: Q: And when did you start waiving security
15 deposits?

16 MR. SANDERS: A: That was -- I believe it was May.
17 Subject to check.

18 MS. KHAN: Q: May of this -- of this year.

19 MR. SANDERS: A: Of this year, yeah.

20 MS. KHAN: Q: Subject to check.

21 MR. SANDERS: A: Yeah.

22 MS. KHAN: Q: And so you mentioned that your customers,
23 who are also MSDSI clients, are identified during your
24 daily calls that you now have with MSDSI. Is there
25 any way that an MSDSI client who's also a BC Hydro
26 customer could self-identify as potentially needing

1 this assistance? Or do customers solely -- are they
2 solely identified through the daily calls that you
3 have?

4 MR. SANDERS: A: Well, the customer -- if they come to
5 us first, because if they for instance have problems
6 paying their bills, they might self-identify at that
7 time, yes.

8 MS. KHAN: Q: And in that case you would then -- your
9 customer service agents are trained to apply the
10 changes that you've just listed to those customers?

11 MR. SANDERS: A: We then have that daily call,
12 establish the situation with respect to that customer,
13 to confirm that they are, in fact, either an MSDSI
14 client or are in the process of applying for social
15 assistance, yes.

16 MS. KHAN: Q: And have you been able to implement these
17 changes without seeking any consent directly from your
18 customers who are also MSDSI clients?

19 MR. SANDERS: A: We -- there's a lot of questions with
20 respect to that. The relationship we have with --

21 MS. KHAN: Q: I'm not criticizing it. I'm just asking.

22 MR. SANDERS: A: No, no. No, no. I'm saying, it's not
23 quite as simple as saying, "Is there consent?"
24 Because I -- when a customer comes to BC Hydro, we
25 obviously are bound by making sure the privacy of that
26 customer is maintained, as is MSDSI. If the customer

1 is the one initiating that contact, then they are in a
2 sense providing the verbal confirmation that we can
3 have that conversation with MSDSI and vice versa.

4 MS. KHAN: Q: But, in other words, you don't have to
5 actually seek the consent directly from the client.

6 **Proceeding Time 9:16 a.m. T5**

7 MR. SANDERS: A: Yeah, well, the consent is verbal in
8 that situation.

9 MS. KHAN: Q: Verbally with the client.

10 MR. SANDERS: A: With the client, that's right.

11 MS. KHAN: Q: So sometimes an MSDSI client's
12 eligibility for assistance through MSDSI and for a
13 utility crisis supplements through MSDSI can take
14 time, if their initial application is turned down and
15 they need to proceed through the Ministry's
16 reconsideration process and perhaps even to the
17 Employment and Assistance Appeal Tribunal. Do you
18 have a maximum postponement time for disconnection and
19 applying dunning and interest locks that are applied
20 to customers' accounts while they're going through
21 that process?

22 MR. SANDERS: A: No, we would deal with those
23 situations on a case by case basis to understand the
24 position of the Ministry and, in a sense, take
25 guidance from the Ministry of whether or not that
26 customer is receiving social assistance.

1 MS. KHAN: Q: Does BC Hydro have plans to put these
2 MSDSI customer rules on your website in plain
3 language?

4 MR. SANDERS: A: As Mr. Anderson said in his opening
5 statement, we are committed to putting clear business
6 practices on our website, and that would include
7 working with interveners, stakeholders as is
8 appropriate to determine what would need to be there.
9 And this would be one of those practices I would
10 imagine would be on the website, yes.

11 MS. KHAN: Q: Right.

12 MR. DOYLE: A: This is an area where the low income
13 advisory group would probably be in a good position to
14 help us determine what should go on the website and
15 what would be of relevance to customers.

16 MS. KHAN: Q: Yeah, we'd be happy to help with that,
17 and in fact I think it might be useful if we could --
18 would you be willing to engage in that process fairly
19 soon so we could try to get something up and
20 information out to low income advocacy organizations?

21 MR. DOYLE: A: I think we could begin looking at the
22 structure of the low income advisory group and how we
23 do that during the fall, and then obviously it'll
24 probably take a little bit of time to get the meetings
25 going and -- but yeah, that's definitely something we
26 want to look at sooner than later.

1 MS. KHAN: Q: Right, thank you. At page 5 of Mr.
2 Anderson's statement at point 2, it states that BC
3 Hydro has opened in-person customer service desks at
4 your Dunsmuir and Edmonds offices, with plans to
5 explore providing similar services in other district
6 offices, and the offices have been open since October
7 and November 2015. What steps have you taken to
8 publicize the opening of these offices?

9 MR. SANDERS: A: At this stage these were pilots, so we
10 haven't -- it hasn't been publicized at this stage.

11 MS. KHAN: Q: And do your customer service agents,
12 either in person or on the phone, offer services in
13 languages other than English?

14 MR. SANDERS: A: Yes. We provide our services to
15 customers in English but we do have a third party
16 translation service that we use to be able to deal
17 with language issues, just for some stats. The nice
18 thing about having this question punted from Panel 1
19 to Panel 3 was I could bring a couple stats here. So
20 in June, for instance, we had 552 calls that were
21 referred to that agency, dealing in 14 different
22 languages.

23 MS. KHAN: Q: That's great.

24 MR. SANDERS: A: I'll also add, from time to time,
25 because our call centre representatives are a sample
26 of our population, many of them may speak other

1 languages. And so if it's not -- we don't recall
2 people specifically because of language, but if we can
3 help somebody in language or at least get the
4 conversation flowing the right way, then certainly we
5 expect them to do that.

6 MS. KHAN: Q: Fantastic. Okay, so Mr. Anderson states
7 at point 3 that BC Hydro is working on business
8 process changes to relax instalment plans to allow
9 repayment over longer periods, which have typically
10 only been up to three months, provided that bills are
11 paid before the next winter heating season. Can you
12 describe the more flexible payment plan terms? And I
13 realize I put this question to Panel 1 and they did
14 answer but they asked me to redirect to you.

15 MR. SANDERS: A: I believe how Panel 1 answered before
16 they redirected was, you know, in essence we realize
17 that we have seasonality in our BC Hydro bills because
18 of the winter heating season, and our concern overall
19 is making sure that we can have the customers clear
20 their arrears from one winter prior to the next winter
21 because otherwise it tends to perpetuate the problem
22 of just carrying balances through yet another high
23 bill season.

24 We do realize and through conversations,
25 the stakeholder engagement process has been very good
26 because we've had the viewpoint of BCOAPO and others,

1 and realize that three months for some customers is
2 pretty tight in terms of their ability to pay. And so
3 starting in I believe July this year, we formalized
4 the process to be able to extend payment terms for
5 those winter bills up to -- could be eight months, for
6 instance. Representing -- or realizing that we are
7 always going to work with the customers directly, to
8 figure out what works with them to, you know, with
9 that objective of having them pay the bills.

10 **Proceeding Time 9:21 a.m. T06**

11 MS. KHAN: Q: So is there -- you say up to eight
12 months. Is there an actual cut-off month? So you
13 say, we'll extend your payment terms up until, let's
14 say, December of the year? Is there a specific month
15 or could the eight months span any group of months
16 within a year?

17 MR. SANDERS: A: Typically we would say November would
18 be a cut-off, but certainly there would be
19 circumstances where we would be looking beyond that
20 period.

21 MS. KHAN: Q: So circumstances where there is perhaps
22 undue hardship for the customer?

23 MR. SANDERS: A: Where the customer has difficulties
24 continuing to pay the bill, yes. And where a little
25 bit of extra time is the difference of having that
26 bill paid or ultimately potentially becoming a bad

1 debt.

2 MS. KHAN: Q: And you don't require a down payment
3 prior to entering into the instalment plan -- or do
4 you?

5 MR. SANDERS: A: We don't require one, no. It's
6 something that we leave to the customer service
7 representative to have that conversation with the
8 customer, to find out what type of arrangements could
9 work. Ideally we will try to get a portion up front,
10 but if the customer can't make that, it's not
11 mandatory, no.

12 MS. KHAN: Q: And can customers enter into these
13 payment arrangements with BC Hydro over the phone or
14 at your in-person service desks?

15 MR. SANDERS: A: Yes, at either location, yeah.

16 MS. KHAN: Q: And so you've started -- you've already
17 started offering these more flexible payment
18 arrangements. Are they being offered by front-line
19 customer service staff, or are they only being offered
20 if a customer escalates to a supervisor?

21 MR. SANDERS: A: By front-line staff.

22 MS. KHAN: Q: And are these more flexible payment
23 arrangements that you offer now set out publicly
24 anywhere on your website?

25 MR. SANDERS: A: No, they're not. I think this would
26 again be part of that conversation about which

1 business practices we would post and do that as part
2 of the advisory group.

3 MS. KHAN: Q: Mr. Anderson also states at point 4 that
4 BC Hydro is implementing changes that will delay
5 disconnections where customers demonstrate a medical
6 reason for requiring power. Can you describe these
7 changes and when they'll be implemented?

8 MR. SANDERS: A: I think we're in the process right now
9 of determining the mechanics for how we would
10 actually, you know, get the information from a
11 customer that we would need. This was a fairly recent
12 commitment that we've made, and so we haven't worked
13 through all the details. The idea, though, would be
14 to provide 20 business days, which in effect is about
15 a month, for instance.

16 MS. KHAN: Q: Right.

17 MR. SANDERS: A: To be able -- for a customer to enter
18 into an instalment plan after they've received their
19 final notice, and indicated they have a medical
20 condition.

21 MS. KHAN: Q: What will you require customers to
22 provide to prove that they have a medical reason for
23 requiring power?

24 MR. SANDERS: A: Oh, again, we've -- this has only been
25 a recent commitment, so we haven't really worked out
26 all of the mechanics in that regard. I think that

1 would be one of the items that we could certainly work
2 through with the advisory group, you know,
3 particularly refining how it is that we do -- you
4 know, we do that process.

5 MS. KHAN: Q: If the customer has a medical emergency,
6 do you think that that might count as a medical reason
7 for requiring power?

8 MR. SANDERS: A: It could, yes.

9 MS. KHAN: Q: And I assume then if this is still in
10 development that it's not -- this business practice
11 isn't set out on your website anywhere yet.

12 MR. SANDERS: A: No, it's not.

13 MS. KHAN: Q: Mr. Anderson's statement also says at
14 point 7 that you're going to bring forward tariff
15 changes as necessary to allow another customer to take
16 responsibility for a customer's account. Does this
17 mean that customers can act as guarantors, so that the
18 recipient customer will not have to pay a security
19 deposit? And again, I realize these are some -- a few
20 repeat questions from panel 1.

21 MR. DOYLE: A: Yes. I'm not sure of all the legalities
22 around the term "guarantor", but the -- I think the
23 basic premise would be that one customer could
24 essentially, I guess, guarantee, so the other --
25 another customer's bill. So, for example, if one
26 customer defaulted, that bill would essentially move

1 over to that other customer's account and would be
2 responsible for that.

3 MS. KHAN: Q: And so could guarantors be organizations,
4 government agencies, or companies? Anyone with a BC
5 Hydro account in good standing?

6 MR. DOYLE: A: So, I believe it could be any -- as long
7 as there is a BC Hydro account, and obviously there
8 would be some creditworthiness that would be -- have
9 to be looked at with respect to that person who would
10 be guaranteeing its ability to pay should they be
11 responsible for that debt.

12 **Proceeding Time 9:26 a.m. T7**

13 MS. KHAN: Q: And do you know yet what the guarantors
14 will be required if -- I'm just going to call them
15 that for convenience. What the guarantors might be
16 required to provide to BC Hydro to carry out the
17 guarantee?

18 MR. DOYLE: A: At this point I do not. I think that's
19 one of the things we want to investigate and we'd look
20 at following this portion of the hearing to see what
21 would be required.

22 MS. KHAN: Q: And does the guarantee just extend to the
23 deposit, or does it extend to the -- would it extend
24 to the entire bill?

25 MR. SANDERS: A: Well, the idea, this was an idea that
26 actually had come out of BCOAPO's submissions and we

1 realized that what we were really trying to find is a
2 fairly elegant way of having somebody take
3 responsibility for the balance overall, so that it
4 would be a way to avoid the security deposit and it
5 would be that guarantor taking the position that if
6 the initial customer defaulted on their bills that
7 they would accept the transfer of that outstanding
8 balance to theirs. That would essentially be the
9 concept.

10 MS. KHAN: Q: Do you anticipate that agencies could act
11 as guarantors for multiple BC Hydro customers? For
12 example a First Nations housing authority acting as a
13 guarantor for multiple First Nations clients on
14 reserve?

15 MR. SANDERS: A: Yes, it would be possible. It would
16 depend on the credit exposure that particular
17 organization has. But yes.

18 MS. KHAN: Q: Does BC Hydro already allow customers to
19 take responsibility for another customer's account?

20 MR. SANDERS: A: We can -- the customers can provide
21 references, but there's no mechanism under the tariff
22 to have balances transferred. So, in effect we don't
23 have any security against the account. Anybody can
24 pay somebody else's bill. There's no restriction on
25 that itself. The difference here is allowing the
26 actual transfer of the balance.

1 MS. KHAN: Q: I understand that these are tariff
2 changes. Do you have a sense of when you plan to
3 bring forward the tariff changes?

4 MR. DOYLE: A: So I think as I just stated, we'd be
5 looking at it during the fall following the hearing,
6 and we'd bring them forward as soon as we can. So I'm
7 not sure how it'll end up, the changes will be and the
8 impact, but we'd endeavour to do it as soon as
9 possible.

10 MS. KHAN: Q: And so are you -- I assume then you're
11 also not publicizing this change yet, because it
12 hasn't been implemented fully?

13 MR. DOYLE: A: That's correct.

14 MS. KHAN: Q: But you would put some information about
15 it up on your website.

16 MR. DOYLE: A: I believe we would for sure.

17 MS. KHAN: Q: Would you also provide or set out the
18 opportunity to provide a guarantor in your
19 correspondence with customers who are being required
20 to provide a security deposit so that they're aware of
21 this option?

22 MR. SANDERS: A: Yeah, I think whenever we have a
23 customer who is applying for service, then yes,
24 providing them the options to a security deposit, this
25 would be one of them. That would be something that we
26 would include in that conversation, or if it's done

1 online, through the web, yes.

2 MS. KHAN: Q: And do you anticipate also advising First
3 Nations housing administrators, B.C. Housing and other
4 organizations that you deal with that provide services
5 to low income people about this option, just so
6 they're aware of the possibility as well?

7 MR. SANDERS: A: I think the advisory council would be
8 a good communications tool for that as well because
9 our -- the expectation would be that council would
10 have a good representation of many of those groups.
11 But yes, there's others that we have more direct
12 relationships and we would inform them as well.

13 MS. KHAN: Q: Thank you. Okay, so at page 6 of his
14 statement Mr. Anderson adds that you'll be
15 implementing a pilot temperature based winter
16 moratorium for the 2016-17 winter, so this winter, and
17 that in mid-2017 you'll submit a report to the
18 Commission identifying the impacts of the moratorium
19 and submitting a proposal for standard business
20 practices going forward. Again a repeat, but could
21 you describe the winter moratorium pilot you are
22 putting in place and when you expect details to be
23 made public?

24 MR. DOYLE: A: Sorry, were you asking for a description
25 or were you asking whether we would describe it?

26 MS. KHAN: Q: Yes.

1 MR. DOYLE: A: Go ahead.

2 MR. SANDERS: A: So the pilot that we have proposed, or
3 committed to, I guess, not really a proposal, is to --
4 for this winter if you're in the Lower Mainland or on
5 Vancouver Island, if you're a residential customer, to
6 postpone disconnections based on the weather of the
7 day essentially. We want to reflect that about three-
8 quarters of our customers live in those warmer
9 regions, that zones are definitely -- or the
10 temperature zones are definitely less impactful on the
11 Lower Mainland and so if we see that the temperature
12 in the next 24 hours is going to drop below freezing,
13 we'll hold off on doing disconnections in those areas
14 until the weather warms up.

15 **Proceeding Time 9:31 a.m. T08**

16 In the remainder of the province, where we
17 realize that the temperatures can become much more
18 extreme, then we would adopt a process where between
19 November and the end of March we won't perform any
20 disconnections for non-payment, and then we will, you
21 know, continue to provide those customers with the
22 information on their account balances and essentially
23 through this pilot see if there is any impact on
24 arrears. And we can make some plans going forward
25 after that.

26 MS. KHAN: Q: Thank you. And when do you expect the

1 details to be made public?

2 MR. SANDERS: A: I think we would probably do that this
3 fall, after this proceeding is finished.

4 MS. KHAN: Q: Do you have a sense yet of what the
5 sample size you intend to use for the pilot will be?

6 MR. DOYLE: A: It's available to everyone.

7 MR. SANDERS: A: Yeah, it's available to all customers.
8 Yes.

9 MS. KHAN: Q: Okay.

10 MR. DOYLE: A: It's the term that's the pilot, that
11 we're going to try it for one year, evaluate it, and
12 then look at whether it makes sense to continue with
13 it.

14 MS. KHAN: Q: And how will you gauge whether the pilot
15 is a success? And also as part of that, how would you
16 define "success"?

17 MR. SANDERS: A: Well, the concern that we have is,
18 with respect to the impact on arrears and our bad
19 debts, so what we would look at following the pilot is
20 to really understand particularly in the areas where
21 we would have, in essence, a five-month moratorium on
22 disconnections for non-payment, to understand if those
23 areas, you know -- presumably the arrears may
24 increase, but after that point our customer is able to
25 pay off those outstanding balances, doesn't increase
26 our bad debt. Do we have longer arrears in those

1 areas after the fact?

2 MS. KHAN: Q: I see, okay. And so if you're bringing
3 forward the -- you're going to submit a report in mid-
4 2017, that -- I guess our concern is that might not
5 provide enough time in order to evaluate whether the
6 arrears have been paid off or kept up to date.

7 MR. SANDERS: A: That's a fair statement. I think we
8 always would have new information to add after that
9 fact. But certainly at the beginning of the process,
10 beginning of, say, April or May, we'll have a good
11 sense of how much was -- how much of the balance
12 carried over, for instance. And but you're -- it's
13 correct, we wouldn't have the full balance, or full
14 understanding of how much has actually been paid off
15 at that point.

16 MS. KHAN: Q: And so will you be -- in mid-2017, will
17 you be just sending a report to the Commission for
18 information purposes? Or do you anticipate it to be
19 some kind of engagement -- there to be some kind of
20 engagement process over whether or not this pilot
21 should continue?

22 MR. DOYLE: A: So I think the submission of the report
23 would be for the Commission's information. That being
24 said, I think there would be value in engaging with
25 our customers, particularly probably the low income
26 advisory group is probably at least one place to

1 start. There may be other areas -- other customer
2 groups we may want to engage on, to talk about the
3 results, potentially any changes and whether it should
4 continue to go forward.

5 MS. KHAN: Q: So you currently have a 72-hour
6 disconnection moratorium during sub-zero temperatures,
7 as I understand it. I wasn't able to find that
8 moratorium on your website anywhere. Do you know
9 whether it is on the website?

10 MR. SANDERS: A: It is not on the website, no.

11 MS. KHAN: Q: Okay. And so how will your -- the pilot
12 interact with the current 72-hour moratorium that you
13 do have?

14 MR. SANDERS: A: Well, strictly speaking, it's not a
15 moratorium. We have a warning, a cold-weather
16 warning, which provides customers right now with
17 additional time to prepare their premises, knowing
18 that disconnection will come. In this situation, in
19 those areas where that 72-hour notice was applied, I
20 think the moratorium supersedes it, so.

21 **Proceeding Time 9:31 a.m. T09**

22 MS. KHAN: Q: And do you have a sense of what the
23 application process would look like for the moratorium
24 pilot? For example, how would you verify that a
25 customer is living in an electrically heated home?

26 MR. SANDERS: A: We are not restricting this pilot to

1 electrically heated homes. Again, this was for all
2 customers and it would be regionally based, under the
3 rules.

4 MS. KHAN: Q: Right. And does BC Hydro consider that
5 this pilot would be a departure from postage stamp
6 rates?

7 MR. DOYLE: A: You know, I hadn't put my mind to this,
8 but I don't believe we'd be a real departure from
9 postage stamp rates here. I think it's taking into
10 account specific considerations here. Yeah, I guess
11 it is a little bit different regionally, which we do
12 have a couple of examples where we do that obviously
13 in the non-integrated areas as well as in our
14 extensions, but yeah, I guess it would be -- I think
15 it's generally consistent, but obviously it's some
16 departure there.

17 MS. KHAN: Q: Right. It's just -- and also it's based
18 on health and safety considerations, which makes
19 sense.

20 So to be clear then, all of the changes
21 listed in Mr. Anderson's statement -- out of all of
22 the changes listed, the only one that will involve an
23 amendment to the electric tariff is allowing a
24 customer to take responsibility for another customer's
25 account in order for the first customer to be able to
26 avoid providing a security deposit. Is that an

1 accurate statement?

2 MR. DOYLE: A: Yes, I think at this point, that's the
3 way we understand it and view it.

4 MS. KHAN: Q: Sorry.

5 MR. DOYLE: A: Sorry, understand and view of it, that
6 we could do the remainder of the changes through our
7 business practices. However, that would require a
8 tariff change.

9 MS. KHAN: Q: And so the rest are business practices
10 changes. Could those business practices changes then
11 be altered by BC Hydro at any time without Commission
12 approval?

13 MR. DOYLE: A: They could. Our business practices can
14 be altered, but the important thing is, when we apply
15 our business practices we do need to do so in a non-
16 discriminatory manner. So that's definitely the way
17 we will be applying them. But they could be changed.

18 MS. KHAN: Q: Okay, so I'm done with Mr. Anderson's
19 statement, thank you. I'd next like to take you to --
20 I just have a question about -- and I don't think you
21 need to turn to it, because I'm just going to quote
22 from it, but it's from 1.192.1, our IR, and in fact
23 I'm going to be referring to this IR response quite a
24 bit today, and so it probably makes sense for people
25 to just keep it out, once you do have it out.

26 MR. SANDERS: A: It's Exhibit B-16-1.

1 MS. KHAN: Q: Thank you. So at page 43 of that
2 document or that response, which is PDF page 62, it
3 states that BC Hydro cancels instalment plans after a
4 single failure.

5 I'm sorry, I'll wait for you to get there.

6 MR. SANDERS: A: I'm sorry, is that page 43 of 65 or
7 43 in -- oh, they're the same. Perfect. Sorry.

8 THE CHAIRPERSON: What was the IR number again, please?

9 MS. KHAN: It's Exhibit B-26-1 and it's IR 1.192.1.
10 BCOAPO. And it would probably be a good idea, like I
11 said, to just keep that IR response out or tabbed,
12 because we'll be turning there quite a bit today.
13 It's the attachment, sorry.

14 THE CHAIRPERSON: Yes, got it. Thank you.

15 MS. KHAN: Q: So here at page 43, it states that:
16 "BC Hydro cancels instalment plans after a
17 single failure. Although the business
18 practice is to allow a customer to create a
19 new instalment plan until there is a pattern
20 of failed plans. BC Hydro recognizes the
21 customer impact of automatically cancelling
22 an instalment plan after the first missed
23 payment and so has included a project to
24 delay cancelation in its billing system work
25 plan for F2017."

26 What's the status of your project to delay

1 cancellation of instalment plans in the billing
2 system? In other words, when do you anticipate
3 implementing this and making it public?

4 **Proceeding Time 9:41 a.m. T10**

5 MR. SANDERS: A: I am not sure of the date at this
6 point. This is part of our annual sustainment work
7 that we are doing. We're trying to find a simple
8 solution for making this change. The first review
9 wasn't quite as simple as we had thought it was going
10 to be, so we're looking at some other alternatives.

11 MS. KHAN: Q: Okay, thank you. I have just a few
12 questions on minimum charges. So if you could -- so
13 like I said, if you can keep that response handy,
14 because we'll be coming back to it. But next if you
15 could turn to Exhibit B-1-1, Section 2.10, which is
16 page 26 of 202. And this is the proposed terms and
17 conditions we're looking at. So that's Exhibit B-1-1,
18 Section 2.10.

19 (inaudible/off mic)

20 MS. KHAN: Q: Good question. I believe it's the clean
21 version. 2.10, it says re-application for service.

22 MR. SANDERS: A: I believe the black-line version is
23 page 20 of 221.

24 MS. KHAN: Q: And I have here page 26 of 202.

25 MR. SANDERS: A: That's not the black-line version,
26 then?

1 MS. KHAN: Q: I guess not. Sorry.

2 THE CHAIRPERSON: Ms. Khan, we're struggling here. B-1-
3 1.

4 MS. KHAN: Yes, that's right.

5 THE CHAIRPERSON: Do you mean B1-1? Is this -- is this
6 the application you're looking at?

7 MS. KHAN: No, it's not. It's one of the -- it's a
8 document that I believe BC Hydro filed in December,
9 which was the tariff changes.

10 THE CHAIRPERSON: Okay.

11 MS. KHAN: How about if I just read the question?

12 THE CHAIRPERSON: Okay.

13 MS. KHAN: Q: Because I think this might make sense
14 without having to turn to it.

15 So in this section, it states:

16 "Re application for service. Where a
17 customer terminates service to a premises
18 and that person or a co-occupant,
19 representative or agent of that person
20 applies for service to the same premises
21 within 12 months of such determination, on
22 the same rate schedule as previously
23 applied, and regardless of whether
24 disconnection occurred, the applicant will
25 pay the greatest of (1) the minimum
26 reconnection charge as set out in Section

1 11.3 (minimum reconnection charges); (2) BC
2 Hydro's estimated cost to restore service,
3 and (3) the sum of the minimum charges the
4 customer would have paid between the time of
5 termination and the time that service is
6 restored under this section."

7 So we notice that in this section it
8 requires the payment of the greatest of items (1), (2)
9 and (3), as opposed to the greatest of (1), (2) or
10 (3). We're trying to understand what the implications
11 of the use of the word "and" are. Do you -- are you
12 able to explain more fully how the payment would be
13 determined?

14 MR. DOYLE: A: So, as I read it and understand it, and
15 I can take this away to confirm, but as I read it I
16 believe it's the greater of (1) and (2), and the sum
17 -- and, sorry. I believe it's the greater of (1) or
18 (2), and the sum -- and then (3) on top of it.

19 MS. KHAN: Q: Okay.

20 MR. DOYLE: A: So the cost -- (1) and (2) both deal
21 with the cost to reconnect or restore the service, and
22 (3) deals with the payments that hadn't occurred
23 during the time of disconnection. So as I read it,
24 it's the sum of -- it's the -- it's (1) -- the greater
25 of (1) or (2), and the sum of (3). But I can take
26 that away to check.

1 MS. KHAN: Q: Thank you. Also, item (3) makes
2 reference to "minimum charges". According to your
3 response to -- and I'll give you this IR reference, I
4 don't think you need to turn to it. It's BCOAPO
5 2.293.1, which is at Exhibit B-23. "Minimum charges"
6 is not a defined term. So could you please explain
7 how the minimum charges are determined? That is, what
8 are they based on?

