

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

**And**

**British Columbia Hydro and Power Authority**  
**Customer Emergency Fund Pilot Program**  
**Application**

**Vancouver, B.C.**  
**November 9th, 2017**

---

**STREAMLINED REVIEW PROCESS**

---

**BEFORE:**

**K. A. Keilty,                      Commissioner/Panel Chair**

**W.A. Everett,                      Commissioner**

## APPEARANCES

P. MILLER	Commission Counsel
J. CHRISTIAN	BC Hydro and Power Authority
L. HERBST	FortisBC Energy Inc./FortisBC Inc.
S. KHAN E. PRITCHARD	British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council Of Senior Citizens' Organizations Of BC, Together Against Poverty Society, And The Tenant Resource And Advisory Centre
J. McLEAN L. DONG	Zone II Ratepayers Group
C. WEAVER	Commercial Energy Consumers Association of British Columbia
L. HERBST	FortisBC Energy Inc., Fortis BC Inc.
W. ANDREWS	B.C. Sustainable Energy Association and Sierra Club of British Columbia
F. WEISBERG	Non-integrated Areas Ratepayers Group

**INDEX OF EXHIBITS**

<b>NO.</b>	<b>DESCRIPTION</b>	<b>PAGE</b>
B-5	PRESENTATION OF MR. SANDERS.....	43

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

**CAARS**

VANCOUVER, B.C.

November 9, 2017

**(PROCEEDINGS RESUMED AT 9:04 A.M.)**

THE CHAIRPERSON: Good morning and welcome. My name is Karen Keilty, panel chair, for BC Hydro's Customer Emergency Fund Pilot Program Application. With me today is Commissioner Bill Everett, the other panel member.

Following the public hearing of BC Hydro's 2015 rate design application, the Commission issued Order G-5-17 and accompanying decision on January 20<sup>th</sup>, 2017. In the 2015 RDA decision, the Commission approved the establishment of a pilot crisis intervention fund and directed BC Hydro to file a proposal for a pilot program.

On July 24<sup>th</sup>, 2017 BC Hydro filed an application for approval pursuant to Section 58 to 61 of the *Utilities Commission Act* of its proposal for approval of the CEF pilot program.

By Order G-31-17, on August 24<sup>th</sup>, 2017, the Commission established a streamlined review process for the application. This streamlined review process is intended to review in a relatively informal manner, the issues in the application while still providing procedural fairness, public participation and

1 transparency.

2 While the process is not as formal as an  
3 oral hearing, it will be transcribed.

4 In the interests of efficiency the  
5 regulatory time table allowed for technical questions  
6 to be filed in advance of the SRP. Parties provided  
7 written technical questions to BC Hydro on October 13,  
8 2017. BC Hydro has filed its response to these  
9 questions as Exhibit B-4 on November 3<sup>rd</sup>, 2017. Any  
10 further questions will be addressed here today.

11 **Proceeding Time 9:05 a.m. T02**

12 The Panel would like to highlight that the  
13 technical questions were intended to reduce or  
14 eliminate the need for undertakings and a possible  
15 extension of the regulatory timetable.

16 Following my opening statement, we will  
17 have participants come up and introduce themselves.  
18 After introductions, BC Hydro is invited to provide a  
19 brief overview of the application. Participants may  
20 ask questions of BC Hydro at the conclusion of the  
21 presentation. When asking questions, participants  
22 should first identify themselves for the transcription  
23 record and then ask their questions.

24 The order of questions will be interveners  
25 may ask BC Hydro questions, Commission Staff will then  
26 ask BC Hydro questions, and if the Panel has any

1 questions, we will ask them at that time. Unless the  
2 Panel determines that further process is necessary, BC  
3 Hydro will give its final argument followed by  
4 intervener arguments and BC Hydro's reply.

5 We will take breaks periodically depending  
6 on the timing of the proceeding and we will break  
7 prior to BC Hydro's final submission to provide  
8 everyone with an opportunity to prepare their  
9 arguments.

10 Following the submission of all arguments  
11 and BC Hydro's reply, the panel may make its  
12 determination on the application, or we will inform  
13 the parties of the timing of our decision.

14 Please go ahead with introductions.

15 MS. KHAN: My name is Sarah Khan, I'm a lawyer with the  
16 B.C. Public Interest Advocacy Centre, and I'm here  
17 with A. Pritchard to represent Active Support Against  
18 Poverty, B.C. Old Age Pensioners' Organization,  
19 Council of Senior Citizens' Organizations of B.C.,  
20 Disability Alliance B.C., Together Against Poverty  
21 Society, and the Tenant Resource and Advisory Centre.  
22 Thank you.

23 MS. McLEAN: Good morning, my name is Jana McLean, and  
24 I'm counsel for the Kwadacha Nation and Tsay Keh Dene  
25 Nation which for the purposes of this proceeding are  
26 known as the Zone II Ratepayers Organization. And

1 with me is Linda Dong as a consultant.

2 MR. WEAFFER: Good morning, panel. My name is Chris  
3 Weafer, W-E-A-F-E-R, appearing for the Commercial  
4 Energy Consumers Association of British Columbia.  
5 Thank you.

6 MS. HERBST: Good morning. My name is Ludmilla Herbst,  
7 H-E-R-B-S-T. I'm here as counsel for FortisBC Energy  
8 Inc., and FortisBC Inc. and with me are Dawn Mehrer,  
9 Dave Perttula, and Rouzbeh Mehrazma all for FortisBC  
10 Energy Inc. and FortisBC Inc. Thank you.

11 MR. ANDREWS: Good morning. William Andrews  
12 representing the B.C. Sustainable Energy Association  
13 and the Sierra Club of B.C.

14 MR. WEISBERG: Good morning. I'm Fred Weisberg,  
15 appearing as counsel for the Non-integrated Area  
16 Ratepayers Group. Thank you.

17 MR. CHRISTIAN: Good morning, Panel. Jeff Christian,  
18 counsel for the BC Hydro and Power Authority. With me  
19 is Ms. Song Hill with B.C. Hydro's legal group, and  
20 right next to me is Fred James, the Chief Regulatory  
21 Officer of BC Hydro.

22 MR. MILLER: Good morning, Panel. Paul Miller, M-I-L-L-  
23 E-R, counsel to the Commission, and staff is here as  
24 well, Ms. Yolanda Domingo and Tanya Lai.

25 THE CHAIRPERSON: Go ahead, Mr. Christian.

26 MR. CHRISTIAN: Thank you, Panel. I've got a few opening



1 an aside, that aspect of the 2015 RDA decision is  
2 subject to a potential appeal. A leave application  
3 has been heard by a single justice of the Court of  
4 Appeal and a decision is pending as to whether or not  
5 that appeal will proceed or not.

6 With respect to one of the proposals made  
7 in the 2015 RDA decision, that is a Crisis  
8 Intervention Fund proposed by the BCOAPO, the  
9 Commission was unable to conclude that such a fund or  
10 such a program would not have an economic rationale.  
11 At page 96 of the 2015 RDA decision the Commission  
12 said:

13 "However, the panel is persuaded by BCOAPO's  
14 argument that the CIF would not amount to a  
15 social assistance program if it generates a  
16 utility benefit sufficiently justifiable on  
17 an economic or cost of service basis. The  
18 issue of whether there is an economic or  
19 cost of service justification is addressed  
20 below."

21 And the CIF referred to in the Commission's words  
22 there was the Crisis Intervention Fund proposed by the  
23 BCOAPO, which is in large measure the same as the BC  
24 Hydro Customer Emergency Fund pilot that it's  
25 proposing and discussing today. BC Hydro changed the  
26 name for reasons explained in the application.

1                   In the RDA decision, the Commission went on  
2                   to direct BC Hydro to propose a pilot Customer  
3                   Emergency Fund. And again I'm quoting here. This is  
4                   from page 97 of the decision,

5                   "...for residential customers who have arrears  
6                   with BC Hydro and are unable to pay their  
7                   electricity bills."

8                   The Commission went on in the decision to  
9                   indicate a number of characteristics of such a pilot  
10                  program that it was prepared to consider and it was  
11                  that decision, that direction and those  
12                  characteristics that the Commission identified that  
13                  led to BC Hydro's application on July 24<sup>th</sup>, Exhibit B-1  
14                  in this proceeding.

15                  BC Hydro seeks four orders from the  
16                  Commission in this proceeding. Those four orders are  
17                  set out in draft order at Appendix A to the  
18                  application.

19                  The first order is Approval of Rate  
20                  Schedule 1903. Rate Schedule 1903 if approved would  
21                  establish a Customer Emergency Fund rate rider. The  
22                  rate rider is a 0.82 cents per day charge applicable  
23                  to all residential customers. It amounts to on  
24                  average 25 cents per month, which is the same charge  
25                  proposed by the BCOAPO in their CIF proposal in the  
26                  course of the 2015 RDA proceeding. The revenues BC

1 Hydro would generate from the Customer Emergency Fund  
2 rate rider would be used to fund the CEF pilot program  
3 that we're discussing today.

4 I'd like to point out that there was an  
5 error in the application with respect to the CEF rate  
6 rider. Rate Schedule 1903 was attached to the  
7 application, it was part of exhibit -- or, sorry,  
8 Appendix B. It was page 55 of 55 of Appendix B to the  
9 application, and in that draft proposed Rate Schedule  
10 1903, BC Hydro indicated that the daily charge would  
11 be 0.0082 cents per day. That was an error. The  
12 amount is, as I said just a moment ago, is 0.82 cents  
13 per day. And yesterday BC Hydro filed as Exhibit B-5  
14 an errata to the application and a number of IRs. The  
15 most significant errata is to correct that error and a  
16 new version of Rate Schedule 1903 is now on record  
17 indicating the correct charge of 0.82 cents per day.

18 **Proceeding Time 9:10 a.m. T04**

19 The second Order that BC Hydro seeks is an  
20 amendment to an existing rate schedule, rate schedule  
21 1901. Rate schedule 1901 establishes the deferral  
22 account rate rider, also referred to as the DARR,  
23 D-A-R-R. The DARR is a 5 percent charge on all  
24 customers' bills, and it's related to BC Hydro's  
25 regulatory accounts. The amendment to rate schedule  
26 1901 would preclude the application of the 5 percent

1 DARR to the CEF rate rider, the 25 cent per month on  
2 average charge I referred to earlier.

3 The wording, the specific wording with  
4 respect to rate schedule 1901, is set out also in  
5 Appendix B to the application on page 27 of 55.

6 The third order BC Hydro seeks is with  
7 respect to a number of minor changes to its electric  
8 tariff. BC Hydro refers to those changes collectively  
9 as the CEF tariff changes. BC Hydro seeks an Order  
10 approving the CEF tariff changes as described in the  
11 application at page 34 and 35, Section 7.1.1. The  
12 tariff sheets are attached to the Appendix B. The  
13 purpose of those amendments to the electric tariff is  
14 to allow BC Hydro to treat the grants provided under  
15 the CEF pilot, and treat them -- and show them on the  
16 bill, effectively apply the grants directly to a  
17 customer's bill. It also allows BC Hydro to -- where  
18 a grant has to be reversed, to put a reversal onto a  
19 customer's bill.

20 And then lastly the effect of the CEF  
21 tariff changes would be to allow BC Hydro to avail  
22 itself of the normal tariff remedies in respect of an  
23 unpaid bill, including potentially the reverse grant  
24 as applied to a customer's bill, if all the CEF tariff  
25 changes are approved.

26 And then the last Order BC Hydro seeks is

1 an approval of the Customer Emergency Fund regulatory  
2 account. The Customer Emergency Fund regulatory  
3 account would allow BC Hydro to carry forward from one  
4 fiscal period to the next the net difference between  
5 the incremental revenues that BC Hydro would earn  
6 under the rate schedule 1903, that is the CEF rate  
7 rider, and any incremental costs that BC Hydro will  
8 incur with respect to the implementation and  
9 administration of the CEF pilot.

10 The need for the regulatory account arises  
11 for a number of reasons. In part, it's because of the  
12 timing of the application. We're right in the middle,  
13 as the Commission knows, of a revenue requirement  
14 proceeding. The application for BC Hydro's current  
15 revenue requirement was filed in 2016 and of course  
16 the CEF pilot direction from the Commission didn't  
17 come till 2017, so BC Hydro was unable to forecast any  
18 revenues or costs associated with the pilot when it  
19 filed the RRA, the revenue requirement application.

20 The regulatory account proposed by BC Hydro  
21 also reflects the uncertainty of a number of forecast  
22 items with respect to how the pilot would operate and,  
23 in particular, the degree to which customers will  
24 avail themselves of the program offering.

25 And lastly, collecting the net difference  
26 between incremental revenues and incremental costs

1 arising from the program will allow BC Hydro to carry  
2 those funds forward, that net difference forward, for  
3 ultimate allocation to the residential customers, if  
4 that's the Commission's decision or otherwise. But  
5 allows them to be kept together in one bucket, as it  
6 were.

7 So those are the four Orders. Subject to  
8 any questions from the Commission, I propose now to  
9 introduce BC Hydro's witnesses who are here today.

10 **Proceeding Time 9:13 a.m. T5**

11 Mr. Gord Doyle is on your immediate right.  
12 Mr. Doyle is senior manager of customer service  
13 operations. Mr. Doyle was -- Commissioner Keilty  
14 might remember Mr. Doyle was a witness in all three of  
15 BC Hydro's witness panels during the hearing of the  
16 2015 RDA in the summer of 2016. He gave evidence on  
17 the policy panel, the pricing panel, and the terms and  
18 conditions panel.

19 Immediately to Mr. Doyle's right is Mr.  
20 Daren Sanders. Mr. Daren Sanders is the director of  
21 the contact centre and billing operations at BC Hydro,  
22 and he was also a witness in the 2015 RDA hearing. He  
23 testified as part of the terms and conditions panel.

24 And last, but certainly not least, Ms.  
25 Anthea Jubb is regulatory manager on tariffs. She is  
26 on BC Hydro's regulatory group right now. She was

1 also a witness for BC Hydro in the oral hearing of the  
2 RDA proceeding. She was on the pricing panel.

3 I think it's probably now the right time,  
4 if it's okay with Commission, to have the witnesses  
5 affirmed.

6 We generally don't affirm for it. Okay,  
7 then we won't do that. You're off the hook.

8 As I think I mentioned, Mr. Doyle has got  
9 a few words he's like to say at the outset. Mr.  
10 Sanders has a presentation he would like to make, and  
11 after that the panel will be available for questions.  
12 And if there's nothing else from the Commission panel,  
13 I'll turn it over to Mr. Doyle.

14 THE CHAIRPERSON: Please go ahead.

15 MR. DOYLE: Great, thank you.

16 Good morning panel. My name Gordon Doyle,  
17 I'm the senior manager customer service operations at  
18 BC Hydro. We're pleased to be in front of you today  
19 to outline and answer any questions on our proposed  
20 Customer Emergency Fund Pilot Program. As a bit of  
21 history, a proposal for a crisis intervention fund was  
22 brought forward by BC Old Age Pensioners' as part of  
23 BC Hydro's 2015 Rate Design Application process.

24 In its January 2017 order the Commission  
25 directed BC Hydro to develop a proposal for a pilot  
26 program so the information could be gathered to assess

1 the impact of such a program. In its decision, the  
2 Commission directed certain parameters for the pilot  
3 program, including that the costs of the program be  
4 borne by all residential customers, the program be  
5 available to residential customers who have arrears and  
6 are unable to pay their bill, and that BC Hydro  
7 establish and work collaboratively with a low income  
8 advisory council.

9 Subsequently, BC Hydro worked with BC Old  
10 Age Pensioners' Association to establish the Low  
11 Income Advisory Council. We held our first Low Income  
12 Advisory Council meeting in March 2017 of this year  
13 and have met several times since. Members of the  
14 council include representation from low income  
15 advocacy groups and stakeholders, including parties  
16 who were registered interveners in the 2015 Rate  
17 Design Application process. BC Hydro is grateful for  
18 the collaborative efforts of the council members and  
19 thanks them for their input in the development of this  
20 Crisis Intervention Fund Pilot.

21 On July 24<sup>th</sup>, 2017, BC Hydro filed its  
22 Customer Emergency Fund Pilot application. Various  
23 tariff amendments are proposed to collect  
24 approximately 25 cents a month from residential  
25 customers to fund the Customer Emergency Fund program,  
26 beginning June 1<sup>st</sup>, 2018 through June 1<sup>st</sup>, 2020.

1 Customers who meet the eligibility criteria will be  
2 eligible for up to a \$600 grant that will be credited  
3 to the customer's account.

4 As stated in our application on page 6, in  
5 working with the Low Income Advisory Council the  
6 Customer Emergency Fund Pilot was designed to be  
7 available to all residential customers in temporary  
8 financial need, be easy to apply for; have the  
9 potential to reduce disconnections; have the potential  
10 to reduce bad debt and BC Hydro's collection costs; be  
11 low cost to administer, thus maximizing the amount of  
12 money available for customers in need; and allow BC  
13 Hydro to gather sufficient information to evaluate  
14 whether the program has a reasonable basis of  
15 benefiting customers as a whole.

16 BC Hydro also worked with the Low Income  
17 Advisory Council to develop the appropriate  
18 eligibility criteria for a Customer Emergency Fund  
19 grant, including the type of life events or crises  
20 that would qualify for a grant. My colleague, Mr.  
21 Sanders, will walk us through us through the  
22 eligibility criteria and delivery model of the  
23 proposed pilot.

24 The program will be administered by BC  
25 Hydro. By managing the pilot program internally we  
26 will gain firsthand knowledge about what works well

1 and what doesn't for both BC Hydro and our customers.  
2 Managing internally also mitigates a possible delay in  
3 the start of the pilot, as more time would be needed  
4 to bring on a third party and build the needed  
5 infrastructure. However, BC Hydro will use third  
6 party agencies to help customer awareness, as well as  
7 help guide customers through the application process.

8 **Proceeding Time 9:17 a.m. T6**

9 MR. DOYLE: Finally BC Hydro will undertake an evaluation  
10 to assess the benefits of the pilot program and  
11 whether there is an economic basis for the  
12 continuation of the program and file an evaluation  
13 with the Commission.

14 That concludes my opening statement and I  
15 will hand it over to Mr. Sanders. Thank you.

16 MR. SANDERS: I'll just move to the podium here.

17 **PRESENTATION BY MR. SANDERS:**

18 Good morning. My name is Darren Sanders as  
19 Mr. Doyle has said, and I am the Director of Contact  
20 Centre and Billing Operations for BC Hydro. I'm here  
21 today to speak about our proposed delivery model for  
22 the Customer Emergency Fund. You may refer to this  
23 through this presentation as the CEF. Customer  
24 Emergency Fund is a little bit of a mouthful. So if  
25 you hear CEF, that's what we're talking about here  
26 today.

1                   For the past four years my role has  
2                   included the accountability for the day-to-day  
3                   operations of the Contact Centre, billing, and the  
4                   collections teams. My involvement in the Customer  
5                   Emergency Fund goes back to the 2015 RDA when I led  
6                   the operational assessment of BCOAPO's proposals for  
7                   low income rates, terms and conditions, and the Crisis  
8                   Intervention Fund. And as Mr. Christian mentioned, I  
9                   was one of the witnesses in the hearing. After the  
10                  RDA decision it was my team that led the research and  
11                  the development of the proposal, and once we  
12                  repatriate the services that are currently provided by  
13                  Accenture it will be my team that will ultimately be  
14                  delivering and adjudicating this program.

