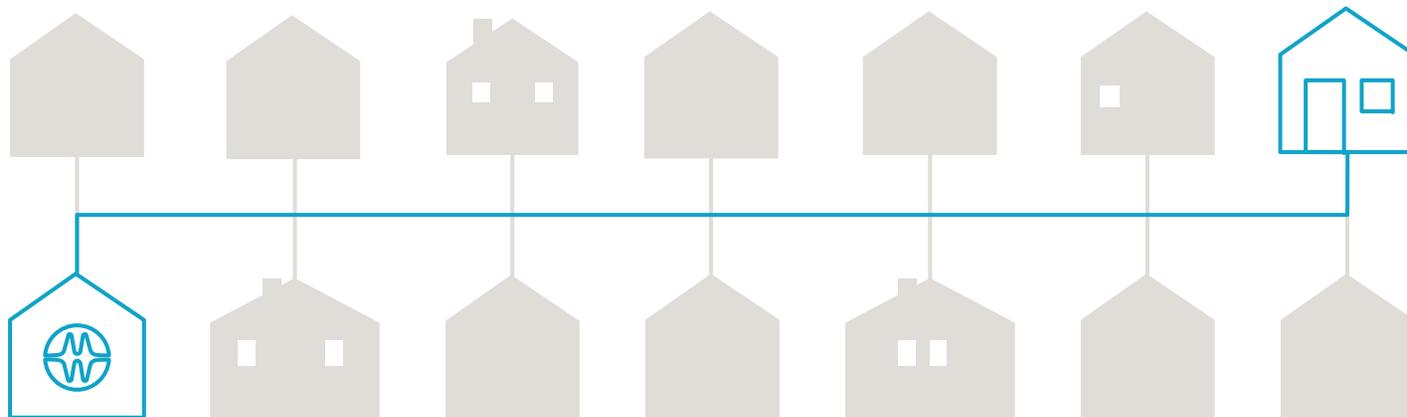


# Request for Input on Non-Integrated Area Rates, Terms & Conditions and Customer Service

Daren Sanders, Manager, Customer Service Operations

Shane Hiebert, Senior Advisor, Regulatory & Rates



October 26, 2016

# Why are we here today?

- To seek input from you on the
  - a) Design of Zone II electricity rates;
  - b) Terms & Conditions of Service; and
  - c) Customer Service Commitments

for Non-Integrated Areas as we consider what, if any, changes are needed and should be applied for with the BC Utilities Commission.

Your input and input from other customers will be considered as we prepare our rate design application expected to be filed later in 2017.

# Rate Design Overview

- Our Rates and Terms & Conditions of Service are reviewed periodically by the BC Utilities Commission through a Rate Design Application and associated public review process.
- We develop a Rate Design Application which examines whether any changes are needed and proposes changes in some cases.
- In developing the Application, we seek input from Customers, First Nations and Stakeholders.
- Customers, First Nations and stakeholders can participate in the Commission's public review process.
- Commission considers the merits of proposed changes and must approve any changes to the Rate Structures and the Terms & Conditions of service.