9 **Proceeding Time 9:45 a.m. T11**

10 MR. DOYLE: A: So I believe minimum rate charges would
11 be customer rate schedule specific. So for example,
12 for a residential customer, the minimum charge they
13 would incur in any month would be the basic charge.
14 However, for a general service customer there could be
15 other charges such as their minimum demand charges and
16 those types of charges.

17 MS. KHAN: Q: Okay, next I'd like to talk to you about
18 BC Hydro's credit and collection practices. So you
19 would agree with me, would you not, that BCOAPO's low
20 income terms and conditions relate in part to --
21 proposed low income terms and conditions relate in
22 part to the company's credit and collections
23 practices?

24 MR. SANDERS: A: I would agree.

25 MS. KHAN: Q: And just to make sure we're on the same
26 page, you referenced this earlier, but if I say to you

1 that when I say dunning I'm talking about credit and
2 collections communications, is that a reasonable
3 description?

4 MR. SANDERS: A: Yes, it is.

5 MS. KHAN: Q: I'll now ask you to turn to BC Hydro's
6 response to BCOAPO IR 2.311.1, which can be found at
7 Exhibit B-23. 2.311.1. And that's page 515 of the
8 PDF. So in this IR we've asked the company to confirm
9 or deny whether, since the dunning process is based on
10 creditworthiness, which includes demerit points
11 whenever dunning actions take place on one of a
12 customer's accounts, each dunning action that occurs
13 resulting in demerit points makes it even more likely
14 that a dunning action will occur in a future month
15 given non-payment, all else equal. And the company's
16 response was yes, the creditworthiness points are
17 cumulative such that if sufficient points are
18 accumulated, then future dunning actions will be more
19 likely. And the company then provided three limits to
20 this statement.

21 So next I'd like to take you to BCOAPO IR
22 -- and please keep that response open, but I'd like to
23 take you to BCOAPO 1.178.1. And there will be quite a
24 lot of flipping back and forth here.

25 MR. DOYLE: A: That's in Exhibit B-5?

26 MS. KHAN: Q: Exhibit B-5, yes, and that's page 1166

1 PDF. And in this response the company states that
2 Attachment 1 to the IR contains a summarized version
3 of the dunning collection process. Do you see that?
4 MR. SANDERS: A: This isn't the summarized version.
5 This is the full version.
6 MS. KHAN: Q: Okay.
7 MR. SANDERS: A: The reference is with respect to a
8 version that was provided during some of the
9 engagement workshops prior to that.
10 MS. KHAN: Q: Okay.
11 MR. SANDERS: A: This is the full version on the
12 attachment.
13 MS. KHAN: Q: So the company says that demerit points
14 are added whenever dunning actions take place on one
15 of a customer's accounts. And the eighth bullet there
16 lists disconnects non-pay as one of those dunning
17 actions. Do you see that?
18 MR. SANDERS: A: Yes, I do.
19 MS. KHAN: Q: And I see the term "Operator Review"
20 there. Would you agree that the term Operator Review
21 refers to the final step before the disconnection of
22 service?
23 MR. SANDERS: A: Yes, it is.
24 MS. KHAN: Q: And on page 2 of that response the
25 company states that if a customer with a poor payment
26 history maintains on-time payments for one year from

1 the time of the last dunning action, he or she will
2 have no creditworthiness points remaining. So to put
3 these two responses together, on time payments are
4 measured from the time of the last dunning action. Is
5 that correct?

6 **Proceeding Time 9:50 a.m. T12**

7 MR. SANDERS: A: Sorry, on?

8 MS. KHAN: Q: On-time payments are measured from the
9 time of the last dunning action. I believe that's
10 what the sentence in response to 1.178.1 states.

11 MR. DOYLE: A: Sorry, just for clarity. Are you --
12 when you say on-time payment with respect to the last
13 dunning activity, are you -- so if BC Hydro and the
14 customer had a discussion and said payment by next
15 Thursday, on time would be next Thursday.

16 MS. KHAN: Q: That's what we're asking. Is that what
17 it means?

18 MR. SANDERS: A: In that context, yes.

19 MS. KHAN: Q: And the statement on 2.311.1 states that:

20 "The creditworthiness points are cumulative
21 such that if sufficient points are
22 accumulated, then future dunning actions
23 will be more likely."

24 Is that also accurate to say?

25 MR. SANDERS: A: I think it might be worthwhile to go
26 to Attachment 1 of BCOAPO IR 1.178.1 which is just on

1 the flip page and maybe just add some context before
2 we dive down to that level of detail.

3 So there is a table there. I'll just wait
4 until everybody finds it.

5 The idea of the dunning or collections
6 process is that, as Ms. Khan has mentioned, if
7 customers haven't paid their bill on time, they are
8 accumulated creditworthiness points. And those points
9 are weighted by recentcy so that a more recent late
10 payment assigns you more points.

11 What happens, if you look on the left-hand
12 column here, there's a different dunning procedure
13 which reflects the amount of time that we provide that
14 customer, the number of notices. You know,
15 information with respect to how we treat it in the
16 back office, if you will, and it's based on the
17 creditworthiness points.

18 So a customer who has no previous
19 infractions with respect to late payment will start
20 off with zero points and that will allow them a much
21 longer set of -- more dunning notices and more time.
22 The more creditworthiness points they accumulate, the
23 shorter the time they have. And that essentially is
24 what the processes are that Ms. Khan is trying to
25 explain.

26 MS. KHAN: Q: Thank you. Okay, I'd like to go back to

1 192.1. I'm just going to find the page reference.
2 Oh, page 20 of the document, which is page 39 of the
3 PDF.

4 MR. SANDERS: A: Sorry, page 20?

5 MS. KHAN: Q: Yes, that's right. And here at the
6 bottom you've set out the dunning process, so you have
7 the first four bullets at the bottom which involve the
8 progressive warnings which I believe you just alluded
9 to, or referenced. And then at the paragraph under
10 there -- sorry, the paragraph on page 21, under the
11 bullet it says that the company states that -- right,
12 so the first full paragraph at the top.

13 **Proceeding Time 9:55 a.m. T13**

14 It sets out that

15 "Customers that have a good payment history
16 will receive all four of these warnings and
17 disconnection would not occur until the
18 account has been in arrears for more than
19 two months. However, a customer with a bad
20 payment history receives the final notice of
21 disconnection and could be disconnected
22 after three weeks in arrears."

23 Is that accurate to say as well?

24 MR. SANDERS: A: Yes, that corresponds to the matrix
25 which we showed in the attachment to BCOAPO 1.178.1.

26 MS. KHAN: Q: And so if you could then turn to page 25

1 of 192.1.

2 MR. DOYLE: A: Sorry, you're bringing us where?

3 MS. KHAN: Q: 25. And so here, just to make clear the
4 different stages of the dunning process, at this
5 stage, in the third line from the top, it states that,
6 "Accounts in review are at an advanced stage
7 in the dunning process, *i.e.*, final notice
8 of disconnection has already been issued,
9 and are being reviewed by credit agents for
10 disconnection. This stage is the final
11 contact with customers so that they may
12 enter into payment arrangements rather than
13 having service interrupted."

14 So, consistent with the statement about the
15 final -- a final notice of disconnection, it would be
16 -- would it be appropriate to say also that for
17 customers with a good payment history, accounts in
18 review would not occur until the account was in
19 arrears for more than two months, while a customer
20 with a bad payment history could first face this final
21 or account review after three weeks in arrears. Is
22 that accurate?

23 MR. SANDERS: A: Yes, that is correct. And it reflects
24 the difference in risk of non-payment from the
25 customers, based on their payment histories.

26 MS. KHAN: Q: Next I'd like to talk to you about the

1 company's late charges for a few minutes. When BC
2 Hydro charges customers a late payment charge, the
3 amount is 1.5 percent. Is that correct?

4 MR. SANDERS: A: 1.5 percent per month, yes.

5 MS. KHAN: Q: And would you agree with me that BC
6 Hydro's weighted average cost of debt was 4.28 percent
7 in F2015?

8 MR. SANDERS: A: Subject to check, yes.

9 MS. KHAN: Q: And would you agree that that equates to
10 about .35 percent compounded monthly?

11 MR. SANDERS: A: Yes, I agree with that.

12 MS. KHAN: Q: And would you agree that the remaining
13 1.15 percent of the late payment charge per month --
14 that is 1.5 percent minus the .35 percent associated
15 with the carrying costs is for the recovery of
16 collection costs? That without the late payment
17 charge, would otherwise be absorbed within general
18 rates?

19 MR. SANDERS: A: Yes, I believe that's what we said.

20 MS. KHAN: Q: So, this would show that about one-
21 quarter of the company's late fee, that's .35 percent
22 out of its 1.5 percent, covers carrying costs, and the
23 remaining three-quarters of the late fee, 1.15
24 percent, covers collection costs caused by late
25 payment. Is that accurate?

26 MR. DOYLE: A: From the way the costs are -- the cost

1 breakdown works, that is correct.

2 MS. KHAN: Q: So if you could next turn to the
3 company's response to BCOAPO IR 1.180.1, which is
4 found at Exhibit B-5, page 1170 of the PDF.

5 So here in this Information Request BCOAPO
6 asked BC Hydro to provide the dollars of residential
7 late fee revenue collected by month for each month,
8 January, 2012 to the present. Do you see that?

9 MR. SANDERS: A: Yes, I do.

10 MS. KHAN: Q: And you state that residential and
11 general -- you state in that response that residential
12 and general service dollars are not separated but
13 provide -- but you've provided the total late fee
14 revenue by month for April, 2011 through to October
15 2015. And just so I'm clear, the IR response provides
16 data for fiscal years. So fiscal year 2012 has data
17 from April 2011 through to March 2012. The April in
18 2012 with 604,000 in late revenue is actually April
19 2011, is that accurate?

20 **Proceeding Time 9:59 a.m. T14**

21 MR. SANDERS: A: Yes, I believe it is.

22 MS. KHAN: Q: And the April in F2013 was 734,000 in
23 late charge revenue is April 2012?

24 MR. SANDERS: A: Yes. Sorry, the --

25 MS. KHAN: Q: The April in F2013 --

26 MR. SANDERS: A: Yes it would, yes.

1 MS. KHAN: Q: And the October in F2016 is actually
2 October of 2015?

3 MR. DOYLE: A: That is correct.

4 MR. SANDERS: A: Yes.

5 MS. KHAN: Q: Okay, now I'd like to hand a couple of
6 documents that have been stapled together, that I'm
7 asking just to be marked for identification purposes
8 only, as BCOAPO Cross Exhibits 4 and 5.

9 If you could take a look at the first page
10 of the cross-exhibit, so cross-exhibit 4, and compare
11 it to the company's response to BCOAPO 1.180.1, do you
12 accept that the information presented is identical
13 except that cross-exhibit 4 simply lines the dollar
14 amounts up by month from January 2013, through to
15 October 2015? And you can certainly take that subject
16 to check.

17 MR. SANDERS: A: Yeah, subject to check, as a quick
18 skim, I believe it's the same, yes.

19 MS. KHAN: Q: And October 2015 is the most recent
20 information presented in BCOAPO 1.180.1, right?

21 MR. SANDERS: A: Yes it is.

22 MS. KHAN: Q: So, on the second page of this cross-
23 exhibit, at cross-exhibit 5, we've sorted the months
24 of late fee revenue presented in cross-exhibit 4, from
25 smallest to largest amounts of late fee revenue, with
26 January 2013 being the month that had the least amount

1 of late fee revenue, 318,000 and June 2014 having had
2 the highest amount of late fee revenue, being 991,000.

3 And the reason for the difference in
4 charges between these various months is that the
5 company experienced higher costs in June 2014 than it
6 did in January 2013, correct?

7 MR. DOYLE: A: Sorry, when you say higher cost, can you
8 explain what you mean by that?

9 MS. KHAN: Q: Well, if the late fee reflects costs,
10 then isn't it reasonable to assume that the months
11 with the higher late fees means there would be higher
12 costs for BC Hydro?

13 MR. DOYLE: A: Yeah, I'm not sure there is a direct
14 link to it. The way we incur our cost is through our
15 dunning procedure. So we may be making phone calls,
16 sending letters to the customers in the months
17 preceding where it gets to its larger balance and
18 incurring the costs there, rather than a direct link
19 to the actual month.

20 MS. KHAN: Q: Thank you. So on the second page of that
21 cross-exhibit, I've highlighted the eight months with
22 the greatest amount of late fee revenue in yellow. Do
23 you see that?

24 MR. DOYLE: A: We do.

25 **Proceeding Time 10:04 a.m. T15**

26 MS. KHAN: Q: And so two of those eight months were

1 March of 2014 and '15 and three of those eight months
2 were April 2013, 2014 and '15, and the other three
3 months were January, May and June. Do you see all of
4 those referenced?

5 MR. DOYLE: A: I do.

6 MS. KHAN: We'd like to have this document marked as an
7 Exhibit. C2-42.

8 HEARING OFFICER: Marked C2-42.

9 **(BCOAPO CROSS EXHIBITS 4 AND 5 MARKED AS EXHIBIT C2-**
10 **42)**

11 MS. KHAN: Q: Is it fair to say that BC Hydro believes
12 that its cost involving credit and collection expenses
13 would not be materially reduced by the introduction of
14 BCOAPO's proposed ESUB rate?

15 MR. DOYLE: A: We have not undertaken the analysis to
16 determine whether the essential services block rate
17 would result in lower costs. What I would say is that
18 if, under the essential services block, customers
19 aren't paying their bills, we're going to incur
20 similar costs as we would under the existing
21 residential inclining blocks. So it really comes down
22 to whether the customer pays their bill or not.

23 MS. KHAN: Q: And is it fair to say that BC Hydro
24 believes that its costs regarding bad debt expenses
25 would not be materially reduced either, that you have
26 no evidence to suggest that bad debt expenses would be

1 reduced by the ESUB?

2 MR. DOYLE: A: Again, we haven't done the analysis of
3 whether the ESUB would result in lower bad debt.

4 MS. KHAN: Q: And would you make the same assertion
5 about borrowing or deferred revenues, that the company
6 has no evidence to suggest that such costs would be
7 reduced by the ESUB?

8 MR. DOYLE: A: Sorry, can you repeat that, please?

9 MS. KHAN: Q: Sure. Would you also say about borrowing
10 or deferred revenues, that the company has no evidence
11 to suggest that such costs would be reduced by the
12 ESUB, or that you haven't done the analysis?

13 MR. DOYLE: A: When you say "deferred revenues" and
14 "borrowing", I'm unclear of what you mean.

15 MS. KHAN: Q: Working capital.

16 MR. DOYLE: A: Again, it comes to the ability of --
17 whether the customer is paying their bill or not, and
18 we haven't undertaken that analysis.

19 MS. KHAN: Q: So in the summer of 2015, BC Hydro and
20 BCOAPO engaged in a consultation process which we
21 found very useful, as you know.

22 MR. DOYLE: A: Thank you.

23 MS. KHAN: Q: Through which the company provided
24 certain information that was requested by BCOAPO, and
25 I'm now going to hand you a two-page document that I'm
26 going to also ask be identified as BCOAPO Cross

1 Exhibit 6.

2 **Proceeding Time 10:09 a.m. T16**

3 So this document presents, for the months
4 April 2013 through to March 2015, the number of
5 accounts -- you'll see at the top. The number of
6 residential accounts -- the number of accounts billed
7 and the revenue billed by month. And do you accept
8 that this data was part of the information supplied to
9 BCOAPO by BC Hydro in the consultation process that we
10 had last year?

11 MR. SANDERS: A: Yes, we were able to confirm with an
12 advance copy that we had, yes.

13 MS. KHAN: Q: And there is a column in this exhibit
14 marked "Average bills". Do you see that, at the end?

15 MR. SANDERS: A: Yes.

16 MR. DOYLE: A: We do.

17 MS. KHAN: Q: Okay. And will you accept, subject to
18 check, that the average bill was calculated by
19 dividing the revenue billed by the number of accounts
20 billed?

21 MR. SANDERS: A: Yes.

22 MS. KHAN: Q: So at page 2 of this cross exhibit, we
23 presented the same information but indicated that
24 rather than sorting the bill from oldest to most
25 recent by month, the information is presented by
26 sorting the data from the smallest monthly bill to the

1 largest monthly bill. Do you see that?

2 MR. DOYLE: A: We do.

3 MS. KHAN: Q: And as you can see on page 2, we've
4 marked the eight months with the highest bills in
5 yellow, at the bottom of the table. And of those
6 eight months with the largest bills, to each of those
7 eight were December, January, February, and March. So
8 in other words, no month other than December, January,
9 February or March is included in the eight months with
10 the largest bills. Do you agree with that?

11 MR. SANDERS: A: Yes, it follows the general trend of
12 seasonality in our residential bills, yes.

13 MS. KHAN: Q: And in contrast, you can see that we've
14 marked the eight months with the lowest bills in blue.
15 And of those eight months with the lowest bills, two
16 each of them were July, August, and September. And
17 the other two were June and October of 2013. So, I
18 can -- is it correct to conclude that the months with
19 the largest bills are the cold weather months?

20 MR. SANDERS: A: Generally speaking, I agree, yes.

21 MS. KHAN: Q: And the months with the smallest bills
22 are the non-cold weather months.

23 MR. DOYLE: A: The warmer months, yes.

24 MS. KHAN: Q: Warmer months, right. Good point.
25 Okay. If we could have that document
26 marked as an exhibit as well. That's Exhibit C2-43.

1 THE HEARING OFFICER: Marked Exhibit C2-43.

2 **(BCOAPO CROSS EXHIBIT 6 MARKED EXHIBIT C2-43)**

3 MS. KHAN: Q: Next, I'm going to hand you a four-page
4 document that I'm going to ask be marked for
5 identification as BCOAPO cross Exhibit 7 .

6 MR. SANDERS: A: Thank you. Yes.

7 MS. KHAN: Q: Page 1 of this document indicates that it
8 presents BC Hydro's residential accounts receivable by
9 dollar amounts for the period January, 2013, through
10 to July, 2015. Do you see that?

11 MR. SANDERS: A: Yes.

12 MS. KHAN: Q: And do you accept, subject to check, that
13 this information was provided to BCOAPO as part of
14 that consultation process last summer?

15 MR. SANDERS: A: It was. I can confirm that. Maybe
16 just to provide a bit of context, this is a report
17 that we use on a monthly basis that looks at the
18 overall outstanding arrears. Just to make sure
19 everybody understands exactly what we're looking at,
20 this is residential accounts only, and it is of active
21 accounts. So those customers that are still residing
22 and taking power from BC Hydro at this time.

23 Across the top of the page is the age of
24 the arrears. So for instance in -- on the top line
25 there, in January of 2013, in each one of those
26 buckets we had 109, \$110 million that was current. It

1 was not yet at day 22, \$8 million that -- of bills
2 that at day between 23 and 29 were yet unpaid, and so
3 on, up until, you know, \$550,000 that was still unpaid
4 for more than 180 days.

5 MS. KHAN: Q: And would you agree that dollars that
6 fall into the aging bucket of 30 to 59 days, those
7 dollars of arrears would be for bills issued one to
8 two months prior? So if there are dollars 30 to 59
9 days in arrears in September, those would be for
10 dollars billed in July or August, correct?

11 **Proceeding Time 10:14 a.m. T17**

12 MR. SANDERS: A: No, these are not days in arrears,
13 they are days from the time that the bill was issued.
14 So day zero, in this context, is the day the bill is
15 issued. Day 30 is the day that we apply the late
16 payment charge, and that's the first day that we, from
17 an operational perspective, would consider it truly in
18 arrears. So a slight nuance on what's been suggested.

19 MS. KHAN: Q: So the 30 to 59 aging bucket, that would
20 be for bills issued one to two months prior?

21 MR. SANDERS: A: It would be -- yes, as little as one
22 month. It could be almost two months.

23 MS. KHAN: Q: Okay, thank you. And the same would be
24 true then with the older arrears. So arrears in the
25 60 to 89 day bucket would include bills from two to
26 three months prior?

1 MR. SANDERS: A: Yes.

2 MS. KHAN: Q: And arrears in the 90 to 119 day bucket
3 would be for bills three to four months prior?

4 MR. SANDERS: A: Yes.

5 MS. KHAN: Q: So on page 2 of Cross-Exhibit 7, the same
6 information is presented, except for the fact that the
7 data has been sorted by the size of arrears in the 30
8 to 59 day aging bucket, and that's highlighted there
9 in the fourth column over. Do you see that?

10 MR. SANDERS: A: I do.

11 MS. KHAN: Q: And the month with the smallest amount of
12 arrears, in the 30 to 59 day bucket, which is
13 9,394,638, was October 2010. Going down to the month
14 with the largest amount of arrears in the 30 to 59 day
15 bucket, which was 21,926,095 in March 2013.

16 MR. SANDERS: A: Yes.

17 MS. KHAN: Q: So we've shaded the eight months with the
18 highest dollar levels of arrears in the 30 to 59 aging
19 bucket in yellow, and do you also have that shaded on
20 your copy?

21 MR. SANDERS: A: Yes, we do.

22 MS. KHAN: Q: And so three of those eight months were
23 all March, do you see that? March 2015, March 2014
24 and March 2013.

25 MR. SANDERS: A: Yes.

26 MS. KHAN: Q: And in addition, three of those eight

1 months were all February. That would be February
2 2015, February 2014 and February 2013.

3 MR. SANDERS: A: Yes.

4 MS. KHAN: Q: And the remaining two of those eight
5 months were both April. Do you also see that?

6 MR. SANDERS: A: Yes.

7 MS. KHAN: Q: And over on page 3, the next page of that
8 same cross-exhibit, the accounts receivable dollars
9 are presented sorted from smallest to largest in the
10 aging bucket for the 60 to 89 day bucket. Do you see
11 that? And that's also the section at the top which is
12 highlighted.

13 MR. SANDERS: A: Yes.

14 MS. KHAN: Q: And the months with the smallest amount
15 of 60 to 89 day arrears, 2,332,895, is at the top, and
16 that's July 2015, while the month with the highest
17 amount of 60 to 89 day arrears, 6,099,151 is at the
18 bottom, and that's May 2014. Do you also see that?

19 MR. SANDERS: A: Yes.

20 MS. KHAN: Q: And we've also shaded the eight months
21 with the highest amount of 60 to 89 day arrears in
22 yellow. So two each of those months are April, March,
23 May and June. Do you see that?

24 MR. SANDERS: A: We do.

25 MS. KHAN: Q: And so no months other than March, April,
26 May or June fall into the months with the highest

1 amounts of this bucket of arrears, do you agree with
2 that?

3 MR. SANDERS: A: For the bucket that you've provided
4 there of the eight highest, that's correct.

5 MS. KHAN: Q: That's right. So on page 4 of Cross-
6 Exhibit 7, the last page, the accounts receivable are
7 sorted from smallest to largest, for 90 to 119 day
8 arrears, and that's the sixth column over. So the
9 month with the smallest 90 to 119 day arrears, March
10 2015 has a balance of 7,101,662, while the month with
11 the largest amount of arrears in this bucket, June
12 2014, has a balance of \$2,438,452.

13 **Proceeding Time 10:18 a.m. T18**

14 So we've also shaded the eight months with
15 the highest amount of 90 to 119 day arrears in yellow,
16 and do you agree that two each of those months, of the
17 highest months, are April, May, June and July?

18 MR. SANDERS: A: Yes. If I could just direct you as
19 well to again the response to BCOAPO 1.192.1 on page
20 23 of 65, just to add a bit to context if you're so
21 graphically inclined.

22 MS. KHAN: Q: Okay.

23 MR. SANDERS: A: Page 23. That's Figure 2 I'm
24 referring to. This, just to tie these two together,
25 what we're showing in Figure 2 is the summation of
26 Columns E through I. So it's the total arrears by

1 month but for the combination of those buckets, and
2 the chart just shows, as Ms. Khan is explaining, the
3 seasonal variation every -- essentially we have every
4 year where arrears are higher coming out of the winter
5 and they're lower after the summer.

6 MS. KHAN: Q: Thank you. If we could have that
7 document marked as an exhibit as well. That's Exhibit
8 C2-44.

9 THE HEARING OFFICER: Marked Exhibit C2-44.

10 **(BCOAPO CROSS EXHIBIT 7 MARKED EXHIBIT C2-44)**

11 THE CHAIRPERSON: Ms. Khan, I wonder if you could let the
12 Panel know when a good time to take a break would be,
13 please.

14 MS. KHAN: We can take a break now and I can return, or
15 in about five or ten minutes. It's up to you.

16 THE CHAIRPERSON: Whatever works for you better.

17 MS. KHAN: Okay, maybe I'll just get through this next
18 set and then we're kind of done with this issue.

19 THE CHAIRPERSON: Okay, sure.

20 MS. KHAN: Q: So next I'm just going to hand you a
21 three-page witness aid, which I'll call for
22 identification purposes BCOAPO Cross Exhibit 8.

23 Yes, Mr. Bemister has just pointed out
24 there'll be no trees left. That's my last handout for
25 you, panel.

26 So the first two pages of this cross

1 exhibit are a copy of BC Hydro's response to BCOAPO IR
2 1.191.1. If you look at the text of the response you
3 can see where the response says, "With respect to A,
4 please refer to Attachment 1 to this IR response."
5 And would you accept that page 3 of this witness aid
6 is a printout of the Attachment 1 that is referenced
7 there, the spreadsheet that was attached, but with a
8 column added at the end?

9 MR. DOYLE: A: Yes. We can acknowledge that. The
10 column wasn't in the -- the last column wasn't in the
11 original response. It's been added.

12 MS. KHAN: Q: So when we look at this witness aid,
13 let's start with page 3. The data provided by the
14 company shows that the average bill for electrically
15 heated accounts was \$149 for each year of 2012, 2013
16 and 2014. Is that correct?

17 MR. DOYLE: A: It is.

18 MS. KHAN: Q: And the company's data shows that the
19 average bill for non-electrically heated homes was
20 \$105 for 2012, \$110 for 2013, and 114 for 2014. Is
21 that also correct?

22 MR. DOYLE: A: It is. I would note that this -- I
23 don't believe that those are weather normalized, so.

24 MS. KHAN: Q: Okay. And that attachment was in
25 response to subsection (a) of the IR request, which
26 was for the average bill of all residential accounts.

1 conditions can be expected to improve the
2 productivity of collection activities from
3 two different but related perspectives. On
4 the one hand, the terms and conditions will
5 affect how much revenue outputs is generated
6 by each collection intervention. On the
7 other hand, the terms and conditions will
8 reflect how many collection activities
9 inputs are needed to generate the revenue."

10 And the next paragraph reads that:

11 "BC Hydro agrees with this proposition in
12 concept. It is logical that spending money
13 on notices or customer contacts is pointless
14 if the customer does not have the ability to
15 pay. Similarly, if a customer does not have
16 the ability to pay, conceptually it makes
17 sense that credit and collection responses
18 that further increase a customer's bill may
19 not be productive."