15                  Today I'm going to walk through our  
16                  proposed delivery model and identify some of the key  
17                  aspects from the application. I'll do this following  
18                  the flow of business process, which I'll point out on  
19                  the outline here using this very fancy graphic.  
20                  Essentially it was the process for obtaining an  
21                  application for customers and creating awareness for  
22                  the adjudication process which was broken down into  
23                  the three different steps, and then finally the  
24                  processing of the grant itself. We'll also discuss a  
25                  number of the other administrative aspects of this  
26                  program that need to be considered, such as

1 reconsideration processes, eligibility criteria, and  
2 how we deal with issues such as audit and the privacy  
3 considerations.

4 At each step I'll go through these in  
5 further explanation. I'll try to address some of the  
6 information requests. We have filed all of our  
7 responses so I won't do that exhaustively, but I will  
8 talk about some of the common themes. Please feel  
9 free to stop me for questions along the way if I'm not  
10 being clear or if I've lost you, but I would  
11 appreciate at the end if there's any more substantive  
12 questions that we could do those for the panel.

13 COMMISSIONER EVERETT: Do you have a written copy that we  
14 could have?

15 MR. SANDERS: We have not handed that out. We have  
16 copies.

17 COMMISSIONER EVERETT: Thank you.

18 MR. SANDERS: I thought the trendy way to do this was  
19 everybody to take photos of the screen. Isn't that  
20 what we do now? Sorry, about that. I'll wait till  
21 you pass this around.

22 COMMISSIONER EVERETT: I turned my cell off. Thank you.

23 MR. SANDERS: Thanks. Does everybody have a copy now?  
24 One more in the back, okay. Okay, I'll continue.

25 In developing the proposal, we researched  
26 programs in Ontario and Manitoba including conducting

1 phone interviews, and made a site trip to Ontario to  
2 meet with Ontario Energy Board staff, with several of  
3 the utilities and deliberated with those that are  
4 delivering their programs there. We looked at our  
5 data to see how the circumstances for BC Hydro's  
6 customers may be the same or different from those in  
7 Ontario. We met with a number of social service  
8 agencies which included the United Way, BC Two on One  
9 and Salvation Army, as well as meeting with the Law  
10 Foundation to better understand their clients and the  
11 programs they offer as well as to discuss ways that  
12 they could potentially assist in the delivery of this  
13 pilot.

14 **Proceeding Time 9:22 a.m. T07**

15 We also had multiple discussions with the  
16 Ministry of Social Development and Poverty Reduction.  
17 I always have to remember their new name. In the RDA,  
18 they're referred to as MSDSI, they've changed their  
19 name since then. As well as Indigenous and Northern  
20 Affairs Canada, and Service BC. And as Mr. Doyle  
21 mentioned, we created, and on four occasions met with  
22 the low income advisory council, three of those  
23 meetings being primarily focused on the development of  
24 this proposal.

25 From this research and engagement, we  
26 believe we've developed a proposal that will achieve

1 the Commission's objectives and also help the  
2 customers in need.

3 Before I go into the process, I'd like to  
4 acknowledge the role of the low income advisory  
5 council in the development of this proposal. Forming  
6 the LIAC -- *LEE-ack* or *LIE-ack*, depending which one  
7 of us says it, we say it maybe a little bit  
8 differently, again, it's a mouthful -- was an idea from  
9 BCOAPO that came out of the 2015 RDA engagement  
10 process. We thought it was a great idea, to build  
11 that relationship, because it would give us better  
12 insight into the needs of some of our customer  
13 segments. And so we agreed to set that up following  
14 the conclusion of the RDA, and after the order was  
15 issued.

16 We currently have 14 member organizations  
17 that are representing a broad range of low income  
18 customers. The council also includes observers from  
19 MSDPR, and INAC, Indigenous Northern Affairs Canada.

20 What I would consider to be a lively and  
21 insightful group has provided excellent feedback for  
22 our research and proposals as we try to develop a  
23 workable program that would meet the intent of the  
24 Commission's RDA directive.

25 As we note in the application, we didn't  
26 necessarily achieve consensus on all aspects of the

1 program design, but the LIAC led -- their input led to  
2 many, many changes through the process and form a  
3 large part of the proposal as well, and I think  
4 generally speaking we have their support.

5 We thank the LIAC for their involvement in  
6 this development, and we really believe it can be a  
7 valuable relationship for both parties going forward.

8 Mr. Doyle described the objectives that we  
9 had laid out on page 6 of the application, and in  
10 simple terms, from a program design perspective, this  
11 really boils down to two main issues. First of all,  
12 to maximize the potential for success of this pilot,  
13 we wanted to develop a delivery model from the  
14 customers' perspective, and truly provide help to  
15 those who need help. The funds need to be accessible  
16 and we don't want to put up any unnecessary barriers  
17 that would limit participation from eligible customers  
18 across our service territory. We also want to make  
19 sure that we're minimizing administrative costs, so  
20 that we can maximize the amount of grants that's  
21 available to the customers.

22 The second aspect is that this is a pilot,  
23 and therefore we wanted to make sure that we include  
24 the evaluation as part of the design of that pilot.  
25 This is necessary so that, from the beginning, we can  
26 collect the data that's necessary to be able to

1 ultimately measure any economic benefits that may  
2 result from it.

3 Turning to the process itself, the first  
4 step for customer need is really to make sure that  
5 they are aware of it, and that we can make it easy for  
6 them to apply. The experience that we had in Ontario,  
7 and learning from our focus groups and conversations  
8 with the LIAC was that our communications through the  
9 bills and the collections notices is probably the most  
10 effective way that we're going to be able to generate  
11 awareness. The customers most likely to apply for  
12 this program, and be eligible for the program, will  
13 already be in the collections process. And so by  
14 adding messaging to our already existing final notices  
15 of disconnection and other types of messaging with  
16 respect to collections, we'll provide that messaging  
17 to customers and give them an option to apply.

18 But we also realize that not all customers  
19 are going to read all the details on their final  
20 notice. So because of that, we also want to make sure  
21 that we're finding other ways to generate awareness of  
22 this program so that the customers are aware of it.

23 **Proceeding Time 9:26 a.m. T08**

24 Our contact centre is certainly one of  
25 those channels. If a customer is calling us about a  
26 billing issue, it's easy to refer a customer to this

1 program. But we also want to make sure that we're  
2 providing that same level of referral through  
3 organizations that the customers who have financial  
4 hardship may already be reaching out to, outside of BC  
5 Hydro. This includes going to the Ministry of Social  
6 Development. It could be, if you're on a First  
7 Nations reserve, a social development officer. And  
8 there's a variety of community service organizations  
9 around the province that provide support to customers  
10 in need, whether that's in person, providing online  
11 services, or over the phone. And we want to make sure  
12 we're tapping into those to really create the  
13 awareness to the extent we can.

14           Once a customer is aware of the program, we  
15 really want to make it easy for them to find an  
16 application and to submit it. The form needs to be as  
17 easy as possible to understand and complete. We did  
18 include a working draft of the application form, along  
19 with our letter, and, you know, we haven't really got  
20 to the point where it's easy to understand yet. We  
21 recognize that. We're still working at that. But the  
22 intent and what we lay out there is the general intent  
23 of what an application form may look like, and over  
24 the implementation period, we'll work with LIAC and  
25 others to make sure we can put that in simpler terms.

26           For some customers that are able to follow

1 a self-serve method, we'll put that form on line and  
2 really all they'll need to do is download that form,  
3 scan and e-mail it to us, or walk into a Service BC  
4 office and have them send it to us. But we've also  
5 heard through the LIAC that some customers are going  
6 to need assistance. No matter how simple we make it,  
7 we have language issues, there may be other issues,  
8 that some customers are not going to be able to fill  
9 out this form.

10 And so to achieve this, and help those  
11 customers, we're proposing to use a network of offices  
12 around the province that can provide assisted  
13 services.

14 That includes BC Hydro's in-person offices,  
15 but we only have four locations that we currently  
16 offer that service. So we also want to tap into local  
17 community service organizations. And there will also  
18 be a set of customers that just need some help over  
19 the phone, and we believe an organization such as BC  
20 211 will be able to be part of that network as well.

21 Importantly, a lot of these external  
22 agencies can help customers get types of help that BC  
23 Hydro is unable to provide, nor through the CEF  
24 program. And therefore, including these community  
25 service organizations is really important, to make  
26 sure that they can get access to additional programs

1 that may be available to really help them in a more  
2 wrap-around element.

3 Finally, we want to minimize the barriers  
4 for that application by using a customer declaration,  
5 in place of up-front documentation. We've heard from  
6 the LIAC that in other programs, level of  
7 documentation can be a barrier to customers actually  
8 wanting to apply for a program. And as a result,  
9 we're proposing to use a process which is very similar  
10 to what we all do when we file our taxes with the  
11 Canada Revenue Agency, which is that CRA takes  
12 customers at their word, but then uses an audit  
13 process after the fact to validate whether or not  
14 that's actually the case. Not all customers are  
15 subject to that audit, but it puts the burden of that  
16 proof on the customer ultimately.

17 So for example, a customer that's  
18 participating in a recognized assistance program would  
19 only need to check a box on the form, rather than  
20 submitting all of the paperwork that says they're part  
21 of that program. And as we note in the application,  
22 we intend to audit approximately 10 percent of  
23 customers, and we'll come back to that later.

24 Once we've received the application, we'll  
25 review it to make sure that the applicant is in fact a  
26 customer, and that the declaration has been properly

1 completed. And if the application passes that initial  
2 filter, we'll put a hold on the disconnection, if  
3 there's one pending, or if the customer is already  
4 disconnected we'll reach back out to the customer to  
5 get them reconnected so that we can minimize their  
6 service disruption while we're going through the full  
7 adjudication of that application.

8 **Proceeding Time 9:30 a.m. T9**

9 Now, in the application we talked about  
10 three aspects of this adjudication, which we show on  
11 the screen. There's a number of criteria with respect  
12 to account status, with respect to the administrative  
13 criteria and the terms of conditions, and the nature  
14 of the declared financial hardship. We propose that  
15 BC Hydro will take on the adjudication of all three  
16 aspects of this program. And we do that for a few  
17 reasons.

18 First, if external agencies adjudicated the  
19 program or aspects of the program, they would require  
20 access to some elements of the customer's account,  
21 their name, their address, their balance, their  
22 payment history, and for security and privacy reasons we  
23 can't allow those agencies access to our billing  
24 system, because that would allow access to all of our  
25 customer accounts, not only the ones that are  
26 restricted in this program. We could overcome that by

1 investing in a technology solution, but that would be  
2 expensive and it would delay the launch of the  
3 program. And so we believe it's prudent to minimize  
4 those cost for a pilot.

5 Without the supporting technology we also  
6 think the application process would take longer -- the  
7 application would take longer to process if the  
8 external organizations took on a greater role. As we  
9 explain in our response to BCUC IR 1.8.1, we think  
10 that on average an application may take about 50  
11 minutes to review and approve. Sometimes it will be a  
12 lot less than that, but other times, as we've learned  
13 from our research in Ontario, there's customers who  
14 miss information and there's a lot of back and forth  
15 with those customers, and all that takes time.

16 But with multiple organizations involved in  
17 that review we also believe that there'd be additional  
18 back and forth between the organizations as we provide  
19 them information and they provide us with information.  
20 And that's going to decrease the efficiency of the  
21 process and, therefore, lead to higher resourcing  
22 overall. And similarly, reporting an evaluation would  
23 also be most costly for the same reasons.

24 Finally, by delivering the program  
25 ourselves we believe we can adapt more easily to  
26 changes that may need to happen during the pilot.

1 This includes being able to optimize our staffing and  
2 directly hear the feedback from the customer and  
3 administration teams, which will put us in a better  
4 position to be able to design an ongoing program if  
5 that's what happens.

6 If a grant is approved, the final step is  
7 to apply that grant to a customer's account. The  
8 Customer Emergency Fund will be funded through a rate  
9 rider, and so BC Hydro will already be collecting  
10 those funds through our normal billing practices, and  
11 those funds will be accounted separately so that they  
12 can be targeted towards this program.

13 Under this model we can simply issue the  
14 grant directly to a customer's account. The payment  
15 to the bill will be immediate and this will ensure  
16 that the grant itself will be used to pay for the  
17 customer's outstanding balances, which is the intent  
18 of the program. This method is also less  
19 administratively onerous than it might be, for  
20 instance, if we were going to issue refund cheques to  
21 customers.

22 The tariff amendments we're proposing, and  
23 that Mr. Christian, mentioned will enable the  
24 collection of the rate rider the ability for us to  
25 credit the account on bill and also for us to follow  
26 the normal collections practices if a customer doesn't

1 pay the rate rider or pay if the grant is returned to  
2 BC Hydro and the program.

3 The other element to note is that the  
4 regulatory account really does help to address the  
5 issue of timing. Because we recognize that revenue  
6 for this program is going to be consistent throughout  
7 the year. However, we know that billing has a number  
8 of seasonal factors to it, therefore, we're not  
9 exactly sure at this stage how our inflows and  
10 outflows of cash are going to match. Therefore, the  
11 regulatory account will allow any debit or credit  
12 sitting there at the end of a fiscal year to be  
13 carried into the subsequent year, and this will allow  
14 us to manage the revenues and expenses of this pilot  
15 over the full two-year period.

16 One of the elements that was raised during  
17 the LIAC meetings was the need for an escalation or a  
18 reconsideration process. The customer believes that  
19 they should be eligible and they were denied.

20 We already have a process within BC Hydro  
21 in our customer relations team where complaints that  
22 come from the Commission or escalations that may come  
23 through MLA offices or through our executive offices  
24 are handled by a different team outside our billing  
25 organizations.

26 Our proposal is to use this customer

1 relations team, where, if there is a request for  
2 reconsideration, they will independently review the  
3 applications, independently review any correspondence,  
4 and come to an independent conclusion of whether or  
5 not a grant should be issued.

6 **Proceeding Time 9:36 a.m. T10**

7 If they substantiate or agree with the  
8 original decision of the adjudicators, nothing will  
9 change. But if there is a difference of opinion,  
10 that's an element that we can use to then reverse the  
11 decision potentially, as that gets escalated to senior  
12 management, and it will also be a way to look at  
13 trends and understand whether or not over time our  
14 adjudication practices with the criteria are  
15 appropriate.

16 And through discussions with the Low Income  
17 Advisory Council, we also agreed that reporting on  
18 those trends might be useful because the Council  
19 itself could help us identify whether or not our  
20 adjudication practices are appropriate and consistent  
21 with those from other organizations.

22 The organization chart that I've put on the  
23 screen is an abbreviated version of our organization  
24 and it's what we included in our response to BCOAPO IR  
25 1.1.1. This illustrates the point of what I was  
26 making -- the point I made from the other slide, which

1 is that our customer emergency fund operations team  
2 reports through to the contact centre and billing  
3 operations team, which is my team, but the customer  
4 relations team reports through to Mr. Doyle and the  
5 customer service operations team. So, separate  
6 physically within the organization, reporting to  
7 different senior managers.

8 What I also wanted to point out by this  
9 organization chart was that we believe that we have  
10 operational flexibility and cost savings that we can  
11 achieve by building the customer emergency fund team  
12 within existing groups in the contact centre, as we  
13 note in our response to BCUC IR 1.3.1. Our contact  
14 centre organization has nearly 200 people. They offer  
15 -- they answer approximately 100,000 phone calls every  
16 single month. Our customer emergency fund, we're  
17 looking between 10,000 and 15,000 applicants. So it  
18 becomes a portion of what the call centre might  
19 normally operate, a portion of what our collections  
20 team might deal with normally.

21 Contact centres see very different volumes  
22 of calls. More calls on a Monday than on a Friday.  
23 There's seasonal factors within the hours of the day,  
24 there's different calls. So the contact centre is  
25 built to be flexible, in being able to assign staff to  
26 meet the needs of customers and achieve service

1 levels. We are proposing to follow that same approach  
2 by using an adjudication team with a small number of  
3 fixed resources, and then supplementing that team as  
4 volumes increase. And if volumes are not seen on any  
5 particular time, we can return those staff back into  
6 the contact centre to best utilize them and minimize  
7 the costs to this program. We believe that's a very  
8 important factor, given that it is a pilot.

9 We don't know what the volumes are, we  
10 can't really forecast at any given point. And so by  
11 having that flexibility, we believe this is a key  
12 economic factor of why we would want to do this  
13 program internally instead of hand it over to an  
14 external service provider, which will have more  
15 difficulty potentially dealing with the fluctuations  
16 in volumes.

17 With respect to our eligibility criteria,  
18 these were based largely on our research in Ontario as  
19 well as with engagement with LIAC. As I noted  
20 earlier, for simplicity, we've grouped these into  
21 three different sets, which I'll discuss separately.  
22 Number one is that the applicant is a customer and the  
23 grant would help maintain their electricity service.  
24 Second is that the customer agrees with the pilot  
25 terms and condition, and the third is that the  
26 customer had a life event that was the cause of a

1 short-term financial hardship.

2 The first set of criteria which relates to  
3 customer accounts -- some of the key aspects of this  
4 are that the customer must be the account-holder, or  
5 having somebody apply on the account-holder's behalf,  
6 as well as that they reside at the residence that has  
7 the arrears. This is consistent with how programs in  
8 other jurisdictions like Ontario are developed. And  
9 our experience is that in most cases, the resident is  
10 actually the account holder, even if somebody else is  
11 paying the bill. Certainly not always the case, but  
12 generally speaking, we find that the resident is the  
13 account-holder.

14 We're proposing that a customer be eligible  
15 for a grant, once every twelve months. In Ontario,  
16 it's on a calendar basis. We are proposing to do this  
17 on a rolling basis. This is important because, for  
18 the purpose of evaluation, we wanted to provide the  
19 possibility of allowing multiple grants, to really  
20 understand if the grants are addressing short-term  
21 financial hardship, because of a crisis, or if they  
22 related more to a systemic issue which is outside the  
23 scope of this pilot.

24 **Proceeding Time 9:39 a.m. T11**

25 A customer would be eligible if they have  
26 an overdue account that could be disconnected, if not

1 already. As we note in our response to BCUC IR 1.1.3,  
2 where we discuss our collections practices, in effect  
3 this means that a customer will have to have an  
4 outstanding balance of at least \$70, and that that  
5 balance hasn't been transferred to an installment  
6 plan.

7 We also require the customer to make prior  
8 attempts to pay the bill, as well as have an account  
9 balance of less than \$1,000. And the purpose of this  
10 is to make sure that any value provided through the  
11 grant is helping their short-term financial hardship  
12 and that it's going to enable them, in the longer  
13 term, to keep their electricity supply continued.  
14 Higher balances, we believe, create problems and the  
15 grant itself doesn't actually address the financial  
16 issue.

17 The second set of criteria is the  
18 customer's acceptance of the administrative terms and  
19 conditions. this includes confirming the accuracy of  
20 their declaration, that the customer is willing to  
21 participate in an audit if we deem necessary, that the  
22 customer provides consent for BC Hydro to collect  
23 their personal information for the purpose of the  
24 adjudication, and the pilot evaluation, and also that  
25 the customer provides consent to be contacted by  
26 someone from a conservation program, so that we can

1 help manage, or help that customer manage their  
2 electricity consumption and charges going forward.

3 As I noted earlier, we're still working on  
4 making the program application clear and  
5 understandable, but the draft we've provided with the  
6 IR responses will show the general framework of what  
7 those terms and conditions will look like.

8 The third set of criteria gets to the core  
9 of the Commission's Order for BC Hydro to propose a  
10 "crisis assistance program" for residential customers  
11 who have arrears with BC Hydro, and are unable to pay  
12 their electricity bills. Now, this Order has two very  
13 key issues that get raised. One is, how do we propose  
14 to define a crisis? And second is, how do we  
15 establish that the customer is in fact unable to pay  
16 their electricity bills?