# Rate Design Application

## Module 1 (2015)

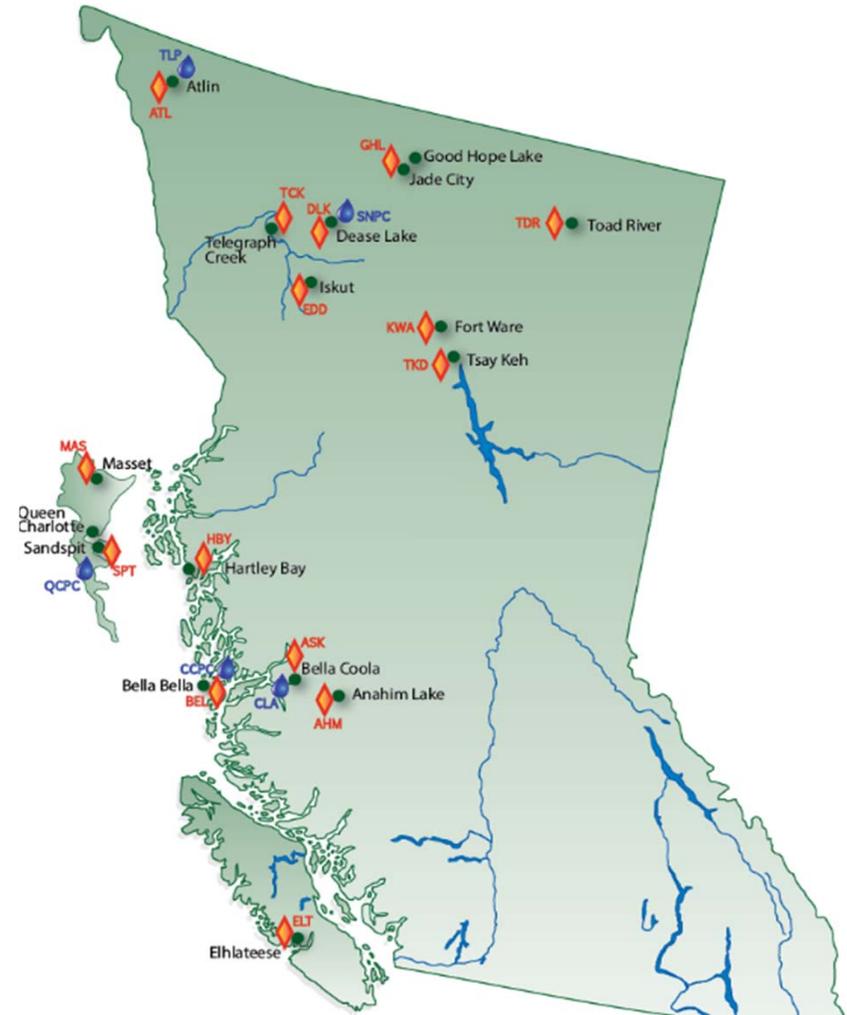
- Filed in September 2015 / Expecting decision in Winter 2016 / 2017
- Reviewed main rates for customers on the Integrated System (**Rate Zone I**)

## Module 2 (2017)

- We plan to review the rates and terms & conditions for customers not connected to our Integrated System (**Rate Zone II and IB**)
- Scope of review includes:
  - Residential rates
  - General Service rates (for commercial customers)
  - Extension policy (fee for new customers connecting to the electric system)
  - Terms & Conditions of Service

# Non-Integrated Area Overview

- About 6,800 customers
- 14 remote service areas and 2 rate zones
  - **Zone IB** – Bella Bella District; served by hydroelectricity
  - **Zone II** – All other customers; mostly served by diesel



# What is Rate Design?

Some questions we ask...

- Is the rate understandable to customers?
- Are costs spread fairly amongst customers?
- Does the rate encourage efficient electricity use?
- How does the design of our rates compare to other utilities?
- How do the rates align with Government Policy (e.g. “Postage Stamp” rates, Climate Leadership Plan, etc.)
- What impacts would a change have on customers?

What other questions and issues do you think we should be considering?

# Zone II Rates

- Rate Structures largely unchanged since 1980
- Separate rates for Residential, Small General Service and General Service
  - Two main components to these rates:
    - **Basic Charge** – Fixed daily charge to cover fixed customer service costs
    - **Energy Charge** – Variable charge per kWh
- The total revenue collected from all Zone II customers is less than the total cost of serving all Zone II customers. The cost of electricity generation and service in remote communities is higher; the difference is recovered from Zone I customers.