20 Do you see that there?

21 MR. SANDERS: A: I do. For some context, these
22 statements were -- there was a sharing of this
23 document between BCOAPO and BC Hydro through the
24 stakeholder engagement process, and so in that back
25 and forth some of the BCOAPO comments were reflected
26 within statements such as what is in the first

1 paragraph there.

2 MS. KHAN: Q: Yes, thank you. And would you agree
3 with me that increasing revenue, the outputs, and
4 decreasing the credit and collection responses are not
5 external costs, they are actually internal utility
6 costs and revenues?

7 MR. SANDERS: A: Sorry, could you please restate the
8 question.

9 MS. KHAN: Q: Would you agree with me that increasing
10 the revenue, the outputs, and decreasing the credit
11 and collection responses are no external costs. Those
12 costs are, in fact, internal utility costs and
13 revenues.

14 MR. DOYLE: A: So the costs are definitely our
15 internal costs and the revenues we receive when
16 customers pay the bills are revenues to BC Hydro. Is
17 that what you're getting at?

18 MS. KHAN: Q: Yes, that's right. And you would agree
19 with me then that neither of those costs social
20 impacts. They are internal utility costs and
21 revenues?

22 MR. DOYLE: A: Sorry, I think that I just confirmed
23 that the costs are to the utility and the revenues
24 received come to the utility.

25 MS. KHAN: Q: So I'd like to next take you to BCOAPO's
26 attachment A to BC Hydro information -- sorry,

1 BCOAPO's attachment A to the IR from BC Hydro to
2 BCOAPO. So the BCOAPO IR I'm referring to is BC Hydro
3 19.2. And it's at Exhibit C2-17. And there's an
4 attachment, Attachment A to that response, which can
5 be found starting at page 35 of the PDF. If you could
6 turn to page 6 of that attachment, to 19.2.

7 **Proceeding Time 10:47 a.m. T22**

8 MR. DOYLE: A: Yes.

9 MS. KHAN: Q: And in the first paragraph under the
10 graph, I see that Mr. Colton told the company that the
11 table below shows that in that Colorado study, low
12 income customers --

13 MR. DOYLE: A: Sorry, you're going to have to back up.
14 I'm nowhere -- we're not there yet.

15 MS. KHAN: Q: Oh, sorry. Sorry.

16 MR. DOYLE: A: Where are you? Where are we trying to
17 get to?

18 MS. KHAN: Q: 19.2, attachment -- BC Hydro 19.2 to
19 BCOAPO.

20 MR. DOYLE: A: Yes.

21 MS. KHAN: Q: At page 6.

22 MR. DOYLE: A: The one with "cumulative customer
23 payment" --

24 MS. KHAN: Q: Looks like this.

25 MR. DOYLE: A: Got it.

26 MS. KHAN: Q: So in the first paragraph under the

1 graph, we see that Mr. Colton told the company that
2 the table below shows that in that Colorado study, low
3 income customers with affordable payments experienced
4 far fewer months with arrears than when affordability
5 was not taken into account. The table makes clear
6 that when payments are made affordable, two results
7 can reasonably be expected. One, far fewer customers
8 will have an arrears balance in a significant number
9 of months, and two, far more customers will have an
10 arrears balance in few if any months. Do you see that
11 there?

12 MR. DOYLE: A: I do. One thing I would say is, I'm not
13 sure how "affordable" is defined, or how Colorado's
14 rates would relate to BC Hydro's rates, or -- so I'm
15 not sure of the comparability. But I see those words
16 on the page.

17 MS. KHAN: Q: And did you obtain a copy of that
18 Colorado report and review it in reaching any
19 conclusions about the impact that BCOAPO's ESUB
20 proposal would have on the level of arrears for BC
21 Hydro?

22 MR. DOYLE: A: Sorry, can you repeat the question? Did
23 I --

24 MS. KHAN: Q: Did you obtain a copy of that Colorado
25 report referenced, and review it in reaching any
26 conclusions about the impact that BCOAPO's ESUB

1 proposal would have on the level of BC Hydro's
2 arrears?

3 MR. DOYLE: A: I have not reviewed the Colorado study.

4 MS. KHAN: Q: And if you would turn over to page 8 of
5 that same attachment, which is page 42 of the PDF,
6 right below the table there is a sentence there that
7 reads:

8 "The data shows that not only does the
9 utility collect more money and collect that
10 money in a more timely fashion when the
11 payment plan takes affordability into
12 account, but it works less hard to make the
13 collection."

14 Do you see that?

15 MR. DOYLE: A: It does, and I would venture to say that
16 it's probably consistent. Where we work out payment
17 plans with our customers, we have a better likelihood
18 of receiving payment.

19 MS. KHAN: Q: Okay, thank you. And so in reaching any
20 conclusions about BCOAPO's proposed ESUB rate, did you
21 review that data which shows that an affordable rate
22 results in the utility collecting more money and
23 collecting that money in a more timely fashion?

24 MR. DOYLE: A: I did not review the report. But again,
25 our -- you know, with respect to the collection of
26 money and the payment plan, when we take into account

1 payment plans, we obviously have -- we do so in the
2 hopes of a higher likelihood of collecting on that
3 money. In relation to the ESUB, we did not review
4 that.

5 MS. KHAN: Q: Would you then next turn over to page 11
6 of the same attachment. Page 45 of the PDF. If we
7 look at the second paragraph under the table, about
8 halfway through that paragraph, it says that the
9 company was told by Mr. Colton in 2013, the most
10 recent year for which data is available, Pennsylvania
11 Utilities had 1 million and 46 confirmed low income
12 customer accounts. The confirmed low income accounts
13 were heavily payment-troubled. And I see that Mr.
14 Colton informed the company -- informed BC Hydro that
15 15 percent of those confirmed low income customers had
16 been disconnected. Do you see that there?

17 **Proceeding Time 10:52 a.m. T23**

18 MR. DOYLE: A: I do.

19 MS. KHAN: Q: And that Mr. Colton told BC Hydro that 22
20 percent of those confirmed low income accounts were in
21 debt. Do you also see that?

22 MR. SANDERS: A: I see it.

23 MR. DOYLE: A: I'm not sure what the "in debt" means.
24 Is that with respect to the utility bills?

25 MS. KHAN: Q: Right, okay. Yeah, that's what I assume
26 as well. So if we flip over to the next page we see

1 that Mr. Colton told the company that through their
2 affordability programs, Pennsylvania's utilities took
3 extremely payment troubled confirmed low income
4 customers and structured a response where the
5 utilities were receiving nearly \$9 out of every \$10
6 billed. And do you see that written there?

7 MR. DOYLE: A: I see that, the text.

8 MS. KHAN: Q: And so it would appear that in
9 Pennsylvania, the low income rate -- sorry, in
10 Pennsylvania and Colorado, based on what I've just
11 read you, it would appear that the low income rate
12 improved collections for utilities in those states.
13 Do you accept that?

14 MR. DOYLE: A: I'm not sure what the base was before
15 the 9 out of every 10 bills were. But --

16 MS. KHAN: Q: So would your answer then be you don't
17 know?

18 MR. DOYLE: A: Well, what I'm asking is that it appears
19 as though 9 -- it says after \$9 of every 10 billed, I
20 don't know what the reference before the reference --
21 before the payment, before the program.

22 MS. KHAN: Q: Well, as what we had said earlier is that
23 Mr. Colton said earlier in that response, that 15
24 percent of those confirmed low income customers had
25 been disconnected and 22 percent of them were in debt.

26 MR. DOYLE: A: So it appears that, yeah, maybe we went

1 from 78 to 90 percent if that's the recollection.

2 MS. KHAN: Q: Okay.

3 MR. DOYLE: A: If those numbers are comparable. But I
4 don't know if those are apples to apples comparisons.

5 MS. KHAN: Q: Fair enough, thank you. So next I'd like
6 to take you back to 192.1 at page 34. So in the
7 paragraph right above the graph you state that each
8 dollar spent on collections for each active
9 residential receivables results in payments of over
10 \$36. Now, when we flip over to the next page, that's
11 page 35, or 54 of the PDF, in the second paragraph
12 after the graph it states that BC Hydro acknowledges
13 BCOAPO's concern that this approach is not a measure
14 of the marginal effectiveness of its collections
15 actions. You see that written there?

16 MR. SANDERS: A: Yes.

17 MS. KHAN: Q: And when you refer to marginal
18 effectiveness, are you referring to BCOAPO's objection
19 that the company's analysis assumes that all of the
20 dollars that are collected after a collection activity
21 are collected because of the collection activity?

22 MR. SANDERS: A: No, I believe the context of the
23 conversation at the time -- and again this was with
24 BCOAPO through the engagement -- was at what point
25 have we truly optimized the collections process so
26 that the next dollar spent, we know that we're getting

1 at least that dollar back. And the discussion at this
2 point was that because we don't -- you can't isolate
3 an individual customer and look at the last dollar
4 spent, on average we are recovering \$36 for every
5 dollar spent, but that last dollar we can't establish
6 exactly how much you get back for that last dollar.
7 That was what was meant by marginal.

8 MS. KHAN: Q: So back on page 34 of the same
9 attachment, in the second paragraph, the company
10 states that BCOAPO indicated that it doesn't consider
11 this approach to be an accurate measure of the
12 effectiveness of collection activities because it
13 assumes that all payments occurring after a collection
14 activity occur because of the collection activity,
15 although some of those payments would have occurred
16 irrespective of the collection activity. BC Hydro
17 acknowledges this concern and agrees it is not a
18 definitive cause and effective view of how effective
19 each action is on its own. Do you see that written
20 there?

21 MR. DOYLE: A: We do.

22 MR. SANDERS: A: And that is referencing Table 4, I
23 believe?

24 MS. KHAN: Q: I believe so.

25 MR. SANDERS: A: On the previous page.

26 MS. KHAN: Q: Yes.

1 MR. SANDERS: A: Yes.

2 MS. KHAN: Q: So let's turn to page 38 of the same
3 document which is 57 in the PDF. In the first full
4 paragraph after the list of three bullets, the company
5 states that,

6 **Proceeding Time 10:58 a.m. T24**

7 "Recognizing that an average expenditure of
8 \$17.45, i.e., dunning plus disconnection,
9 leads to payment in nearly all cases. BC
10 Hydro contends that its collection processes
11 are effective."

12 You see that there?

13 MR. SANDERS: A: Yes.

14 MS. KHAN: Q: Next I'll just ask you if you could turn
15 to BC Hydro's response to BCOAPO IR 2.299.1 which is
16 found at Exhibit B-23. Again it's 2.299.1 at B-23
17 starting at page 499 of the PDF.

18 MR. DOYLE: A: 2.299. B-23 299?

19 MS. KHAN: Q: That's right. And this is BC Hydro's
20 follow-up response to our 1.186.1 at Exhibit B-5,
21 which you don't need to turn to.

22 So at page 3 of Attachment 1 to this
23 2.299.1 we asked the company to provide the percentage
24 of residential accounts making payments by day through
25 day 30, and the table at page 3 provides these
26 percentages. I'll just hold it up so you can see.

1 You see at the top of that table it says, "2 BCOAPO
2 1.186.1".

3 And the data in this table is by month for
4 a 12-month period starting in April 2014 and
5 continuing through to March 2015. Do you agree with
6 that?

7 MR. SANDERS: A: Yes.

8 MS. KHAN: Q: Now, in every month between five and six
9 percent of all accounts make a bill payment on day 1,
10 do you see that?

11 MR. SANDERS: A: Yes, with some customers who have pre-
12 authorized payments, there are certain days that
13 payment will be made. That's right. And then that
14 shows into some of the peaks in those periods between
15 day 1 and day 21.

16 MS. KHAN: Q: And so there are customers who have
17 direct payment or who receive their bills and make a
18 payment on the day they receive their bills, correct?

19 MR. SANDERS: A: There are, yes.

20 MS. KHAN: Q: And in each month the percentage of
21 accounts making payments decreases on day 2 and day 3.
22 Do you agree with that?

23 MR. SANDERS: A: Yes. When you have electronic
24 payment, for instance, and you get your e-mail that
25 very day, what we would hope is that customers at that
26 time would take the initiative to pay their bill, when

1 don't see any real bump-up in the percentage of
2 accounts making payments in any of those days, do you?
3 For example, on day 23, it's mostly 2s and 3s. Day
4 24, it's mostly 1s and 2s. Day 25, mostly 2s. Day
5 26, mostly 1s and 2s, and day 27, mostly 1s. In other
6 words, do you see any bump during those days?

7 MR. SANDERS: A: Right. Again, we assume most
8 customers pay their -- or a large portion of those
9 customers are paying their days [*sic*] on the due date.
10 The carry-over into days 22 and 23 are the delay in
11 the bank postings.

12 MS. KHAN: Q: So there are no bumps during that period.

13 MR. DOYLE: A: Sorry, when you say "bumps", I'm not
14 sure what you mean.

15 MS. KHAN: Q: Bumps in payment. So --

16 MR. DOYLE: A: So we hit day 21 and that's the highest,
17 because that's the bill date. And then they go --
18 there's a little bit of higher numbers around 3 and 4
19 percent because of electronic payments and bills
20 coming in the mail -- or, sorry, cheques coming in the
21 mail. And then after that it's, like you said, 2s and
22 1s. I don't know if there is a bump.

23 MS. KHAN: Q: Yeah, exactly. So did -- between days 23
24 and 30, there is no real bump in payments. It's
25 fairly flat.

26 MR. DOYLE: A: Sorry, it's -- yeah.

1 MR. SANDERS: A: Yes.

2 MS. KHAN: Q: Very -- fairly consistent.

3 MR. SANDERS: A: Yeah, that's right.

4 MS. KHAN: Q: So next I'd ask you to turn to BC Hydro's
5 response to BCOAPO Information Request 1.78.1, which
6 can be found at Exhibit B-5.

7 MR. SANDERS: A: Which IR, sorry?

8 MS. KHAN: Q: It's IR -- BCOAPO IR 1.178.1. At Exhibit
9 B-5, page 1166 of the PDF.

10 MR. DOYLE: A: That was 178.1?

11 MS. KHAN: Q: That's right. 178 -- 1.178.1.

12 MR. SANDERS: A: With respect to the dunning process?

13 MS. KHAN: Q: That's right.

14 MR. SANDERS: A: Okay.

15 MS. KHAN: Q: So attachment 1 to this response presents
16 a summary of the dunning process, and the date on
17 which each dunning activity occurred. Is that
18 correct?

19 MR. SANDERS: A: Again, the chart on the attachment is
20 the dunning process. The matrix for the rules that
21 our billing system uses, yes.

22 MS. KHAN: Q: So if we look at that attachment, we see
23 that active accounts -- an active account with good
24 creditworthiness receives a reminder notice starting
25 on day 2 after the standard 21-day payment term.

26 MR. SANDERS: A: No, these are days -- those are

1 periods of time. So DL-2 reflects a trigger point.
2 It's 21 days late, in that situation.

3 MR. DOYLE: A: It's "days late" after a standard 21.
4 MR. SANDERS: A: Right, days late after the payment
5 term.

6 MS. KHAN: Q: Yes. So "DL" means "days late"?
7 MR. DOYLE: A: Yes.

8 MS. KHAN: Q: Yeah. So DL-2 means two days late?
9 MR. DOYLE: A: No. DL-2 is the trigger point. You'll
10 see DL-1, 2, 3, 4, 5, up to DL-7 there. Those are
11 different triggers that happen at different times.
12 That is, at approximately 7 days or approximately 21
13 days, that's what the squiggly line means. And that's
14 because we wouldn't necessarily issue a dunning notice
15 on a Sunday, for instance. So it would come the
16 following day, and it would be day 8 instead of day 7,
17 if you're looking at dunning trigger number 1.

18 MS. KHAN: Q: Okay. All right, thank you. That's
19 helpful.

20 Next I'll ask you to turn to BCOAPO
21 1.199.1. That's 1.199.1, at Exhibit B-5, page 1299 of
22 the PDF.

23 So here at this Information Request BCOAPO
24 asked the company to provide all written studies
25 within BC Hydro's custody or control that explicitly
26 assess the extent to which certain activities reduce

1 residential bad debt. Do you see that there in the
2 request?

3 MR. SANDERS: A: Yes.

4 **Proceeding Time 11:08 a.m. T26**

5 MS. KHAN: Q: And the activities include field
6 collections, call centre collection calls, budget
7 billing plans, and late payment charges. And for
8 those actions, field collections, call centre
9 collection calls, budget billing plans and late
10 payment charges, the company said that it has no
11 studies or analysis on the extent to which these
12 activities reduce residential bad debt. Is that
13 correct?

14 MR. SANDERS: A: Right. With respect to bad debt, we
15 manage that more at a high level, which you know,
16 certainly have shown in figure 1 of our response to
17 BCOAPO 1.192.1. We don't specifically look at those
18 individual actions and whether or not they have a
19 causal relationship. I would say there's a lot of
20 different factors that would influence a customer to
21 pay and so it's difficult to isolate any single event
22 on why it is that they pay their bill.

23 MS. KHAN: Q: Okay, thank you. Next I have some
24 questions on administration and privacy. So I'd like
25 to talk about the administrative processes for a
26 minute, or a few minutes probably, for qualifying low

1 income customers either for the ESUB rate or for low
2 income terms and conditions.

3 Back to 192.1 at page 20 of the PDF. Or
4 sorry, you don't need to turn to that PDF page. So
5 regarding terms and conditions just generally, the
6 company states that there are processes currently in
7 place between BC Hydro and MSDSI that are specific to
8 the direct payment of electricity bills for 6,000 of
9 MSDSI's clients. I'm not going to give you a specific
10 reference, I think you can probably just generally
11 agree. So there are processes currently in place
12 between BC Hydro and MSDSI that are specific to the
13 direct payment of electricity bills for about 6,000 of
14 MSDSI's clients. Do you agree with that statement?

15 MR. SANDERS: A: Yes. To provide some context, I think
16 we've -- it's in a number of different spots, I'll
17 just make sure everybody has the full picture. Our
18 estimate with MSDSI is there may be 130,000 MSDSI
19 clients who would be low income under the definition,
20 who would be BC Hydro customers. We don't know who
21 most of them are, because they don't have that direct
22 relationship with us. However, of that, there are
23 6,000 MSDSI clients that MSDSI pays us directly. So
24 we are aware of those 6,000. We don't know the
25 balance.

26 THE CHAIRPERSON: And sorry, you said 130,000?

1 MR. SANDERS: A: 130,000 approximately.

2 THE CHAIRPERSON: Okay, thank you.

3 MS. KHAN: Q: Next I'll ask you to turn to BCOAPO
4 2.301.1, which can be found at Exhibit B-23. Again,
5 that's BCOAPO 2.301.1, page 504 of the PDF.

6 MR. DOYLE: A: Sorry, can you repeat it? 2 point?

7 MS. KHAN: Q: 2.301.1 So here, BCOAPO asked BC Hydro
8 to acknowledge that the 6,000 BC Hydro customers that
9 received direct payment from -- or who had their bills
10 directly paid by MSDSI is not a static group, and I
11 believe you accepted that. And you've also asked the
12 company to acknowledge that even if the 6,000 remains
13 constant, the number of unduplicated BC Hydro
14 customers who have bills paid by MSDSI is greater than
15 6,000. And the company confirmed that observation and
16 went on to state that:

17 "BC Hydro doesn't have data on the relative
18 numbers of customers that could be
19 considered long-term or short-term clients
20 of MSDSI."

21 Do you see that?

22 MR. DOYLE: A: I see that. What I'm not -- I don't
23 see necessarily what you said in your preamble. It
24 seemed to be longer than the response itself. You
25 said -- you said we confirmed --

26 **Proceeding Time 11:13 a.m. T27**

1 MS. KHAN: Q: Oh, that we asked you to confirm that
2 even if 6,000 -- even if the 6,000 number remains
3 constant, the number of unduplicated BC Hydro
4 customers will also have bills directly paid by MSDSI
5 is greater than 6,000?

6 MR. DOYLE: A: Okay, I see that.

7 MS. KHAN: Q: So in other words, BC Hydro doesn't know
8 how many more than 6,000 would be an unduplicated
9 number of MSDSI direct payment customers. Is what the
10 statement essentially means?

11 MR. SANDERS: A: No, I think what we were saying at the
12 time is -- I'd have to go back in my memory to the
13 time we answered this response, of course. If we were
14 assuming that it's 6,000 customers, we always know
15 that there's customers who are coming on and going off
16 of that. So at any given point, there may be 6,000,
17 but in January it may be a different 6,000 than in
18 February, depending on who's added and who's
19 subtracted from MSDSI's direct payments.

20 MS. KHAN: Q: Yes. And so, BC Hydro in its response to
21 2.301.1 states that MSDSI has indicated -- and we
22 acknowledge this -- that the majority of its customers
23 receiving direct bill payments are long-term
24 recipients of social assistance. And you confirm
25 that.

26 MR. SANDERS: A: That's our understanding from speaking

1 with MSDSI, yes.

2 MS. KHAN: Q: So I understand -- I gather from these
3 responses that BC Hydro doesn't think that there are a
4 substantial -- that there is substantial turnover
5 amongst those MSDSI recipients, is that also true?

6 MR. SANDERS: A: With the 6,000, probably not
7 substantial, no. I should qualify that by saying, not
8 substantial in the short term. Of course, over time,
9 that's going to change. But we don't really have any
10 insight into MSDSI's client base at that level.

11 MS. KHAN: Q: In BC Hydro's response to BCOAPO 1.192.1
12 again -- hold on a minute. Before you turn there, I'm
13 just going to check.

14 Okay, sorry. I'm going to take you to
15 different responses. So, if you could turn to BCOAPO
16 IR 2.312. That's at Exhibit B-23. So once again,
17 it's BCOAPO 2.312, page 516 of the PDF.

18 So in BCOAPO 2.312.1, we asked the company
19 to provide a sample consent form required for MSDSI to
20 make a direct payment to BC Hydro on behalf of an
21 MSDSI client, and the company states that BC Hydro is
22 not aware if MSDSI requires a separate consent form
23 upon enabling a customer for direct payment to BC
24 Hydro. Do you see that?

25 MR. SANDERS: A: I do.

26 MS. KHAN: Q: And the company states that BC Hydro

1 that --

2 MR. SANDERS: A: Well, again MSDSI is the custodian
3 under the *Freedom of Information and Protection of*
4 *Privacy Act* for the privacy and the data associated
5 with their clients. That's up to MSDSI to determine
6 the consent requirements. So no, BC Hydro did not
7 play a role in that.

8 MS. KHAN: Q: Thank you. Okay. Next I would like to
9 turn to BC Hydro's response to BCOAPO IR 2.343.1.
10 That's found at Exhibit B-23, page 628 of the PDF.
11 So again, it's BCOAPO 2.343.1.

12 Now, in that response BCOAPO asked the
13 company to provide an example of a payment agreement
14 entered into between MSDSI and BC Hydro on behalf of a
15 MSDSI recipient. And in response, in addition -- and
16 this is a payment of an instalment plan.

17 So in response, in addition to the example
18 instalment agreement provided, the company stated that
19 payment agreements are made verbally and the resulting
20 instalment plan is confirmed in a letter. Do you see
21 that there?

22 MR. SANDERS: A: Yes.

23 MS. KHAN: Q: And the information request 2.343.2A, so
24 the next one, asked the company to provide an example
25 of all correspondence or written communication from BC
26 Hydro to the customer relating to such an agreement

1 before the agreement is reached.

2 And so the company responded that the
3 correspondence is provided -- sorry, the company
4 responded that no correspondence is provided prior to
5 the agreement being reached. Do you see that there as
6 well?

7 MR. SANDERS: A: Yes.

8 MS. KHAN: Q: And the company's response to that IR
9 includes an example of a letter confirming an
10 instalment plan, which can be found over at the next
11 page.

12 MR. SANDERS: A: Yes.

13 MS. KHAN: Q: And I see that the letter confirming an
14 instalment plan doesn't mention MSDSI in any way, and
15 the letter doesn't mention any place the role that
16 MSDSI played in negotiating the instalment plan on
17 behalf of the MSDSI client. Do you see that?

18 MR. SANDERS: A: That is correct. This is a standard
19 instalment plan format. It's not specific to MSDSI.

20 MS. KHAN: Q: I see, okay. So even if MSDSI and BC
21 Hydro were negotiating the instalment plan, it
22 wouldn't mention MSDSI here. It's unnecessary.

23 MR. SANDERS: A: Sorry, I don't understand. What's
24 your question?

25 MS. KHAN: Q: So if MSDSI and BC Hydro had negotiated
26 this instalment plan, it's unnecessary for BC Hydro to

1 can get you the most recent version, for sure.

2 **Information Request**

3 MS. KHAN: Q: No problem, thank you. Are there any
4 other information sharing agreements between BC Hydro
5 and MSDSI in existence that you're aware of? Or in
6 the process of being negotiated?

7 MR. SANDERS: A: At this point, it is just the one with
8 respect to direct payments. We are in discussions of
9 wanting to provide some data that would support the
10 low income advisory group, but that at this point
11 MSDSI -- their position is that their consent from
12 their customers does not allow us to have that
13 information, so we haven't been able to proceed with
14 that further, at this stage.

15 MS. KHAN: Q: I'd like to next to talk about some
16 social assistance programs other than MSDSI. And
17 would you agree with me that if a social assistance
18 program has a centralized client list, stored in a
19 database, then conceptually at least it might be
20 possible to set up a similar data transfer method as
21 would be required for MSDSI information?

22 MR. SANDERS: A: Yes, we can agree to that.

23 MS. KHAN: Q: Would you agree that the company has
24 concerns that some programs may not have client
25 volumes or records that would allow or warrant
26 integration of systems, in which case manual processes

1 or other tools would be necessary? For the sharing of
2 information.

3 MR. SANDERS: A: Yes, again, just to provide some
4 context on that, if the assumption is that there are
5 approximately 170,000 low income customers in the
6 province, which is what's -- you know, in a lot of
7 this evidence, we've assumed. And if MSDSI is 130,000
8 of those, then, yes, it would certainly be making
9 sense to try to use other social agencies that could
10 be used to qualify in the hypothetical low income
11 terms and conditions or ESUB program that we're
12 talking about here.

13 As you start to get smaller and smaller
14 programs, then the incremental cost of trying to
15 qualify even through the direct database may not be
16 worth it. It was the -- I guess the position here
17 where, you know, if they only have 10 or 20 people,
18 you're not going to spend \$100,000 to try to connect
19 to them. And so that was essentially -- if that's
20 where you're going with the questioning.

21 We also with respect to those processes
22 would be concerned about privacy, because every one of
23 those organizations is going to have a different set
24 of privacy rules, and want to make sure that the
25 privacy of the individuals are held. As well as if
26 we're looking at some type of intervention in terms of

1 the bill itself, is what the credit of those
2 organizations would be as well.