17 For the pilot, we proposed that a crisis is  
18 a life event that temporarily impacts someone's income  
19 or increases their expenses. The list of life events  
20 we've included here, and also in the application, is a  
21 great place to start. We don't believe it's an  
22 exhaustive list. As we had discussions with the LIAC,  
23 the list we kept adding to the list about events that  
24 could result in a financial crisis. And I'm sure that  
25 in -- you know, through the course of a pilot, we'll  
26 find additional situations as well. And we've also

1 set the guideline of this event happening within the  
2 previous 12 months.

3 If a customer does have a qualifying life  
4 event, we're proposing two ways to declare they can't  
5 pay their electricity bill because of that hardship.  
6 The first is their participation in a recognized  
7 social assistance program, most of which have some  
8 element of means testing. And as we explained in our  
9 response to FortisBC, IR 1.3.2, a second way is if the  
10 customer is not part of one of those programs, if  
11 their expenses are exceeding their income, and if  
12 their liabilities exceed their assets, when one  
13 excludes their primary home and their primary vehicle.  
14 So in effect, negative cash flow and negative net  
15 worth, when including -- when excluding the home and  
16 the vehicle.

17 With respect to the grant itself, there are  
18 a number of Information Requests regarding the grant  
19 levels, and the criteria that an eligible account  
20 can't have an outstanding balance of over \$1,000. And  
21 we provided a number of -- a large set of data in BCUC  
22 IR 1.1.2. This was reissued as an errata, as we found  
23 some changes in some numbers because of duplicate  
24 accounts. It didn't affect the outcome of the actual  
25 -- the analysis. We wanted to make sure that was  
26 correct, if you're looking at the errata version.

1 **Proceeding Time 9:44 a.m. T12**

2 So first, to be clear, the levels of the  
3 grants were based on the Ontario Low Income Energy  
4 Assistance Program, and using that as a starting  
5 point. But then we validated those amounts based on  
6 our experience with our customers. For instance, as  
7 we noted in our response to BCUC IR 1.1.2, between  
8 last December and February, the average overdue  
9 balance at the time of a final notice of disconnection  
10 was \$421. Coupled with our understanding of average  
11 billing amounts and our accounts receivables history,  
12 the Ontario grant levels of \$500 for a home not  
13 electrically heated, and \$600 for an electrically  
14 heated home, seemed appropriate for the pilot.

15 Now we know there can be a big difference  
16 in overdue balances throughout the year, and  
17 throughout different customers and regions. So to  
18 provide some more support for the grant amounts, we  
19 took a deeper look at the account balances at the time  
20 a customer was receiving a final notice. This chart  
21 is Figure 2 from the IR I listed. I've just added  
22 some annotations for the purpose of this presentation.

23 What this chart is showing, on the  
24 horizontal axis, it shows a range of dollars of the  
25 outstanding amounts of customer balances at the time a  
26 final notice of disconnection was issued. And the

1 vertical axis is showing the number of customers  
2 within each one of those buckets, separated by region.  
3 So, for example, if during this three-month there were  
4 1,877 customers receiving final notices of  
5 disconnection, who were located in the northern  
6 Interior, this chart is showing those who have  
7 electrically heated homes and have balances between  
8 \$70 and \$200 at that time. Similarly, in that same  
9 region, for that same period, 753 customers received  
10 final notices for balances between \$200 and \$300. And  
11 so on.

12 The secondary vertical axis, which we  
13 unfortunately covered up a little bit here by the  
14 annotation, shows the cumulative percentage of  
15 customers covered by a certain balance. So for  
16 instance in this case 94.8 percent of customers  
17 cumulatively during this three-month period had final  
18 notices of disconnection when their balances were less  
19 than \$600, which would be the maximum grant that they  
20 would be eligible for at that time.

21 Similarly, at that time, only 1.8 percent  
22 of those customers had balances that exceeded \$1,000  
23 and therefore would have been ineligible unless they  
24 reduced their balances down to \$1,000.

25 So, given these numbers, we felt this was a  
26 good range of -- a good match, if you will, between

1 experience we have with our customers and the data  
2 that's available, as well as the grant amounts from  
3 Ontario, and therefore we believe that the \$500 and  
4 \$600 limits that we've proposed are quite appropriate.

5 A couple of last items to deal with.

6 One of them is privacy because this has  
7 been a theme that came up a lot during both the RDA  
8 and then in some of the Information Requests. I think  
9 it's important to recognize that BC Hydro deals with  
10 customers' personal private information on a daily  
11 basis. Think of what we have on everybody's accounts,  
12 right? We have name, address, phone number, maybe the  
13 e-mail. We know people's energy consumption. We have  
14 their payment information, which could include their  
15 banking information if they participate in a pre-  
16 authorized payment program.

17 In some instances, that's in our billing  
18 system. If somebody's called our call centre, it may  
19 also be in recorded phone calls. So we know a lot  
20 about customers, and we therefore build processes and  
21 data systems and security elements to make sure that  
22 we're protecting personal privacy.

23 Using pre-authorized payments as an  
24 example, for instance, we use role-based systems,  
25 where a customer service representative doesn't really  
26 need to know your banking information. So when they

1 see it in our billing system, they see it being  
2 masked. They see the last four digits which they  
3 might use for some type of authentication of a  
4 customer. But we don't need to see the full string.

5 However, our payments team who deals with  
6 payments day in and day out, and deals with payment  
7 exceptions, and has to figure out why payments may  
8 fail, does have a need. Using this role-based system  
9 is a very important aspect of how we protect privacy.  
10 And we see that following through with the customer  
11 emergency fund as well. Lots of personal information.  
12 And the difference in this case is there is some  
13 atypical type of information that we don't currently  
14 need to store. We'll have information potentially  
15 about a customer's financial situation or a life event  
16 that really isn't part of their electricity service,  
17 but we do need for the adjudication.

18 So our view is that, by separating the  
19 adjudication into a smaller team, we can build rolls  
20 around the data, making sure that a customer service  
21 representative from a general call centre will only  
22 have access to the data that they need, which really  
23 comes down to knowing that a customer applied or not,  
24 what the status of that application is, and whether or  
25 not a grant was issued.

26

**Proceeding Time 9:49 a.m. T13**

1                   They don't need to know why a customer  
2                   applied, they don't need to know why a customer was  
3                   acceded or denied, all they need to know is that a  
4                   customer might have applied. And really, by limiting  
5                   that information we can make sure that we are  
6                   protecting the privacy of those individuals and  
7                   protecting the unauthorized release of that  
8                   information. Information is stored in -- the detailed  
9                   information with respect to that application we stored  
10                  in distinct systems that are secured and separate from  
11                  those that we use for the regular call centre and our  
12                  billing teams, and have protocols where we make sure  
13                  that we are not sharing that information unless it  
14                  involved the evaluation, for instance, and, again,  
15                  another of our contained team.

16                  Because this information is different than  
17                  we might deal with day-to-day, we also spoke with the  
18                  Office of the Information of Privacy Commissioner just  
19                  to get a second point of view. They pointed out a few  
20                  gaps in our privacy impact assessment, or at least the  
21                  draft of the privacy impact assessment, but they  
22                  didn't see any showstoppers, provided that we designed  
23                  privacy into the program. And they mostly reiterated  
24                  the fundamental aspects of what privacy protection  
25                  means with respect to your processes, which truly come  
26                  down to what we show in the slide. It's making sure

1 we obtain consent for the collection and use of that  
2 information; minimizing the amount of information  
3 that we need to collect only to what is necessary;  
4 making sure that we store any identifiable personal  
5 information in Canada; that we protect personal  
6 information from unauthorized use or release, which I  
7 spoke about; and finally, making sure that any  
8 reporting that we do is aggregated and doesn't allow  
9 individual customers to be identified through that  
10 reporting.

11 The last element to note is the audit  
12 processes. So as I've said beforehand, to reduce  
13 customer barriers and the costs of administering the  
14 program, we're proposing to use a customer declaration  
15 upfront, but then use an audit process where we review  
16 a sample of those applications and follow up with  
17 those specifically. These audits will be done  
18 internally by the adjudication team, although we'll  
19 have a different individual from the audit than who  
20 initially reviewed that file.

21 We propose to audit approximately 10  
22 percent of successful applications. In general, make  
23 them random, but as the pilot progresses and we start  
24 to see trends, we may move to more of a risk based  
25 approach so that we can see if certain types of  
26 applications are failing more than others.

1                   Our view is that the focus of the audit is  
2                   primarily on the documentation that substantiates the  
3                   customer's claim of -- proof in the social assistance  
4                   program or loss of job. So keep it simple for  
5                   customers. Even in an audit they can provide us  
6                   information that demonstrates that they are part of a  
7                   social assistance program. It could be as simple as a  
8                   letter or perhaps a notice of termination if they're  
9                   lost their job.

10                   If the customer doesn't cooperate or can't  
11                   provide acceptable documentation, then we will reverse  
12                   the grant and return that to the pool of funds to be  
13                   able to be used by other customers and that amount  
14                   will become due in the next bill. However, we also  
15                   realize that in a number of cases the customers  
16                   themselves will still be experiencing that life event.  
17                   So for instance, if it's a medical emergency, they may  
18                   not be able to respond immediately to a request, and  
19                   so we'll definitely consider that in terms of how fast  
20                   we respond and allowing that customer to have full  
21                   opportunity to provide the information that we've  
22                   requested before we would reverse it.

23                   So that was a very quick summary through  
24                   the application process identifying some of the  
25                   highlights. I am now going to return to the panel, and  
26                   entertain any questions.

1 **Proceeding Time: 9:53 a.m. T14**

2 THE CHAIRPERSON: Thank you.

3 MR. CHRISTIAN: In my opening comments I referred to the  
4 errata that BC Hydro filed yesterday as Exhibit B-5.  
5 I'm advised that it was actually Exhibit B4-1, and  
6 that would mean that the hardcopy of Mr. Sanders'  
7 presentation would be Exhibit B-5.

8 (PRESENTATION OF MR. SANDERS MARKED EXHIBIT B-5)

9 HEARING OFFICER: Marked B-5.

10 MS. KHAN: Thank you very much for that presentation, and  
11 you have been working with Erin Pritchard and the LIAC  
12 for quite some time now, and you've done a wonderful  
13 job. The LIAC also -- we've really enjoyed working  
14 with BC Hydro to develop this proposal, so thank you  
15 for that.

16 First question is, the government just  
17 announced yesterday that BC Hydro is subject to a rate  
18 freeze for, I think, at least one year. And I just  
19 wanted to find out if you know whether the rate freeze  
20 will affect the proposed CEF pilot program in any way,  
21 and the associated rate rider?

22 MS. JUBB: BC Hydro has requested to the Commission to  
23 adjust our F17 to F19 revenue requirements. For F19  
24 rate increase of zero, instead of three percent. We  
25 do not expect that request to have a bearing on the  
26 Customer Emergency Fund application, or pilot as it

1 rolls out should it be approved.

2 MS. KHAN: BC Hydro has proposed that for multiple  
3 residential services, that is where there is only one  
4 account with one meter, but three or more dwellings  
5 behind the meter, that only the account holder could  
6 access the CEF. BC Hydro also confirms that multiple  
7 residential services would likely include a  
8 significant number of meters. Would the accountholder  
9 be able to cite a life event encountered by a non-  
10 account holder sharing the meter as the life event  
11 causing the inability to pay the bill? For example,  
12 someone in one of the other dwellings is laid off and  
13 can't pay their portion of the bill, which would leave  
14 the accountholder in a difficult financial situation?

15 MR. DOYLE: So, I'm not sure we contemplated whether that  
16 actually would qualify. That being said, I think if  
17 the accountholder could demonstrate, and met the  
18 criteria of financial harm, that they were relying on  
19 that income, they had no other sources of funds, it  
20 may qualify them. Like I said, I'm not sure it's  
21 something we've considered to that extent. But, if  
22 they met all of the criteria, potentially it would.

23 MS. KHAN: Thank you. Have you had any preliminary  
24 conversations with service organizations who might be  
25 willing to assist with outreach and providing  
26 customers assistance to fill out applications for

1 example?

2 MR. SANDERS: We've met with United Way with BC211,  
3 Salvation Army, a few organizations like that. We had  
4 some of the member organizations through the Low  
5 Income Advisory Council provide some feedback as well.  
6 We haven't approached any of them specifically about  
7 what that will look like assisting in an application.  
8 We were holding off on that until we had approval of  
9 the program.

10 MS. KHAN: And do you have a community service  
11 organization in mind for the community service based  
12 contact centre? Would that be BC 211 for example?

13 **Proceeding Time 9:58 a.m. T15**

14 MR. SANDERS: That was one that had been recommended by  
15 the LIAC as a potential candidate for that. We would  
16 definitely go to see if there were others that may be  
17 suitable as well, but yes, that is one option.

18 MS. KHAN: And with regard to the \$115,000 cost for the  
19 incremental staffing requirement for the community  
20 service base contact centre, is that a fee that an  
21 organization like BC 211 has said they would require  
22 in order to provide a referral service?

23 MR. SANDERS: We haven't talked about actual costs with  
24 BC 211. However, BC 211 would need to add to staffing  
25 to be able to provide -- BC 211 for people who are not  
26 aware is an organization which provides 24/7 support

1 for a number of different phone lines. They service  
2 four or five different government ministries. There's  
3 also some United Way funding as well as City of  
4 Vancouver homeless shelter, for instance. So Violence  
5 Against Women, problem gambling lines. It comes into  
6 one central call centre which can provide help 24/7  
7 and they staff it essentially with people who are  
8 phone social workers. So we saw a natural extension  
9 of what this program could be by using an organization  
10 like that. To be able to take more calls, like any  
11 call centre, as you have more volumes come in to be  
12 able to serve your customer needs you need to have  
13 resources. And so we were estimating that it would be  
14 around 100-115 thousand dollars to be able to allow  
15 them to do that. But we haven't had that specific  
16 conversation.

17 MS. KHAN: Q: Okay. BC Hydro says that the eligibility  
18 criteria for the CEF could be subject to -- will be  
19 subject to ongoing review during the pilot and will be  
20 a key component of the pilot's evaluation. Does BC  
21 Hydro plan to narrow the eligibility criteria during  
22 the pilot?

23 MR. SANDERS: We have no plans to narrow it. I think  
24 what we'd like to do is understand what are the  
25 situations that a customer is experiencing as they're  
26 applying, and what we may find is that there are

1 situations that we hadn't contemplated, that we need  
2 to expand it. There may be other types of situations  
3 that we find that we are vastly exceeding the  
4 participation we expected, in which case we might have  
5 to look at what that criteria might be. This was no  
6 plans, it's just really based on experience of what  
7 we're monitoring to the program.

8 MS. KHAN: Can you confirm that the requirement for a  
9 demonstrated prior attempt to pay the balance will not  
10 require that a customer has participated in an  
11 installment plan?

12 MR. SANDERS: There won't be a requirement to  
13 participate in an installment plan. What we would  
14 definitely see though is if a customer has made -- and  
15 it was inexperienced in Ontario essentially. There  
16 are some customers who are legitimately trying to pay  
17 their bills for sure, and we believe that most of the  
18 participants do try paying bills. But if nobody has  
19 made payments over a six- or eight-month period and  
20 not contacted us in any way, not attempted to enter  
21 into a solid plan, not attempted to make a payment,  
22 then in Ontario the experience or the belief was there  
23 may be a subset of customers who take advantage of the  
24 program just to increase their balances. So our  
25 intent would be we're trying to help customers in need  
26 because of a short-term issue, some good faith on



1 MS. KHAN: And do you have any standards yet for  
2 determining what might constitute a financial  
3 emergency? Like are you going to have any further  
4 standards other than the life events?

5 MR. SANDERS: Again, there is the two different  
6 categories. One was the crisis itself being the life  
7 event, and the second one was some measure of net  
8 worth and negative cash flow. And our view was that  
9 the direction from the Commission is that it is  
10 available to all customers. I think we all recognize  
11 that, as an example, Vancouver is a very expensive  
12 place to live. The mere fact that somebody may have a  
13 primary home worth a lot of money, if they lose their  
14 job, they are equally at risk because of high mortgage  
15 payments. So, to be able to balance that and make  
16 sure it was really available to all customers, we were  
17 relying essentially on the element of net worth and  
18 cash flow.

19 MS. KHAN: And so how does net worth play into it? So,  
20 for example, if an asset-rich customer is experiencing  
21 a financial emergency. So, for example a customer has  
22 a house worth a couple of million dollars. Let's say  
23 -- I would think that it would be very unlikely for  
24 that customer to apply for emergency funding.  
25 However, in that situation, how would BC Hydro address  
26 the fact that a customer has a high value residence,

1 but has just been laid off and shows some financial  
2 need on the income side?

3 MR. DOYLE: Yeah, so I think one important aspect, is we  
4 did eliminate the primary residence and primary  
5 vehicle from the calculation of net worth. One thing  
6 we're really looking at is sort of the net, the liquid  
7 assets the customer has. So, if the customer has a  
8 large bank account, savings account balance, we would  
9 expect them to use that balance before they had access  
10 to the Customer Emergency Fund. So yeah.

11 MS. KHAN: Now, I think in your presentation you've  
12 already confirmed this, but just to make sure: If a  
13 customer applies for the CEF and the application is  
14 missing some important information, or some necessary  
15 information, will BC Hydro contact the customer to try  
16 to get the customer to fill out the application form  
17 properly and provide the necessary documentation?

18 MR. SANDERS: Yes, that's correct. That was the  
19 experience in Ontario was that a large number of the  
20 applications will come back correct, but there will  
21 always be some that are missing a little bit. They  
22 may forget to check the box of which social program  
23 for instance they are a part of, even if that is --  
24 they'd insured the declaration. So yes, we would  
25 reach back out to that customer and unfortunately that  
26 will take time to do, but yes, we will certainly make

1           sure we do that.

2 MS. KHAN:   Regarding the eligibility criteria -- sorry  
3           for coming back with a couple of other potential life  
4           events at this late stage. One of them, we're  
5           wondering whether you might consider adding a couple  
6           of life events. For example, or a couple of  
7           situations. For example, if the customer has an  
8           unusually high bill due to an equal payment plan true-  
9           up, and also if the customer is fleeing an abusive  
10          spouse or relative. So, it is not a divorce per se,  
11          but that they are fleeing abuse. That is a relatively  
12          common criteria that is used, for example in  
13          applications for income assistance to receive  
14          immediate financial assistance.

15                        I would also note that unexpectedly high  
16          bill is listed, we believe, on the application for the  
17          Ontario's Leap Emergency Financial Assistance program,  
18          the corresponding program in Ontario.

19 MR. SANDERS:   I was not aware of that. I think with  
20          respect to the second case, yes, absolutely, if you  
21          are fleeing an abusive spouse, then that is one of  
22          those elements we are expecting that is definitely a  
23          financial hardship.

24                        With respect to the equal payment play  
25          true-up, our view would be that we would try to have  
26          customers deal with that through an installment plan.



1 the funds were provided as intended. Do you have a  
2 sense of how much work, in terms of hours, that you  
3 intend -- that you anticipate each audit will take?

4 MR. SANDERS: We believe an audit would take  
5 approximately 60 minutes. And that was the basis for  
6 our -- I believe there was an IR. I can't remember  
7 the number of that.

8 MS. KHAN: Okay.

9 MR. SANDERS: I'll look. It would be about 60 minutes.  
10 And again, that's largely driven by the requesting of  
11 the customer information and need to follow up if it's  
12 incomplete.

13 MS. KHAN: Okay. Do you know what the timeline will be  
14 for audits following approval? For example, how long  
15 will grantees have to respond to BC Hydro's document  
16 request during the audit?