# Zone II Residential Rates

## Basic charge

- **19.57 ¢** per day

## Energy charge

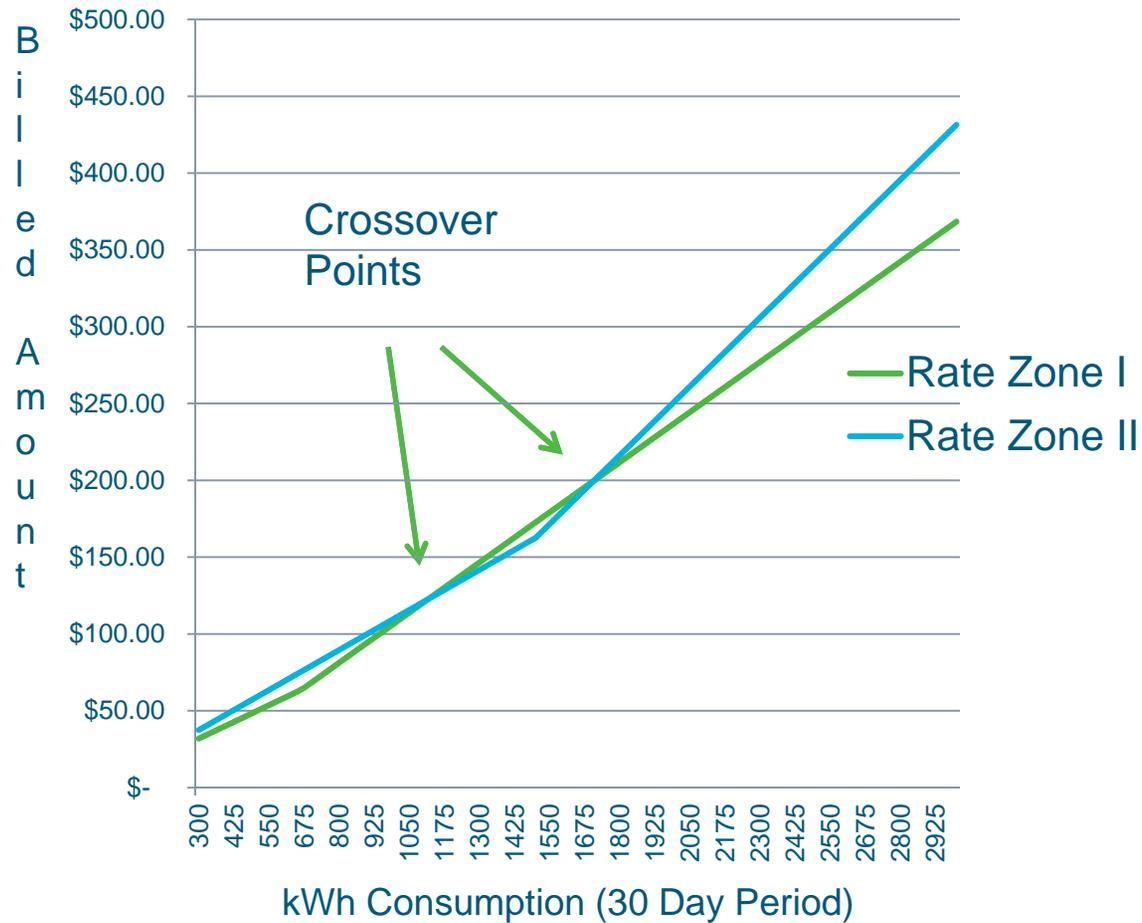
- First 1500 kWh of electricity use per month is **9.93 ¢** per kWh
- Over 1500 kWh is **17.07 ¢** per kWh

# Comparison of Zone I and II Residential Rates

Rates (as of October 2016)	Residential Zone I Rate (Residential Inclining Block)	Residential Zone II Rate
Basic Charge (¢ / day)	18.35	19.57
Consumption Threshold (kWh/month)	675	1,500
Rate up to Threshold (¢ / kWh)	8.29	9.93
Rate above Threshold (¢ / kWh)	12.43	17.07