3 MS. KHAN: Q: Next I'd ask you to turn to BCOAPO IR
4 1.135.3. That's Exhibit B-5. So again that's 1.135.3
5 at Exhibit B-5. It's page 1037 of the PDF.

6 There's another IR response that I'd like
7 to refer -- that I'll be referring to, so I thought it
8 might be useful just to flag it in case you have it in
9 a different binder. It's BCOAPO 1.136.2. You might
10 have consolidated yours, so -- because the 1.136.2 was
11 actually amended.

12 MR. DOYLE: A: So is that B-23?

13 MS. KHAN: Q: B-23.

14 MR. DOYLE: A: Do you have 23 there?

15 MS. KHAN: Q: So again, the second IR response is
16 1.136.2 at Exhibit B-23, page 1047 of the PDF. And if
17 you could have both of those responses handy.

18 MR. DOYLE: A: This must be B-26, perhaps.

19 MS. KHAN: Q: Oh, maybe it is. Sorry.

20 MR. DOYLE: A: Sorry, the number again was --

21 MS. KHAN: Q: I'm going to check. It is 1.136.2. It
22 was dated December 18th, so I think it was B-23.

23 COMMISSIONER COTE: 126.3 you're looking for?

24 MS. KHAN: 136 -- 136.

25 THE CHAIRPERSON: B-23 is IR 2.

26 MS. KHAN: Oh.

1 THE CHAIRPERSON: B-23 is IR 2.

2 MS. KHAN: Oh, I'm sorry. It is B-26.

3 THE CHAIRPERSON: What is it, sorry?

4 MR. SANDERS: A: I'm not sure of the reference either.

5 MR. DOYLE: A: Are you sure it was amended? Is it just
6 B-5?

7 MS. KHAN: Q: It might have just been B-5. It's dated
8 December 18th. I'm going to show it to you.

9 MR. DOYLE: A: If it's December 18th, it's B-5.

10 **Proceeding Time 11:29 a.m. T30**

11 MS. KHAN: Q: Sorry about that.

12 Okay. So before we get into these two IR
13 responses, you would agree with me, would you not,
14 that ECAP is an income-based energy efficiency
15 program. It's limited to low income customers?

16 MR. DOYLE: A: That's my general understanding of the
17 program.

18 MS. KHAN: Q: So let's take a look at the first
19 response to 135.3. In this IR request BCOAPO asked
20 the company to describe the eligibility criteria and
21 assessment process for ECAP for First Nations and
22 whether the eligibility criteria and assessment
23 processes are different than applications for
24 customers who are not First Nations. Do you see that?

25 MR. DOYLE: A: In 135.3?

26 MS. KHAN: Q: That's right.

1 MR. DOYLE: A: I do.

2 MS. KHAN: Q: And the company responds that First
3 Nations communities can participate in ECAP using a
4 bulk application process and that through this
5 process, individual community members are not required
6 to submit proof of income documents to BC Hydro.
7 Instead, the First Nations Band identifies income
8 qualified community members and informs them of the
9 program and Band members choose to participate in the
10 program by completing an application form. And a
11 similar bulk application process is used for non-
12 profit housing providers. Did I read that basically
13 correctly?

14 MR. DOYLE: A: You did.

15 MS. KHAN: Q: And so then if we turned to 1.136.2, the
16 company states that proof of income is required only
17 for ECAP. Do you see that?

18 MR. DOYLE: A: I do.

19 MS. KHAN: Q: And then the company states:

20 "As described in BC Hydro's response to
21 BCOAPO 1.135.3, it has been BC Hydro's
22 experience that on-reserve aboriginal
23 community members typically participate in
24 the program..."

25 that's ECAP,

26 "...through a bulk application process in

1 which case BC Hydro does not collect
2 individual income documents."

3 MR. DOYLE: A: I see that.

4 MR. SANDERS: A: Yes. This would be for a -- the
5 ECAP program, of course, is a one-off program where
6 customers apply for that program and then they are off
7 the program, which is certainly different than an
8 ongoing income validation process that would be needed
9 for billing purposes.

10 MS. KHAN: Q: Okay, thank you. Now, I'm just going to
11 take a minute to see if I have any additional
12 questions before Ms. Pritchard gets started.

13 Now, I'd like to go back -- and this is my
14 last set of questions. I'd like to go back to Exhibit
15 C2-12, which is Mr. Coulton's direct testimony. And
16 so if you could turn to Appendix B which is found at
17 page 191 of the PDF. Sorry, I don't have -- well,
18 it's 186 of the report. The numbers are in the bottom
19 right-hand corner.

20 The Appendix B is titled, Bibliography Of
21 Third-Party Evaluations Of Low-Income Energy
22 Assistance Programs. It looks like this, minus the --

23 MR. DOYLE: A: Appendix D?

24 MS. KHAN: Q: Appendix B.

25 MR. DOYLE: A: "B"?

26 MS. KHAN: Q: Yes. At page 186 on the bottom right-

1 hand corner. The appendices are all just numbered
2 following the same numbering pattern, I believe, as
3 the report.

4 **Proceeding Time 11:24 a.m. T31**

5 So can you see where Mr. Colton -- here Mr.
6 Colton provided a list of 77 reports. They are
7 actually numbered 1 to 76 but there is both a 15 and a
8 15A which make it 77 in total. And he said that he
9 could provide those reports electronically, and an
10 additional 5 reports that he could provide a hard copy
11 of, but not electronically.

12 Would you accept, subject to check, that of
13 those 77 reports that Mr. Colton said he could provide
14 electronically, 31 of them were third party
15 evaluations of Pennsylvania low income bill assistance
16 programs?

17 MR. DOYLE: A: Sorry, can you repeat the question?

18 MS. KHAN: Q: Sure. Would you accept, subject to
19 check, that of those 77 reports that Mr. Colton said
20 he could provide electronically, 31 of them were
21 third-party evaluations of Pennsylvania low income
22 bill assistance programs?

23 MR. DOYLE: A: I'm not sure I can confirm that,
24 subject to check. There's 77 here. I don't know what
25 the third party -- how I would determine whether it
26 was a third-party review or -- I wouldn't know the

1 relationship between -- I'm guess they're speaking to
2 the consultant evaluating the report and the utility.
3 I don't know.

4 MS. KHAN: Q: All right. Well, then we'll just end it
5 there. On that note, I'll end it and hand it over to
6 Ms. Pritchard, who I -- yeah, we have about 25 minutes
7 until lunch and it's fine with us if we just get
8 started now, if that's okay with you.

9 THE CHAIRPERSON: That's just fine, thanks, Ms. Khan.
10 And we'll get started now.

11 And Ms. Pritchard, I assume you have more
12 than 25 minutes of questions there judging by the
13 binders and pages that you've got, is that right?

14 MS. PRITCHARD: I do, yeah. I have probably about an
15 hour and a half, I think.

16 THE CHAIRPERSON: Okay, perhaps if you could let us know
17 around noon when is a good time to take a break for
18 lunch, please.

19 MS. PRITCHARD: Okay, for sure.

20 THE CHAIRPERSON: Okay, thanks.

21 **CROSS-EXAMINATION BY MS. PRITCHARD:**

22 MS. PRITCHARD: Q: Good morning, panel.

23 PANEL: Good morning. Good morning, Ms. Pritchard.

24 MS. PRITCHARD: Q: So I'd like to start with some
25 questions about the minimum connection charge. So if
26 you could first, please, turn to Exhibit B-1, Appendix

1 G-1B and for those on the PDF that starts at page
2 4827.

3 MR. DOYLE: A: Sorry, that's section?

4 MS. PRITCHARD: Q: It's Exhibit B-1, Appendix G-1B.

5 MR. DOYLE: A: And which page?

6 MS. PRITCHARD: Q: G-1B.

7 MR. DOYLE: A: What page?

8 MS. PRITCHARD: Q: Oh, I'm going to start on the first
9 six pages of that appendix.

10 All right. So here in the first six pages
11 you set out the calculation of the minimum connection
12 charges you are proposing for various types of
13 connections, as well as for additional and the first
14 subsequent meter installation.

15 MR. SANDERS: A: Yes, that's correct.

16 MS. PRITCHARD: Q: Can you confirm that in all cases
17 the calculation uses the standard labour rate for a
18 power line technician, and that's \$143.57 per hour.

19 MR. SANDERS: A: Yes, that's correct at the time that
20 these calculations were made, yes.

21 MS. PRITCHARD: Q: Okay, and then now if we could turn
22 to Exhibit B-23. That's BCUC 2.159.1. And that's
23 page 135 of the PDF.

24 THE CHAIRPERSON: Sorry, could you repeat the --

25 MS. PRITCHARD: Q: Sure, it's Exhibit B-23, BCUC IR
26 2.159.1.

1 THE CHAIRPERSON: Okay, thank you.

2 MR. SANDERS: A: Yes, we have it.

3 MS. PRITCHARD: Q: Okay. So this IR shows how the
4 rate has changed from the one used in 2007.

5 MR. SANDERS: A: Yes, it does.

6 **Proceeding Time 11:40 a.m. T32**

7 MS. PRITCHARD: Q: So would I be correct in saying
8 that almost 80 percent of the income was due to the
9 fact that the 2015 calculation includes an allocation
10 of overheads, which were not part of the 2007
11 calculation?

12 MR. DOYLE: A: Eighty percent of the change in the
13 power line technician cost, not of the entire charge,
14 right?

15 MS. PRITCHARD: Q: The power line technician standard
16 labour rate, yes.

17 MR. DOYLE: A: That's correct.

18 MS. PRITCHARD: Q: Yeah, okay. So I don't think you
19 need to turn here, but BCUC IR 2.159.2 asked where
20 that change in methodology -- and by that I mean the
21 inclusion of allocated overheads, and where that was
22 appropriate. And BC Hydro stated that there was a gap
23 between BC Hydro's cost estimates and what it actually
24 cost to do the work.

25 MR. DOYLE: A: I see that, yes.

26 MS. PRITCHARD: Q: I'm wondering if you could explain

1 how overheads -- particularly indirect overheads
2 related to management and administrative support
3 functions, are part of what it actually costs to do
4 the work.

5 MR. DOYLE: A: So, I mean, when we're looking at this,
6 I think it's -- you know, when we're looking at the
7 asset charges, there's sort of two ways we can collect
8 those overheads. We could directly assign a portion
9 of those direct overheads to the charge -- to the
10 actual charge for the work being done. Or we could
11 collect those through the general revenue through
12 rates. So we're going to collect those overheads
13 either through rates or through assigning them
14 directly to these costs. In this case, we thought it
15 was -- you know, in reviewing them, it was more
16 appropriate to apply a portion of them to the actual
17 costs rather than recovering them all in rates,
18 because we could identify those factors.

19 MS. PRITCHARD: Q: Okay, thank you.

20 MR. SANDERS: A: I'll also add to that, that these are
21 the same rates that are used both -- you know, these
22 are standard charges of one and 200 amp services. But
23 it's the same standard type of rates that we would
24 apply to work done -- design work for new high rises
25 and, you know, for new subdivisions as well, for
26 instance. So, again, in terms of making sure those

1 costs go to the individuals who are -- or the
2 corporations who are causing those charges, it's
3 appropriate to include those loadings.

4 MS. PRITCHARD: Q: Okay. And if you're capitalizing
5 the additional costs related to overheads, will there
6 be a resulting reduction in the revenue requirement?

7 MR. DOYLE: A: I'm not sure. I'm not sure of that. I
8 think -- I don't know how they would correspond, or if
9 there is other variables that may offset it. I'm not
10 familiar with it.

11 MS. PRITCHARD: Q: Okay. Is that something you'd be
12 able to find out?

13 MR. DOYLE: A: Yes, we could undertake that.

14 **Information Request**

15 MS. PRITCHARD: Q: All right. Now if we could go back
16 to Appendix G-1-B, and that's at page 6 of that
17 appendix. And that's page 4832 of the PDF.

18 MR. DOYLE: A: The actual page was --

19 MS. PRITCHARD: Q: Page 6 of 10.

20 MR. DOYLE: A: Okay.

21 MS. PRITCHARD: Q: So here you set out the charge for
22 the first subsequent meter installation. Am I correct
23 that this charge is levied when there is a subsequent
24 visit after the one required for the initial
25 connection in order to install additional meters?

26 MR. SANDERS: A: I believe this charge is applied when

1 we first -- yeah, first install the meter. So there
2 is the connection where the service connection goes
3 between the -- to the home and the distribution
4 system. And then there's a meter installation. So
5 this would be where there's a separate trip to do the
6 meter installation.

7 MS. PRITCHARD: Q: Okay. And I notice the charge is
8 based on the labour cost of a power line technician.
9 Again, \$143.57 per hour.

10 MR. SANDERS: A: Yes.

11 MS. PRITCHARD: Q: And would I be correct in saying
12 that meter technicians are also able to do this work?

13 MR. SANDERS: A: Yes, they are.

14 MS. PRITCHARD: Q: And they have a lower hourly rate of
15 \$116.60 per hour?

16 MR. SANDERS: A: I believe that's true, yes, subject to
17 check on the number, but I agree, yeah.

18 MS. PRITCHARD: Q: Why wasn't the hourly rate for meter
19 technician used to cost out the charge for the first
20 subsequent meter installation?

21 MR. DOYLE: A: I'm not sure. I'm not sure. I think we
22 need to look back at whether -- in what percentage of
23 time a PL -- a power line technician versus a meter
24 tech analyst was used. I'm not sure of the decisions
25 there. But I could take that away to find that out.

26 MS. PRITCHARD: Q: You could undertake to do that as

1 well?

2 MR. DOYLE: A: Yeah.

3 **Information Request**

4 MS. PRITCHARD: Q: Okay. All right. And just moving
5 on to the proposed meter test charge. Could you
6 confirm that this involves sending someone out from BC
7 Hydro to change out the meter so the existing meter
8 can be sent to Measurement Canada for testing?

9 MR. SANDERS: A: Yes, that is correct. As well as
10 additional charges relating to the processing of that,
11 yes.

12 MS. PRITCHARD: Q: Okay. And can you confirm that BC
13 Hydro's proposal is to base the proposed meter test
14 charge on the updated minimum connection, the first
15 meter installation charge of \$181?

16 MR. SANDERS: A: It is, and personal context. In the
17 stakeholder engagement we had a lot of discussion on
18 this particular topic. The issue was that in the
19 current tariff the reconnection charge is the fee
20 which is -- or the charge which is associated with the
21 testing of a meter. And when that was \$125 that was
22 appropriate. When it was reduced to \$30, suddenly
23 that link between the minimum reconnection charge and
24 the meter test certainly wasn't cost recovery in any
25 way, shape or form. So we were looking for a
26 different proxy rather than recalculating a full

1 charge, and because of the similarity of tasks it was
2 the minimum connection charge that we decided to use
3 as the proxy, and that was discussed in a number of
4 the workshops.

5 MR. DOYLE: A: And again, the reason for the change
6 from the 125 to 30 dollars was a change in the way we
7 disconnect and reconnect. So previously we would send
8 trucks out and crews to disconnect, so it was more
9 similar to sending a crew out to remove a meter for a
10 test, whereas now it's electronically. So they're
11 very different processes.

12 MS. PRITCHARD: Q: Okay, and as I understand it, again
13 for a subsequent meter installation it's based on the
14 standard labour rate for power line technician, again
15 that 143-57?

16 MR. SANDERS: A: Yes, that's correct.

17 MS. PRITCHARD: Q: And can you confirm that the meter
18 change-out for the meter testing can also be done by a
19 meter technician with the standard labour rate of 116-
20 60?

21 MR. SANDERS: A: Yes, it can. If it helps as well,
22 there are additional charges where I think what we had
23 added up to was well in addition to 181. So to answer
24 the question Ms. Pritchard hasn't asked yet, there's a
25 lot of assumptions that go into these numbers, and 181
26 was taken as a proxy on a balance. It wasn't intended

1 to be a specific to-the-line calculation in how we
2 assigned this charge.

3 MS. PRITCHARD: Q: Okay, thank you. And can you
4 confirm that the customer is not charged if their
5 meter fails Measurement Canada's testing?

6 MR. SANDERS: A: That is correct.

7 MS. PRITCHARD: Q: And could you also clarify whether
8 customers are charged when the meter is removed for
9 testing and then refunded if the meter fails or if
10 customers are not charged when the meter is removed
11 and are then charged only if the meter passes the
12 testing?

13 MR. DOYLE: A: Sorry, there was a few questions there.
14 Could we break them out one by one? Sorry.

15 MS. PRITCHARD: Q: Just one question. I'm wondering
16 when the customers are charged basically. So if it's
17 (a) they're charged when the meters were removed for
18 testing and then refunded if the meter fails. Or on
19 the other hand if they are charged when the meter is
20 removed -- or if they're not charged when the meter is
21 removed and then they're charged if the meter passes.

22 MR. DOYLE: A: Are you asking on the timing of when the
23 actual charge --

24 MS. PRITCHARD: Q: Exactly.

25 MR. SANDERS: A: Yeah, subject to check I believe they
26 are billed, or assigned a charge once we get the test

1 back, the test report back from Measurement Canada.

2 MS. PRITCHARD: Q: Okay.

3 MR. SANDERS: A: But I'll check on that.

4 MS. PRITCHARD: Q: Thank you.

5 MR. SANDERS: A: Right, and only apply to the passes.

6 MR. DOYLE: A: Yeah, if the meter passes they're
7 assessed the charge. If it fails they're not assessed
8 the charge.

9 MS. PRITCHARD: Q: Okay. And I just have a couple of
10 questions related to Data Plus service. If you could
11 turn to your response to BCOAPO 2.290.3 and that's
12 Exhibit B-23 and it's at page 475 of the PDF.

13 MR. SANDERS: A: Yes, we have it.

14 MS. PRITCHARD: Q: So here you state that your next
15 Data Expert Centre was launched at the end of January
16 2016 and that you expect all Data Plus service
17 customers to have been transitioned to it by the end
18 of June 2016. Can you confirm whether or not this has
19 occurred?

20 **Proceeding Time 11:50 a.m. T34**

21 MR. SANDERS: A: So for right now, of the
22 approximately 45 Data Plus customers, we have 35
23 transitioned. This is as of a few weeks ago so there
24 might be a couple more. There were ten, five of which
25 were school districts that we have an extension until
26 the end of August so that they could -- essentially

1 Data Plus is often used by third-party payment
2 organizations for those companies, and so to make sure
3 that they had the right data formatting that they
4 could fulfill their functions, we gave them an extra
5 couple of months.

6 MS. PRITCHARD: Q: So it will be fully transitioned by
7 the end of August 2016.

8 MR. SANDERSON: Q: That's right. That's correct.
9 Yeah. And just to stress here, this -- the data
10 download centre that we built, although it allowed us
11 to close off Data Plus, certainly wasn't ever built
12 specifically for that. We now have -- in July we had
13 nearly 7400 downloads for 11,000 accounts, and that's,
14 you know, far more than the 45 or so customers that
15 were on Data Plus. So this is a service being
16 provided to all customers to have access to their,
17 both consumption and billing data.

18 MS. PRITCHARD: Q: Thank you.

19 So now I have quite a number of questions
20 on security deposits and I'm wondering if you prefer
21 to break now or if you want me to go through about ten
22 minutes of those.

23 THE CHAIRPERSON: I'm sorry, the questions will take ten
24 minutes, you said?

25 MS. PRITCHARD: No, I have quite a number of questions on
26 security deposits, so I'm wondering if you prefer if

1 we break now or if I do about ten minutes of those and
2 then pick it up afterwards.

3 THE CHAIRPERSON: Why don't we take a break now, then.

4 MS. PRITCHARD: Okay.

5 THE CHAIRPERSON: And I'd like to take an hour and
6 fifteen minutes for lunch today. I don't know that
7 we're going to be able to get through all of the
8 questions for this panel today, but perhaps if we
9 shorten the lunch a little bit, that might give us
10 some opportunity. So we'll come back at five after
11 one. That's an hour and fifteen minutes. Thank you.

12 **(PROCEEDINGS ADJOURNED AT 11:52 A.M.)**

13 **(PROCEEDINGS RESUMED AT 1:06 P.M.)** **T35/36**

14 THE CHAIRPERSON: Please be seated. Thank you.

15 MS. FERGUSON: We just have a couple of updates for you.
16 Over the break -- or this morning, actually, Fortis
17 provided the information that Ms. Khan requested, at
18 page 714 to 715 of Volume 4 of the transcript. So I
19 do have copies of that information here. I've already
20 provided a copy to Ms. Khan over the break.

21 So I will hand these out now. So, we think
22 this is probably most appropriately given a Fortis
23 exhibit number, but we're also happy for it to have a
24 BC Hydro exhibit number.

25 THE CHAIRPERSON: Thank you.

26 MS. FERGUSON: Okay. So that will be undertaking number

1 B-52.

2 THE HEARING OFFICER: B-52.

3 **(LETTER DATED AUGUST 23, 2016 FROM L. HERBST WITH**
4 **ATTACHMENTS MARKED EXHIBIT B-52)**

5 MS. FERGUSON: BC Hydro exhibit number.

6 THE CHAIRPERSON: Thank you, Ms. Ferguson.

7 MS. FERGUSON: Secondly, BC Hydro has not yet decided
8 whether it will call its rebuttal panel to speak to
9 the rebuttal evidence, but in the event that it does
10 make that election, we've prepared an opening
11 statement for the rebuttal panel, and have provided --
12 I've got copies of that as well, that I'll put at the
13 back of the room. At this point again we don't think
14 that this requires an exhibit number unless and until
15 it is read into the record.

16 THE CHAIRPERSON: Okay. So you're leaving it for
17 distribution at the back of the room?

18 MS. FERGUSON: Leaving it for everybody -- yeah, for
19 advance notice in the back of the room.

20 THE CHAIRPERSON: Okay.

21 MS. FERGUSON: And that's all I've got.

22 THE CHAIRPERSON: Thank you, Ms. Ferguson. Please go
23 ahead, Ms. Pritchard.

24 **CROSS-EXAMINATION BY MS. PRITCHARD (Continued):**

25 MS. PRITCHARD: Q: Thanks. So as I mentioned before
26 the break, I'd like to turn to some questions about

1 security deposits now. So first I'd like to turn to
2 BCOAPO IR 2.323.1. And that's Exhibit B-26, and page
3 109 of the PDF.

4 COMMISSIONER KIELTY: Could you repeat that?

5 MS. PRITCHARD: Yeah, it's Exhibit B-26, BCOAPO IR
6 2.323.1.

7 COMMISSIONER COTE: What was the IR number again?

8 MS. PRITCHARD: The IR is BCOAPO 2.323.1.

9 MR. DOYLE: A: That's sort of the last IR found in B-
10 26.

11 MS. PRITCHARD: Q: B-26, yes.

12 Is that -- okay. So at this point, maybe
13 just put a tab on that page, because I'll be coming
14 back to it. But at this point I'd just ask if you can
15 see the number "97 percent" that occurs throughout the
16 actual request. Like, in the question.

17 Okay. So now, as I say, keep that page
18 tabbed or something. And then if you could turn to
19 BCOAPO 2.319.1 of that same exhibit.

20 **Proceeding Time 1:11 p.m. T37**

21 Are you there? Okay. So at 2.319.1E of
22 that IR, at 2(a) of the response, I see that the 97
23 percent represents that percentage of security
24 deposits that were collected from new or deteriorating
25 accounts that were reversed or returned before the
26 accounts were closed. Do you see that?

1 MR. SANDERS: A: I do.

2 MS. PRITCHARD: Q: And then if we flip back to 2.323.1.

3 I see in response to 2.323.1F a deposit which is

4 reversed means that the customer's provided credit

5 references sufficient to establish creditworthiness,

6 correct?

7 MR. SANDERS: A: Yes, that's correct.

8 MS. PRITCHARD: Q: And a deposit that's returned means

9 that the security deposit was returned to the customer

10 before that customer's account was closed?

11 MR. SANDERS: A: Yes, that's right, in this context.

12 MS. PRITCHARD: Q: Okay. So reverse deposit and return

13 deposit represent two different two different

14 situations, that's correct?

15 MR. SANDERS: A: Yes.

16 MS. PRITCHARD: Q: Okay. So with those definitions,

17 I'd just like to flip back to 2.319.1. And in that

18 IR BC Hydro states that security deposits are not held

19 long enough and notes that 97 percent of security

20 deposits collected from new or deteriorating accounts

21 were reversed or returned before the accounts were

22 closed. So that 97 percent includes some customers

23 for whom deposits were reversed and some other

24 customers for whom deposits were returned, correct?

25 MR. SANDERS: A: Subject to check, I believe so, yes.

26 MR. DOYLE: A: Yes. I'm sure.

1 MS. PRITCHARD: Q: Okay. So I'd now like to turn to BC
2 Hydro's responses to BCOAPO Information Request
3 2.326.1, and 2.327.1 and that's at Exhibit B-23.

4 MR. DOYLE: A: Sorry, the numbers again were?

5 MS. PRITCHARD: Q: Exhibit B-23 and BCOAPO IRs 2.326.1
6 and then the following one, 2.327.1.

7 So in Information Request 2.326.1 BCOAPO
8 starts out by noting that the percentage figures
9 presented under the statement that security deposits
10 are not assessed from the right customers appeared to
11 show the extent to which deposits are not requested
12 from some customers who had resulted in bad debts, or
13 accounts that were closed with an H balance. And we
14 then asked BC Hydro to provide the equivalent numbers
15 showing the extent to which deposits were requested
16 from customers who had not resulted in bad debt or in
17 accounts that were not closed with H balances. Do you
18 see that?

19 MR. SANDERS: A: Yes, that's what the question asks,
20 yes.

21 MS. PRITCHARD: Q: Okay, and BC Hydro said that it
22 does not maintain and cannot calculate that
23 information, correct?

24 MR. SANDERS: A: That's correct.

25 **Proceeding Time 1:16 p.m. T38**

26 MS. PRITCHARD: Q: And then similarly in BCOAPO IR

1 2.327.1, we started out by referencing how the
2 percentage figures presented under the statement, the
3 security deposits are not held long enough, appear to
4 show that the extent to which deposits were revised or
5 returns on accounts that ultimately led to bad debt or
6 to closed accounts with an H balance. And we then
7 asked BC Hydro to provide the equivalent numbers
8 showing the extent to which deposits were imposed and
9 were not reversed or returned on account but
10 ultimately did not lead to bad debt or that were
11 closed -- or were not closed with an H balance. Do
12 you see that?

13 MR. SANDERS: A: Yes.

14 MS. PRITCHARD: Q: And BC Hydro said that it does
15 maintain and cannot calculate this information,
16 correct?

17 MR. SANDERS: A: Correct.

18 MS. PRITCHARD: Q: I'd now like to turn to BC Hydro's
19 response to BCOAPO 1.192.1, Attachment 1. So it's
20 that same attachment that Ms. Khan was referring to
21 earlier. At page 23 of that. It's at Exhibit B-26-1.