17 MR. SANDERS: I think that would happen in two steps.  
18 The first one would be that the request for an audit  
19 would happen very quickly after an application is  
20 provided -- so, within a few weeks or a month. We're  
21 not looking at auditing a year later, for instance.

22 With respect to the amount of time, I think  
23 it's going to depend on the customer's circumstances,  
24 as I mentioned during the presentation. We recognize  
25 that some customers who have medical issues are still  
26 dealing with that issue. If there's a death of a

1 family member, again, same thing. It might be a bit  
2 of a different situation if somebody's making a claim  
3 on the basis of an unexpected expense, in which case,  
4 you know, the expectation is that they would have  
5 receipts available for that event much more quickly  
6 than somebody who may still be dealing with their  
7 emergency issue.

8 MS. KHAN: Mm-hmm. And you talked about in your  
9 presentation, you talked about requiring -- or one  
10 form of proof of a medical condition, for example,  
11 might be providing a medical certificate. So I assume  
12 that's a certificate or a letter signed by a doctor.  
13 Is that --

14 MR. SANDERS: That would be --

15 MS. KHAN: Or some kind of medical professional.

16 MR. SANDERS: Yeah, that would be acceptable, yes.

17 MS. KHAN: Now, you've also confirmed that the receipt of  
18 the CEF grant won't disqualify a customer if they're  
19 applying for assistance through the Ministry of Social  
20 Development and Poverty Reduction. Do you know  
21 whether MSDPR will also exempt the income that its  
22 clients receive from the CEF, when they're calculating  
23 whether that client has continued eligibility for  
24 income assistance, or will receipt of the CEF result  
25 in MSDPR clients potentially receiving lower amounts  
26 of assistance from the Ministry?

1 MR. SANDERS: Our understanding was that they will not  
2 include the grant amount in those calculations.

3 MS. KHAN: Okay, great. Would BC Hydro be prepared to do  
4 some interim reporting on an informal basis, for  
5 example, to the LIAC about how the pilot is going  
6 rather than waiting until the conclusion of the pilot?  
7 I think you also alluded to that in your presentation  
8 where you were talking about discussion around the  
9 reconsideration process.

10 **Proceeding Time 10:12 a.m. T18**

11 MR. SANDERS: Yeah, certainly. I think there's two  
12 elements to it. The evaluation itself is something  
13 that will have to wait until it can be done formally  
14 and there's enough of a data set to be able to really  
15 make comparisons and do those calculations.

16 But with respect to the operating metrics,  
17 we will be monitoring those on an ongoing basis  
18 anyways and I don't see an issue to be able to provide  
19 numbers of applications, grants that are being  
20 rejected and accepted, and the amounts, and that will  
21 all be -- so we can certainly do that through the  
22 LIAC.

23 MS. KHAN: Oh great, thank you.

24 MR. DOYLE: I think it's also important that it's a two-  
25 way street. So we'd be also interested to hearing  
26 from the LIAC of what is it with our process that may

1           be challenging for applicants. So there will  
2           definitely be communication amongst the two groups  
3           throughout the program.

4 MS. KHAN:    Great. Absolutely. We're prepared to do  
5           that.

6                            Last question. BC Hydro proposes no cap on  
7           the CF regulatory account. Would BC Hydro be willing  
8           to report publicly through the Commission if the CF  
9           runs more, for example, than 25 percent over the  
10          amount budgeted for this project?

11 MR. DOYLE:    So when you say "would we report" -- so at  
12          any given time because of the debits and credits  
13          coming out we could have greater than 25 percent  
14          either way.

15 MS. KHAN:    Right, that's true.

16 MR. DOYLE:    So I'm not -- given the two-year pilot I  
17          think unless -- the situation I see where we may go to  
18          the Commission for something is if we have a huge run  
19          on applications and we expected the fund to just be --  
20          you know, in orders of magnitude larger, that we  
21          thought that maybe then we need to either pause it,  
22          make some adjustments to the rider. But in general  
23          course, if it's sort of working within a reasonable  
24          bounds, I think we would just continue on.

25 MS. KHAN:    Okay, fair enough.

26                            Thank you. Those are my questions.

1 THE CHAIRPERSON: Thank you.

2 MS. McLEAN: Good morning. I'm Jana McLean, counsel for  
3 the communities that form the Zone II Ratepayers  
4 Group. I just have a few questions for you this  
5 morning.

6 Now, actually just at the conclusion of my  
7 friend's questions she was talking about potential  
8 overruns of the account itself, and you indicated I  
9 think that if it was an order of magnitude larger, you  
10 might pause the program and go back to the BCUC on  
11 that issue for some direction. Is that a correct  
12 understanding of your statements?

13 MR. DOYLE: Yeah. I think we would have to look at if  
14 the program was significantly different than we expect  
15 it to be, we may look at saying, Is it still the right  
16 thing? Is there something fundamentally that needs to  
17 be changed? And, you know, it's one of the options I  
18 guess I would say.

19 MS. McLEAN: And so who within BC Hydro is responsible  
20 for monitoring what's happening with the account?

21 MR. SANDERS: That would be me, my team.

22 MS. McLEAN: Okay. And is there a plan then, is there  
23 sort of a trigger point where if the account reached a  
24 certain limit that you would use to perhaps trigger  
25 that process, that ongoing review?

26 MR. SANDERS: What we're proposing is to monitor the

1 eligibility as we go. And through our annual  
2 reporting process is where we're going to look at  
3 variances of both the revenues and of the expenses.  
4 That could be the program administration costs or it  
5 could be the grants issued. That would be part of the  
6 normal operating procedure. And if we see that  
7 getting too far out of line, and more in the forecast  
8 basis as opposed to month-to-month as Mr. Doyle said,  
9 then we would have a discussion hopefully amongst all  
10 three of our panel members here in our existing roles  
11 and try to establish what an appropriate course of  
12 action would be.

13 MS. McLEAN: And I appreciate in your materials you  
14 suggested that you might readjust the criteria that's  
15 being used to admit persons to the program?

16 MR. SANDERS: Right. And that type of conversation would  
17 happen through the LIAC as well. We don't intend to  
18 try to do this unilaterally, for sure. We want to  
19 make sure we get that feedback.

20 MS. McLEAN: And would you agree in addition to  
21 considering adjusting the criteria that it might be  
22 appropriate to cap the amount of overruns that would  
23 be permitted over a two-year period? And you had used  
24 the term, I think, "order of magnitude", so at some  
25 point I think you're contemplating Hydro stopping  
26 expenditures if there's an unexpected amount of



1 perhaps stop the program and really look at it closely  
2 as to whether or not further expenditures should be  
3 made during the two-year pilot?

4 MS. JUBB: Well, it is only a two-year pilot, so that  
5 does have -- we are proposing an end date after two  
6 years, and as mentioned by Mr. Sanders and Mr. Doyle,  
7 there is going to be variability over time because we  
8 will be collecting the revenue on a continuous basis.  
9 However, the participation and the applications are  
10 unlikely to be at a constant rate, month over month.  
11 So we have proposed a regulatory account to allow for  
12 us to run the pilot for the two years, and handle the  
13 variability that we expect between the timing of the  
14 revenues and the timing of the payout of the funds.

15 MS. McLEAN: Well, wouldn't the variability be dealt with  
16 by using forecasting numbers? Like, you're going to  
17 be forecasting over the two-year period about what the  
18 outcome is going to be at the end. So surely you  
19 could use those numbers to assess where you're going  
20 to end up. And if you're looking at a draw of 25  
21 percent or more on the current estimate, then that  
22 might be an appropriate time to act.

23 MR. DOYLE: Yes. I think our concern with putting a cap  
24 of, for example, of the 25 percent draw, and I think  
25 going back to what Ms. Jubb said, it's really around -  
26 - you know, around the timing of the forecast. So if

1       you think about when the pilot starts, BC Hydro will  
2       then just be starting to collect money. But we very  
3       well could be paying out right away so that account  
4       balance could draw down. But then, you know, the  
5       payouts may slow down and that -- the dollars  
6       collected from the rider then start to catch that  
7       account back up. So I think it would be -- we would  
8       be very hesitant to, you know, put the program on  
9       hold, stop helping people, wait for the fund to catch  
10      itself up. I think that's the advantage of having the  
11      regulatory account, is it allows us to deal with those  
12      balances, those fluctuations.

13 MS. McLEAN:    Moving on from that topic. BC Hydro also  
14      has proposed to use a 12-month guideline for  
15      considering whether an applicant has suffered a life  
16      event that may cause short-term financial hardship.  
17      And it's my understanding from your materials that  
18      Hydro does not intend to be rigid in its use of that  
19      12-month guideline. Is that correct?

20 MR. SANDERS:    Yes, that's correct.

21 MS. McLEAN:    So BC Hydro would agree that in some  
22      circumstances it would be appropriate to consider a  
23      time period that is longer than 12 months.

24 MR. SANDERS:    I think that's the type of experience that  
25      we'll gain as we go through the pilot, and understand  
26      how long it's taking for a customer's financial

1 issues, in a crisis event, to manifest themselves on  
2 the electricity bills. Because, you know, we in fact  
3 -- before we made the proposal with the LIAC, we  
4 thought, well, maybe six months is a good timeline,  
5 for instance. And the feedback came back, well, it's  
6 not really long enough because there could be events  
7 that somebody gets by, they scrape by for a little  
8 while, and it may take them nine months, or eleven  
9 months, or whatever, to have that event turn into non-  
10 payment of bills. And in fact our collections  
11 process, because you're not going to get disconnected  
12 for a few months after non-payment anyways, just kind  
13 of plays into that as well.

14 **Proceeding Time: 10:22 a.m. T20**

15 So, I would say that 12 months isn't meant  
16 to be 24 or 36 months. But, if somebody comes with an  
17 event that happened 12 and a half months ago, we're  
18 not going to put a line in sand where an adjudicator  
19 says "no, you were one day over the limit and  
20 therefore we're not allowing this." And we'll learn  
21 from the pilot and understand if 12 months is  
22 appropriate or should it be 18 months. But you know,  
23 that is the type of thing we really can't judge very  
24 well right now until the pilot happens.

25 MS. MCLEAN: Now, in your evidence, in response to BCUC's  
26 IR 1.1.2, you've indicated, and I believe it was in

1 the slides you went through today as well, that about  
2 98 percent of the customers receiving final notices of  
3 disconnect would have met the pilot program criteria  
4 of having a maximum outstanding balance of \$1000?

5 MR. SANDERS: That's correct.

6 MS. MCLEAN: And you've also indicated that the average  
7 amount owing by residential customers at the time of a  
8 notification of final disconnect is \$421?

9 MR. SANDERS: Yes, in those months, that was the data set  
10 for that, yes.

11 MS. MCLEAN: Okay, now if most customers receiving their  
12 final notice of disconnect have less than 1,000 owing,  
13 and if the maximum available in the program is either  
14 500 or 600, depending whether or not you use  
15 electricity for heat. Isn't the requirement to have a  
16 balance of less than \$1000 unnecessary for the  
17 purposes of the pilot program?

18 MR. SANDERS: I don't think it is unnecessary. This was  
19 one of the criteria that again came from Ontario who  
20 has experience where there was that situation of some  
21 customers allowing their balances to continue to go  
22 unpaid to be able to maximize the amount. And the  
23 other factor that was found again in Ontario, is that  
24 if you had a customer with \$1,500 for instance, in  
25 arrears, and they're only getting \$500 or \$600 towards  
26 that, they are still left with \$1,000 outstanding

1 balance. So, in that situation, a customer with a  
2 really high balance, the fund isn't really going to  
3 help necessarily maintain their electricity service.  
4 The fund at that level is addressing a portion of a  
5 bigger problem. And so that was, the Ontario  
6 experience we believe will be the experience here is  
7 that by targeting that more to the customers with the  
8 smaller balances, then we're really going after more  
9 of that short term financial hardship issue.

10 MS. MCLEAN: Doesn't the \$500 or \$600 limit on what can  
11 be paid though, really go to the first issue? That  
12 there is no benefit to the customer letting their  
13 account exceed that, because that is the total money  
14 they are eligible for?

15 MR. SANDERS: I think it goes to the economic value of  
16 the pilot, which is part of what we're trying to  
17 establish as well. Is that, if you give somebody \$500  
18 who is still going to end up with the balance of  
19 \$1,000 or \$2000 as bad debt, then it is not  
20 attributing to the economic benefits the pilot is  
21 supposed to achieve. Whereas if somebody has a \$421  
22 balance or even a \$700 balance and put part of that  
23 onto an installment plan, and keep their account and  
24 keep their service, and keep paying their bills, we  
25 are in fact having the potential to keep that out of  
26 bad debt.

1 MS. MCLEAN: And the \$1,000 cap, or \$1,000 requirement  
2 though, really would only be addressing, on your data,  
3 less than two percent of the population in British  
4 Columbia?

5 MR. SANDERS: That's correct.

6 MS. MCLEAN: Thank you, those are my questions.

7 MR. SANDERS: Actually, to confirm. It is not two  
8 percent of the population in British Columbia, it was  
9 two percent of our customers who receive final notices  
10 of disconnection --

11 MS. MCLEAN: Thank you.

12 MR. SANDERS: -- which is a much smaller number than our  
13 general population.

14 MS. MCLEAN: Thanks for that clarification.

15 THE CHAIRPERSON: We will take a break until 20 to.

16 (PROCEEDINGS ADJOURNED AT 10:25 A.M.)

17 (PROCEEDINGS RESUMED AT 10:39 A.M.) **T21 & T22**

18 THE CHAIRPERSON: Okay, go ahead, Ms. Herbst.

19 MS. HERBST: Okay, thank you. Thank you, panel. And so,  
20 just for the record again, I'm Ludmilla Herbst, and  
21 I'm counsel for FortisBC Energy Inc. and FortisBC Inc.  
22 in this process. And I just have a few questions  
23 which are derived from some of the answers to the IRs.  
24 And thank you to BC Hydro for providing them in  
25 writing in advance. That was very helpful, to see the  
26 answers to the technical questions.

1                   And so the first question that I've got  
2                   relates to two spots in Exhibit B-4, which are the  
3                   answers provided. One part of that exhibit I'd like  
4                   to go to is BC Hydro's response to FortisBC IR 1.1.4.  
5                   And it's an IR that related to an educational  
6                   component, or an educational parallel to the provision  
7                   of a grant.

8                   And the other part within Exhibit B-4 that  
9                   I'd like to go to is attachment 1, which is the draft  
10                  application form. And I realize it's still a work in  
11                  progress, but it's in particular page 6 of that draft  
12                  application form, attachment 1, to the exhibit.

13                  And so, turning to first of all the answer  
14                  to the FortisBC IR -- so again, 1.1.4 -- that question  
15                  related to whether BC Hydro had considered an  
16                  educational component to the customer emergency fund  
17                  program and BC Hydro responded -- and this is in the  
18                  first paragraph of the response to 1.1.4:

19                  "Yes, as stated on page 11 of the  
20                  application to participate in the CEF pilot,  
21                  the customer is required to provide  
22                  authorization for BC Hydro to contact them  
23                  about energy education and conservation  
24                  programs. However, the CEF program has an  
25                  opt-out provision which recognizes that a  
26                  customer shouldn't be forced to participate

1           in energy education and conservation  
2           programs."

3                   And just to mesh that for clarity with the  
4           application form, and again I appreciated the draft,  
5           and it's in progress, but you'll see at the top of  
6           page 6 of that draft there is a bullet point that  
7           talks about a customer needing to circle one of:

8                   "I consent/do not consent (please circle  
9                   one) to BC Hydro referring me to other BC  
10                  Hydro energy conservation programs."

11           And just for clarity, is that the bullet point that at  
12           least for now is intended to capture the idea  
13           described in the response to 1.1.4, that there would  
14           be a choice or an opt-out?

15 MR. DOYLE:    Yes.  And I think we must have lifted this  
16           from a DSM program, because we have two other BC Hydro  
17           energy conservation programs and I wouldn't  
18           characterize this as an energy conservation program.

19 MS. HERBST:   Thank you, and that was one very small point  
20           that I was going to raise, but that's good to know.

21                   And if I could ask as well, what do you  
22           conceive of as being referred to an energy  
23           conservation program?  What would that entail for a  
24           customer?

25 MS. JUBB:    I would imagine outreach, particularly with  
26           respect to the low-income program, potentially.  Other

1 programs that -- and the low-income program, the low-  
2 income DSM program, provides income qualified energy  
3 conservation measures and assistance for -- at no cost  
4 to qualifying customers.

5 Other programs that might potentially be  
6 available to applicants to the CEF include a  
7 renovation rebate program. And under that program, BC  
8 Hydro provides incentives for energy-efficient  
9 insulation, heating systems, et cetera. However, that  
10 program does require a substantial customer investment  
11 in the renovation. So it's more likely that of the  
12 suite of programs that BC Hydro provides to customers,  
13 the low-income program might be the most accessible to  
14 a customer who is undergoing a financial hardship.

15 **Proceeding Time 10:43 a.m. T23**

16 MS. HERBST: And in terms of referral, and you may not  
17 know it, which is entirely fair, but is the idea that  
18 the customer would be given a phone number to call if  
19 they're interested? Or would a customer phone number,  
20 say, be given to someone at BC Hydro to then reach out  
21 and contact that customer?

22 MR. SANDERS: The intent was to do an outbound call or do  
23 some type of campaign for those customers. Yes.

24 MS. HERBST: And if a customer circles or goes with a  
25 "Yes" option, or that they do consent here, I  
26 understand that it's not actually a -- they're not, by

1 circling "Yes", they're not agreeing to participate.  
2 They're just agreeing to have that conversation.

3 MR. SANDERS: That's correct.

4 MS. HERBST: Okay. Now, for a customer who doesn't  
5 circle -- who circles the "Do not consent", is BC  
6 Hydro envisioning any other kind of outreach, even if  
7 not through a conservation program, some other means  
8 of reaching out to the customer to try to ensure that  
9 the likelihood of non-payment is minimized? In  
10 future.

11 MR. DOYLE: So, I mean, one of the ways I would envision  
12 that we would be at least educating customers on  
13 helping this not happen again is making them aware of  
14 the various options BC Hydro has for payments. So  
15 whether it's an equal payment program that may help  
16 them manage the cash flow of bills throughout the  
17 year. Obviously in the winter months it can be much  
18 higher than in the summer months. So those are  
19 options. Also, you know, throughout the entire sort  
20 of dunning process, or collections process, we also  
21 have -- speak to the customer around installment plans  
22 of how BC Hydro can help, you know, if you can't pay  
23 your bill, we can -- you can enter into an installment  
24 plan that will help the customer again manage their  
25 cash flows through that.

26 MS. HERBST: Fair enough then. That sounds like

1 something that might be undertaken through the  
2 collection process anyway. Do you see -- and again,  
3 this may evolve through the pilot if it goes ahead,  
4 but that there would be an extra effort to target the  
5 customers who had done the "do not consent", or would  
6 it just be the same for everyone?

7 MR. SANDERS: I think with the customers who do not  
8 consent, the privacy requirements mean that we can't  
9 use the information that we've gathered through this  
10 program to use for other purposes of marketing,  
11 essentially, because those are not specifically  
12 related to the customer's application.

