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November 28, 2019

Mr. Patrick Wruck
Commission Secretary and Manager
Regulatory Support
British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC V6Z 2N3

Dear Mr. Wruck:

**RE: Project No. 1599030
British Columbia Utilities Commission (BCUC or Commission)
British Columbia Hydro and Power Authority (BC Hydro)
Customer Crisis Fund (CCF) Pilot Program – Year One Evaluation Report
Submission on Timing, Regulatory Process, and Scope**

BC Hydro writes in response to BCUC Order No. G-195-19, which requests submissions from BC Hydro and interveners on the timing, regulatory process and scope of the review of BC Hydro's Year One Evaluation Report (**Evaluation Report**) on its CCF three-year pilot program (**Pilot Program** or **Pilot**). In particular, the BCUC requests submissions on three questions. BC Hydro responds to each question below.

1. BC Hydro has stated on page 2 of the CCF Year One Evaluation Report the following:

With only one year of operation, BC Hydro is unable to conclusively identify if the CCF Pilot resulted in benefits (such as avoiding disconnection or reducing costs) to participants or other customers... BC Hydro expects that there will be a sufficient sample size available at the end of the second year of the CCF Pilot operations to provide more definitive conclusion as to the benefits achieved.

Considering the statement above, what is the appropriate timing for the review of the BC Hydro CCF Pilot Program?

Response:

Review of the Pilot Program should occur following the submission of an evaluation report after the completion of the second year of the Pilot Program (**Two Year Evaluation Report**) as per Directive 6 of BCUC Order No. G-166-17.

As stated by the BCUC in Order No. G-5-17 and accompanying decision on BC Hydro's 2015 Rate Design Application, the Pilot Program is to ascertain whether "it generates a utility benefit sufficiently justifiable on an economic basis or cost of service basis"¹ so that the CCF would not amount to a social assistance program. The economic justification of the Pilot involves examining the measurable financial benefits to ratepayers, such as a reduction in collection costs, bad debt expenses, or working capital requirements, balanced against the overall cost of the program.

If "the cost savings resulting from the [CCF] do not fully offset the costs and a ratepayer's ability to access the [CCF] is limited to a small segment of residential customers who find themselves in a financial crisis facing disconnection, the Panel must decide if this results in undue discrimination."² Accordingly, the review of the Pilot Program should occur when there is sufficient data available to conduct a conclusive analysis of the economic impact of the Pilot Program.

BC Hydro submits that it is premature at this time to review the Pilot Program. As noted in the Year One Evaluation Report, with only one year operation (i.e., from May 1, 2018 to April 30, 2019) of the Pilot Program, BC Hydro does not have enough data for a conclusive assessment of whether the Pilot generates a utility benefit sufficiently justifiable on an economic basis.

As stated in the Year One Evaluation Report, "BC Hydro expects that there will be a sufficient sample size available at the end of the second year of CCF Pilot operations to provide more definitive conclusions as to benefits achieved."³ For example, BC Hydro estimates that by April 2020 we will have seven times more data for the analysis of bad debt impacts relative to the data available for the Year One Evaluation Report.

The completion of a Two Year Evaluation Report covering the period May 2018 to April 2020 followed by a review of the CCF Pilot Program would be consistent with Directive 6 of BCUC Order No. G-166-17. BC Hydro plans to submit the Two Year Evaluation Report in June 2020, i.e., within 90 days of the completion of the second year of the Pilot.

2. Given the information currently available in the CCF Year One Evaluation Report, what is the appropriate regulatory process for any review of the BC Hydro CCF Pilot Program?

¹ 2015 RDA Decision, page 96
https://www.bcuc.com/Documents/Proceedings/2017/DOC_48618_01-20-2017_G-5-17_BCH-2015-RDA-Decision-WEB.pdf.

² *Ibid.*, page 97

³ Evaluation Report, at page 2.

Response:

As stated above, BC Hydro does not believe a review of the CCF Pilot Program would be productive at this time, and as such we recommend no regulatory process for such a review. BC Hydro suggests that the appropriate regulatory process for the review of the CCF Pilot Program would best be determined after the submission of the Two Year Evaluation Report in June 2020, as per Directive 6 of the BCUC Order No. G-166-17.

3. What specific topics should be addressed as part of any review of the BC Hydro CCF Pilot Program?

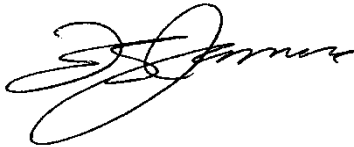
Response:

BC Hydro suggests that the appropriate scope of the review of the Pilot Program would best be determined after the submission of the Two Year Evaluation Report in June 2020, as per Directive 6 of the BCUC Order No. G-166-17.

BC Hydro further notes that the Year One Evaluation Report was filed for information purposes in compliance with Order No. G-211-18 and included no requests for BCUC approval.

For further information, please contact Anthea Jubb at 604-623-3545 or by email at bchydroregulatorygroup@bchydro.com.

Yours sincerely,



Fred James
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jc/ma

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