22 THE CHAIRPERSON: Sorry, page 23 you said?

23 MS. PRITCHARD: Q: Yes. So at the bottom of that page,
24 that numbered paragraph 2, BC Hydro states that most
25 small accounts, predominantly apartments, did not have
26 security deposits applied. However the analysis

1 indicated that apartments comprised 54 percent of
2 accounts result in bad debt, despite just 27 percent
3 of residential accounts classified as apartments. Is
4 that correct?

5 MR. SANDERS: A: Yes, that's what it states.

6 MS. PRITCHARD: Q: Okay, and I'd now like to take you
7 to BC Hydro's response to BCOAPO IR 2.325.1 and that's
8 in Exhibit B-23. So in this IR, BCOAPO asks BC Hydro
9 to confirm that while apartments represent 27 percent
10 of total accounts, they represent only 23 percent of
11 bad debt expense. And BC Hydro confirmed that. And
12 so apartments have smaller average consumption than
13 single family homes and so the total bad debt expense
14 is lower despite the frequency of bad debts being
15 higher, correct?

16 MR. SANDERS: A: That's correct. Right, there's a high
17 instance of apartments that result in bad debts. But
18 because they're smaller accounts then yes, the actual
19 dollar value of those is lower.

20 MS. PRITCHARD: Q: To be clear, when the response
21 refers to bad debt expense it's referring to the bad
22 debt expense that is included in rates, correct?

23 MR. SANDERS: A: That's true. It's closed accounts so
24 there's nobody at that address any more, unable to
25 collect following the final bill, and the collection
26 agency has been unable to obtain payment for the

1 outstanding balance either, and that, yes, goes to bad
2 debt and is expensed.

3 MS. PRITCHARD: Q: Okay. Returning to page 8-22 of the
4 application, that's page 432 of the PDF.

5 MR. SANDERS: A: Running out of room for binders here.
6 Sorry, it's page 32?

7 MS. PRITCHARD: Q: It's page 8-22 of the hard copy and
8 page 432 of the PDF.

9 MR. SANDERS: A: Yes.

10 **Proceeding Time 1:20 p.m. T39**

11 MS. PRITCHARD: Q: So at that page you use \$50 fee for
12 apartment so it's an example of the way the proposed
13 changes to the security deposit could be used to
14 standardize the charges. However, in reviewing the
15 terms and conditions provided in Exhibit B-1-1, we
16 could not find any reference to \$50 being the proposed
17 security deposit for apartments.

18 MR. DOYLE: A: Yeah.

19 MS. PRITCHARD: Q: Is that part of the current
20 proposal?

21 MR. DOYLE: A: So, maybe I can clarify and explain.
22 So, BC Hydro is not applying for a standard \$50 for
23 all apartments. It was used as an example, and I
24 apologize. When you read through the documentation,
25 it does appear as though maybe it is standardized. It
26 was an example.

1 The tariff changes we have proposed are up
2 to two to three times the average bill. So a
3 customer, for example -- sorry, two to three times --
4 sorry, it's two times the monthly bill -- sorry.
5 Three times the monthly bill or two times the bi-
6 monthly bill. So no customer would be assessed a
7 security deposit greater than that.

8 So a customer who, when you calculate out
9 what that two times would be, or three times would be,
10 if their consumption was below \$50, they would not be
11 assessed a security deposit. Above \$50 for
12 apartments, we would assess a \$50 security deposit.

13 MS. PRITCHARD: Q: Okay. So if I'm understanding that
14 correctly, if a customer's monthly usage was \$20 and
15 so two times that was \$40, they wouldn't be assessed
16 anything over \$40? Is that right?

17 MR. DOYLE: A: That is correct.

18 MS. PRITCHARD: Q: Okay.

19 MR. DOYLE: A: In fact, they wouldn't -- we wouldn't
20 assess them a security deposit in those circumstances.

21 MS. PRITCHARD: Q: Okay. Can security deposits be paid
22 through an instalment plan?

23 MR. SANDERS: A: Yes, they can.

24 MS. PRITCHARD: Q: And the instalment payment
25 agreements for a cash security deposit would be
26 limited, correct? I guess what I'm getting at is how

1 long would a customer be able to stretch the payments
2 for the security deposit?

3 MR. SANDERS: A: I believe it's up to six months,
4 subject to check.

5 MS. PRITCHARD: Q: Just give me one second here,
6 please.

7 Okay. I'd now like to turn to BC Hydro's
8 response to BCOAPO IR 1.189.1. And also attachment 1
9 to that IR, which is an Excel spreadsheet. So I'm
10 going to actually hand out a copy of that spreadsheet
11 to the witnesses.

12 Before we turn to the attachment, I
13 actually want to start with subsection (d) of the IR
14 response to 1.189.1. So subsection (d) asks for the
15 percentage of final bills paid by security deposits --
16 asks for the percentage of final bills paid with
17 security deposits applied to them. And the company
18 responded that that information is not available. Is
19 that correct?

20 **Proceeding Time 1:25 a.m. T40**

21 MR. SANDERS: A: That's correct. We know how much,
22 as it shows up in the table, that's going to be
23 referred to as how much is applied to the final bill,
24 but what we don't know is how much of that security
25 deposit fully pays the final bill.

26 MS. PRITCHARD: Q: And while the information request

1 asked for data for 2012 to present the company states
2 that most security deposits assessed in 2014 and 2015
3 would not have been returned or applied by the time
4 the data was extracted and accordingly 2014 and 2015
5 data has not be provided, correct?

6 MR. SANDERS: A: That's correct. What we were trying
7 to do in looking at the data was follow the chain of a
8 security deposit through its life, and so at the time
9 this data was pulled, I believe it was the beginning
10 of 2015, we wouldn't have seen any security deposit in
11 2014 having gone through its full life cycle. So 2012
12 and 2013 were the data that we could reasonably
13 analyze.

14 MS. PRITCHARD: Q: And those are the two most recent
15 years of data?

16 MR. SANDERS: A: At this time, that's right, yeah.

17 MS. PRITCHARD: Q: Okay. So now turning to the
18 spreadsheet, I'm just going to ask a few questions
19 here to make sure we properly understand what we're
20 looking at. So apologies in advance if they seem to
21 be self-evident.

22 So first, at the top there's a line that
23 says "Assessed", and that line relates to the deposits
24 that were newly assessed in each month on the
25 spreadsheet, correct?

26 MR. SANDERS: A: That is correct.

1 MS. PRITCHARD: Q: So just for example, in January of
2 2012 BC Hydro assessed 3,410 new deposits valued at
3 1,038,768?

4 MR. SANDERS: A: That's right. Those would have been
5 customers who had either applied for service and
6 didn't demonstrate appropriate credit and didn't have
7 appropriate references, or were a deteriorated credit
8 and then were assessed as part of the dunning process
9 when their payment history deteriorated.

10 MS. PRITCHARD: Q: So we can't tell from this document
11 how many are new customers and how many are existing
12 customers, correct?

13 MR. SANDERS: A: That's correct.

14 MS. PRITCHARD: Q: Okay. Okay, I'm going to hand up
15 another document. This is two pages from BC Hydro's
16 current electric tariff.

17 The copies I've handed out are double-sided
18 but they're -- page 1 that I'll be referring to is
19 page 12 of the tariff, and page 2 is page 13.

20 So on page 1 of the document, again page 12
21 of the current tariff, section 2.4.3 says:

22 "Any residential service or general service
23 customer who has not maintained a credit
24 history satisfactory to BC Hydro shall be
25 required to select one of the following
26 options..."

1 greater flexibility. So rather than require two times
2 or three times the bill, we can require up to two
3 times or three times. So customers could be required
4 a lower security deposit.

5 MS. PRITCHARD: Q: Okay. And then turning back to the
6 spreadsheet, there is four lines here that are
7 respectively labeled "Reverse", "Returned", "Applied
8 to final bill before 12 months", and "Applied to final
9 bill after 12 months". Do you see those?

10 MR. SANDERS: A: Yes.

11 MS. PRITCHARD: Q: Okay. And just to be clear, the
12 less than 12 months means that some customers had
13 their deposit applied to a final bill after fewer than
14 12 months, after posting the deposit. While more than
15 12 means that some customers have the deposit applied
16 after more than 12 months after posting the deposit.
17 Is that right?

18 MR. SANDERS: A: Yes, it is.

19 MS. PRITCHARD: Q: Would you agree that with the
20 exception of a few months in which there are deposits
21 listed as not returned yet, the four lines we are
22 looking at add up to the number of deposits that were
23 assessed for each month? So for example, in January
24 of 2012, the 381, 2,039, 727 and 263 would add up the
25 3,410?

26 MR. SANDERS: A: Yes, they should, yes. I believe they

1 do. Yes, they do, yeah.

2 MS. PRITCHARD: Q: Okay. And that's true for the
3 dollar amounts just below that, correct?

4 MR. DOYLE: A: Subject to check, yes.

5 MR. SANDERS: A: Yes.

6 MS. PRITCHARD: Q: Would you agree that returned
7 deposits are those that are refunded after a customer
8 showed BC Hydro they are not a bad credit risk?

9 MR. SANDERS: A: I wouldn't characterize it as that.
10 There's a difference between the reversed and the
11 returned in terms of when that timing happens. So the
12 reversed would typically be right after, for instance,
13 a new customer applies for service. We may assess the
14 security deposit, but if, in the short period of time
15 afterwards, they provide a credit reference from a
16 former utility, for instance, then we would reverse
17 that shortly after it was assessed. That's what the
18 "reversed" means. It's again, towards the beginning
19 of the process. The "returned" line is those items --
20 those security deposits which would have worked
21 through 12 months of on-time payment history, and
22 would have been returned to the customer after 12
23 months.

24 MS. PRITCHARD: Q: Okay.

25 MR. SANDERS: A: And they would at that point continue
26 to be active customers with BC Hydro.

1 MS. PRITCHARD: Q: Okay. So they had a good payment
2 history even though they were assessed the deposit?

3 MR. DOYLE: A: Right. So they would have made their 12
4 months of good payment history while we held the
5 deposit. Like, what we don't know is, do they have a
6 good payment history? Because we were holding the
7 deposit or not, that information is not -- you can't
8 decipher from there.

9 MS. PRITCHARD: Q: Okay, thanks. Sorry, one second,
10 please.

11 Okay. Would you agree that if I divide the
12 number of returned deposits by the number of assessed
13 deposits in this spreadsheet, I would get the
14 percentage of deposits that were imposed but
15 subsequently returned, because the customer had shown
16 that they were not a bad credit risk?

17 MR. DOYLE: A: So you want to divide what numbers by
18 what numbers again?

19 MS. PRITCHARD: Q: The number of returned deposits by
20 the number of assessed deposits. And in doing that,
21 you get the percentage of customers that have shown a
22 good payment history.

23 **Proceeding Time 1:34 p.m. T42**

24 MR. DOYLE: A: So I think you would -- you may want to
25 back out the returned -- the reversed out of the
26 assessed, because those ones would have -- we would

1 have reviewed those. So that would be the first
2 change. But yeah, which demonstrate the percentage of
3 customers that had good history during the 12 months
4 that we held their security deposit.

5 MS. PRITCHARD: Q: So do you accept, subject to check,
6 that in 2012, if I did that calculation, BC Hydro
7 returned roughly 61 percent of the deposits newly
8 assessed in 2012?

9 MR. DOYLE: A: Does that include backing out the
10 returned or is that --

11 MS. PRITCHARD: Q: That's just returned over assessed.

12 MR. DOYLE: A: Again, I think the proper measurement
13 would be to back out the returned, but it would be
14 somewhere in that ballpark. Sorry, the reversed, I'm
15 sorry. We would back out the reversed.

16 MS. PRITCHARD: Q: Sorry?

17 MR. DOYLE: A: Sorry, you would need to back out the
18 reversed from the assessed, so I think it would
19 change, it would change the denominator.

20 MS. PRITCHARD: Q: Okay, but if we included that it
21 would actually be a larger percent, correct?

22 MR. DOYLE: A: Yes, yes.

23 MS. PRITCHARD: Q: Okay. Okay, I'll move on, thank
24 you. When I look at the number of new deposits BC
25 Hydro assessed each month and compare the cold weather
26 months of January, February and March to the warm

1 weather months of July, August and September, in both
2 2012 and 2013 I see that BC Hydro imposed a higher
3 number of deposits in the warm weather months than the
4 cold weather months. Do you see that?

5 MR. DOYLE: A: Yeah, I see that.

6 MS. PRITCHARD: Q: Okay. And if we look at the
7 disposition of deposits, when I look at the lines
8 "applied to final bill" that would report those
9 situations where a customer doesn't pay a bill, gets
10 disconnected and the deposit is then used to pay
11 outstanding balances, is that correct?

12 MR. DOYLE: A: Sorry. I may have erred there. I'm
13 just looking at the cold weather and look -- in 2012
14 it appears we had more during the cold weather, but in
15 2013 it appears that they were -- yeah, 2013 isn't
16 quite as -- you don't see the same difference as you
17 do in 2012 with cold and warm weather months.

18 MS. PRITCHARD: Q: In 2013 I'm seeing that in July,
19 August, September there's 4,290, 4,217, 4,410
20 respectively. And then January, February, March
21 there's 3,930, 3,313 and 3,600.

22 MR. DOYLE: A: Yes. I guess you have November and
23 October as well, yes, they're a shoulder, but they can
24 be cold weather. So we do have our coincident peak in
25 the November as well.

26 MS. PRITCHARD: Q: Okay. So I'll just go back to that

1 last question though. So the lines that say "applied
2 to final bill", that's looking at situations where a
3 customer doesn't pay a bill, gets disconnected, and
4 then the deposit is used to pay the outstanding
5 balance, is that correct?

6 MR. SANDERS: A: No, it could be a customer who has
7 just merely terminated service and moved away. It
8 could be a customer who left the premises and somebody
9 else moved into the premises and we didn't even know
10 they were gone until the next person showed up on that
11 premises. So there's a number of reasons why that
12 could be that.

13 MS. PRITCHARD: Q: Okay.

14 MR. SANDERS: A: In fact I think what we've seen is
15 that almost all customers who get disconnected for
16 non-payment are reconnected, in which case in essence
17 none of those security deposits would have been
18 applied in that situation because those were still
19 active accounts.

20 MS. PRITCHARD: Q: Okay, so that's any customers that
21 leave while the company still has their deposit? Is
22 that --

23 MR. SANDERS: A: That's correct.

24 MS. PRITCHARD: Q: Okay. So then the table shows that
25 that deposit was applied to final bill. You can't
26 draw the conclusion that a final bill was in arrears

1 at the time the deposit was applied, is that right?

2 **Proceeding Time 1:40 p.m. T43**

3 MR. SANDERS: A: That's correct. We immediately apply
4 that security deposit against any outstanding balance.

5 MS. PRITCHARD: Q: Okay, great, thank you.

6 So I'll ask that those two documents be
7 marked as Exhibits. I'm actually not sure what number
8 we're at, but I think it's C2-46. Is that right?

9 HEARING OFFICER: C2-46.

10 MS. PRITCHARD: So that's for the first one, the
11 spreadsheet. And then the two pages from the electric
12 tariff would be C2-47.

13 THE CHAIRPERSON: Just to be clear, the spreadsheet is
14 already in evidence, is it not?

15 MS. PRITCHARD: Oh, you're right, I'm sorry. Yeah,
16 sorry, that one should be marked as an exhibit. My
17 apologies. The tariff then will be C2-46.

18 THE CHAIRPERSON: Thank you.

19 **(EXCERPT FROM "BC HYDRO TERMS AND CONDITIONS,**
20 **EFFECTIVE: 01 APRIL 2008" MARKED EXHIBIT C2-46)**

21 MS. PRITCHARD: Thank you for that.

22 Q: Okay, now, I'd like to turn to BC Hydro's most
23 recent response to BCOAPO 1.192.1. So it's that same
24 attachment we've been referring to. And I'm looking
25 at page 42 of that attachment. It's in Exhibit B-26-
26 1.

1 It's in the second bulleted paragraph at
2 the top of the page, BC Hydro states that it's
3 exploring waiving security deposits for MSDSI indirect
4 clients, about 124,000 of BC Hydro low income
5 customers. Implementing such a waiver would require
6 BC Hydro comparing client files with MSDSI and
7 matching such files with accounts.

8 And at the bottom of that same paragraph, I
9 read:

10 "BC Hydro is in the process of gathering
11 information from NSPI and through further
12 discussions with BCOAPO will provide its
13 proposal on the subject as part of its
14 responses to RDA round 2 IRs anticipated to
15 sometime in March 2016."

16 Do you see that?

17 MR. SANDERS: A: I so.

18 MS. PRITCHARD: Q: And would you agree that the
19 language from this July 2016 document is identical to
20 the language that was in BC Hydro's original response
21 to this IR in December 2015?

22 MR. SANDERS: A: Yes. We did not update that with the
23 other updates.

24 MS. PRITCHARD: Q: And BC Hydro did not file a proposal
25 on the subject as part of its responses to round two
26 IRs or at any other time, is that correct?

1 MR. SANDERS: A: We worked with the Ministry of MSDSI
2 and this particular paragraph or bullet point here
3 references the indirect customers and we haven't been
4 able to come to a process that MSDSI would be able to
5 provide a form of guarantee, if you will, for any of
6 the indirect customers. What we have agreed is that
7 customers who convert to direct payment from the
8 Ministry would have the same provisions we talked
9 about before with respect to not having security
10 deposits. But if it's indirect, so that would mean
11 those customers are still remaining directly paying BC
12 Hydro with no Ministry involvement, We haven't had,
13 you know, any furthering of that proposal.

14 **Proceeding Time 1:44 p.m. T44**

15 MS. PRITCHARD: Q: Okay, thank you. And do you have
16 any information that you've gathered from NSPI that
17 you can share with us? Just for the record, NSPI is
18 Nova Scotia Power.

19 MR. SANDERS: A: That's right, Nova Scotia Power. This
20 is with respect to the jurisdictional review, and we
21 didn't find any more information that would indicate
22 how low income customers without some form of
23 eligibility program were able to have any waivers as
24 well. So I wouldn't -- the jurisdictional review
25 references, for instance, Ontario. There is a program
26 in place in Ontario, no equivalent in NSPI from what

1 we were able to ascertain.

2 MS. PRITCHARD: Q: Okay, thank you. So I'll leave
3 security deposits alone for now. I'm actually going
4 to turn to some questions about instalment plans.

5 So Mr. Colton recommended in his direct
6 testimony that BC Hydro not charge a late payment
7 charge on arrears subject to deferred payment plans,
8 or instalment plans. Is that correct?

9 MR. SANDERS: A: I don't recall what Mr. Colton --

10 MS. PRITCHARD: Q: Okay. I'll say that differently.

11 MR. SANDERS: A: -- proposed. Our practice is that we
12 don't charge late payment charges when a customer has
13 entered into an instalment plan.

14 MS. PRITCHARD: Q: Mr. Colton's recommendation is
15 unnecessary because BC Hydro is already doing what he
16 recommended? That is not charging --

17 MR. SANDERS: A: BC Hydro's practice for as long as
18 anybody can remember was that we don't charge a late
19 payment charge to balances entered into under an
20 instalment plan.

21 MS. PRITCHARD: Q: Okay, great. Well, then we
22 certainly accept that response as Mr. Colton's
23 recommendation is -- great, thank you.

24 Is information about the circumstances
25 under which late payment charges are deferred
26 available in the electric tariff, or on the website,

1 or anywhere?

2 MR. SANDERS: A: No, I believe this is another
3 situation where there is some information on the
4 website, but in discussions with BCOAPO we've
5 recognized we can add more information, and would
6 include this in the discussions with the advisory
7 group of how to add more information onto the website.

8 MS. PRITCHARD: Q: And this is more of a business
9 practice and not included in the tariff, that can be
10 changed at any time. Is that correct?

11 MR. SANDERS: A: No. The tariff states that we apply a
12 late payment charge when payment is not made by the
13 expected payment date. It does allow a leeway in
14 terms of the processing time, which is why we apply it
15 on day 30 as opposed to day 21, which is the payment
16 terms. But no, this would be a tariff item.

17 MS. PRITCHARD: Q: Okay. Mr. Colton recommended in his
18 direct testimony that BC Hydro extend the length of
19 time over which low income customers may pay
20 instalment plans. Do you recall that recommendation?

21 MR. SANDERS: A: I do.

22 MS. PRITCHARD: Q: So I'd like to turn back to the
23 attachment 1 to BCOAPO 1.92.1. And I'm turning to
24 page 43 of that document now.

25 MR. SANDERS: A: Page forty- --

26 MS. PRITCHARD: Q: Forty-three.

1 MR. SANDERS: A: Thank you.

2 MS. PRITCHARD: Q: That's at page 62 of the PDF. I'm
3 looking under the -- in the paragraph under the
4 heading "cancellation of instalment plans". In that
5 paragraph there is a sentence that Ms. Khan referred
6 to earlier that says,

7 "BC Hydro recognizes the customer impact of
8 automatically cancelling an instalment plan
9 after the first missed payment, and so has
10 included a project to delay cancellation in
11 its billing system planned for fiscal 2017."

12 Do you see that?

13 MR. SANDERS: A: I do.

14 MS. PRITCHARD: Q: So when a person has arrears subject
15 to an instalment plan, the billing system has a flag
16 that informs someone who might be looking at that
17 account, so the arrears are subject to that payment
18 plan. Is that right?

19 MR. SANDERS: A: These are automated processes, so it's
20 not an individual. Based on the dunning matrix that
21 we showed this morning, I believe it was seven days
22 after non-payment of an instalment, then the
23 instalment plan cancels. But it's not an individual.

24 **Proceeding Time 1:49 p.m. T45**

25 MS. PRITCHARD: Q: Okay. Okay, and going back to
26 BCOAPO IR 1.187.1 that you just looked at, that's at

1 Exhibit B-5, that IR says that whether that customer
2 is on a payment plan affects whether BC Hydro will
3 issue dunning notices to that customer for the unpaid
4 arrears, correct?

5 MR. SANDERS: A: Sorry, could you please repeat that?

6 MS. PRITCHARD: Q: Whether that customer is on a
7 payment plan affects whether BC Hydro will issue
8 dunning notices to that customer for the unpaid
9 arrears, correct?

10 MR. SANDERS: A: No, as I recall -- hang on. The
11 third bullet indicates that dunning stops when the
12 instalment plan has been created.

13 MR. DOYLE: A: So once we've come to an instalment
14 plan, we no longer send dunning notices or collection
15 notices because we've entered into a plan.

16 MS. PRITCHARD: Q: Okay, thank you. And so that also
17 mean -- well, that IR also says that whether the
18 customer is on a payment plan impacts whether BC Hydro
19 will disconnect for non-payment. So if a person
20 enters into a payment plan BC Hydro will stop the
21 disconnect process entirely.

22 MR. SANDERS: A: Yes, if they've entered into an
23 instalment plan for the outstanding balance, then in
24 effect they don't have an outstanding balance and so
25 dunning resets.

26 MS. PRITCHARD: Q: And in order to make those changes

1 to the collection processes, BC Hydro would need to be
2 aware of continuing eligibility for avoiding dunning
3 process through some kind of eligibility flag.

4 MR. DOYLE: A: Sorry, what changes?

5 MS. PRITCHARD: Q: So changes in eligibility. So in
6 order to continue not sending dunning notices, to not
7 have the disconnection processes continue they would
8 -- BC Hydro would need to know that the person is
9 still on an instalment plan. So there would need to
10 be some kind of eligibility flag within the billing
11 system.

12 MR. SANDERS: A: There's no eligibility. When somebody
13 enters into an instalment plan, they are doing so by
14 picking up the phone and talking to a customer service
15 representative, entering into a payment arrangement
16 for their outstanding balance. At that point the
17 balance is put on an instalment plan and the system,
18 because it's automated, knows that this customer is on
19 an instalment plan and goes from there and holds off
20 on dunning. But it's not a flag, if you will. It's
21 the logic of how collections work within the billing
22 system.

23 MS. PRITCHARD: Q: Right. Okay. And those types of
24 rules require the development of training for call
25 centre personnel who must implement the payment plan
26 default criteria, correct?

1 MR. SANDERS: A: The training in the call centre goes
2 into how to negotiate payment arrangements with a
3 customer, trying to understand what's appropriate.
4 Trying to understand how big the arrears are, and then
5 of course, the system procedures with respect to
6 setting it up.

7 **Proceeding Time 1:53 p.m. T46**

8 MS. PRITCHARD: Q: Okay, so staying at revisions 2 to
9 Attachment 1 to BCOAPO 1.192.1, can you stay on page
10 43 as well and look down until you see a heading
11 titled "Extended Payments Term". Are you there? Just
12 at the bottom of the page. The very last paragraph,
13 there's a heading above it.

14 MR. DOYLE: A: And the other place you wanted us to go
15 is -- was there --

16 MS. PRITCHARD: Q: No, just there.

17 MR. DOYLE: A: Okay, just there, okay.

18 MS. PRITCHARD: Q: Okay, under that heading "Extended
19 Payment Terms" BC Hydro says that it is concerned that
20 extended payment terms sometimes have a negative
21 impact, and that an outstanding balance from one
22 winter heating period may carry forward into the
23 subsequent heating period. And I understand from your
24 earlier response to Ms. Khan that the concern is that
25 a person in arrears could carry those arrears forward
26 to the next heating season, will run up even higher

1 arrears when the customer starts to receive higher
2 winter heating bills? Is that correct?

3 MR. SANDERS: A: In the subsequent winter? Yes, that's
4 correct.

5 MS. PRITCHARD: Q: Yes. Okay, and I'd now like to turn
6 to BCOAPO Information Request 1.73.1, Exhibit B-5 and
7 page 855 of the PDF. BCOAPO 1.73.1 or 855 of Exhibit
8 B-5. And in this IR BCOAPO asks BC Hydro to provide
9 disaggregated by heating and non-heating customers,
10 monthly usage for low income and residential
11 customers. Do you see that?

12 MR. DOYLE: A: Sorry, can you repeat the question?

13 MS. PRITCHARD: Q: I'm just asking you to confirm that
14 BCOAPO asked BC Hydro to provide disaggregated by
15 heating and non-heating customers monthly usage for
16 low income and residential customers.

17 MR. DOYLE: A: That is true based on a number of
18 criteria in blocks of 50 kilowatt hours. Yeah, it's
19 very specific, granular information that was
20 requested.

21 MS. PRITCHARD: Q: Okay. And under Bullet A, the
22 numbers 4 and 5, where BCOAPO also asked BC Hydro to
23 provide the bills for the average consumption that the
24 existing standard residential rates and for the
25 standard residential rates as proposed in this
26 proceeding?

1 MR. DOYLE: A: Yes, I see that.

2 MS. PRITCHARD: Q: And when we look at the response at
3 the second paragraph, the response states that BC
4 Hydro does not have the data to respond to the
5 detailed requests in Items (a) through (d). Do you
6 see that?