13 What I would say, though, as a part of the  
14 process that we've set up, or the network of using the  
15 agencies, is that we would hope that that awareness  
16 that's created by walking into a local community  
17 service organization in Smithers, for instance, that  
18 that's going to set up a relationship between that  
19 customer and somebody who can provide assistance  
20 beyond what BC Hydro would be able to provide. We've  
21 had examples, for instance, through the LIAC, of how  
22 some low-income customers have difficulties or don't  
23 file taxes. And if you don't file taxes, that makes  
24 them ineligible for other types of government  
25 programs. That's not a BC Hydro thing that we can  
26 really help with. I don't think any of us are

1 qualified to do somebody's taxes here. But certainly

2 --

3 MS. HERBST: Too bad. That was my next question.

4 MR. SANDERS: Actually I shouldn't say that. I am an  
5 accountant, but --. Still, not my specialty.

6 What I would suggest, though, is that  
7 you've got somebody walking into their organization,  
8 that that organization is going to know how to access  
9 those programs, whether it's through them or a  
10 different type of referral. And we really wanted to  
11 focus on that up-front contact.

12 MS. HERBST: Mm-hmm.

13 MR. SANDERS: And that's again the same reason why  
14 involving an organization like BC Two in One. So when  
15 somebody phones up and says, "Hey, I've heard about  
16 this program, I'm having problems with my Hydro bill,"  
17 they can say, "Okay, great, I can refer you to this  
18 program, but what else is going on that you have  
19 issues with? Can we address your financial situation  
20 in a way that doesn't only involve energy efficiency?"

21 **Proceeding Time: 10:48 a.m. T24**

22 MS. HERBST: Okay. Okay, thank you. And my last  
23 question about the response to 1.1.4, and again this  
24 is the response to the FortisBC IR is the second  
25 paragraph of the response talks about:

26 "During engagement with the Low Income

1           Advisory Council, it was noted that  
2           customers facing financial hardship may not  
3           be receptive to participating in energy  
4           education at the time they submit their  
5           customer emergency fund application..."

6           And so on. As a result, the contact about energy  
7           conservation would be made at a later date. Has any  
8           thought been given to what that later date might be?  
9           If it would be a standard?

10   MR. SANDERS: I think it would be the same situation as  
11           the audit we talked about before, and it may be the  
12           nature of the hardship that was declared. If somebody  
13           is declaring an emergency or, sorry, a family illness,  
14           we probably would follow up, whether it is three  
15           months later, or some time they might be receptive.  
16           If it was something which was a one-time event that  
17           they could respond to and would be in a state of mind  
18           to respond to immediately, well then we would try to  
19           talk to them sooner, because certainly, that sense of  
20           urgency at the time provides more value.

21   MS. HERBST: And just to clarify, I think this is the  
22           case, but for the second paragraph, that contact at a  
23           later date is only to the customers who have -- or the  
24           applicants who have circled the "do consent" part of -  
25           -

26   MR. SANDERS: Yes, that's correct.

1 MS. HERBST: Okay. Now, another question, just for  
2 clarification, still in Exhibit B-4, so the responses  
3 to the IRs are technical questions. And this one has  
4 to do with BC Hydro's response to FortisBC IR 1.3.1  
5 and 1.3.2, so a few pages further into the collection.

6 And way down at the bottom of the page in  
7 the response to -- or setting out 1.3.1 first of all,  
8 as the question. The question was:

9 "How do the more stringent financial  
10 criteria for customers who are not part of a  
11 recognized assistance program or programs  
12 affect customers access to grants?"

13 And over the page BC Hydro provided a response where  
14 it said it doesn't believe there is an impact. And  
15 describes a sort of documentation, or the fact that  
16 documentation in both cases wouldn't need to be  
17 provided up front, whether a customer was part of a  
18 recognized assistance program, or was seeking  
19 assistance on another basis. And I just think this is  
20 the case from the fact that BC Hydro's response talked  
21 about documentation, but I take it that when BC Hydro  
22 was responding to this, it was from the perspective of  
23 access in how easy or not easy was it to apply. It  
24 was the application stage that was being compared as  
25 between people on an assistance program and people who  
26 weren't?

1 MR. DOYLE: Yeah, I think it was making sure we could get  
2 the grant to the customer in need to a timely fashion,  
3 so there is not much difference between the two. It's  
4 just a different declaration they are required to  
5 make.

6 MS. HERBST: So I think flowing from that, the answer  
7 wasn't directed toward whether there was a likelihood,  
8 a greater likelihood of a grant being provided to the  
9 person on a recognized assistance program versus a  
10 person who is not?

11 MR. SANDERS: Well, I think it is equal likelihood that  
12 it would be provided if the criteria is met. It's  
13 just the criteria are slightly -- in fact, the  
14 criteria are essentially the same, it's just in one  
15 step there is an evaluation done by an external agency  
16 that they are in effect meeting the nature of the  
17 criteria we're proposing for those who aren't part of  
18 programs.

19 MS. HERBST: Okay. Now, if I can flip to 1.3.2, or the  
20 response to FortisBC question 1.3.2 -- and this came  
21 up a little bit as well through Ms. Khan's questions I  
22 think as well. BC Hydro said that if a customer is  
23 not on a recognized income assistance program, in  
24 general they would meet the CEF eligibility criteria  
25 regarding financial hardship for the CEF grant if both  
26 their household net worth exclusive of primary home

1 and primary vehicle and the household net income,  
2 household income less household expenses are zero or  
3 negative. Would you agree, if you know, that someone  
4 on a recognized assistance program need not have a net  
5 worth or a household income of zero or negative?

6 MR. SANDERS: We didn't do an exhaustive look at the  
7 criteria in the programs, but yes, they are not all  
8 equivalent for certain. So there may be some in there  
9 which have slightly different criteria.

10 **Proceeding Time 10:54 a.m. T25**

11 MS. HERBST: Okay. And just at the audit stage, to  
12 clarify, if you are an applicant who's receive a grant  
13 on a recognized assistance program, and you're one of  
14 the 10 percent of whatever the percentage turns out to  
15 be who are audited, would you, at that stage, be  
16 requested to provide bank statements?

17 MR. SANDERS: Yes.

18 MS. HERBST: Even if you're on a recognized assistance  
19 program?

20 MR. SANDERS: Oh, sorry. No. If you're on a recognized  
21 assistance program, no.

22 MS. HERBST: Okay. And the sort of documentary evidence  
23 that person would be required to provide, apart from  
24 the life event, would be proof that they're on the  
25 program, I take it?

26 MR. SANDERS: That's correct. If there're receiving

1 social assistance from MSDPR, then some indication of  
2 that, for instance, would be sufficient.

3 MS. HERBST: Okay. Now, also in Exhibit B-4, if we could  
4 turn to the response that BC Hydro gave to BCOAPO IR  
5 1.4.1. So now we're going backwards a bit in the  
6 bundle. And the question that I have just relates to  
7 how this answer interrelates with the ability to  
8 measure benefit that stem from the pilot project.

9 And one of the -- and I recognize, of  
10 course, and Mr. Sanders addressed during his  
11 presentation, that an important objective in the pilot  
12 is to measure whether there are benefits and what they  
13 are in terms of evaluating it. And in the response to  
14 BCOAPO 1.4.1, there's a reference two sentences down:

15 "Increased electricity revenues and reduced  
16 interest cost will, if they are realized, be  
17 captured in the non-heritage deferral  
18 account and the total finance charges  
19 regulatory account respectively, and will to  
20 be the benefit of ratepayers."

21 I follow that.

22 And then a couple of -- in the last  
23 paragraph on the page it notes -- and I'm not sure if  
24 this is still with reference to those accounts, but as  
25 I think a general concept:

26 "With regard to the increased electricity

1 revenues and reduced interest costs, it  
2 would be necessary to distinguish between  
3 the variances that arise as a result of the  
4 operation of the CF pilot and the myriad  
5 other factors that cause electricity revenue  
6 and interest cost variances."

7 Has BC Hydro put its mind at this stage to how it  
8 would tease out what's attributable to the pilot as  
9 opposed to the other sources of variances?

10 MS. JUBB: Yes, we have. We have designed an evaluation  
11 to measure the potential benefits of the Customer  
12 Emergency Fund. And this will be done in accordance  
13 with a benefit-cost ratio that we've presented on page  
14 31 of the application. We've done this design and  
15 this work in response to the Commission direction that  
16 we assess whether or not this Customer Emergency Fund  
17 will have an economic basis and potentially benefits  
18 that will offset its costs.

19 So the benefits that we've identified and  
20 are proposing to measure are those that could  
21 practically be verified and also that could ultimately  
22 reduce future revenue requirements and rates. We've  
23 identified what we expect those benefits to be on page  
24 31 of our application. And they include, for example,  
25 increased electricity revenue, reduced operating  
26 costs, et cetera.



1 the two-year pilot.

2 MS. HERBST: And so I take from that that the methodology  
3 isn't going to be particularly dependent on the fact  
4 that the benefits are conglomerated, or accumulated,  
5 for a while into accounts where there are other  
6 potential sources of ups and downs, that there's a  
7 different -- that the measurement isn't going to rely  
8 on those two accounts.

9 MS. JUBB: No. No, it will not.

10 MS. HERBST: Okay. And just actually while we're on page  
11 31 of the application, and so that's Exhibit B-1, and  
12 that's the table that was helpfully set out in terms  
13 of the benefit/cost ratios, Table 5. And there are, of  
14 course, three columns here. And I realize BC Hydro is  
15 proposing option A, but for the question that I'm  
16 going to ask, option A and option B are the same.

17 The fourth bullet point in the row that  
18 says "Benefits" talks about other benefits identified  
19 through the pilot. And the first three bullet points  
20 deal with benefits that seem clearly economic, or  
21 financial, that they're quantifiable in some way.  
22 Does BC Hydro have a sense -- and perhaps not, that  
23 might be why it's identified through the pilot -- of  
24 whether the other benefits would be  
25 financial/economic, or truly other, even outside that  
26 kind of category?

1 MS. JUBB: In order to be included in the benefit/cost  
2 ratio, they would have to be financial in nature, and  
3 they would have to have the ability to ultimately  
4 reduce future revenue requirements and rates. So, we  
5 believe that we've identified the benefits that would  
6 have that characteristic, the financial benefits. That  
7 said, it is a pilot. We haven't done a program  
8 exactly like this before. So we're open to the  
9 possibility that there might be other financial  
10 benefits that will arise through the program that  
11 we'll discover through the delivery of the program.

12 Not included in the benefit/cost ratio are  
13 benefits that might flow to society in general, but  
14 would not have the potential to ultimately reduce  
15 future revenue requirements and rates.

16 MS. HERBST: Okay. Now, just a couple of -- well, famous  
17 last words, but I think I'm almost done. So there was  
18 some discussion particularly, I think, during the  
19 exchange with Ms. Khan, but perhaps to an extent also  
20 in the initial presentation, about having input from  
21 LIAC in terms of during the pilot project, about how  
22 it's going, if there are additional considerations  
23 that might be taken into account and so on. Is BC  
24 Hydro envisioning monitoring, through the duration of  
25 the pilot project, the satisfaction level of customers  
26 more generally? The payers-in of the 25-cent per

1 month rate rider.

2 MR. SANDERS: We already measure customer satisfaction  
3 more generally, through a number of methods, both  
4 transaction within the contact centres or the online  
5 services, as well as more general population views of  
6 BC Hydro. That will continue. What we found, for  
7 instance, not wanting to have to talk about it for a  
8 lot of detail, so I will -- risking it, as I say, but  
9 for instance the moratorium report. What we found was  
10 that really when you get into the very provincial-wide  
11 data, that small programs really don't make those  
12 numbers move a lot. I think we will definitely -- as  
13 we're noting on page 33 of the application, including  
14 some satisfaction levels with the participants --

15 **Proceeding Time: 11:03 a.m. T27**

16 MS. HERBST: Right.

17 MR. SANDERS: -- we weren't necessarily proposing to  
18 target specific questions about the non-participants,  
19 and whether or not the existence of the program  
20 changed their satisfaction level.

21 MS. HERBST: Okay. And then my last question really is -  
22 - it may not be one that you're able to answer any  
23 more than Ms. Jubb did, and it is something that  
24 either may hang out there, or that maybe Mr. Christian  
25 could come back to as well, and that is just in  
26 relation to the rate freeze and the terms of the rate

1 freeze that came out yesterday. I realize both in  
2 terms of timing, it's a very short timeframe, and it  
3 is perhaps more of a legal question, but I'd be  
4 interested if you know the specific terms of the  
5 freeze? Because I could envision that a rate rider  
6 that adds 25 cents per month to people's bills might  
7 not be conceptually consistent with a rate freeze, but  
8 on the other hand, the terms that the government has  
9 set for a rate freeze might just not address it at  
10 all?

11 And again, I don't mean to put you on the  
12 spot with any sort of legal analysis, I just am  
13 interested.

14 MR. DOYLE: So, I mean, I think as Ms. Jubb said, the  
15 understanding is BC Hydro has changed its request for  
16 a three percent increase in Fiscal 2019 which came out  
17 of directive number 7, to a zero percent increase.  
18 That being said, when we had a three percent increase,  
19 we were still applying for the CEF rider of the 25  
20 cents. So, I don't think anything has changed that  
21 way. So we don't view it as any problem by going to  
22 the zero percent from the three percent.

23 MS. HERBST: Okay. And I think those are my questions.  
24 Again, our appreciation that BC Hydro answered in  
25 advance the IRs, and thank you for your answers today.

26 MR. DOYLE: Thank you.

1 THE CHAIRPERSON: Mr. Andrews?

2 MR. ANDREWS: My name is Bill Andrews, I represent the  
3 B.C. Sustainable Energy Association and the Sierra  
4 Club B.C. I'd like to commend the BCOAPO for  
5 starters, for initiating what resulted in the program  
6 that is before the commission today, and offer  
7 appreciation of the Low Income Advisory Council for  
8 its role and to BC Hydro for following through on the  
9 commitments that came out of the earlier proceeding.

10 The topic that I want to address is that  
11 the two year term of the pilot project, and the  
12 transition to what comes next, and I guess my concern  
13 would be, and I'm interested in Hydro's thoughts on  
14 this, is that the evaluation will take place late in  
15 the two year period, and the concern would be whether  
16 there is enough time between the results of the  
17 evaluation materializing, and the steps that need to  
18 be taken either to terminate the pilot project in  
19 hopefully, you know, unlikely event that it is not  
20 successful, or to make it permanent.

21 MR. DOYLE: So, in our cover letter, we did address this,  
22 that we may request an extension should the pilot go  
23 forward. And I would say it is not dissimilar to how  
24 BC Hydro managed the freshet pilot program that we put  
25 in place a couple years ago. It was a two year pilot,  
26 and that two years really allowed us to see whether

1 the program was working as intended. And then the  
2 freshet example it was, and we subsequently asked for  
3 a one year extension to the program, or will be asking  
4 for an extension to the program, while the evaluation  
5 is considered. So, we didn't see any show stoppers.  
6 So we would expect similar in this program, we would  
7 likely, if things looked good, and we felt that there  
8 was the likelihood of benefits accruing, we would  
9 probably ask for an extension while the evaluation is  
10 being considered by the Commission.

11 **Proceeding Time 11:08 a.m. T28**

12 MR. ANDREWS: Thank you. And in the spirit of a  
13 streamlined review process, my clients' view is that  
14 one of the things to be careful about is that Hydro  
15 not make sudden changes to programs that people in the  
16 community have come slowly to understand and  
17 participate in. That for those of us who deal with  
18 these things daily, it may be relatively easy, but it  
19 causes people great discomfort if government programs  
20 are suddenly changed, with from what their perspective  
21 is, is not enough notice.

22 MR. DOYLE: And I think we're very cognizant that we  
23 don't want to have sort of a stop-and-start, you know,  
24 approach. We'd rather, if it looks like it's working  
25 will, continue it while we evaluate and understand  
26 more completely the benefits.

1 MR. ANDREWS: Thank you. Those are my questions.

2 THE CHAIRPERSON: Thank you.

3 MR. WEISBERG: Madam Chair, I find myself at the end of  
4 the line for the questions. That, in combination with  
5 our active participation in the LIAC committee, I have  
6 no questions then for the panel today. Thank you.

7 THE CHAIRPERSON: Okay. Thank you, Mr. Weisberg. Okay.

8 So I -- we're at 11:15. Does -- how much  
9 time does BC Hydro need to -- oh, staff. I'm sorry.  
10 Thank you. Mr. Miller?

11 MS. DOMINGO: Thank you, panel.

12 Good morning. My name is Yolanda Domingo.  
13 I'm representing staff with the B.C. Utilities  
14 Commission. I just want to say thank you to BC Hydro  
15 for submitting the response to the technical questions  
16 in advance, as that definitely shortens our questions.  
17 And again, I echo the comments previously. We're at  
18 the end of the line, so I do have just only a few  
19 questions remaining.

20 The first question relates to the CEF grant  
21 amount. And I just wanted to refer to an earlier  
22 comment from Mr. Christian, that talked about the  
23 fair, reasonable rates that are not unduly  
24 discriminatory. And I presume that this alludes to  
25 the fact that BC Hydro is proposing to charge the same  
26 rate for all residential customers, the corrected 0.82

1 cents per day. So it's the same amount that's being  
2 levied on all residential customers paying into the  
3 CEF. However, if I take a look on the other side of  
4 things, so for example on the customer perspective, BC  
5 Hydro is proposing that the maximum grant is \$500 for  
6 a non-electrically-heated home versus \$600 for an  
7 electrically-heated home. And I just wanted to talk  
8 about that. Do you think in a customer perspective  
9 it's the same amount being paid into the fund but  
10 there could be a different amount that they are --  
11 that they could have access to? Could there be a  
12 perception of fairness there? Did you want to talk  
13 about that?

14 MS. JUBB: The maximum amount of the grant, and the  
15 amount that we actually expect to provide to eligible  
16 applicants, is going to be based on the customer need  
17 in their specific situation, in particular, their  
18 arrears, which we know that build. And apparently  
19 also arrears are related to whether or not electricity  
20 is the primary heat source or versus other fuels. And  
21 we saw the same trend, for example, in a similar  
22 program in Manitoba Hydro area, and also Ontario also  
23 applies a difference between electrical heat and non-  
24 electrical heated homes.

25 So it is a pilot, and this is one  
26 eligibility criterion that we are proposing to have



1 limitations include the fact that it cannot reflect  
2 the fact that many accounts have multiple back-up  
3 heating systems. So, it only estimates the primary  
4 fuel source.

5 Also, because it is a statistical model,  
6 while it's accurate on average for large populations,  
7 it may not be accurate for any one individual account.  
8 So, given those limitations, it's a good system for  
9 forecasting for modelling, but not for billing.

10 MR. SANDERS: Just to add to that, I think the issue  
11 would be for us in the billing system, I think the  
12 billing system is programmed logic, and so given any  
13 field that says electrical heating, or non-electrical  
14 heating, the billing system itself could address it.  
15 I think what would end up happening administratively,  
16 is that if a customer believed that they were being  
17 charged the wrong rate rider, that would have the risk  
18 of driving a lot of extra phone calls, extra contact  
19 with BC Hydro for the purpose of trying to get that  
20 one field right. And administratively I don't think  
21 that would be warranted, given the size of this  
22 program, and the size of the rate rider.

23 MS. DOMINGO: Great. Thank you. My next question  
24 surrounds the eligibility criteria. Earlier there has  
25 been some exchange regarding the potential for  
26 adjustments to the program eligibility depending on if

1 different variables materialize in a different matter.

2 So, if I were to take a look at the  
3 scenario, hypothetical scenario, so that if the  
4 program may have significantly more grants in the  
5 first year then forecasted, does that mean that there  
6 is a potential for BC Hydro to adjust the eligibility  
7 criteria for the second year? Is that a potential  
8 situation?

9 MR. SANDERS: Yes, we would look at the trends in the  
10 types of those eligibility, and do exactly that.

11 MS. DOMINGO: And so your eligibility criteria is  
12 included in your proposed terms and conditions, and so  
13 you'd have to modify the terms and conditions, is that  
14 correct?