7 MR. DOYLE: A: Yes, I see that. However, we responded
8 I guess partially to (a) by referencing the typical
9 bills that we provided during the engagement process.

10 **Proceeding Time 1:58 p.m. T47**

11 MS. PRITCHARD: Q: Yeah, okay. And I'd now like to
12 flip over to BCOAPO IR 1.74.1, the next page. That's
13 856 of the PDF. And in this IR we asked BC Hydro to
14 provide for each month for the most recent 12 months
15 available disaggregated by heating and non-heating
16 residential accounts, the average bill for residential
17 accounts in sufficient detail to allow replication.
18 And as in the previous information request response,
19 BC Hydro stated that it does record heating or non-
20 heating information and customer billing data, and
21 that as a result, BC Hydro cannot provide the
22 requested bill information with the level of detail
23 with respect to (a), correct?

24 MR. DOYLE: A: Yes, I see that. We're getting into
25 the rate side, which is probably more of a panel 2
26 question, but I'll do my best.

1 MS. PRITCHARD: Q: Okay. So now I would like to turn
2 to BC Hydro's response to IR 1.110.1, and that's page
3 943 of the same PDF. And in this IR we ask BC Hydro
4 to provide for each month for the most recent 12
5 months available, disaggregated by heating and non-
6 heating accounts, the average bill for residential
7 accounts at existing rates, and then the same
8 information using BC Hydro's rates as of April 1st,
9 2016.

10 MR. DOYLE: A: Okay.

11 MS. PRITCHARD: Q: And the response there was to refer
12 back to BC Hydro's response to BC Hydro 1.74.1, which
13 was the one we just looked at where BC Hydro said it
14 could not provide monthly billing data for heating and
15 non-heating accounts.

16 MR. DOYLE: A: Other than the data we provided within
17 the workshop, right.

18 MS. PRITCHARD: Q: So with that, I'd now like to turn
19 to BC Hydro's response to BCOAPO 1.60.4.

20 MR. SANDERS: A: 1.60.4?

21 MS. PRITCHARD: Q: Yeah, 1.60.4. And that's page 821
22 of that same PDF.

23 So in this request BCOAPO asked BC Hydro to
24 provide a schedule that sets forth the median and
25 average usage for low income customers for dwellings
26 with electric heating and non-electric heating. And

1 if we look at the median consumption, low income
2 customers who use electric heating have a median
3 consumption of 4,966 kilowatt hours, correct?

4 MR. SANDERS: A: That's correct.

5 MS. PRITCHARD: Q: And low income customers who do not
6 use electricity for heating have a median consumption
7 of 5,683 kilowatt hours, correct?

8 MR. SANDERS: A: That is correct. I would imagine
9 those differences are related to the housing type.
10 Apartments being primarily electrical heated.

11 MS. PRITCHARD: Q: But in this figure, the annual
12 difference between electric heating customers and non-
13 electric heating customers is 717 kilowatt hours. Do
14 you accept, subject to check, that's the difference
15 between 5,683 and 4,966?

16 MR. SANDERS: A: I do.

17 MS. PRITCHARD: Q: And so if we multiply that 717
18 kilowatt hours by the step rate of -- step 1 rate,
19 sorry, of .0829, we find a total annual difference in
20 bills of about \$60. Would you accept that, subject to
21 check?

22 MR. SANDERS: A: Sorry, the step 1 rate?

23 MS. PRITCHARD: Q: Yes.

24 MR. SANDERS: A: Yes, I think that if you use that
25 assumption, but some of that consumption could be step
26 2 depending on the month that consumption is taken in.

1 present, the number of instalment plans entered into.
2 Do you see that?

3 MR. SANDERS: A: Yes.

4 MS. PRITCHARD: Q: And the second page is marked
5 subsection (b). And that indicates that the data was
6 provided in response to a request for BC Hydro to
7 provide, by month, for each month, January, 2012 to
8 present, the number of instalment plans. And that's
9 there in the second column. Do you see that?

10 MR. SANDERS: A: Yes.

11 MS. PRITCHARD: Q: And just want to compare that third
12 column -- that third column which we've labeled "count
13 of new instalment plans". Are you satisfied we simply
14 moved the data off page 1 and put it in that column?
15 So the data on page 1 is identical to the data there
16 in the third column?

17 MR. SANDERS: A: Yes, that appears to be correct.

18 MS. PRITCHARD: Q: And what the second page shows,
19 essentially, is the number of all-new instalment
20 agreements entered into by month. And in column 2, we
21 have the number of defaulted instalment agreements, by
22 month. Do you see that?

23 MR. DOYLE: A: Sorry. So column 2 is the defaulted
24 deferred payment plan arrangements?

25 MS. PRITCHARD: Q: Column 2 is the number of defaulted
26 instalment agreements by month, yes.

1 MR. DOYLE: A: Okay.

2 MS. PRITCHARD: Q: And then the third page of this
3 document is the same printout of the response to (b),
4 but we've -- but it as the third -- or it adds another
5 column, which is the percent that column A is of
6 column B. And by that, I mean the percent of new
7 instalment plans that are defaulted. Do you see that?

8 MR. SANDERS: A: Yes.

9 MS. PRITCHARD: Q: And then finally the fourth page is
10 marked subsection (c). And it indicates at the top
11 there that the data was provided in response to a
12 request for BC Hydro to provide, by month, for each
13 month, January, 2012 to present, the average term in
14 months of instalment plans entered into. And column 2
15 on this page provides the average number of
16 instalments. Do you see that?

17 MR. SANDERS: A: Yes, although we note -- I'm trying to
18 think where we note it.

19 So at the bottom -- as we note at the
20 second paragraph of the response, these are not
21 months, those are merely number of instalments.

22 **Proceeding Time 2:07 p.m. T49**

23 So you could have four instalments over two
24 months, for instance, as opposed to being four months
25 of an instalment plan. Or the other way around,
26 that's right.

1 MS. PRITCHARD: Q: Right. And we can tell that, for
2 example, when we have four instalments and they're 75
3 days, or --

4 MR. SANDERS: A: That's right.

5 THE CHAIRPERSON: Doesn't the title of -- fair enough,
6 the title, above the title? It says the average term
7 in months of deferred payment arrangements.

8 MR. SANDERS: A: That's right. The title was, as was
9 requested in the IR. In the first -- or second
10 paragraph of the IR response itself, not the
11 attachment, that explains that it's actually
12 instalments, not months. We were unable to pull data
13 on a monthly data -- basis.

14 THE CHAIRPERSON: Okay. Thanks for clarifying it.

15 MS. PRITCHARD: Q: But BC Hydro also provided the
16 average number of days of instalment plans by month,
17 correct?

18 MR. SANDERS: A: Yes, that's correct.

19 MS. PRITCHARD: Q: For example, instalment plans
20 entered in January, 2012, have an average of three
21 instalments, and therefore an average of 80 days?

22 MR. SANDERS: A: That's correct.

23 MS. PRITCHARD: Q: And the number of days and the
24 number of instalments are the length of time the
25 instalment plans were written for, not the length of
26 time the plans were actually maintained. Correct?

1 MR. SANDERS: A: Sorry, please repeat that?

2 MS. PRITCHARD: Q: Yeah. The number of days and the
3 number of instalments are the length of time those
4 plans were written for, not the length of time the
5 plans were actually maintained.

6 MR. SANDERS: A: Yes, that's correct.

7 MS. PRITCHARD: Q: Would you agree that the average
8 number of days presented here as a general rule range
9 between 70 and 80 days?

10 MR. SANDERS: A: Yes, during the period of this data,
11 between 2012 and 2015, then yes, the standard
12 instalment plan that we would try to negotiate, and
13 certainly that the customer service representative had
14 the authority to negotiate by themselves, without
15 escalations, was approximately three months. And so
16 that was -- but it definitely shows up in the data
17 here. If you can have a shorter period, that's fine.
18 But as Mr. Anderson noted in his opening statement, we
19 have been working to extend those payment terms now,
20 only sort of recently. That would not show up in this
21 data, even though the business practice has changed.

22 MS. PRITCHARD: Q: Sorry, just one second, please.
23 Okay. So can we turn back to page 2 of the
24 four-page document, which again it's showing the count
25 of -- number of new instalment agreements?

26 MR. SANDERS: A: Yes.

1 MS. PRITCHARD: Q: So looking at the months in 2015
2 first, at the bottom. Would you agree that the number
3 of payment plans in each of the cold-weather months of
4 January, February and March exceeded the number of
5 payment plans entered into in warm-weather months of
6 June, July and August?

7 MR. SANDERS: A: From what I can tell, the peak months
8 are in -- tend to be in March, April, May, in that
9 shoulder season, where customers are most likely
10 receiving their bills from the higher winter heating
11 season.

12 MS. PRITCHARD: Q: So not looking at peak months
13 necessary, but just the January, February, March
14 figures of 6,842, 7,115, 7,978, are bigger than the
15 warm-weather numbers of 6,184, 5,379, and 4,134. Do
16 you see that?

17 MR. DOYLE: A: We're saying the shaded ones are bigger
18 than the preceded shaded -- or the ones just
19 beforehand?

20 MS. PRITCHARD: Q: I can't see there. Yes. The shaded
21 ones there at the bottom, yes. And then --

22 MR. DOYLE: A: So I see the shaded. And then --

23 MS. PRITCHARD: Q: And the ones immediately proceeding.
24 We're looking at January, February, and March.

25 **Proceeding Time 2:12 p.m. T50**

26 MR. DOYLE: A: Sorry, those warmer weather months are

1 lower than the January, February, March. But then the
2 March, April, Mays are the highest. I think that's a
3 general trend.

4 MS. PRITCHARD: Q: Okay, great. And then in 2014 the
5 number of payment plans in January, February and March
6 are greater than the number of new payment plans in
7 June, July and August. For your reference, if you're
8 looking up on that spreadsheet, it's the next block of
9 shaded ones. There are June, July and August.

10 MR. SANDERS: A: Yeah, June and January would be
11 close, and the others would definitely be larger.

12 MS. PRITCHARD: Q: Okay, and then the same
13 relationship exists in 2013 with the number of new
14 cold weather instalments entered into being greater in
15 each month than the number of new instalment
16 agreements being entered into in the warm weather
17 months?

18 MR. SANDERS: A: Yeah, I think that's generally
19 correct, but again I would say that coming out of
20 those cold weather months is definitely where we see
21 those increase in the instalment plans.

22 MS. PRITCHARD: Q: That's fine, thanks. And turning
23 to the third page of this document, if we compare the
24 number of new instalment agreements to the number of
25 defaulted instalment agreements between the cold
26 weather months and warm weather months, would you

1 agree there's not a spike or even a particular
2 increase in payment plan defaults during the cold
3 weather months?

4 MR. SANDERS: A: I guess as a starting point, I would
5 point out that a new instalment plan that was created
6 in January, for instance, would have carried its way
7 through several months. So I'm not sure that looking
8 just horizontally, row by row, provides that detail.
9 You would need to be able to follow it through, again,
10 the lifecycle of that plan.

11 MS. PRITCHARD: Q: But just simply that the spike
12 would show up at some point in here.

13 MR. DOYLE: A: Why would a spike show up?

14 MS. PRITCHARD: Q: If there was a difference between
15 the cold weather months and the warm weather months in
16 terms of the instalments plans that are being
17 defaulted on.

18 Right, so even if what you were saying was
19 the case, the default would show up, for example, in
20 March -- the spike in defaults, rather.

21 MR. SANDERS: A: Or they make their first couple of
22 payments. It could even itself out where they make --
23 like payments are made and then they default later on
24 down the road. I'm not -- I'm not sure that you can
25 go straight across.

26 MS. PRITCHARD: Q: I think what we're saying is that

1 even if we're not going straight across, that if there
2 was a particular increase in defaults for instalment
3 plans entered into in cold weather months, it would
4 show up at some point in here?

5 MR. SANDERS: A: I'm not sure. You've got two moving
6 variables and it's difficult to make a conclusion with
7 two moving variables.

8 MS. PRITCHARD: Q: Okay. I'm just going to go back to
9 make sure I haven't missed anything.

10 Okay, and we're going to ask that this
11 document be marked as an exhibit. So that will be C2-
12 47.

13 HEARING OFFICER: C2-47.

14 **(TWO PAGE DOCUMENT HEADED "BCOAPO IR 1.204.1**
15 **ATTACHMENT 1" MARKED EXHIBIT C2-47)**

16 MS. PRITCHARD: And I'll leave it there. Thanks very
17 much, panel. Okay, and Ms. Khan has a couple of
18 additional questions for you as well. Thank you.

19 MR. MILLER: Mr. Chair, before the next cross-examiner
20 comes up, I'd like to correct the record. I
21 incorrectly gave BC Hydro Exhibit B-52 as the last
22 exhibit number. It should have been Exhibit B-53.
23 That was the undertaking they handed out. The
24 document from Fortis. That should have been B-53.

25 THE CHAIRPERSON: Fifty-three?

26 MR. MILLER: Yes.

1 THE CHAIRPERSON: Thank you.

2 (LETTER DATED AUGUST 23, 2016 FROM L. HERBST WITH
3 ATTACHMENTS RE-MARKED EXHIBIT B-53)

4 THE CHAIRPERSON: Ms. Khan?

5 MS. KHAN: Q: I just have a couple of very brief
6 questions to ask and this is in relation to the
7 response that Fortis provided about the Energy Savings
8 kits and obviously we can't -- we aren't going to be
9 asking questions to the panel about the numbers that
10 Fortis has provided. I just have a couple of
11 questions about calculations.

12 Proceeding Time 2:18 p.m. T51

13 THE CHAIRPERSON: Please go ahead.

14 MS. KHAN: Thank you.

15 **CROSS-EXAMINATION BY MS. KHAN (Continued):**

16 MS. KHAN: Q: So, panel, you have the response -- the
17 response that Fortis provided to you regarding the
18 calculation of gas savings in the energy savings kits?

19 MR. DOYLE: A: You'll have to give me a second to find
20 it. I've been moving a lot of paper around.

21 MS. KHAN: Q: Okay, so the first question we have is,
22 how to convert kilowatt-hours to gigajoules? So as
23 far as we understand it, the way to convert -- to do
24 the conversion is to multiply the number of kilowatt-
25 hours by .0036. And we got that calculation from the
26 Internet. Does that make sense to you?

1 MR. DOYLE: A: So, I too Googled this, and did see
2 .0036.

3 MS. KHAN: Q: Okay that's --

4 MR. DOYLE: A: That being said, that doesn't account
5 for any efficiency differences between them.

6 MS. KHAN: Q: Right.

7 MR. DOYLE: A: So that's just a straight energy-to-
8 energy. So obviously a water -- like my understanding
9 is, natural gas water heaters are less efficient in
10 that sort of 55 percent, 60 percent efficiency. So
11 that's not -- that doesn't take that into account.

12 MS. KHAN: Q: That's good, thank you.

13 MR. DOYLE: A: Thank you.

14 MS. KHAN: And that concludes BCOAPO's questions for this
15 panel. Thank you.

16 THE CHAIRPERSON: Thank you, Ms. Khan. Let's take a
17 break now, before -- Ms. Dong, you're ready after the
18 break, then? Or -- oh, sorry. You're ready after the
19 break, Mr. Andrews. Okay, so we'll come back at 25
20 to.

21 **(PROCEEDINGS ADJOURNED AT 2:20 P.M.)**

22 **(PROCEEDINGS RESUMED AT 2:36 P.M.)** **T52/53**

23 THE CHAIRPERSON: Please be seated, thank you.

24 Nothing? Okay, please go ahead, Mr.
25 Andrew.

26 MR. ANDREWS: Thank you.

1 **CROSS-EXAMINATION BY MR. ANDREWS:**

2 MR. ANDREWS: Q: I have a package of witness aids that
3 I'll hand out. These are copies of excerpts from
4 existing exhibits, so I don't think it needs an
5 exhibit number, and the hearing officer has copies.

6 So I have these copies of references, but
7 I'm not sure we're going to need to go to them.
8 They'll be there if we need them.

9 So my first topic is the winter
10 disconnection moratorium pilot project, and the
11 references begin with Mr. Anderson's opening statement
12 that was filed and then his oral opening statement and
13 responses to questions on panel 1.

14 My first question is that the report on the
15 pilot project is schedule for mid-2017 Will that
16 allow for the moratorium to be continued on the same
17 or modified terms in the winter of 2017-2018 if that
18 is what emerges from the report itself?

19 MR. DOYLE: A: I would expect that it would.

20 MR. ANDREWS: Q: Is the winter disconnection moratorium
21 applicable only to residential customers, not to non-
22 residential customers?

23 MR. SANDERS: A: I guess that's what -- that's what
24 the proposal is.

25 MR. ANDREWS: Q: And again, if you can confirm that
26 this whole concept is a business practice as opposed

1 to a tariff change?

2 MR. SANDERS: A: That is correct.

3 MR. ANDREWS: Q: I understand, and first maybe you
4 could tell me, what is Hydro's status quo policy or
5 business practice regarding disconnections during the
6 Christmas season for residential customers for non-
7 payment?

8 MR. SANDERS: A: So we, usually about the two-week
9 period just before Christmas up through till just
10 after New Years, we right now don't have
11 disconnections during that period. It's largely
12 because of staffing issues. Also out of respect for
13 the season. But that is the current practice.

14 MR. ANDREWS: Q: And that would remain regardless of
15 the winter disconnection moratorium?

16 MR. SANDERS: A: Yes, it would.

17 MR. ANDREWS: Q: And so just so that I understand, the
18 Vancouver Island and Lower Mainland provisions are
19 that a disconnection would not occur when, in a day in
20 advance, the forecast is for less than zero degrees
21 Centigrade. Is that correct?

22 **Proceeding Time 2:40 p.m. T54**

23 MR. SANDERS: A: Yes, that is correct.

24 MR. ANDREWS: Q: And then when the temperature for the
25 next day is forecast to be above zero degrees, the
26 disconnection would go ahead, assuming that it's

1 otherwise valid. Is that correct?

2 MR. SANDERS: A: Yes, it's correct.

3 MR. ANDREWS: Q: And in contrast, for the non-Vancouver
4 Island, non-Lower Mainland portion, during the monthly
5 component of the moratorium, there would be no
6 disconnections at all from the beginning of the period
7 to the end.

8 MR. SANDERS: A: That is correct.

9 MR. ANDREWS: Q: Thank you.

10 MR. SANDERS: A: Just to clarify, this is for
11 residential non-payment. If we had vacant premises,
12 we would still be continuing for vacant premises.
13 This is non-payment of accounts, where we've got
14 residents living in those premises.

15 MR. ANDREWS: Q: Thank you. I'm going to turn to the
16 security deposit, and what my notes refer to as the
17 \$50 apartment security deposit. And I think you've
18 probably clarified this, but maybe we could -- out of
19 an abundance of caution, that -- start with -- can you
20 explain, what is the status quo regarding BC Hydro
21 accepting security deposits in relation to this small
22 size criterion?

23 MR. SANDERS: A: So, right now, the first thing of
24 course is assessing whether or not the new applicant
25 would be subject to a security deposit in the first
26 place. So, assessing whether or not they have

1 adequate credit or if they have a reference from
2 another utility of good payment. If they have not
3 demonstrated good payment, then they would go through
4 -- because if they don't have a reference, they would
5 do the credit check. If they don't pass the credit
6 check, then we would assess security deposits.

7 What we do, though, is that if the balance
8 is less than \$55 a month, then we don't go through
9 that process. Right now there's a threshold of \$55 a
10 month where we just -- we don't assess security
11 deposits at all.

12 MR. ANDREWS: Q: All right. So that -- that's not just
13 you don't impose a security deposit, you don't do a
14 creditworthiness check, where the monthly payment is
15 less than \$55.

16 MR. SANDERS: A: That's correct, for new accounts. If
17 you have a deteriorated account where there's somebody
18 in, in the premise, and they haven't been paying their
19 bills, that would trigger regardless of the amount.
20 But yes, for new account, we don't do the credit
21 check.

22 MR. ANDREWS: Q: And the proposal to change the tariff
23 regarding the size of the monthly bills that would
24 allow a security deposit, you've indicated would allow
25 BC Hydro to impose a standardized amount. And can you
26 explain that concept? I think earlier today you said

1 by on bi-monthly billing it would -- the expected
2 security deposit, if we were to assess it, would
3 always be above 50 except for the small set of
4 customers.

5 MR. ANDREWS: Q: And is the intention there specific to
6 apartments, as opposed to customers who have
7 consumption of a certain size that would mostly be
8 apartments but could also be other situations?

9 MR. SANDERS: A: Right, so it could be all, but the
10 apartments were the area where we saw that there was a
11 significant default on non-payment of those final
12 bills, and so we use apartments as an example, but it
13 could be a mobile home, a town home, any of the
14 smaller premises as well.

15 MR. ANDREWS: Q: All right, and just to triple confirm,
16 none of this involves a security deposit on someone
17 who is not in a situation of lacking creditworthiness
18 from Hydro's perspective.

19 MR. SANDERS: A: That is correct.

20 MR. ANDREWS: Q: Thank you. I'm turning now to the
21 topic of when a standard charge approach should be
22 dealt with as a mere business practice as compared to
23 a change in the tariff, and I will refer you to page
24 13 of the handout which is Exhibit B-23, BCOAPO
25 2.340.2, PDF page 617, and I believe in the context
26 this is a question about Hydro's proposal to extend

1 the duration of keeping a security deposit to up to 24
2 months, and the gist of the IR response, and I'll ask
3 you to confirm this, is that Hydro doesn't object to
4 putting this proposal in the tariff, but otherwise it
5 would be dealt with as a business practice.

6 MR. DOYLE: A: That's correct.

7 MR. ANDREWS: Q: Is there some reason why Hydro --
8 something to do with the duration of retaining the
9 security deposit that makes Hydro willing to have it
10 go into the tariff, or is that just in general Hydro
11 doesn't object if business practices go into the
12 tariff?

13 MR. DOYLE: A: So I think with business practice, the
14 caution of putting business practice generally in the
15 tariff is that it's a lack of flexibility. So it's
16 sort of a trade off of flexibility versus clarity.

17 One of the things obviously we've committed
18 to is working to try to get our business practices in
19 a, I guess, user-friendly form onto the website, which
20 should help with that. That being said, obviously if
21 it's in the tariff it can be more clear, but it does
22 reduce the flexibility provided in applying it.

23 MR. ANDREWS: Q: Thank you. I'm going to turn to the
24 \$700 manual reconnection where access to the meter is
25 refused and the reference would be on page 14 of the
26 handout. Just to get ourselves oriented, in Exhibit

1 B-1, the application, on page 8-8, table 8-3 states
2 the proposed minimum reconnection charge, and there's
3 the one in particular that's the last row.

4 "Manual reconnection at the point of
5 connection because the customer refused
6 access to the meter and the standard charge
7 proposed is \$700 per meter."

8 Do you see that?

9 MR. DOYLE: A: I do.

10 MR. ANDREWS: Q: And that's included in the draft
11 order. I don't think we need to turn to that.

12 Now, most disconnects and reconnects can be
13 accomplished through the smart meter remotely,
14 correct?

15 **Proceeding Time 2:49 P.m. T56**

16 MR. DOYLE: A: That's correct.

17 MR. SANDERS: A: It is correct for residential accounts
18 and for some small general service accounts. Through
19 medium and general service accounts or for small
20 general service accounts that have polyphase meters we
21 can't do it through the smart meter. Those have to be
22 done manually. So it's just the single phase meters.

23 MR. ANDREWS: Q: So the \$700 refused access
24 reconnection charge applies only to the residential
25 class, is that correct?

26 MR. SANDERS: A: No, it would apply in all situations.

1 MR. ANDREWS: Q: All right, thank you. Does that mean
2 that the financial basis for it includes costs related
3 to classes other than residential? So for example in
4 B-1, Appendix G-1-B, page 7 of 10, PDF page 4833
5 there's a table. The title is Refused Access
6 Reconnection Charge. It itemizes four types of costs
7 and provides numbers and then concludes with the \$700
8 figure.

9 MR. DOYLE: A: Yes, so none of those costs are directly
10 related to residential. They are more, if you look at
11 them, they are power line technician costs and some
12 call centre -- and call centre costs.

13 MR. ANDREWS: Q: Thank you. So just to be clear then,
14 is it correct that Legacy meters, the non-smart
15 meters, are only in place within the residential class
16 at present?

17 MR. SANDERS: A: Yes, that's correct.

18 MR. ANDREWS: Q: So within the residential class is it
19 correct that it would only be Legacy meters that would
20 routinely require manual disconnect and reconnect as
21 to opposed to are there also some smart meters where
22 that would be required?

23 MR. SANDERS: A: So just to step back a little bit, the
24 refused access charge may or may not be related to a
25 non-payment disconnection in this situation. And it's
26 in any situation where we would have to be able to go

1 to the customer's site. So in this situation it's
2 being asked, the meter choice customers are one such
3 disconnection that we have to do manually. There are
4 a set of non-communicating smart meters in some
5 pockets that we have to do that manually. I believe
6 in the workshops we talked about how there was a small
7 number still of meters that didn't have a smart meter
8 equivalent, just based on metering designs. There's a
9 few of those. So it's not specifically to the meter
10 choice charge.

11 MR. DOYLE: A: And this charge only applies after
12 there's been repeated attempts for BC Hydro to
13 disconnect. And if we had disconnected and
14 reconnected under normal course, the charge would have
15 been the \$30 even though we may need to send out a
16 crew because we can't remotely disconnect it, because
17 that \$30 is the blended number. So this only applies
18 after repeated attempts to disconnect and communicate
19 with the customer.

20 MR. ANDREWS: Q: Thank you, but I want to go back just
21 to going step by step. So this would be applicable in
22 the residential class to Legacy meters and some smart
23 meters, and not only where access was required for
24 non-payment disconnect, but also for other
25 circumstances. Would an example of other
26 circumstances be taking the meter out for testing?

1 MR. DOYLE: A: Yes, it would.

2 **Proceeding Time 2:54 p.m. T57**

3 MR. ANDREWS: Q: Now, who owns a residential meter, BC
4 Hydro or the owner of the premises?

5 MR. SANDERS: A: BC Hydro.

6 MR. ANDREWS: Q: And what gives BC Hydro the right to
7 go onto private property to access the meter?

8 MR. DOYLE: A: So, just going to our tariff, Section
9 9.3 of our electric tariff provides BC Hydro the
10 ability to access premises, to change meters, read
11 meters, a multitude of reasons. So, our Section 9.3
12 of the tariff does include language that provides us
13 the ability to access a customer's property and for
14 the purposes of dealing with the meter.

15 MR. ANDREWS: Q: Thank you.

16 MR. DOYLE: A: Sorry, Mr. Sanders just alerted me that
17 it's Section 9.5 of BC Hydro's existing tariff, and
18 9.3 of our proposed amended tariff.

19 MR. ANDREWS: Q: Many of the letters of comment
20 regarding this proposed charge state that the charge
21 is punitive in relation to a customer's choice to
22 retain a Legacy meter. Is that correct?

23 MR. DOYLE: A: So again, I go back to that this charge
24 is only one -- first, the cost is -- the charge is
25 cost-based. So when we have to disconnect for the
26 refused access, we're not disconnecting at the meter

1 or remotely or any other ways. What we're doing is,
2 we're sending a power line technician to disconnect it
3 essentially at the pole, or at the underground
4 connection point. So that is a significant cost that
5 BC Hydro incurs. And we're incurring that cost
6 because in all situations the customer has refused BC
7 Hydro access to the meter. So whether it's
8 barricading the meter if we need to remove it for
9 testing or sampling, or otherwise.

10 MR. ANDREWS: Q: So, in a sense what you've described
11 is that you're asserting that the cost is not
12 excessive, because it's cost -- the charge is not
13 excessive because it's cost-based. Now let me ask
14 you, is this charge punitive, in the sense that there
15 are lots of things that BC Hydro does that it doesn't
16 apply a specific charge for. Is there a basis in
17 Hydro choosing this topic that has to do with Hydro
18 being uncomfortable with people choosing Legacy
19 meters?

20 MS. FERGUSON: If I may, I think the witnesses have tried
21 to answer that question. I think their interpretation
22 of "punitive" probably gets us into legal argument and
23 legal interpretation grounds, which we're happy to
24 address in legal argument. But I think their
25 interpretation of the word "punitive" is probably
26 outside what they're here to testify on.

1 MR. ANDREWS: Fair enough, I'll withdraw the question.

2 THE CHAIRPERSON: Mr. Andrews, can you rephrase or
3 withdraw it? Thank you.

4 MR. ANDREWS: Q: Okay. Turning now to the topic of the
5 pay-as-you-go program, this is something like the
6 equal payment plan, I understand, but it's different.
7 Is that a good way to describe it?

8 MR. DOYLE: A: I think -- go ahead.

9 MR. SANDERS: A: I would describe it as slightly
10 different than that. Yes, it's an equal payment plan
11 where you are paying one month in advance. So in
12 essence an equal payment plan with a one-month
13 security deposit, if you will.

14 MR. ANDREWS: Q: So it is an equal payment plan.

15 MR. SANDERS: A: Yes, it is.

16 **Proceeding Time 2:58 p.m. T58**

17 MR. ANDREWS: Q: And it's paid one month in advance. I
18 notice that in the application itself there's very
19 little mention of pay-as-you-go, and also on the BC
20 Hydro website there's no mention of pay-as-you-go
21 under the category of ways to pay your bills. Is
22 there an explanation for that?

23 MR. DOYLE: A: I guess -- I think the way we've
24 typically used pay-as-you-go as more as a security
25 deposit alternative, rather than a payment method.
26 But, you know, in looking at it, I think it would be a

1 fair inclusion on the ways to pay your bill. I think
2 we've looked at it typically from a security deposit
3 type mechanism or alternative, but clearly it is a way
4 to pay your bill. So that's something we could add
5 onto our website.

6 MR. ANDREWS: Q: Thank you. For the record I have a
7 two-page extract from the BC Hydro website under the
8 heading "Ways to Pay Your Bill" and I believe you have
9 that in front of you. Subject to check, is that an
10 accurate printout from the --

11 MR. DOYLE: A: It appears as though it's a printout from
12 our website.

13 MR. SANDERS: A: Yes, it is.

14 MR. ANDREWS: Q: All right. The hearing officer has
15 copies. I understand that that will be Exhibit C3-
16 17.

17 HEARING OFFICER: Marked C3-17.

18 **(TWO-PAGE PRINTOUT FROM BC HYDRO WEBSITE, "WAYS TO PAY**
19 **YOUR BILL", MARKED AS EXHIBIT C3-17)**

20 MR. ANDREWS: Q: Just then to summarize, you're saying
21 that pay-as-you-go does not now appear there, but
22 you're saying it would reasonable that it be added.

23 MR. DOYLE: A: It would.

24 MR. SANDERS: A: Just -- it may not be this exact
25 page, we've got a number of similar pages, but yes, we
26 would find an appropriate spot to put it.

1 MR. ANDREWS: Q: Thank you. My next topic is the late
2 payment charge. This is the 1.5 percent per month
3 charge and it's not in the bundle of references that I
4 handed out. The -- first I just would like to confirm
5 that Hydro's concept of the size of the late payment
6 charge is -- and I'm referring now to Exhibit B-1,
7 page 813. This is describing when this point came up
8 during the engagement process at line 2. It says:

9 "BC Hydro stated that the late payment
10 charge is foremost a cost recovery mechanism
11 to compensate BC Hydro for expenses incurred
12 as a result of the late payment, and to take
13 into account the time value of money, and
14 also a means to induce prompt payments on
15 the part of customers."

16 Is that still Hydro's position in regard to the basis
17 for the size of the late payment charge?

18 MR. DOYLE: A: Yes. So as we've said, it's primarily
19 a cost-based rate. It does -- it covers the carrying
20 costs as well as our dunning costs in those. So yes,
21 those would be recovered there.

22 MR. ANDREWS: Q: Now, to avoid confusion, there are
23 tables in the materials that -- and I don't think I
24 need to give you the reference yet, necessarily, but
25 they are adding up BC Hydro's collection costs, and
26 they include a number of things like bad debts and

1 connection, reconnection and so on. Can you confirm
2 that that is not the basis for the one and a half
3 percent, as a size of a monthly reconnection? Sorry,
4 one and a half late payment charge.

5 MR. DOYLE: A: Just to confirm, if I understand,
6 please confirm this, that would be our response to
7 BCOAPO 1.92.1 which was referenced earlier. You're
8 referring to that table?

9 MR. ANDREWS: Q: Yes, I am and for those following
10 along at home, it's Exhibit B26-1, PDF page 34, titled
11 "Table 2, BC Hydro Collection Costs".

12 MR. DOYLE: A: That is correct. That is not what we
13 have based the late payment charge amount on.

14 **Proceeding Time 3:03 p.m. T59**

15 MR. ANDREWS: Q: So back to what you have based the one
16 and a half percent on, or the way that you justified
17 it. Is it fair to say that the methodology you used
18 was to add up the costs attributable to the late
19 payment in fiscal 2015, and then compare that with the
20 revenue from the late payment charge in fiscal 2015,
21 and then because they're roughly equal, you concluded
22 that one and a half percent is roughly adequate.

23 MR. DOYLE: A: That's generally a fair
24 characterization.

25 MR. ANDREWS: Q: And you've also noted in the
26 application that if the interest on the money that

1 Hydro is notionally required to borrow because of the
2 late payment was at the short-term bank interest rate,
3 instead of BC Hydro's weighted average cost of debt,
4 the basis for the charge would be somewhat smaller and
5 would equate to a 1.25 percent per month late payment
6 charge.

7 MR. DOYLE: A: It's the interest.

8 MR. SANDERS: A: Yes, if I understood the question
9 correctly, yes. If what we had indicated was that if
10 the interest that we paid on security deposits
11 decreased to the amount of the short-term borrowing,
12 that correspondingly the costs would also balance
13 approximately if the late payment charge was reduced
14 to 1.25 percent from 1.5 percent. The difference
15 being that the change specifically in the interest
16 rate on borrowing for deferred or delayed revenues.

17 MR. ANDREWS: Q: Would you agree with me that the vast
18 majority of the instances when a late payment charge
19 is assessed is when there is a payment that is within
20 a short time of the due date? That is, within a time
21 -- a short time as roughly defined by banks, when they
22 talk about short-term interest rates, say six months
23 or less.

24 MR. SANDERS: A: Yes, I think we could infer that from
25 the arrears data that we've seen, and that Ms.
26 Pritchard showed this morning, or Ms. Khan showed this

1 morning.

2 MR. ANDREWS: I'll leave my questions at that. Thank
3 you. Those are my questions.

4 THE CHAIRPERSON: Thank you, Mr. Andrews. Ms. Dong?

5 **CROSS-EXAMINATION BY MS. DONG:**

6 MS. DONG: Q: Okay, good afternoon, Mr. Chairman and
7 panel.

8 MR. DOYLE: A: Good afternoon.

9 MS. DONG: Q: I wanted to start first with one of the
10 undertakings that BC Hydro has done on behalf of the
11 Zone II RPG question to panel 1. And that refers to
12 what BC Hydro is doing to improve the ECAP application
13 rate in Zone IB and Zone II.

14 MR. DOYLE: A: Can you take me to the undertaking
15 number?

16 MS. DONG: Q: The exhibit number is B-44.

17 MR. DOYLE: A: And undertaking number -- the
18 undertaking number?

19 MS. DONG: Q: Oh, here it is. Number 8.

20 MR. DOYLE: A: Thank you.

21 MS. DONG: Q: Okay. So we thank BC Hydro for the --
22 taking on the undertaking, and we just had a few
23 questions about this exhibit for clarification?

24 **Proceeding Time 3:08 p.m. T60**

25 MR. DOYLE: A: I'll do my best. @@

26 MS. DONG: Q: Okay. So in this exhibit, are these

1 initiatives that are described in this exhibit to
2 promote ECAP and support local conservation being done
3 by Carillon, BC Hydro's sole ECAP provider?

4 MR. DOYLE: A: I don't believe so. When I read it it
5 appears as though some of them are coordination and
6 communication between BC Hydro and various communities
7 or bands, directly.

8 MS. DONG: Q: Okay, thank you, and do you know if these
9 are community driven initiatives or initiatives that
10 BC Hydro has brought forward to the community?

11 MR. DOYLE: A: I'm unsure of who precipitated the
12 discussions.

13 MS. DONG: Q: Would it be possible if you can just
14 check with the -- and do this as an undertaking?

15 MR. DOYLE: A: I guess I can. You know, we're getting
16 into some -- it's very much related to DSM, but I can
17 undertake to see if we have records of who initiated.
18 I'm --

19 MS. DONG: Q: Yes, just on a general -- maybe the
20 person who might have prepared this undertaking.

21 THE CHAIRPERSON: Ms. Dong, I wonder if you could perhaps
22 just explain where you're doing with this and why, as
23 this does seem related to DSM, and if you could just
24 illuminate us as to why your purpose is here.

25 MS. DONG: I guess we're trying to still make the
26 connection between DSM, bill affordability, and I

1 guess that was initially when we were referring to the
2 question about ECAP that was further -- that was a
3 response to one of the IRs that BC Hydro responded to.

4 THE CHAIRPERSON: Right.

5 MS. DONG: And BC Hydro provided this additional
6 information in this Undertaking No. 8, and so we just
7 had further questions about that. But we understand
8 your issue.

9 THE CHAIRPERSON: Ms. Ferguson, did you have something?

10 MS. FERGUSON: First of all, I'm not sure what the
11 undertaking specifically is. So I think BC Hydro has
12 undertaken to answer to the best of its ability a lot
13 of these questions that are related to DSM. I'm still
14 not seeing the link between this and the RDA. So if
15 you can further clarify what the link is between this
16 further undertaking on the undertaking and the link it
17 has to the RDA, then we may be able to provide some
18 further information. But right now I would say I
19 think we've answered the questions the best that the
20 panel can.

21 THE CHAIRPERSON: Is there anything else you can add, Ms.
22 Dong?

23 MS. DONG: Well, I guess the question that we had was
24 just further clarification around this exhibit.

25 THE CHAIRPERSON: Yes, hold on.

26 Ms. Dong, we suggest that you take this up

1 in the RRA hearing which has a DSM component, a DSM
2 application as part of the RRA application and that
3 may be a more appropriate place to ask these
4 questions. But at this point the panel doesn't really
5 see a direct linkage to this particular undertaking
6 you're asking for and the issues in this RDA
7 proceeding.

8 **Proceeding Time 3:13 p.m. T61**

9 MS. DONG: Okay, just for clarification, so any further
10 questions on this Undertaking No. 8, which is Exhibit
11 B-44?

12 THE CHAIRPERSON: No, I was specifically referring to
13 your request for a further undertaking to determine
14 who initiated the conversation between First Nations
15 and Hydro. If you have some additional questions on
16 this that may be within the scope of the RDA, we're
17 happy to hear your questions about that.

18 MS. DONG: Okay.

19 THE CHAIRPERSON: About those.

20 MS. DONG: So I'll proceed.

21 THE CHAIRPERSON: Sure.

22 MS. DONG: And you can give me some direction on that.

23 THE CHAIRPERSON: Yeah.

24 MS. DONG: Okay. Thank you.

25 Q: So with respect to the first bullet, it indicates
26 that BC Hydro is providing three-year funding to the

1 Coastal First Nations for a community energy
2 facilitator. So are you aware if BC Hydro will be
3 providing multi-year funding for any of its other
4 initiatives listed in this exhibit?

5 MR. DOYLE: A: So if I look at the one, two, three,
6 fourth bullet with Dene, we're in discussions to
7 create a multi-year plan to support DSM initiatives.
8 That would be the only other one I see that references
9 a multi-year plan. I'm not sure if the others are
10 multi-year plans or not.

11 MS. DONG: Q: Okay. I guess for further clarification,
12 these are discussions in progress about a multi-year
13 plan, doesn't indicate whether those will be action
14 plans.

15 MR. DOYLE: A: Agreed. I imagine that partially will
16 depend on the outcome of the DSM application.

17 MS. DONG: Q: Okay. You stated in the second bullet
18 point that there's an informal group comprised of
19 Ministry of Energy and Mines, Ministry of Aboriginal
20 Relations and Reconciliation, BC Hydro, Indigenous and
21 Northern Affairs Canada, CMHC, FortisBC, Fraser Basin
22 Council. They meet quarterly to identify
23 opportunities to increase coordination of and support
24 for housing and energy related projects on reserves.
25 Are you aware what action plans and results have
26 developed from these initiatives?

1 MR. DOYLE: A: I am not. It's just not my area of
2 expertise.

3 MS. DONG: Q: So I guess, or what has been implemented,
4 so same answer on that?

5 MR. DOYLE: A: Yes, again I'm just --

6 MS. DONG: Q: Okay.

7 MR. DOYLE: A: I'm not involved in those conversations.

8 MS. DONG: Q: In terms of Kwadacha Fort Ware, which is
9 bullet 3 of Exhibit B-44, I understand that BC Hydro
10 is currently in discussions with the community to
11 support more DSM activities following on the success
12 of Phase 1, which was a deep retrofit of 11 homes.
13 Does BC Hydro plan to provide funding to the next
14 phase of this program to the same extent as Phase 1?

15 MR. DOYLE: A: I am unsure. Again that would probably
16 be a question in the DSM expenditure, the revenue
17 requirement application.

18 MS. DONG: Okay, I have an exhibit that I would like to
19 have my colleague pass out, and I'd like to mark this
20 as Exhibit C36-18. It's an exhibit taken from the BC
21 Hydro website and it shows about the heat pump rebate
22 program. And that exhibit is taken from, as I
23 mentioned, the BC Hydro website and it is in respect
24 to the fourth bullet point at the -- no.

25 **Proceeding Time 3:17 p.m. T62**

26 The last bullet point, about Skidegate Band, which

1 you've indicated in this undertaking is being provided
2 \$75,000 in funding to install heat pumps in their
3 community. And I was wondering, is this incentive any
4 different than what is already available through BC
5 Hydro's heat pump rebate, which is shown in that
6 exhibit, which I'd like to mark as C36-18.

7 THE HEARING OFFICER: Marked Exhibit C36-18.

8 **(TWO-PAGE DOCUMENT FROM BC HYDRO WEBSITE, "HEAT PUMP**
9 **REBATE", MARKED EXHIBIT C36-18)**

10 MR. DOYLE: A: I'm not sure whether it's over and
11 above. Looking at the rebate, it appears to be \$800.
12 It looks like there's 97 homes, so \$800 times 97 is
13 around that \$75,000 number, if I'm correct. So it
14 appears consistent. I'm not sure if it's exact or
15 what the -- if there is any difference.

16 MS. DONG: Q: Okay, thank you for that. So, for all
17 these projects that were listed in that exhibit, are
18 you aware if the economic analysis in these projects
19 that are being under discussion, if Hydro is using the
20 avoided cost in its analysis?

21 MR. DOYLE: A: I am not, again, with the program
22 design. It's probably a question best suited for the
23 revenue requirements application.

24 MS. DONG: Q: Okay.

25 THE CHAIRPERSON: Ms. Dong, I just would like to remind
26 you, this panel is focusing on terms and conditions.

1 MS. DONG: Sure.

2 THE CHAIRPERSON: And they're likely unable to answer
3 questions of this nature.

4 MS. DONG: Right. Right. I'm just following up on BC
5 Hydro's counsel that suggested that I -- that if I had
6 any questions about the undertaking, to bring it up at
7 the next panel. So, I'll just -- that was my last
8 question.

9 THE CHAIRPERSON: Okay.

10 MS. DONG: And I will just go on to panel 3, with the --
11 with respect to terms and conditions.

12 Q: Okay. So 10 to 12 percent of Kwadacha Nation
13 members rely on income assistance. Is BC Hydro aware
14 that Kwadacha members on income assistance receive on
15 average about \$540 per month?

16 MR. SANDERS: A: I'm not aware of that specifically.

17 MS. DONG: Q: This is less than the \$610 per month
18 current basic income assistance benefit rate for a
19 single person, as stated by Ms. Khan in her
20 examination to -- examination in chief to Seth Klein,
21 on page 785, line 15, of the August 18th, 2016
22 transcript, Volume 5.

23 Now, just referring to Exhibit B-5, BCOAPO
24 IR --

25 MS. FERGUSON: Sorry, I'm just wondering if we were
26 actually going to the transcript? Was that a question

1 that you had, or were you just making --

2 MS. DONG: I was just reiterating that. I was just
3 stating that in reference to the \$540, just saying
4 that -- it was trying to bring forward that it was in
5 relation to the \$610 a month.

6 MS. FERGUSON: I think I heard you say that there was --
7 you quoted a fact that Ms. Khan or Mr. Klein, I'm not
8 sure who -- yes, stated. I think that needs to be
9 clarified. My witnesses need to be given an
10 opportunity GO to that, and then actually --

11 MS. DONG: Oh, okay. Oh, okay, sorry. Sorry.

12 THE CHAIRPERSON: Can you rephrase the question or re-ask
13 the question, please?

14 MS. DONG: Q: Sorry. Okay. Are you aware that this is
15 less than the \$610 per month current basic income
16 assistance benefit rate for a single person as stated
17 by Ms. Khan in her examination in chief to Seth Klein?
18 And that's shown on page 785, line 15, of the August
19 18th transcript, Volume 5.

20 MR. DOYLE: A: Sorry. I see the \$610. Where I'm not
21 -- you referenced another number of 500 and something.
22 Can you point me to where on the record I would find
23 that, just to see what we're --

24 MS. DONG: Q: I referenced that in my opening
25 statement. And unfortunately I don't have that
26 reference handy.

Proceeding Time 3:22 p.m. T63

1
2 THE CHAIRPERSON: That would be in Volume 2 of the
3 transcript.
4 MR. DOYLE: A: Volume 3, I think, was the first day.
5 MS. DONG: Q: It was the first day, so Volume 3. I'll
6 take it subject to check.
7 MS. DONG: Q: Okay, thank you.
8 THE CHAIRPERSON: And the answer to the question then?
9 Are you aware?
10 MS. DONG: Q: Are you aware.
11 MR. DOYLE: A: If it's in the documentation. I'll
12 take it subject to check that it was said. I don't
13 recall it being said, but --
14 THE CHAIRPERSON: So we have a question and we have an
15 answer then, correct?
16 MS. DONG: Q: Okay, I'll move on. So in Exhibit B-5,
17 BCOAPO IR 1.135.6 and for those on the computer, it's
18 PDF page 1041, 2139.
19 MR. SANDERS: A: 135.1, you said?
20 MS. DONG: Q: 135.6
21 MR. SANDERS: A: Point 6.
22 MS. DONG: Q: Okay. BC Hydro refers to discussions
23 between INAC and other organizations about
24 coordinating funding, and further discussed in Exhibit
25 B-44 which we were just discussing, the undertaking,
26 where BC Hydro describes an informal group including

1 Minister of Energy and Mines, Ministry of Aboriginal
2 Relations and Reconciliation, BC Hydro, Indigenous and
3 Northern Affairs Canada, CMHC, FortisBC, Fraser Basin
4 Council, that meets quarterly to identify
5 opportunities to increase coordination of and support
6 for housing and energy laden projects on reserve in
7 Zones IB believe and II.

8 And then also if you go and refer to
9 Exhibit B-23, those are the Zone II IRs. Which are IR
10 2.91. They are near the end. That's page, PDF 890 of
11 951. And then I'm also going to refer to another IR a
12 few pages later, which is 2.18.1, which is PDF page
13 924 of 951, and in those two IRs BC Hydro discusses
14 the payment processes it has in place with MSDSI.

15 Exhibit B-23, Zone II IR 2.91, and then
16 there's another IR just in that same package, 2.18.1
17 which is also a Zone II IR, and just repeating, that's
18 where BC Hydro discusses the payment processes it has
19 in place with MSDSI. So as part of these discussions,
20 is BC Hydro also addressing BC Hydro's tariff, terms,
21 and conditions such as the criteria of eligible low
22 income customer for residential customers on reserve?

23 MR. DOYLE: A: Sorry, when you say criteria of low
24 income customers, under -- I'm not aware of in our
25 terms and conditions where we have an eligibility of
26 low income terms and conditions.

1 MS. DONG: Q: If my recollection is correct, I believe
2 that was in your business plan for low income
3 customers, the eligibility criteria.

4 MR. SANDERS: A: What we suggested was -- in
5 discussions with BCOAPO as requested, what would it
6 take to have an eligibility process. We did not
7 discuss eligibility for low income, or have not
8 proposed eligibility specifically for low income
9 customers, for terms and conditions, rather.

10 **Proceeding Time 3:28 p.m. T64**

11 MS. DONG: Q: Okay, are there any discussions on
12 implementing same payment procedures with INAC or the
13 Band that it had in place with MSDSI? Those being
14 waiving security deposits, direct payment
15 arrangements, stopping collection processes when a
16 customer is applying for MSDSI assistance?

17 MR. SANDERS: A: So, as we talked about before, our
18 arrangements with MSDSI were -- this is where we
19 started, because that's certainly the largest set of
20 customers on social assistance. One of the logical
21 next steps would be to look at the INAC funded social
22 assistance that works through the Bands. We have had,
23 I believe, one conversation to date with INAC. Our
24 understanding, or my understanding, is that the Bands
25 are the ones who administer the funding on behalf of
26 INAC. So it's not the same arrangement as MSDSI has,

1 where there is one central organization. It's
2 dispersed through all of them. That's essentially how
3 far we've progressed. We have not at this stage had
4 conversations with any specific Bands that would be
5 interested in having similar processes. We have
6 interest, we would be open to it, though.

7 MS. DONG: Q: Have you communicated this information
8 with the Bands, or had any conversations with them?

9 MR. SANDERS: A: I don't believe we've had
10 conversations to that degree yet. The first step was
11 having that conversation with INAC, and then being
12 able to understand how we could follow up with the
13 Band after that.

14 MS. DONG: Q: Referring back to that discussion,
15 informal discussion group that we talked about, that
16 meets quarterly, would that not be a reasonable and
17 possible approach to address some of the account
18 issues in these First Nations communities?

19 MR. DOYLE: A: Sorry, having a process similar to the
20 MSDSI direct payment process?

21 MS. DONG: Q: Yes.

22 MR. DOYLE: A: I think it would be a reasonable step.
23 The one thing I think we need to all remember is that
24 it takes both parties. Like we can't implement this
25 on our own. So, the other organization needs to also
26 be, you know, not just willing but able to implement

1 that process. So whether it be system-wise, or other.

2 MS. DONG: Q: Okay. On to another topic. On bill
3 payment options.

4 Mr. Chairman, I have a copy of the
5 NetworkBC connectivity map, which Hal is passing out.
6 Which I'd like to mark as Exhibit 36-19.

7 THE HEARING OFFICER: Exhibit C36-19.

8 MS. DONG: Oh, sorry. Exhibit C36-19.

9 **(TWO-PAGE NETWORKBC CONNECTIVITY MAP MARKED EXHIBIT**
10 **C36-19)**

11 MS. DONG: Q: And this shows internet and cellular
12 coverage for BC Hydro -- sorry, it shows internet and
13 BC Hydro coverage. And I'll be referring to this
14 exhibit in my questions.

15 Okay, so referring to this exhibit, would
16 BC Hydro agree that internet service, cable, or fibre
17 optic is not available in all communities in B.C., and
18 in particular Fort Ware?

19 MR. SANDERS: A: To the first question, I would agree
20 that it is not -- to my knowledge, it's not available
21 everywhere. I would point out looking at this
22 particular map that this is based on independent
23 internet service providers that have submitted their
24 information to NetworkBC. So I don't know
25 specifically beyond that.

26 I am aware that there is cellular internet

1 coverage in Fort Ware for the Band office and
2 administration offices. I do not know how far beyond
3 that it goes into the community.

4 MS. DONG: Q: Of the -- given that, would you agree
5 that only satellite internet service is available?
6 And this is -- which is slow, unreliable and costly?

7 MS. FERGUSON: Sorry, Mr. Chair. I'm just rising because
8 I think these are probably outside the scope of BC
9 Hydro's knowledge and more appropriately things that
10 internet service providers, like Shaw and TELUS, may
11 be able to comment on. But I don't know that BC Hydro
12 can comment on where internet is, how good it is, or
13 any questions related to that.

14 THE CHAIRPERSON: Ms. Dong?

15 MS. DONG: Okay. All right, thank you. I'll move on,
16 then.

17 THE CHAIRPERSON: Thank you.

18 **Proceeding Time 3:28 p.m. T65**

19 MS. DONG: Mr. Chairman, I also have a another exhibit
20 which I'd like to mark as C36-20 and it's a copy of a
21 set of bank listings from the Canpages, and that shows
22 banks in Northern B.C. in or near Fort Ware.

23 And I just have one question for BC Hydro
24 on that. So referring to the exhibit --

25 THE CHAIRPERSON: And the number of the exhibit?

26 MS. DONG: Oh, I said C36-20.

1 THE CHAIRPERSON: Thank you.

2 THE HEARING OFFICER: C36-20.

3 **(BANK LISTINGS IN NORTHERN BC FROM CANPAGES MARKED AS**
4 **EXHIBIT C36-20)**

5 MS. DONG: Q: So referring to the exhibit, can BC Hydro
6 indicate where the nearest bank to Fort Ware is
7 located?

8 MS. FERGUSON: Again, I'm sorry, I'm going to have to
9 rise and say, these witnesses would have no idea. I
10 mean all of us in the room could look at this list and
11 try to figure out where banks are in relation to Fort
12 Ware, but that's not something that would
13 realistically be within their knowledge.

14 MS. DONG: Q: Okay, then I'll redirect that question to
15 -- based on that exhibit, do you see if there is a
16 bank located in Fort Ware?