15 MR. DOYLE: Sorry, when you say "terms and conditions",  
16 do you mean the application form?

17 MS. DOMINGO: I think it's your proposed tariff?

18 MR. CHRISTIAN: I can speak to that question. There is  
19 no proposed tariff that defines the eligibility  
20 criteria. The orders that BC Hydro seeks, I outlined  
21 at the opening comments I made, and those orders do  
22 not provide either the specific details or eligibility  
23 criteria, or indeed many of the details of the  
24 program. In many ways, it is a program – and I think  
25 BC Hydro described this in its application – like any  
26 other service it provides. It doesn't go into the

1 details in its tariff about how it generates  
2 electricity and transmission delivers it, provides a  
3 cost. And in this case, the orders Hydro seeks don't  
4 cover off in any number of different aspects to the  
5 program.

6 MS. DOMINGO: Let me try to rephrase that. If you were  
7 to change the eligibility criteria, would you have to  
8 come back to the Commission for approval?

9 MS. JUBB: No, we do not expect that would be the case.

10 MS. DOMINGO: Okay. And then if the program eligibility  
11 were to be amended or changed in the second year, for  
12 example, and then I'll go back to my first discussion  
13 about fairness. Do you think that there would be a  
14 perception that potentially customers who try to  
15 access the fund at a later time would have different  
16 criteria than, say, initially in the program?

17 **Proceeding Time 11:18 a.m. T30**

18 MS. JUBB: I acknowledge that that may be a risk. This  
19 is a pilot, and we are genuinely interested in  
20 learning how to design and deliver it. And we  
21 recognize that there might be some learning along the  
22 way.

23 MR. DOYLE: I think it's also important to remember that  
24 it's a program and, similar to like demand-side  
25 management programs where we may change the  
26 eligibility criteria. So I would say it's somewhat

1 common practice for BC Hydro to be able to have that  
2 flexibility, to make those changes if required.

3 MS. DOMINGO: Okay. Thanks for that clarification.

4 My last set of questions, I just wanted to  
5 talk about the reporting and the terms of the proposed  
6 pilot. Ms. Jubb, earlier you had indicated that the  
7 evaluation is expected to be undertaken near the end  
8 of the two-year pilot, and that's when you'll have  
9 enough information at that time to provide some kind  
10 of analysis and evaluation report to the Commission.

11 Just curious that in terms of how much time  
12 do you think that that is required? Is it possibly --  
13 you know, we would anticipate a report within 60 days  
14 of the program ending, or the pilot ending, or --?

15 MS. JUBB: We expect to undertake the evaluation towards  
16 the end of the period. In my experience managing  
17 evaluations, sometimes we do run into data issues and  
18 there can be delays, because we want a reliable result  
19 that we can count on. And this is going to be a very  
20 data intensive exercise. So I would suggest that it's  
21 not unreasonable that we should have that evaluation  
22 within 60 to 90 days of the end of the pilot,  
23 recognizing that, if we do experience issues with the  
24 data, that might delay it a bit.

25 MS. DOMINGO: Okay. Thank you. And then my last  
26 question, then, really goes back to your exchange

1 earlier with Mr. Andrews regarding the potential to  
2 extend to a three-year program. And I think you  
3 mentioned earlier that this could be a potential  
4 proposal while the results of the evaluation report  
5 are being reviewed.

6 And I'm just curious and thought I'd put it  
7 out there. If the Commission had directed -- or would  
8 -- let me rephrase this. Would BC Hydro be agreeable  
9 to a three-year pilot here at the onset, instead of a  
10 two-year, and again we would do the program evaluation  
11 during that two-year part?

12 MS. JUBB: The only risk or issue that we would note with  
13 that proposal is that, at this time, we don't have a  
14 good set of data on which to forecast participation or  
15 grant levels. We did start with the 25-cent per month  
16 rate rider as proposed by BCOAPO in the 2015 RDA.  
17 However, there's a lot of uncertainty in terms of what  
18 the participation will be. So, to the extent we  
19 extend the pilot for a longer period of time, it  
20 increases the possibility that the rate rider amount  
21 may not be the right amount, at 25 cents per month.

22 MS. DOMINGO: Okay. Those are my questions, thank you.

23 MS. JUBB: Thank you.

24 THE CHAIRPERSON: Bill, do you have any questions?

25 COMMISSIONER EVERETT: I might, just one second. So, you  
26 think it would take perhaps 60 to 90 days after the

1 end of the second year of the pilot program to provide  
2 the Commission with your evaluation, is that correct?

3 MS. JUBB: That's our thinking, yes.

4 COMMISSIONER EVERETT: Okay. And is it my understanding,  
5 too, from your earlier answers that in that  
6 circumstance you would seek an extension of the pilot  
7 program while it's being evaluated?

8 **Proceeding Time: 11:23 a.m. T31**

9 MS. JUBB: Our thinking is that we will be monitoring the  
10 pilot over the two years. And even in advance of the  
11 evaluation. So, we'll be monitoring participation,  
12 we'll be monitoring the number of grants that are  
13 given, and the amount of the grants, disconnections  
14 avoided, et cetera. So, we expect that that  
15 monitoring and reporting, which is, for your  
16 reference, shown on page 33 of the application. We  
17 expect that that that will provide some leading  
18 indicators of the success of the pilot. And that  
19 information will be available in advance of the  
20 evaluation where the evaluation is really only  
21 intended to address that question of whether or not  
22 the pilot provided an economic benefit to ratepayers.

23 So, we believe that with those leading  
24 indicators and reporting on participation and grant  
25 levels, we'll have a sense of the success of the pilot  
26 before the evaluation, and that is why we have

1 indicated that we may request an extension to the two-  
2 year duration depending on the benefits and cost.

3 COMMISSIONER EVERETT: So the timing of your report has  
4 nothing to do with the extension, it' how you feel  
5 about the program, and its success that will lead to  
6 the extension, not the fact that your report is going  
7 to be delayed beyond the end of the pilot program?  
8 So, if you don't like the way the program is working,  
9 it will terminate at the end of the second year, but  
10 you will still provide your evaluation report 60 to 90  
11 days later?

12 MS. JUBB: The way that I would think about it is that  
13 the ongoing monitoring and reporting during the two-  
14 year pilot will provide us an indication of how it is  
15 working in terms of its overall success. The  
16 evaluation exercise which takes longer, and can't be  
17 done until towards the end of the pilot, is really  
18 only addressing that question of financial net  
19 benefits to ratepayers, as was requested by the  
20 Commission in their 2015 RDA decision, that to justify  
21 this program on an ongoing basis, it should provide a  
22 financial net benefit to ratepayers. So, that  
23 specific question is what can only be answered towards  
24 the end of the pilot. And my understanding is that we  
25 would need to answer that question before proposing an  
26 ongoing program.

1                   However, we could propose an extension to  
2                   the pilot based on how our reporting and the metrics  
3                   arose throughout the pilot period.

4 COMMISSIONER EVERETT:    Maybe I am just missing the point,  
5                   and I apologize, but -- so, BC Hydro will essentially  
6                   determine whether this program extends beyond two  
7                   years.  Is that correct?

8 MR. DOYLE:    We would have to apply to the Commission for  
9                   the extension, because the period I believe we've  
10                  asked for is just until 20.

11 COMMISSIONER EVERETT:    But if you don't apply --

12 MR. DOYLE:    It terminates.

13 COMMISSIONER EVERETT:    That's the end of it.  You don't  
14                  have to apply to terminate it?

15 MR. DOYLE:    No.

16 MR. SANDERS:    I would say though that the LIAC would be  
17                  part of that dialogue.  I would expect that during our  
18                  normal conversations with commission staff, for  
19                  instance when we discuss our quarterly reporting  
20                  around complaints, for instance, this is another one  
21                  of those issues that would come up.  So, we certainly  
22                  wouldn't unilaterally decide not to be doing this.  I  
23                  think if we're seeing things go sideways on this  
24                  program, there will be lots of dialogue with the  
25                  Commission and with other groups before we simply just  
26                  pull the plug.

1 COMMISSIONER EVERETT: And just one final question, and  
2 doing it that way in BC Hydro's view, would be better  
3 than a three-year term? Because of the uncertainty of  
4 the revenues versus the grants that may be applied for  
5 over a longer period of time?

6 MR. SANDERS: I'm not sure I'd say it is better, it is a  
7 tradeoff. One of the elements might be, another  
8 option for instance, would be to have a three-year  
9 pilot, but if we see that the 25 cent rate rider looks  
10 like it might be a little high, or a little low, is to  
11 adjust that at a point in the program as well. That  
12 would be the concern, that the longer the program  
13 goes, the more that can get out of line with what the  
14 real program costs might be.

15 COMMISSIONER EVERETT: And that adjustment would be on  
16 application?

17 MR. SANDERS: We would have to, yes, file for adjustment  
18 for that.

19 COMMISSIONER EVERETT: Thanks.

20 **Proceeding Time 11:28 a.m. T32**

21 THE CHAIRPERSON: Really along the same topic, is there  
22 some way in BC Hydro's view that you could allow for  
23 continuity of the program until such time the  
24 assessment is complete. So it doesn't necessarily  
25 extend the three years, but whatever period of time it  
26 takes to report to the Commission and complete that

1 assessment.

2 MS. JUBB: BC Hydro is open to making a commitment to  
3 report back to the Commission towards the end of the  
4 pilot period regarding either seeking an extension or  
5 otherwise to allow for the pilot to continue until  
6 it's completed its full evaluation.

7 THE CHAIRPERSON: Okay, thank you. Mr. Miller, is there  
8 anything further?

9 MR. MILLER: I'm not aware of anything further, Madam  
10 Chair.

11 THE CHAIRPERSON: Okay. I suggest that we come back a  
12 one o'clock, at which time we can move to arguments.

13 Thank you.

14 (PROCEEDINGS ADJOURNED AT 11:29 A.M.)

15 (PROCEEDINGS RESUMED AT 12:58 P.M.)

**T33 &**

16 **T34**

17 THE CHAIRPERSON: Mr. Christian.

18 **ARGUMENT BY MR. CHRISTIAN:**

19 MR. CHRISTIAN: Thank you, Commissioner Keilty. I've  
20 asked the BC Hydro representative to stay up here in  
21 case questions come up that are better addressed by  
22 them than by myself, so that's why they are there for  
23 you still.

24 THE CHAIRPERSON: Okay.

25 MR. CHRISTIAN: My closing remarks will be fairly brief.

26 As set out in my introductory comments, the Commission

1 directed BC Hydro to file an application for a CEF  
2 pilot in its January 20<sup>th</sup> RDA decision. In that RDA  
3 decision, the Commission indicated a number of  
4 characteristics that it hoped to see in its CEF pilot  
5 application: a non-binding request, in effect, for  
6 what it thought the CEF pilot should look like. Those  
7 characteristics are set out in Section 1.2 of BC  
8 Hydro's application, Exhibit B-1. BC Hydro submitted  
9 in the application, and submits again today, that all  
10 those characteristics that were identified by the  
11 Commission in the RDA decision in fact are consistent  
12 with the CEF pilot program it has proposed today.

13 BC Hydro also notes that there has been no  
14 suggestion that it can glean, either from the  
15 questions asked or any submissions made by  
16 participants in this proceeding, that those  
17 characteristics that the Commission identified  
18 originally have not been satisfied.

19 Now, this proceeding has added some flesh  
20 to what I think is the bones, if you will, of the  
21 proposal -- bones what the Commission said in the RDA  
22 decision, the flesh is the elaboration of that program  
23 by BC Hydro in its application, Exhibit B-1,  
24 supplemental information provided in Exhibit B-2. IR  
25 responses in Exhibit B-4. The errata in Exhibit B-4-  
26 1. You have the presentation by Mr. Sanders, Exhibit

1 B-5, and of course the answers to questions asked of  
2 the BC Hydro witnesses this morning.

3 All that evidence was developed in  
4 consultation with stakeholders, and particularly with  
5 the Low-Income Advisory Council, and was based on  
6 research that BC Hydro did into similar programs in  
7 different jurisdictions. And that's all set out in  
8 the application.

9 BC Hydro understands that it has generally  
10 quite a bit of stakeholder support for the CEF pilot  
11 and doesn't anticipate that anybody will be objecting  
12 to the Commission giving the Orders that have been  
13 asked for. And for all those reasons I will not be  
14 canvassing in detail the evidence or the submissions  
15 with respect to the pilot. It stands on its own as  
16 elaborated on by BC Hydro this morning.

17 **Proceeding Time 1:01 p.m. T35**

18 I do want to address two issues, though,  
19 that came up in the course of questions this morning.  
20 And the first was, the one request that we think we  
21 are going to reasonably anticipate seeing coming from  
22 the Zone II customers. Ms. McLean spoke about the  
23 possibility of a cap being put on the balance of the  
24 CEF regulatory account.

25 BC Hydro opposes that proposal. As  
26 explained by Mr. Doyle this morning, when the program

1 starts on June 1, BC Hydro will be getting a fairly  
2 steady amount of revenue every month, the 25-cent per  
3 month charge on every residential customer's bill, and  
4 that amount of revenue will be coming in at a steady  
5 rate -- quite steady, at least, over the course of the  
6 pilot, however long it goes.

7           Conversely, though, the costs that BC Hydro  
8 will be incurring will be coming at different times  
9 and at different rates. Between now and when June 1  
10 starts, BC Hydro will be incurring implementation  
11 costs. So right on the start of this program on June  
12 1, we can expect that regulatory account to have a  
13 significant negative balance. After June 1 and the  
14 start of the program, the official start of the  
15 program, BC Hydro will be incurring costs at an  
16 increasingly rapid rate. It will be administering the  
17 program and, more importantly, it will be disbursing  
18 grants to eligible CEF applicants.

19           And so it's been understood for some time  
20 that there would be a mismatch between the revenues  
21 coming in and the costs being incurred and money going  
22 out. The regulatory account is not the problem, it's  
23 the solution to that problem of the mismatch of the  
24 timing. Putting a cap on the regulatory account would  
25 simply cause BC Hydro to have to change the program  
26 perhaps more abruptly than it might otherwise want to

1       be able to, bearing in mind the pilot nature of the  
2       program, the flexibility that's built into the program  
3       to allow it to respond to changed circumstances.

4               Mr. Doyle specifically alluded to the  
5       possibility that there may be an order of magnitude  
6       variance between revenues and costs, and spoke to the  
7       possibility of BC Hydro adjusting the program at that  
8       time if necessary, whether through adjusting the  
9       eligibility criteria or even possibly filing an  
10      application to change the rate rider. Those are tools  
11      that are open to BC Hydro to address the issue of the  
12      difference in timing between revenues and costs. And  
13      so again the regulatory account is a solution to that  
14      issue. Capping it doesn't help, it just compounds the  
15      issue.

16             The other issue that came up in questions  
17      today was an issue with respect to the timing of the  
18      pilot. First, two issues -- well, two issues to deal  
19      with there. One is some answers given this morning by  
20      Mr. Doyle with respect to the anticipated end date.  
21      He said that he anticipates that the program would end  
22      automatically, subject to the application by BC Hydro;  
23      that is that it would end automatically after two  
24      years. In fact, unlike the freshet pilot, the tariff  
25      sheets of BC Hydro as put in front of the Commission  
26      don't have an end date. And so at least rate schedule

1 1903, for example, would continue indefinitely until  
2 such time as BC Hydro applied or the Commission  
3 otherwise ordered to end it. And so that is by point  
4 of clarification.

5 But then to get to the substantive concern  
6 that was raised, namely wouldn't it make some sense to  
7 have the pilot continue while that evaluation report  
8 is being finalized and put in front of the Commission,  
9 BC Hydro agrees there is some merit to that. And what  
10 it proposes, what it commits to, is to flip the  
11 default. As stated in the application, the default is  
12 for the pilot to last two years with the possibility  
13 of extending it. And what we propose instead is that  
14 we would still reserve the right to apply to end it  
15 after two years, but the default would be that the  
16 pilot would run for three years. That allows the  
17 evaluation report to be finalized and BC Hydro  
18 hopefully to come to a view on whether or not the  
19 program has a basis for an ongoing program in the  
20 future.

21 So those change, I think, addresses those  
22 concerns we heard this morning on the timing aspect.

23 **Proceeding Time 1:05 p.m. T36**

24 I'd like to draw the panel's attention to  
25 one theme in BC Hydro's evidence that comes out in a  
26 number of places and both arise -- or they arise from

1 the pilot nature of the program. Being a pilot, one  
2 might -- and I think in fact on of the interveners  
3 referred to the program as being a bit of an  
4 experiment. And to some extent it is an experiment.  
5 It's not a true experiment though in the sense that an  
6 experiment typically is done without a view for what  
7 the outcome should be. One stands back objectively  
8 and sees what happens.

9 In this case, BC Hydro is actually trying  
10 to come up with a program that will both benefit those  
11 customers who are in arrears and facing disconnection,  
12 but also to benefit all customers. And so that extent  
13 it is designed, this program, in a number of ways to  
14 try and achieve a particular objective or both those  
15 objectives.

16 The two examples there are it's seeking,  
17 for example, that the customers who apply for the  
18 grant would have the grant available to them based on  
19 their affirmation in their application form without  
20 having to provide information upfront. Similarly, BC  
21 Hydro's determined to keep the adjudication and  
22 reconsideration processes in-house. That also serves  
23 to make the program more likely to succeed on at least  
24 the second count with respect to the -- providing a  
25 cost-benefit analysis that's favorable.

26 The other aspect of the good faith effort

1           that BC Hydro's making to make this program work on  
2           both those criteria and both those aspects is the  
3           flexibility that's inherent in it. It has only asked  
4           for orders that are necessary to implement the  
5           program. It hasn't, for example, put into the tariff  
6           sheets the particular eligibility criteria that would  
7           be available. It wants to maintain that flexibility  
8           so they can adjust the program over the course of the  
9           pilot with the view – as I say, again – to get to a  
10          program that is cost effective as well as benefiting  
11          those customers in need. And that flexibility is  
12          inherent in a number of different ways, primarily in  
13          the ability to adjust eligibility criteria that we've  
14          spoken of already.

15                   I've previously described the specific  
16          orders BC Hydro seeks from the BCUC and I'm not going  
17          to repeat them now, again. But I do submit that on  
18          the basis of the evidence provided and all the  
19          submissions you've heard today, that the orders ought  
20          to issue shortly following conclusion of this  
21          streamlined review process.

22                   Obviously, we reverse a right of reply,  
23          after the appearance of my friends. But with that  
24          that concludes my submissions, subject to any  
25          questions.

26 THE CHAIRPERSON:    Thank you.

1 Ms. McLean? Oh, sorry. Ms. Khan.

2 **ARGUMENT BY MS. KHAN:**

3 MS. KHAN: Well, suffice it to say that BCOAPO et al. is  
4 very supportive of the Customer Emergency Fund Pilot  
5 Program that BC Hydro has put forward. The BC Public  
6 Interest Advocacy Centre and many of the groups  
7 comprising BCOAPO et al. are members of BC Hydro's Low  
8 Income Advisory Council. And the LIAC was involved in  
9 consulting and advising BC Hydro in the design of this  
10 program.

11 As the pilot program was ordered by the  
12 Commission, our task here is to determine whether the  
13 pilot should -- is not to determine whether the pilot  
14 should proceed, but rather to determine whether the  
15 Commission should approve the new rate schedules,  
16 changes to the electric tariff and the CF regulatory  
17 account that BC Hydro has applied for in order to make  
18 it possible for the pilot to proceed. Nonetheless, we  
19 want to be clear that we've been -- the BCOAPO is very  
20 supportive of this pilot going ahead and being  
21 implemented on the timeframes put forward.

22 It is our view that BC Hydro's flexible and  
23 adaptive approach to setting up and administering the  
24 CEF will lead to a successful pilot. BC Hydro's  
25 responses in this proceeding have demonstrated the  
26 collaborative nature of the way it's willing to work

1 with groups like ours and the flexible nature of the  
2 program. I'd like to give a few examples that we've  
3 heard, particularly today and invite BC Hydro to  
4 correct me if I'm mischaracterizing anything.

5 So, for example, it's possible that a  
6 multiple residential service account holder could  
7 qualify for a CEF grant if they meet the criteria  
8 because of a non-account holder who shares the meter  
9 and has a temporary inability to pay. There's also  
10 flexibility in the eligibility criteria, including  
11 adding fleeing and abusing spouse or relative, and  
12 that the listed life events are not exhaustive.

13 BC Hydro has also expressed a willingness  
14 to advise applicants of missing information in their  
15 application forms for the grant. BC Hydro is also  
16 willing to add the right to request a reconsideration  
17 directly on the application form.

18 **Proceeding Time 1:10 p.m. T37**

19 BC Hydro plans to conduct audits within a  
20 reasonably close time frame after BC Hydro has  
21 approved the CEF grants. Also that the timelines for  
22 the audits would depend on a customer's circumstances.  
23 We think that's very important, and thank BC Hydro for  
24 that. Also that BC Hydro is willing to -- or we  
25 understand that being on an installment payment plan  
26 wouldn't necessarily be required in order for a

1 customer to establish a prior attempt to pay their  
2 bills.

3 Also, BC Hydro, it sounds to us as though  
4 they're willing to allow grantees to apply for another  
5 CEF on a 12-month rolling basis. BC Hydro has also  
6 expressed a willingness to consider medical  
7 certificates and letters from medical practitioners,  
8 including doctors, for customers claiming medical  
9 emergencies. In our experience in the type of work  
10 that Erin Pritchard and I do at BCPIAC, it can be  
11 sometimes quite difficult for people who have just  
12 gone through a medical emergency to get a medical  
13 certificate or a letter directly from a doctor  
14 quickly. And so the possibility of allowing other  
15 medical practitioners to provide confirmation of the  
16 emergencies would be very helpful.

17 Also that reconsideration decisions will be  
18 made by different people than the original decision-  
19 makers. The willingness of BC Hydro to do some  
20 interim reporting to the Low Income Advisory Committee  
21 on the CEF and in particular if things go sideways,  
22 because we would very much like to work with BC Hydro  
23 to try to resolve those problems, if they arise during  
24 the course of the project.

25 Also that BC Hydro may apply to the  
26 Commission for an extension of the pilot. We

1           certainly would support a longer pilot project  
2           program, so if the Commission was to approve a three-  
3           year pilot, we are definitely in support of that.

4                       And just to follow up on what Mr. Christian  
5           was saying on the cap on the CEF regulatory account,  
6           for the reasons explained by Mr. Doyle this morning,  
7           and Mr. Christian this afternoon, we don't support a  
8           cap on the CEF regulatory account.

9                       So, just to conclude, then, BCOAPO is very  
10          appreciative of all the efforts that BC Hydro has made  
11          to work with us over the past year to develop this  
12          program and to develop the LIAC, and also to expand  
13          the LIAC. And for all of the reasons that I've  
14          already listed, we support -- we very much support the  
15          CEF pilot program and request that it be approved.  
16          Thank you, subject to any questions, those are our  
17          submissions.

18 THE CHAIRPERSON:    So specifically you support the Orders  
19                       being sought?

20 MS. KHAN:           We do, yes.

21 THE CHAIRPERSON:    Thank you. Ms. McLean?

22 **ARGUMENT BY MS. McLEAN:**

23 MS. McLEAN:         Zone II Ratepayers' Group appreciates the  
24                       opportunity to participate in the review of the  
25                       proposed CEF pilot project, and Zone II is largely  
26                       supportive of that project, including the

1 establishment of the CEF rate rider, the tariff  
2 changes and the regulatory account that's been  
3 proposed, with just a few requests for safeguards,  
4 which I'll address in these submissions.

5 Now, the Zone II Ratepayers' Group is  
6 supportive of the project because it expects that it  
7 will benefit ratepayers in the Zone II Ratepayers'  
8 Group communities who may experience life events that  
9 provide financial challenges in their lives. And it's  
10 expected that we'll assist those communities in  
11 managing their ability to avoid BC Hydro's  
12 disconnections for non-payment.

13 Now, with respect to the Orders sought by  
14 BC Hydro, Zone II is of the view that there should be  
15 a trigger for at least evaluating any significant  
16 exceedances of the anticipated cost of the pilot  
17 project; that is a negative balance in the regulatory  
18 account, particularly if the pilot project runs for  
19 more than two years.

20 **Proceeding Time 1:15 p.m. T38**

21 Now, as noted in both the application  
22 that's before the Commission and BC Hydro's responses  
23 to a number of the IRs, and BC Hydro's been candid  
24 about this as well today, is that they do not  
25 currently have a suitable set of data on which to  
26 forecast the number of applicants and the number of

1 participants in the project. And it's on that basis  
2 that Zone II says some caution is warranted.

3 Now, Zone II does appreciate that some  
4 flexibility is required in the pilot project, and on  
5 the basis of the answers provided by BC Hydro today is  
6 not seeking a cap *per se*. But Zone II does suggest  
7 that BC Hydro should be required to assess at specific  
8 intervals during the pilot whether the customer  
9 emergency fund regulatory account is forecasted, after  
10 the first two years of the pilot, to have a  
11 significant negative balance, such as exceeding 25  
12 percent of the amounts collected from the proposed  
13 rate rider.

14 And BC Hydro should be required to then  
15 take corrective action if its forecasts suggests there  
16 will be such a negative balance, and it has already  
17 made a commitment to modify the program criteria, for  
18 example, in consultation with the Low Income Advisory  
19 Council. And we think the involvement of that Council  
20 is important.

21 And Zone II appreciates that Hydro has  
22 committed to these principles more generally, but  
23 suggests more direction from the Commission is  
24 warranted on these points.

25 Now, second related issue is that of  
26 reporting, which we understand will be done to the

1 Commission at the end of the pilot. Especially if the  
2 pilot runs for more than two years, which I understand  
3 is now being proposed, BC Hydro's reporting at the end  
4 of the first two years should include, in our  
5 submission, an assessment of any cost overruns and a  
6 detailed discussion and analysis of the reason for  
7 such overruns, and how BC Hydro proposes to address  
8 them. And that proposal should then be the subject of  
9 review by this Commission.

10 It's Zone II's submission that again the  
11 Low Income Advisory Council should have an integral  
12 involvement in the preparation of that report.

13 Now, turning to the issue of continuity of  
14 the program, Zone II Ratepayers' Group is very  
15 supportive of the BCUC making an order that would  
16 assure the pilot has continuity with any permanent  
17 program that takes effect after the pilot is  
18 concluded, while also allowing time to properly  
19 evaluate the outcome of the pilot.

20 And Zone II just has a couple of brief  
21 comments in respect of BC Hydro's administration of  
22 the pilot project. Zone II is pleased that Hydro has  
23 consulted with the Low Income Advisory Council to  
24 date, and also is pleased with its commitment to  
25 consult with that Council prior to implementing any  
26 adjustment to the eligibility criteria. Zone II is a

1 participant on the LIAC.

2 And Zone II agrees with BC Hydro that it is  
3 appropriate to administer its proposed 12-month time  
4 period for financial hardship in a flexible manner.  
5 However, Zone II encourages BC Hydro to be even more  
6 flexible than it has proposed. As we understood the  
7 evidence today, Hydro has said it will consider  
8 applicants that fall within about a 12-and-a-half-  
9 month time line, but not 24-month timeline. In Zone  
10 II's submission, extensions well beyond the 12 months  
11 may be appropriate on a case-by-case basis.

12 And Zone II thanks the Commission for the  
13 opportunity to make these submissions.

14 THE CHAIRPERSON: Thank you.

15 COMMISSIONER EVERETT: Ms. McLean, are you supporting,  
16 though, the application generally? It's really  
17 tweaking that you're talking about?

18 MS. McLEAN: That's right, yes.

19 COMMISSIONER EVERETT: By way of suggestion. You're not  
20 trying to micro-manage Hydro's pilot project. You're  
21 making some suggestions which they will take into  
22 account. Otherwise, you're supporting the application  
23 as sought.

24 MS. McLEAN: The final two points that were made are  
25 directed to Hydro, and that's for them to consider and  
26 take away and deal with as they wish.

1 COMMISSIONER EVERETT: Okay.

2 MS. McLEAN: The earlier suggestions with respect to  
3 evaluating the status of the regulatory account, and  
4 reporting, we think are within the jurisdiction of the  
5 Commission to make an Order if it chooses to do so.

6 COMMISSIONER EVERETT: Okay.

7 THE CHAIRPERSON: Thank you. Mr. Weafer.

8 **ARGUMENT BY MR. WEAFER:**

9 MR. WEAFER: Thank you. I will be brief. The CEC has  
10 reviewed the application and the evidence as filed by  
11 BC Hydro in response to Information Requests, and  
12 supports the application as filed.

13 The CEC is particularly satisfied with the  
14 responses to its technical Information Requests  
15 Exhibit B-4 in CEC IR 1.5.1, which confirmed – and I  
16 believe this was partially the direction of the  
17 Commission – that the costs incurred by the pilot will  
18 be to the class, the residential class, following  
19 appropriate rate design principles, cost should follow  
20 the cause.

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

22 With respect to the process in listening to  
23 the submissions today, we would join in the  
24 acknowledgment of BC Hydro and particularly the BC  
25 Public Interest Advocacy Centre and LIAC in terms of  
26 working together to construct the pilot and it

1 contributes to regulatory efficiency and the ability  
2 to have an effective process like today and the CEC  
3 again commends Hydro and the other participants for  
4 those efforts.

5 As a result, the CEC would support the  
6 Commission making an expedited decision on the  
7 application as requested by Hydro and others based on  
8 the consensus we're hearing in the room. So we would  
9 certainly encourage a prompt decision.

10 Lastly, we would also support Hydro's  
11 comments on while the costs won't affect the  
12 commercial customers on the CAP principle and  
13 possibility of overly complicating the process on what  
14 is a pilot. And the administrative value of that is  
15 probably less than might be expected, so we don't  
16 think the CAP is an appropriate layer-on of the  
17 application as filed.

18 So with that said, those are our  
19 submissions on the application. I'm happy to answer  
20 any questions you may have.

21 THE CHAIRPERSON: I think that's it. Thank you.

22 MR. WEAVER: Thank you.

23 THE CHAIRPERSON: Ms. Herbst.

24 **ARGUMENT BY MS. HERBST:**

25 MS. HERBST: Thank you, panel. And, again, for the  
26 record and the transcript, I'm Ludmilla Herbst,

1 counsel for FortisBC Energy Inc. and FortisBC Inc.  
2 And I'd like to address today three main points in my  
3 submissions.

4 The first is the concept or philosophy of a  
5 Customer Emergency Fund. The second point relates to  
6 particular design elements of the pilot program that  
7 BC Hydro has put forward. And the third point is --  
8 it relates to the BC Hydro specific nature of the  
9 direction that led to this process and of course any  
10 orders that stem from this process.

11 And so, turning to those three main points  
12 in turn, the first is the conceptual or the  
13 philosophical comments that I want to make with  
14 respect to the Customer Emergency Fund. And certainly  
15 I start on this gingerly in the sense that we  
16 recognize fully that this process is the result and  
17 stems from a direction that the Commission made in  
18 order G-5-17, that BC Hydro prepare a pilot project  
19 that it file, and that that process and the pilot  
20 project in a sense test the concept of the fund and  
21 how it would work in practice. So, again, we're very  
22 mindful of that context and are certainly far from  
23 critical of BC Hydro for bringing this forward.

24 However, we also note that the Commission  
25 provided for an extra stage of process. This one that  
26 we're now in. And as we've noticed in the course of

1       evaluating the application and the program, some  
2       points that we see as inherent, perhaps, in a fund, no  
3       matter how designed, that are just associated with a  
4       fund and illustrate the difficulties of having a fund,  
5       we'd like to flag those for the Commission's  
6       consideration.

7                   And we do that for two reasons in a sense.  
8       One is, again, this process is an interlude between  
9       the direction that a project be prepared and filed,  
10      and the actual implementation of one. So there is an  
11      opportunity to consider whether the points that the  
12      application has brought forward, the concerns that the  
13      application has brought forward are reason to stop  
14      before money spent on the project actually being  
15      implemented.

16   **Proceeding Time: 1:24 p.m. T40**

17                   If a project does go ahead though, the  
18      conceptual issues that I'm raising have another aspect  
19      to them which is that they foreshadow the sort of  
20      concerns that we anticipate bringing forward again  
21      when the question is whether to make the pilot a  
22      permanent project, if that is the question to come  
23      before the commission at that time.

24                   So, in terms of conceptual issues that we'd  
25      ask the commission to bear in mind at this point,  
26      there are a number of them. And I'll run through

1           them. And again, the points that I'm about to make  
2           are not critical of the particular design that BC  
3           Hydro has brought forward, they are more points that  
4           show, or that have been brought forward through the  
5           application that illustrate inherent difficulties I  
6           think with a fund.

7                        So, the one issue that I think this  
8           proceeding underlines, is that a customer emergency  
9           fund has, and this was anticipated in part earlier,  
10          but I think has been brought to bear again through the  
11          proceeding to date, the fund has the hallmarks of a  
12          social assistance program, rather than one oriented to  
13          the utility business.

14                       The information that is being collected,  
15          and processed, and evaluated, is very personal in the  
16          sense of financial issues, health issues, life events.  
17          And that may be inevitably so with a fund. But then  
18          that does call into question again what this fund is,  
19          and whether it is a suitable adjunct to utility  
20          operations.

21                       BC Hydro noted fairly that the information  
22          being processed here is somewhat a-typical. It is not  
23          part of electrical service. And the expertise in the  
24          criteria being applied, and it is clear from the  
25          application in the proceeding, they are also not  
26          specific to utility service. And so, even apart from

1 the question of who administers a fund, if there is  
2 one, and I'll come back to that in the constellation  
3 of second points that I make in terms of design, there  
4 is the question of why there is a new energy specific  
5 fund to begin with, given that everything else that  
6 goes along with it is quite detached from the utility  
7 itself.

8 The second conceptual point that I make is  
9 that there is not -- and this is apparent from the  
10 summary of the focus group sessions in Appendix F to  
11 BC Hydro's application -- so appendix F to Exhibit B-1  
12 at page 4 -- there is not, "a preexisting public  
13 opinion demand for a program." And there is also not,  
14 at least at present, a sense that customer  
15 satisfaction in terms of making the customers who make  
16 the payments as opposed to participate in the program  
17 is going to be gauged. So, the lack of preexisting  
18 public opinion demand is one of the backdrops that I  
19 think would face any fund, no matter how designed  
20 again.

21 A third conceptual point that I'd like to  
22 raise, and that's been -- whose prominence is  
23 illustrated somewhat by the facts that have come up  
24 through the application, is this: Is a fund something  
25 that actually detracts, or distracts, from efforts  
26 that might be made elsewhere in the collections

1 process to improve the experience of customers?  
2 Grants under this program, under any fund probably,  
3 inherently are based on treating a symptom of a  
4 collection process that puts people in a situation  
5 where disconnection is possible. And that is apparent  
6 as one of the eligibility criteria for getting a grant  
7 here.

8 In Exhibit B-1, the application, page 12,  
9 the eligibility criteria include having a BC Hydro  
10 account that is in arrears, and under the possibility  
11 of disconnection or has been disconnected. And in  
12 Exhibit B-4, the response to FortisBC question 1.2.1:

13 "Upon receiving an application, BC Hydro  
14 will review an account to confirm that a  
15 final notice of disconnection has been  
16 sent."

17 And that is not again a criticism of BC Hydro, that is  
18 simply an eligibility criterion that would inhere in  
19 having a customer emergency fund.

20 But putting that in the context of the  
21 facts as they arise in the application in relation to  
22 BC Hydro, one sees that there is an average of over  
23 609,000 final notices of disconnection issued every  
24 year that BC Hydro's threshold for issuing a notice is  
25 only \$70, and approximately two-thirds of customers  
26 receiving a final notice of disconnection had

1 outstanding balances at the time of less than \$200.

2 **Proceeding Time 1:29 p.m. T41**

3 Although the average is more, certainly.

4 And these are figures that come from Exhibit B-4,  
5 which are BC Hydro responses to Commission IRs 1.1.1,  
6 1.1.2, and 1.1.3. And again, this isn't -- the fact  
7 I'm raising these numbers is not criticism of BC  
8 Hydro, but it's illustrative of the fact that any  
9 given utility may have a collections practice that  
10 puts people in a situation where they face  
11 disconnection at different thresholds. I suspect  
12 different utilities have different practices. But  
13 rather than going immediately to a fund which treats  
14 the symptom of people being under threat of  
15 disconnection, is a more useful question for the  
16 Commission to ask, and perhaps for the utility to  
17 address, why are people under threat of disconnection  
18 in the first place?

19 Should there be attention given to  
20 developing some sort of better customer relations and  
21 again, not suggesting BC Hydro doesn't have them, but  
22 at least exploring this in terms of getting them on  
23 the right track before they face that prospect of  
24 disconnection.

25 Is the right attention being paid to a  
26 grant which is at the very end of somebody actually

1 facing a quite imminent threat, or something that  
2 could happen before then and be more constructive?

3 Even in relation to the eligibility  
4 criteria here, instead of giving a grant, what about  
5 deferring the actual disconnection that would occur  
6 until somebody has time to gather their resources  
7 together again, and actually pay? If there is truly a  
8 temporary need issue here, which the criteria have  
9 been intended to suss out, why is it the question of  
10 giving a grant as opposed to timing?

11 So conceptually again I don't suggest that  
12 there is a better way in terms of designing a fund,  
13 but they -- these questions inhere in the very  
14 prospect of having a fund at all.

15 A further conceptual problem or issue that  
16 arises, and that becomes apparent in the application,  
17 is -- and I think the application illustrates how easy  
18 it is for a customer emergency fund to turn back to  
19 being a low-income program. And that's even with the  
20 greatest rigour applied by a utility in trying to  
21 design criteria to minimize or avoid that. And  
22 certainly the minutes of the Low Income Advisory  
23 Council that are included in Appendix G to the  
24 application recognize, and BC Hydro is recognizing,  
25 the need to take care that the criteria aren't picked  
26 that result in result in the same impact as income

1 thresholds.

2 But necessarily, as soon as an effort is  
3 made to limit the pool of customers who can access a  
4 fund – and of course there has to be, otherwise there  
5 could be a flood on the fund – it seems like income  
6 criteria come back to the fore. So here, of course,  
7 we've seen that there are both recognized assistance  
8 program entry points into obtaining eligibility for  
9 the fund, or there is a question undertaken to  
10 determine whether a customer or other applicant who is  
11 submitting an application form has a zero or negative  
12 net income, or a zero or negative household worth.  
13 And again, those are very income-oriented criteria.

14 Now, certainly I recognize that in the  
15 reasons that led to Order G-5-17, the Commission took  
16 into account that there might be a predominance of  
17 low-income individuals who received grants and that  
18 was part of the testing that was going to take place  
19 through a pilot. But at the very least, care is  
20 needed. But I think even with the mindfulness that's  
21 come in terms of trying to structure criteria, the  
22 fact that an income component can't be avoided, I say,  
23 flags that there is an inherent issue with having a  
24 fund. It also seems to us, although BC Hydro in a  
25 couple of responses this morning may disagree, but in  
26 terms of how income comes into play in evaluating

1 applications, it's more likely than not that somebody  
2 who is from a recognized assistance program is going  
3 to stand a greater chance of getting the grant and  
4 getting through an audit, keeping the grant, than  
5 somebody who comes from outside such a program.