17 MR. SANDERS: A: I don't see a bank listed that
18 indicates that it's in Fort Ware from what I see.

19 MS. DONG: Q: Okay, thank you. And I have one last
20 exhibit which I would like to file as Exhibit C36-21.
21 It shows a map of Service BC offices.

22 THE CHAIRPERSON: Mr. Miller.

23 MR. MILLER: Mr. Chair, I'm not sure about the usefulness
24 of putting a document to a witness panel without them
25 verifying the information as accurate, and then asking
26 if you are aware if there's anything on that document

1 which responds to the question. It seems to be not
2 the proper way to put in evidence. There's no
3 recognition that the document's accurate or represents
4 anything other than what's on it. So I'm not sure
5 what use it is for the panel.

6 THE CHAIRPERSON: Ms. Dong? Are you referring generally
7 to the previous document, or the one that's about to
8 be filed, or all of these in general?

9 MR. MILLER: Well, we've seen it with the last two for
10 sure, and I'm just wondering if we've got a pattern
11 going here. We have another one, we're putting the
12 document to them, which they can't comment on.

13 THE CHAIRPERSON: And could you describe again what this
14 next document is?

15 MS. DONG: This document was taken from a government
16 website and it shows the locations of B.C. Service
17 locations.

18 THE CHAIRPERSON: It's taken from a B.C. government
19 website?

20 MS. DONG: Yes. Which, the reference is included in the
21 header.

22 THE CHAIRPERSON: Mr. Miller?

23 MR. MILLER: So again, Mr. Chair, normally the document
24 before it's marked as an exhibit would be put to the
25 panel so they could identify it and say, "Yes, we've
26 had a chance to look at this. It looks accurate."

1 Having it marked before it's even put to the panel is
2 inappropriate.

3 THE CHAIRPERSON: Does the panel have the exhibit right
4 now?

5 MR. DOYLE: A: We do.

6 MS. DONG: Yes.

7 THE CHAIRPERSON: And are you able to comment on the
8 accuracy of this exhibit?

9 MR. DOYLE: A: We can comment that what's here in the
10 header, it says "Province of B.C. Service Locations"
11 and has some points and numbers, and there's a little
12 pointer, I'm guessing which is Fort Ware, but I don't
13 see -- like we don't know all the search criteria and
14 that. Like it appears as there is no Service
15 locations around, but I have no way of understanding
16 everything that goes in behind the document.

17 THE CHAIRPERSON: Ms. Dong, it would appear that the
18 panel is not able to comment on the data in the
19 document.

20 MS. DONG: Q: Okay. Just for clarification, I did
21 provide these exhibits to BC Hydro's counsel last
22 week.

23 MR. DOYLE: A: And again, I think it's just the level
24 of granularity in this exhibit. I just am not sure of
25 the search. It appears as though its from a website.
26 It may be accurate. I guess -- I'm not sure of the

1 question.

2 MS. DONG: Q: Just my question was is there a Service
3 B.C. located -- is there a Service B.C. office located
4 in Fort Ware as shown on this map?

5 THE CHAIRPERSON: Do you accept that the dots on that map
6 are Service B.C. locations, whether they are a
7 complete list or not?

8 MR. DOYLE: A: Yeah, we do.

9 MR. SANDERS: A: And to the best of my knowledge there
10 is not a B.C. Service in Fort Ware, Kawadacha.

11 MS. DONG: Q: Thank you. So would you agree that for
12 regions outside urban communities in B.C., such as the
13 remote community of Fort Ware, they do not have the
14 same bill payment options available to them as most
15 other communities?

16 **Proceeding Time 3:39 p.m. T66**

17 MR. SANDERS: A: I think I would look at that one a bit
18 more broadly. What we try to do, as we identify
19 situations where we know there are maybe some systemic
20 issues of having bills arrive in those communities or
21 having payments come out is that for instance, we can
22 in some instances set up a local store as a payment
23 station. But those are on request, as we work with
24 the communities to identify where they actually have
25 systemic issues. To this point, we haven't had a
26 request of that from Fort Ware to my knowledge. It

1 would be something that we would certainly consider,
2 if it came up.

3 MS. DONG: Q: Thank you. Could one solution be
4 improved and affordable internet access with public
5 internet stations in the community, similar to what
6 exists in public neighbourhoods that you see here in
7 urban centres?

8 MS. FERGUSON: Again, I think that this line of
9 questioning is just outside the -- I mean, I don't
10 think my witnesses should be speaking about service
11 from internet providers, and the cost of internet or
12 anything related to that. That's just not what
13 they're here to speak about.

14 THE CHAIRPERSON: You are asking for a lot of speculation
15 from them.

16 MS. DONG: Okay. Okay, I'll move on.

17 Q: Has BC Hydro considered monthly billing as an
18 option to help the residents of Fort Ware manage their
19 finances, improve bill payments?

20 MR. SANDERS: A: We addressed this in several IRs. I
21 don't have the reference offhand, but if customers are
22 on equal payment plan, they already have access to
23 monthly billing. I think we had committed in the IRs
24 that although from a cost perspective, generally
25 speaking, if you have paper bills being delivered, it
26 doesn't make financial sense to have everybody on a

1 monthly billing, that we would, you know, upon request
2 look at that for specific communities. But now again,
3 to my knowledge, that request has not been made at
4 this point.

5 MS. DONG: Q: How is BC Hydro making that option known
6 to communities, that monthly billing is available? Is
7 that on your website, or --

8 MR. DOYLE: A: So, I think if we look at the Exhibit
9 C3-17 that Mr. Andrews recently put to us, under "Ways
10 to pay your bill", the one, two, three -- third bullet
11 would be "Equal payment plan". So that would -- at
12 least the equal payment plan would be on that -- it's
13 available on our website.

14 MS. DONG: Q: Okay. And that leads me to equal payment
15 plan questions. Can you explain what BC Hydro's
16 policy for cancelling a customer's equal payment plan
17 for a missed or late payment?

18 MR. SANDERS: A: Ultimately it's part of our dunning
19 procedures. In the dunning procedure matrix which was
20 referenced in response to BCOAPO IR 1.178.1,
21 Attachment 1, the cancellation of the equal payment
22 plan happens when payment is 63 days late, for all
23 levels of creditworthiness.

24 MS. DONG: Q: Okay. So, what specifically happens when
25 the equal payment plan is cancelled?

26 MR. SANDERS: A: When it cancels -- at any given point

1 MS. DONG: Q: Could one solution to allow for some
2 lenience in a missed payment situation for a customer
3 on an equal payment plan?

4 MR. SANDERS: A: Sorry, I don't understand the
5 question.

6 MS. DONG: Q: Is one solution, so that the customer
7 wouldn't have to be paying a large monthly bill in a
8 heating season or have difficulty paying -- a
9 difficult financial situation. Could one solution be
10 to allow for some lenience in a missed payment
11 situation for a customer on an equal payment plan?

12 MR. SANDERS: A: Well, the customer already has sixty-
13 three days. If they haven't been able to pay the
14 bills following -- again, following the standard
15 procedure is to have notices of late payments, they
16 have opportunities to enter into instalment plans for
17 balances. The equal payment plan is a specific
18 situation of arrears, but it's not really any
19 different from the view that it's still customers who
20 have 63 days to have identified an issue and come to
21 BC Hydro to get into alternate arrangements.

22 MS. DONG: Q: Okay, thank you. I want to turn to
23 Exhibit B-38 which is page 5 of Keith Anderson's
24 opening statement. That's Exhibit B-38, page 5.

25 In that opening statement BC Hydro states
26 that they have opened in-person customer service desk

1 at their Dunsmuir and Edmonds offices and their plans
2 are to provide similar services in other district
3 offices to help low income customers. Is BC Hydro
4 planning on providing improved access for areas
5 without a district office such as in Zone IB and II?

6 MR. SANDERS: A: First, just to clarify Mr. Anderson's
7 statement, we have opened those offices not just to
8 improve services for low income customers. Certainly
9 we're acknowledging that's a beneficiary of them, but
10 it's not specifically for that. Similarly we're
11 exploring provided those services elsewhere. We
12 haven't made any commitments to do so yet.

13 With respect to Zone II and Zone IB, those
14 would be things we would certainly consider in trying
15 to figure out how we can get better access to those
16 communities and provide those customers with ways to
17 -- and address barriers to payment and understanding.
18 But whether that's an office or some other format, we
19 haven't got that far in the exploration to this point.

20 MS. DONG: Q: Could one solution be to provide in-
21 person assistance using a service like Skype.

22 MR. SANDERS: A: That is one option that we are
23 considering, yes.

24 MS. DONG: Q: Okay, thank you. In the previous panel
25 BC Hydro referred to hiring someone locally to help
26 promote ESK and ECAP which BC Hydro funds in remote

1 communities. Would BC Hydro consider utilizing this
2 person to be a single local point of contact for all
3 BC Hydro issues such as DSM billing and payment
4 issues?

5 MR. SANDERS: A: I think it's something we could
6 explore. There would be some concerns to address with
7 respect to items such as privacy or security if you're
8 accepting payments, but yes, it's something to
9 explore.

10 MS. DONG: Q: And if BC Hydro entered into this
11 arrangement, how would you ensure proper training and
12 support for this person?

13 MR. SANDERS: A: I think it's a bit hypothetical at
14 this stage. We're talking about exploring, so it
15 would depend on a lot of circumstances. I can't
16 answer that right now.

17 MS. DONG: Q: Okay, thank you. Are you aware that BC
18 Hydro has a single point of contact in its offices for
19 First Nations on all BC Hydro issues with
20 responsibility by that individual group to follow up
21 on customer issues?

22 MR. DOYLE: A: Can you repeat the question?

23 MS. DONG: Q: Okay. Does BC Hydro have a single point
24 of contact in its offices for First Nations on all BC
25 Hydro issues with responsibility by that individual or
26 group to follow up on customer issues?

1 **Proceeding Time 3:50 p.m. T68**

2 MR. SANDERS: A: Not a single point of contact, no.

3 MS. DONG: Q: Would BC Hydro consider this solution to
4 deal with First Nations issues, rather than having all
5 different separate departments?

6 MR. DOYLE: A: I guess my concern with it would be, it
7 would be quite a task for someone or a department to
8 have that breadth of knowledge of all the various
9 things that a customer may touch BC Hydro on, whether
10 it be connections or customer service or billing or
11 demand-side management. So I think it would be a
12 difficult position to put someone in. I know we do
13 have groups responsible for aboriginal relations who
14 probably help connect people, First Nations to the
15 right areas within BC Hydro. But there's not a single
16 point of contact.

17 MR. SANDERS: A: Just to add something as well, we have
18 also for billing issues specifically, so it's not all
19 point of contact, but, you know, contact the Band
20 offices can reach. In fact, it's the same area that
21 the MSDSI, you know, agencies reach through. Because
22 we recognize that it's a good long-standing
23 relationship in the Band administration's role as a
24 property manager, essentially. So we have that with
25 respect to billing.

26 But it's, you know, limited to that

1 function.

2 MS. DONG: Okay, thank you. Well, I want to thank the
3 panel, and that concludes my cross-examination of this
4 panel. Thank you.

5 THE CHAIRPERSON: Thank you, Ms. Dong.

6 Mr. Weisberg, just stand down for -- sorry,
7 did you have -- stand down for a moment. I'd like to
8 take a short break before we continue. Come back at
9 4:00. Thanks.

10 **(PROCEEDINGS ADJOURNED AT 3:52 P.M.)**

11 **(PROCEEDINGS RESUMED AT 4:03 P.M.) T69/70**

12 THE CHAIRPERSON: Please be seated. Thank you.

13 Mr. Weisberg?

14 MR. WEISBERG: Good afternoon, Commissioners, Mr. Chair.
15 Mr. Chair, I can advise I've received some very
16 positive feedback from my rather daring wardrobe
17 choices today.

18 THE CHAIRPERSON: And it's not even St. Patrick's Day.

19 MR. WEISBERG: It is not, but several of the BC Hydro
20 folks were kind enough to observe that my vibrant
21 green tie really brings out the area around my gills.

22 As a Saskatchewan landlubber, I have no
23 idea what that means, but I assume it's some sort of
24 coastal compliment. So I'll move right in.

25 **CROSS-EXAMINATION BY MR. WEISBERG:**

26 MR. WEISBERG: Q: Good afternoon, panel. Mr. Sanders,

1 we haven't formally met before, but nice to see you
2 there.

3 My first two questions are just going to be
4 follow-ups that were deferred to you, Mr. Sanders,
5 from a previous panel. The first one being from
6 Volume 4 at page 606, and that question, which was
7 deferred to you, then, was this. Has BC Hydro tried
8 to identify any unique circumstances in Zone IB or
9 Zone II that may have an impact on either when
10 security deposits are applied or how much of a deposit
11 is required?

12 MR. SANDERS: A: Not at this time, we haven't looked
13 for any unique circumstances, no.

14 MR. WEISBERG: Q: Okay, thank you. That's something
15 that you would be willing to look into in the
16 engagement proceeding, Module 2, or in Module 2
17 itself, I take it?

18 MR. DOYLE: A: That is correct.

19 MR. WEISBERG: Q: Thank you. The second question that
20 was deferred to you, Mr. Sanders, was from Volume 4,
21 also page 606, beginning at line 23. And that was,
22 has BC Hydro looked into the possibility of providing
23 occasional in-person service desks within Zone IB or
24 Zone II? And the example I gave at the time was that
25 perhaps there could be a pilot involving advanced
26 notification to such communities for perhaps a monthly

1 in-person service desk. Can I have your comment on
2 that concept?

3 MR. SANDERS: A: We haven't specifically considered
4 that, but we would explore it similar to the
5 conversation that we just had with Ms. Dong.

6 MR. WEISBERG: Q: Okay, thank you. Mr. Sanders, your
7 direct testimony indicates that one of the areas of
8 responsibility is meter reading, not that you do it,
9 but that you oversee that, that function. Are you
10 able to describe challenges or concerns that arise in
11 connection with meter reading in the non-integrated
12 areas specifically?

13 MR. SANDERS: A: So, my responsibility is with respect
14 to the manual meter reading. Of course, we have 97
15 percent, I believe, of our meters are automatically
16 read, and so we don't have to send people out. There
17 are non-integrated areas which are well-connected to
18 the communications network, and there are no issues
19 whatsoever. We have -- with respect to manual meter
20 reading, it's not an issue. We have other areas of
21 the integrated region that are not well connected, and
22 we send people out to. So, other than the non-
23 integrated areas, where we do need to read meters,
24 tend to be farther away. Being a non-integrated area
25 does not necessarily mean that meter reading is more
26 difficult there than anywhere else.

1 MR. WEISBERG: Q: Okay. Are smart meters involved in
2 approximately the same percentage of accounts in Zone
3 IB and Zone II as they are in Zone I?

4 MR. SANDERS: A: I'm not sure of the meter counts. I'm
5 not sure, sorry.

6 MR. WEISBERG: Okay. Mr. Chairman, I'm just going to
7 leave that as it is in the transcript. It's something
8 we'll pursue in Module 2. I could ask for an
9 undertaking, but I think it's more appropriate to
10 leave it for that process.

11 THE CHAIRPERSON: Okay, thank you.

12 **Proceeding Time 3:42 a.m. T71**

13 MR. WEISBERG: Q: You mentioned earlier in your
14 testimony today, Mr. Sanders, that smart meter
15 installation tracks very closely with the account
16 type, and I think you mentioned that residential and
17 small general service generally have smart meters, and
18 for the most part, other types of accounts do not. Is
19 that a fair representation of your testimony.

20 MR. SANDERS: A: No, I believe my comment was with
21 respect to the remote disconnection and connection
22 capability, that was -- we cannot do remote
23 reconnections on a medium or a large general service
24 account or some small general service customers that
25 have polyphase. We do have smart meters on all
26 meters, or predominantly.

1 MR. WEISBERG: Q: But the actual disconnection
2 functions.
3 MR. SANDERS: A: It's the disconnection function,
4 that's correct.
5 MR. WEISBERG: Q: Thank you. Under cross-examination
6 by Mr. Andrew, Mr. Sanders, you mentioned a non-
7 communicating smart meters. Do you recall that?
8 MR. SANDERS: A: Yes.
9 MR. WEISBERG: Q: Do proportionately more -- or are
10 there proportionately more of those type of meters in
11 Zone IB or Zone II or is that not the case?
12 MR. SANDERS: A: I'm not aware of the statistics
13 offhand of Zone IB or II as compared to the Zone I.
14 MR. WEISBERG: Q: Okay, thanks. Are BC Hydro's
15 communications with smart meters in Zone IB and Zone
16 II as reliable as within Zone I, or do communication
17 disruptions or other problems with meter reading arise
18 more often in Zone IB and Zone II? And I ask the
19 question in the context of your answer a moment ago,
20 but if you have something to add to that, I would
21 invite you to.
22 MR. SANDERS: A: I think it's very location specific.
23 I can't comment specifically on -- again we have areas
24 in Zone II that I'm aware of that have very strong
25 communications; others, not so much.
26 MR. WEISBERG: Q: Does BC Hydro occasionally send in

1 meter readers to Zone IB and Zone II to take manual
2 meter readings on site and/or to check the functioning
3 of smart meters?

4 MR. SANDERS: A: Yes. With respect to the manual
5 reads, where we have meters -- well, I guess two
6 situations. One would be if there's a Meter Choice
7 program customer, those could be in any zone, so yes,
8 we have to send people into look at those meters.
9 With respect to the non-communicating or where we
10 don't have them converted to automated reads, is
11 probably a better way to put it, we send them in. I
12 don't specifically have the statistics on where we
13 send people and where we don't, at this moment.

14 MR. WEISBERG: Q: Okay. When you do send meter readers
15 or other technicians into Zone IB or Zone II, do you
16 tend to group the jobs or requests to enhance the
17 efficiency of those trips?

18 MR. SANDERS: A: Yes, we do. We tend to do, for
19 instance, any disconnection/reconnection work at the
20 same as we know somebody would go for meter reading,
21 for instance. And that's even the situation if you've
22 got even that one meter that might need a manual read.
23 If we're going to go into a community we -- and the
24 same thing holds in Zone I for that matter, we would
25 tend to make sure that we're performing our credit
26 actions around the same time that we know somebody's

1 going there, so that if even a remote reconnection
2 fails, that we've got somebody who can provide that
3 customer response immediately once they've caught up
4 with their payments.

5 MR. WEISBERG: Q: Okay, thank you. The next area I'll
6 ask a few questions about is about billing. Does the
7 remoteness of the non-integrated areas contribute to
8 longer or less predictable delivery times for bills
9 that are mailed to customers in Zone IB or Zone II?

10 MR. SANDERS: A: I can't speak about Zone IB or Zone II
11 relative to Zone I, because we certainly have
12 communities in Zone I that are fairly remote as well.
13 I am aware of situations where the bill delivery is
14 delayed in Zone II communities, I believe, yes.

15 MR. WEISBERG: Q: Okay. Are you not aware of that
16 applying to Zone IB or did you just not mention?

17 **Proceeding Time 4:12 a.m. T72**

18 MR. SANDERS: A: The example I can think of is a Zone
19 II community. I am not aware, specifically of Zone
20 IB. Now, of course this reflects only those bills
21 that are delivered by Canada Post.

22 MR. WEISBERG: Q: Right.

23 MR. SANDERS: A: If we have electronic bill delivery
24 and payment, then it's more reflective of internet
25 access.

26 MR. WEISBERG: Q: Okay, what about notifications

1 regarding credit worthiness or late payment or
2 collection actions? Again, are you aware of the
3 remoteness of the NIA's contributing to either longer
4 or less predictable delivery times for such documents
5 by mail?

6 MR. SANDERS: A: It's not generally acknowledged that
7 it is an issue from time to time. For instance, we do
8 have situations where we know that a whole batch of
9 bills may not get to certain communities because of
10 access, the float plane if you will. In which
11 situation we put credit locks on accounts and give
12 people extra time to pay without the late payment
13 charge until we know that they've received those bills
14 and had their 21 days as expected.

15 MR. WEISBERG: Q: Okay. Would you agree that whatever
16 challenges the remoteness of the NIAs contributes to
17 longer or less predictable delivery times? For bills,
18 might also apply to the receipt by BC Hydro of
19 customer payments from customers in those areas?

20 MR. SANDERS: A: Again, generally yes, any remote area
21 the mail takes a long time to get to. If it is not
22 electronically paid, then that becomes a factor.

23 MR. WEISBERG: Q: Okay, thank you. So, with such
24 delays in mind, does BC Hydro find a higher incidence
25 of late payments in Zone IB or Zone II relative to
26 Zone I?

1 MR. SANDERS: A: Yeah, I can't recall analysis
2 specifically to late payment charge in Zone I versus
3 IB and Zone II. Part of it certainly is the fact that
4 as I said before, if there is a known issue, we will
5 put payment locks on it, so we don't charge interest
6 knowing that there was a specific event that caused a
7 delay. And the other factor is that because we are
8 not applying the late payment charge for 30 days, that
9 even, you know, in certain situations a slight delay
10 won't really cause an impact on when we receive
11 payment, so I am not aware of any data.

12 MR. WEISBERG: Q: Okay, thank you. Ms. Dong before me
13 asked a series of questions about the extent of
14 internet connectivity, in particular regarding Fort
15 Ware, I want to ask more generally, can you agree that
16 limitations on availability, reliability, or cost of
17 internet access in Zone IB or Zone II may create
18 challenges to timely bill and notification deliveries
19 and bill payments?

20 MR. DOYLE: A: So, I guess I can't probably comment on
21 the cost of the internet and the impact it would have
22 to it, but I think as a general statement, if people's
23 internet access, whether in Zone I or Zone II or Zone
24 IB is intermittent or is out, that it does reduce
25 their opportunity depending on the length of time that
26 it is out, to make, obviously to use that function of

1 bill payments electronically.

2 MR. WEISBERG: Q: Okay, thank you.

3 MR. DOYLE: A: But sorry, you could set up also direct
4 payment, obviously, so when the bill comes it could be
5 automatically paid which would remove that requirement
6 every month.

7 **Proceeding Time 4:17 p.m. T73**

8 MR. WEISBERG: Q: Is that, that type of option and
9 putting it in some context, as you just did with me,
10 as an option to internet connectivity that may be less
11 reliable. Is that something that BC Hydro actively
12 promotes and publicizes with NIA communities, and make
13 an active suggestion to use those type of payment
14 options?

15 MR. SANDERS: A: I think in general -- I think we talk
16 to all customers, and try to convince them, or
17 encourage them, if you will, that it's appropriate to
18 try to sign up for electronic payments and electronic
19 billing, mostly from the view that it's cost-
20 effective. It saves the cost of postage for all
21 customers. So it's reducing rates from that
22 perspective. And the same thing for bank payments.
23 You know, from time to time, it is definitely
24 identified as an alternative when specific situations
25 come up, and of course when customers are also signing
26 up for service, we tend to encourage them to sign up

1 for direct withdrawal from bank accounts as well, to
2 be able to have pre-authorized payment option, and not
3 have to worry about submitting the payments
4 themselves.

5 MR. WEISBERG: Q: Okay, thank you. Mr. William Andrews
6 introduced Exhibit C3-17, it's titled "Ways to pay
7 your bill". Do you suspect he may have been making a
8 subliminal suggestion for his own monetary benefit?
9 It's late in the afternoon. Ways to pay your Bill.

10 Seriously, on page 2 of that document, it's
11 C3-17, it identifies an option, "At a Service BC
12 location". Ms. Dong touched on this already. I want
13 to pull the focus back a little bit, but just to
14 follow up. Are there Service BC locations in Zone IB
15 or Zone II in sufficient quantity to make that a
16 viable payment option, do you think, in the non-
17 integrated areas?

18 MR. SANDERS: A: I don't recall specific locations of
19 Service BC offices, and whether or not they are in all
20 of the Zone IB or Zone II locations.

21 MR. WEISBERG: Q: Mr. Sanders, are you aware of any
22 other billing concerns that have a greater impact or
23 frequency in Zone IB or Zone II than Zone I?

24 MR. SANDERS: A: No, I don't think we've done an
25 analysis specific to that question. As we were saying
26 before, the general issues with respect to weather and

1 remoteness come into all of the zones, depending on
2 where communities are. So there are definitely site-
3 specific locations. But I'm not aware of any detailed
4 analysis on where those problems may be.

5 MR. WEISBERG: Q: Okay, thanks. Ms. Khan before me
6 entered a number of new exhibits in the course of her
7 cross-examination. I'm going to refer to one just
8 simply as an example. I don't think you need to turn
9 it up. It's C2-34. I'm not going to ask about the
10 detail of it. What it is is a table that sets out
11 distribution customer allocators.

12 My question is, does the table found in
13 Exhibit C2-34 include the non-integrated areas, Zone
14 IB and Zone II or is it limited to Zone I?

15 **Proceeding Time 4:21 p.m. T74**

16 MR. DOYLE: A: Subject to check, I believe it would
17 apply to both. We don't do -- so the non-integrated
18 area is not its own rate class, and this is done by
19 the rate class. So as I understand it, a residential
20 customer in the non-integrated area would be included
21 in that particular --

22 MR. WEISBERG: Q: Okay.

23 MR. DOYLE: A: That being said, the rates are
24 different.

25 MR. WEISBERG: Q: So as a general observation, when the
26 Commission Panel looks at the body of BC Hydro

1 evidence, what assumption can they make about whether
2 a particular document reflects the non-integrated
3 areas or not. So this, as you just explained, does
4 because it's grouped by customer class but there are
5 going to be some cases where it does reflect NIAs and
6 others where that's not so. Is that fair?

7 MR. DOYLE: A: So I guess what I would say is, you
8 know, with respect to this one, this was dealt with
9 through the cost-of-service negotiated settlement
10 agreement which had participation of both Zone I and
11 Zone -- representation from all the Zones. Largely
12 the proposals with respect to rate structures only
13 apply to Zone I, so the changes we're making. With
14 respect to the terms and conditions, I think I've said
15 earlier, that those do apply across the zones.

16 MR. WEISBERG: Q: Okay, thank you. Would you agree that
17 the data behind any determinations made by the
18 Commission Panel in Module 1 may need to be examined
19 in Module 2 to ascertain whether Zone IB and Zone II
20 data and circumstances have been adequately
21 considered?

22 MR. DOYLE: A: So again, I would go to the proposals
23 with respect to the rate designs are specific to Zone
24 I. With respect to the terms and conditions, I
25 believe we've committed to, if it arises through the
26 engagement process that there's a good reason to look

1 at some differentiated terms for the Zone IB and Zone
2 II customers, we would do so.

3 MR. WEISBERG: Q: Okay, thank you. Panel, thank you.
4 Those are my questions. Mr. Chairman, thank you.

5 THE CHAIRPERSON: Thank you, Mr. Weisberg.

6 All right, I think we'll break for the day
7 then and come back tomorrow morning at 9:00. Have a
8 good evening all. Thanks.

9 **(PROCEEDINGS ADJOURNED AT 4:25 P.M.)**

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