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

7 And one of the things that we flag again is  
8 this criterion of -- from somebody outside a program  
9 having essentially a zero or negative household net  
10 income or zero or negative household net worth. In  
11 our submission, just looking at the list of qualifying  
12 assistance programs that are listed in the draft  
13 application form which is Attachment 1 in Exhibit B-4,  
14 or whose criteria are set out in the response to  
15 FortisBC IR 1.4.1 in Exhibit B-4, it seems to us that  
16 the thresholds for -- people who are part of those  
17 programs won't necessarily need to have a zero or  
18 negative household net income or household net worth.  
19 So again there's a bit of a tilt that may be inherent  
20 in having a fund.

21 Now, apart from the conceptual issues that  
22 we wanted to raise and flag with the prospect of a  
23 fund at all, we have just a couple of issues that we  
24 wanted to raise with the particular design of this  
25 fund, if there is indeed to be a fund, whether in  
26 pilot form or permanent form, and those are these.

1                   And the first one marries somewhat with a  
2                   conceptual problem but I think becomes accentuated in  
3                   terms of the design element here, and that's the  
4                   question of who should administer the fund if there is  
5                   one. And the question here then comes to the point of  
6                   should it be the utility whose customers are affected  
7                   by the fund who administers as well as collecting  
8                   whatever funds are gathered for the fund to exist, but  
9                   -- or should it be government or a social assistance  
10                  agency who performs the administration? And certainly  
11                  we recognize BC Hydro has set out a coherent set of  
12                  benefits for why the utility here would be undertaking  
13                  that task in terms of managing a pilot and so on, and  
14                  if the goal of the process is not simply to conduct an  
15                  experiment but to try to be able to modify the program  
16                  along the way to engineer it for success from that  
17                  perspective, I can see why the utility would be  
18                  involved.

19                  But stepping back from that, in terms of  
20                  what is the role of a utility within society, what is  
21                  the role of a utility in terms of administering  
22                  programs, what is its expertise and what should it be  
23                  concentrating its expertise on, the sort of things  
24                  that a fund raises and that require consideration in  
25                  administering a fund are quite foreign to what the  
26                  utility does. And the sort of personal information

1 that has to be received and evaluated and the sort of  
2 connections to be made with customers, even in terms  
3 of the discussion with the panel this morning about  
4 the merit of the connections forged through  
5 institutions like BC 211, they're quite outside the  
6 utility scope. And so one of the concerns we flag  
7 with the design is having the utility administer as  
8 opposed to another entity.

9 A second and lesser consideration that we'd  
10 like to raise in terms of the design of the fund, if  
11 there is one, whether as a pilot or ultimately as a  
12 permanent institution, is that it would be important  
13 to try to maximize the opportunities that exist in  
14 administering a fund to avoid or lessen the recurrence  
15 of customer non-payment in future. And to an extent  
16 certainly, as the panel addressed this morning, there  
17 has been some thought given to that, or larger  
18 collection processes may influence that, but one point  
19 that I think is illustrative of where the program  
20 could at least be tweaked, if it proceeds, is in  
21 connection with the referral of customers to a  
22 conservation program.

23 And so there was discussion this morning  
24 and the Commission Panel may recall that there is a  
25 choice of customers to either consent to be referred  
26 to a program or not, and this was on an application

1 form that's still subject to amendment, so that's not  
2 the final -- that's not the be all and end all. But  
3 certain if the wording stays as it is, it's not that  
4 there is a preference for being or there is a utility  
5 expressed default for needing to be part of a  
6 conservation program if you get a grant. There's an  
7 outright choice where the customer has complete  
8 control. It's not so much a default like an opt out.  
9 It's a do consent or don't consent.

10 **Proceeding Time 1:38 p.m. T43**

11 And so that seems to be in some contrast to  
12 the Ontario program that's summarized at Exhibit B-1  
13 in Appendix C, where one of the eligibility criteria  
14 or one of the things that customers had to do to  
15 qualify for the assistance was having consented to be  
16 referred to a conservation program. And certainly a  
17 conservation program may not be the be all and end all  
18 in terms of having somebody avoid the likelihood of  
19 non-payment of bills in future, but it could assist.  
20 And it could be helpful to be more actively steering  
21 customers in that direction.

22 I note that there's a -- being referred to  
23 a program doesn't mean being forced to participate in  
24 one. All it means is that someone has the ability to  
25 -- or that BC Hydro would have the ability to then  
26 contact the customer to whatever length of time after

1 the application seemed to be necessary, in light of  
2 customers' personal circumstances, to ask if they want  
3 to participate or perhaps explain the program. It's  
4 not a forced enrollment even at the height of  
5 consenting to be referred.

6 So the third main point that I'd like to  
7 address in my submissions is simply this, and that's  
8 the BC Hydro specific nature of any orders that stem  
9 from the proceeding here, and of the direction that  
10 resulted in the proceeding. And I raise this probably  
11 unnecessarily but there have been a few stray  
12 references in some of the Low Income Advisory Council  
13 minutes, and a couple of other spots in the materials  
14 as a whole, about scalability potentially to other  
15 utilities whether FortisBC or others, and so I'd just  
16 like to address that.

17 So again, to be clear, the direction in  
18 Order G-5-17 to bring forward a pilot program was  
19 solely to BC Hydro, and this application is of course  
20 solely by and in relation to BC Hydro with the  
21 stakeholders that it consulted and LIAC and so on.  
22 The circumstances of utilities, apart from the process  
23 aspect, the circumstances of utilities, of course, are  
24 different in various ways certainly as between even  
25 electricity utilities, even more so between  
26 electricity and gas utilities. And so there's a good

1 reason to keep consideration of potential funds  
2 distinct.

3 And so again I close simply by saying that  
4 while there are some stray comments in some of the  
5 materials about other utilities, they and whether they  
6 should have a fund that's applicable to their  
7 customers isn't the subject of this proceeding, and  
8 whatever findings or orders are made they shouldn't be  
9 extended to or directed to utilities that are not BC  
10 Hydro.

11 And subject to any questions, those are my  
12 submissions. Sorry, I will pause.

13 COMMISSIONER EVERETT: I'm just coming back to this  
14 again. Do I take it then that the client you  
15 represent is not opposing the pilot project but is  
16 suggesting certain considerations that should be taken  
17 into account in the way in which it's managed, and how  
18 they may affect perhaps other utilities and that  
19 they're only meant to be in respect of Hydro in this  
20 case? Those sorts of things. I'm just trying to know  
21 where -- I didn't hear you saying you were opposed to  
22 the project, pilot project being sought, but you had a  
23 whole bunch of very useful thoughts, philosophical and  
24 otherwise.

25 MS. HERBST: Thank you for characterizing them that way.  
26 I would say that my position has a few layers to it.



1                   Then my second sort of basket of issues,  
2                   the design flaws, are ones that -- I partly -- you  
3                   know, those are ones that if there were a pilot and  
4                   there could be modifications still made, we would  
5                   prefer that. But given our primary position is simply  
6                   we would think there shouldn't be a pilot, they could  
7                   be, you know, taken into account if the Commission  
8                   would like.

9                   My third point in terms of the third basket  
10                  is that while the comments are made from the  
11                  perspective of both procedure and evaluation of the  
12                  evidence and so on, just as any other intervener  
13                  would, the third basket of points goes to -- no matter  
14                  what Order comes from this proceeding, whether a pilot  
15                  program is granted or not, if a pilot program is  
16                  granted or not, if a pilot program is granted, the  
17                  Order certainly doesn't apply to other utilities. And  
18                  so whatever does happen in this proceeding, in terms  
19                  of a pilot program, is only a pilot program for BC  
20                  Hydro. And if the issue of a fund were to be consider  
21                  for other utilities, fresh and separate proceedings  
22                  would have to be undertaken in that regard.

23                  So whatever comes of this proceeding  
24                  doesn't bind others. I think that's self-evident, but  
25                  because of the stray comments, I just wanted to make  
26                  that clear.

1 THE CHAIRPERSON: Thank you.

2 MS. HERBST: Thank you.

3 **ARGUMENT BY MR. ANDREWS:**

4 MR. ANDREWS: The B.C. Sustainable Energy Association and  
5 the Sierra Club strongly support Commission approval  
6 of the Orders requested, and I include in that the  
7 modifications and commitments that were made by  
8 counsel on behalf of BC Hydro, to do with the length  
9 of the pilot project.

10 My clients oppose the idea of special  
11 reporting requirements to do with the balance in the  
12 deferral account, for two reasons. One is that it's  
13 unnecessary, and secondly, that BC Hydro has the tools  
14 to manage any mis-match that appears between the  
15 revenues and the expenditures in the pilot project.  
16 And that is the purpose, among others, of the pilot  
17 project, is to determine whether issues like that  
18 arise. And in this particular context, Hydro is in  
19 close contact with the Low Income Advisory Committee,  
20 and has also has said that it will be reporting to  
21 Commission staff. So in my submission, the Commission  
22 ought not to delve into micro-managing the pilot  
23 project.

24 I won't respond comprehensively to Ms.  
25 Herbst's submissions for the Fortis utilities. But I  
26 will respond to one point that she made. That was to

1 the effect that there was not a pre-existing public  
2 demand for an emergency fund. And I can't give  
3 evidence on the state of public opinion, but I can say  
4 that my clients, the Sustainable Energy Association,  
5 and the Sierra Club, have thousands of members who  
6 want the price of the energy that they purchase to  
7 reflect rational price signals.

8 **Proceeding Time 1:48 p.m. T45**

9 And one of the problems with achieving that  
10 objective is the possibly of negative impacts of low  
11 income customers and other people who have trouble  
12 paying what would otherwise be an economically  
13 rational price for the commodity. So from their point  
14 of view it's very important that the utility be taking  
15 steps to protect customers who have problems, in this  
16 case with arrears, from the impacts of Hydro's  
17 electricity rates. And we recognize that this is not  
18 a low-income rate, it is not a comprehensive solution  
19 to poverty, far from it, but it is a step and that's  
20 why my clients support it.

21 So subject to any questions, those are my  
22 comments.

23 THE CHAIRPERSON: Thank you.

24 **ARGUMENT BY MR. WEISBERG:**

25 MR. WEISBERG: Good afternoon. I'm Fred Weisberg,  
26 counsel for the Non-Integrated Areas Ratepayers Group,

1 or NIARG, which represents the Heiltsuk Tribal Council  
2 in Bella Bella, Shearwater Marine Limited, and the  
3 community of Denny Island, which is adjacent. And  
4 together those two make up BC Hydro Zone 1B. As well  
5 as the Gitga'at First Nation in Hartley Bay in BC  
6 Hydro's Zone II.

7 NIARG acknowledges and appreciates BCOAPO  
8 et al.'s work in originating the concept of a Customer  
9 Emergency Fund, the Commission for providing direction  
10 in the 2015 Rate Design decision to enable the  
11 consideration of a program, and BC Hydro's cooperation  
12 and collaboration in facilitating the development of  
13 the proposed CEF pilot that is the subject of the  
14 review today.

15 NIARG actively participated in the Low  
16 Income Advisory Council, or LIAC, in the development  
17 of the pilot. As Mr. Sanders described this morning,  
18 LIAC participants brought together many perspectives  
19 and worked persistently through the issues related to  
20 a CEF. And as you might expect, those various  
21 agreements didn't invariably reflect complete  
22 agreement on all points. The important thing though  
23 is that the LIAC participants worked through such  
24 differences and developed a consensus approach.

25 And, therefore, it's important that the  
26 panel recognize that the CEF pilot before you already

1 reflects many compromises, concessions, and balancing  
2 of interest by stakeholders and BC Hydro.  
3 Notwithstanding the effort and diligence of LIAC  
4 participants and BC Hydro's further development work,  
5 the CEF program that has emerged will almost certainly  
6 not be perfect in all respects. Ms. Herbst before me  
7 has given a list in part, as others have, of things  
8 that may need more looking at, more consideration,  
9 possibly some refinement. But Mr. Sanders in his  
10 presentation today acknowledged that some  
11 circumstances or impacts of the CEF program are  
12 currently unforeseeable and may require some  
13 adjustment down the line. And I think that's a really  
14 key takeaway for the panel out of today's discussion.

15 Introducing the CEF program as a pilot I  
16 believe ensures that there will be opportunities to  
17 make required adjustments and improvements that may be  
18 identified as the CEF is implemented and tested in the  
19 real world. NIARG views the CEF pilot as an  
20 appropriate balance of costs and benefits. The rate  
21 impact of the pilot appears reasonable amounting to  
22 about 25 cents per month, per residential account.

23 **Proceeding Time: 1:52 p.m. T46**

24 The Commission in the 2015 RDA indicated on  
25 a preliminary, and should be noted, non-binding basis,  
26 that it would approve a modest, residential monthly

1 surcharge, a rate rider, to allow the funding of a  
2 pilot. 25 cents per month seems to fall well within  
3 that range of a modest surcharge.

4 The approach of applying a rate rider only  
5 to residential accounts ensures other customer  
6 classes, those that can't access the benefits of the  
7 CEF, won't pay anything towards the cost of the CEF.  
8 And that, for example, has been acknowledged by Mr.  
9 Weafer already today on behalf of the commercial  
10 clients that he represents.

11 The benefits identified by BC Hydro are  
12 real and compelling. At its heart, the CEF pilot  
13 provides potential help to BC Hydro customers in some  
14 financial distress.

15 One potential change that arose in the  
16 discussion today, was a concept of extending the pilot  
17 to three years. NIARG is inclined to favour a two-  
18 year pilot, noting Ms. Jubb's explanation that an  
19 extension could exacerbate the impacts of the monthly  
20 rate rider being either higher or lower than perhaps  
21 it should be. Now, that said, NIARG is not opposed to  
22 a three-year pilot if it's structured to address that  
23 or other concerns.

24 Another potential change to the CEF program  
25 was the addition of a cap on the regulatory account  
26 that was proposed by the Zone 2 Ratepayers Group.

1 NIARG does not support that proposal for the reasons  
2 provided already by Mr. Christian in his submissions.

3 Ms. Domingo's question, one of them,  
4 elicited BC Hydro's confirmation that if eligibility  
5 criteria needed change during the course of the pilot,  
6 BC Hydro expects that it would not be necessary to  
7 return to the Commission for further approval. And  
8 Mr. Sanders, I believe, gave further detail around  
9 that. That example illustrates that there will be  
10 opportunities to adjust the CEF program throughout the  
11 pilot period. And that not all refinements or  
12 improvements will need to wait until the evaluation  
13 period at the end of the pilot. It is going to be an  
14 ongoing process with opportunities in real-time to  
15 make changes.

16 We support that in addition to the  
17 justification provided in Hydro's application, that  
18 the panel should find additional assurance in the  
19 following.

20 1) The comprehensive nature of the  
21 consideration given to the CEF pilot by the LIAC  
22 participants, and BC Hydro itself.

23 2) The useful precedent of Ontario's  
24 experience with a similar, admittedly not identical  
25 type of program, which has informed BC Hydro's  
26 approach.



1           harm of doing nothing to assist BC Hydro customers in  
2           need of emergency funding assistance. The CEF pilot  
3           has been developed with sufficient rigour and  
4           discipline, and delaying approval to pursue further  
5           refinement of a CEF at this stage would be  
6           counterproductive.

7                         Don't let the perfect be the enemy of the  
8           good. The CEF could no doubt be fine-tuned for many  
9           more months or even years as every detail and  
10          circumstance is examined, but there's no need to take  
11          that approach. The Panel has before it a proposal for  
12          a good, broadly supported CEF program. Approval of  
13          the pilot would establish sufficient opportunities to  
14          make it better, if needed. NIARG supports Commission  
15          approval of the CEF pilot program and specifically the  
16          four orders described by Mr. Christian in his opening  
17          remarks.

18                        Subject to any questions those are my  
19          submissions. Thank you.

20 THE CHAIRPERSON: Thank you.

21 MR. CHRISTIAN: I'd like to stand down for 15 minutes to  
22          consider what if any reply submissions we have, if  
23          that would be okay with the Commission Panel.

24 THE CHAIRPERSON: Fine. We'll be back at 2:15.

25 MR. CHRISTIAN: Thank you so much.

26          (PROCEEDINGS ADJOURNED AT 2:00 P.M.)

1 (PROCEEDINGS RESUMED AT 2:13 P.M.)

**T48 and**

2 **T49**

3 THE CHAIRPERSON: Are you ready?

4 **REPLY BY MR. CHRISTIAN:**

5 MR. CHRISTIAN: Yes, thank you. Two very brief reply  
6 submissions. First, with respect to the Zone II  
7 customers' requests for -- well, they made a couple of  
8 requests. We have addressed most of them in  
9 substance, but there was a more general request for  
10 more reporting particularly with respect to regulatory  
11 account balance. BC Hydro opposes any additional  
12 reporting obligations. Such obligations just add cost  
13 and undermine the potential benefit of the program.

14 But more to the point, I suppose, in fact  
15 BC Hydro does already an annual report with the  
16 Utilities Commission that identifies the balances of  
17 its regulatory accounts, and the regulatory account  
18 that we're talking about here today, the CEF  
19 regulatory account, the balance of that, the annual  
20 balances would be shown in that report. So there is  
21 some reporting already in place that responds in  
22 substance to those submissions made by the Zone II  
23 group.

24 With respect to Fortis's submissions, BC  
25 Hydro notes that Fortis was the only participant in  
26 this SRP to oppose the Orders that BC Hydro sought.

1 But BC Hydro also notes, as observed by Mr. Weisberg,  
2 that Fortis is not a customer of BC Hydro, they don't  
3 have a direct interest in the outcome of this  
4 proceeding, and BC Hydro submits that their lack of  
5 direct interest should be given some consideration,  
6 and that their position should be given relatively  
7 little weight in consequence.

8 And in particular, we also go to their  
9 third item of the three buckets of issues that Fortis  
10 put forward for the Commission's consideration. That  
11 third bucket, the third item being the idea that  
12 whatever comes out of this proceeding today should not  
13 be applicable to other utilities, presumably alluding  
14 in particular to Fortis. We think it's self-evident,  
15 as Ms. Herbst said, that any Orders that the  
16 Commission issues arising from this SRP are not going  
17 to be applicable to Fortis, and that this proceeding  
18 really isn't about whether or not they, somewhere down  
19 the road, have a customer emergency fund or some  
20 similar program.

21 And those are all of our reply submissions.

22 THE CHAIRPERSON: Okay. We're just going to take five  
23 minutes.

24 (PROCEEDINGS ADJOURNED AT 2:15 P.M.)

25 (PROCEEDINGS RESUMED AT 2:22 P.M.)

**T50 AND**

26 **T51**

1 THE CHAIRPERSON: The Panel has had an opportunity to  
2 consider the application, and based on the evidence  
3 and submissions, we approve the pilot program as  
4 proposed, with the agreed amendments today.

5 The specific terms of the order will be  
6 released next week with reasons to follow. And we'd  
7 like to thank all of the participants in this process  
8 and especially BC Hydro for your efforts in designing  
9 the pilot program. Thank you very much.

10 (PROCEEDINGS ADJOURNED AT 2:23 P.M.)

11

I HEREBY CERTIFY THAT THE FORGOING  
is a true and accurate transcript of  
the recording provided to me, to the  
best of my skill and ability.

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26



D.A. Bemister, Transcriber