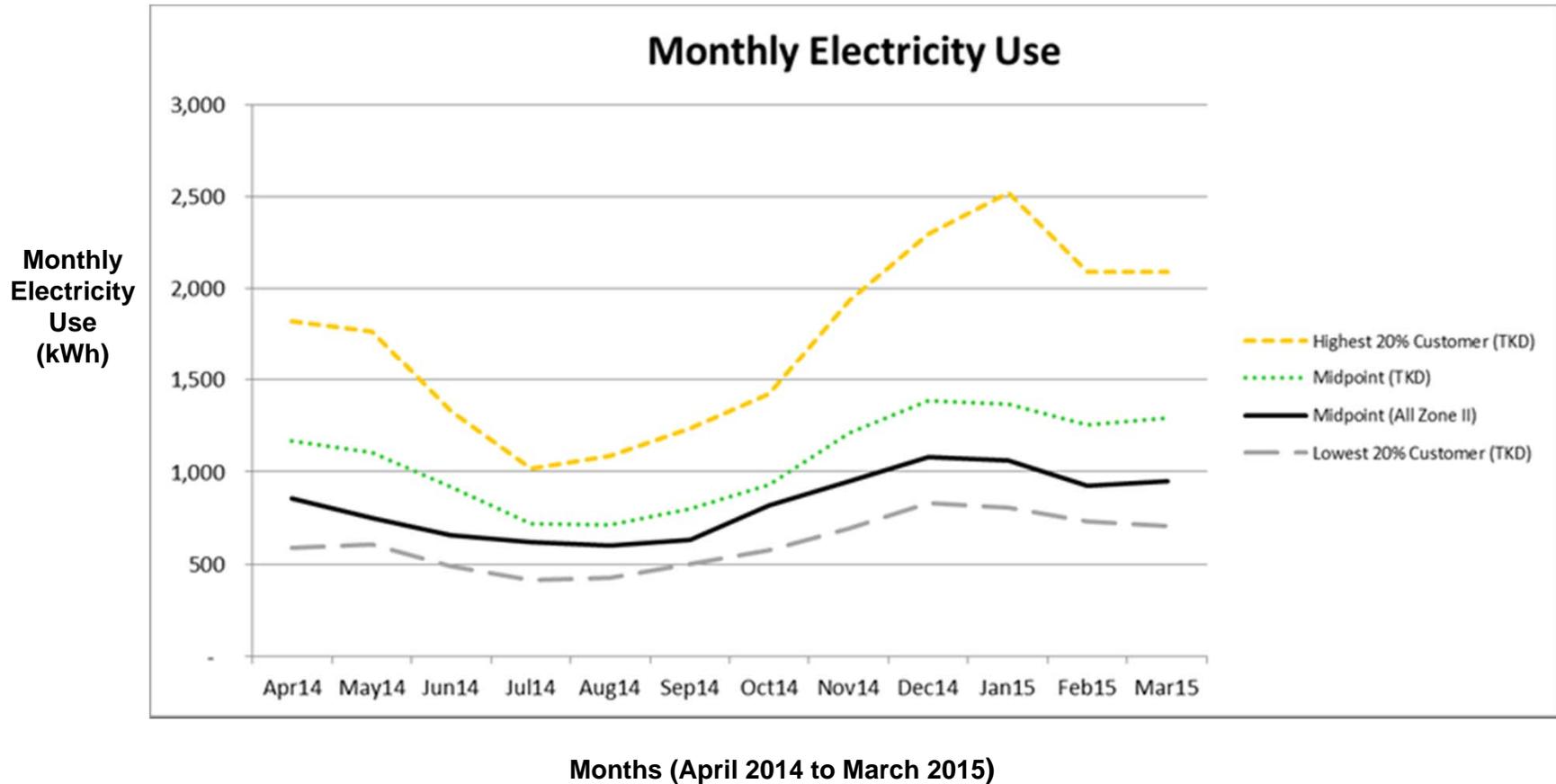
- Residential customers in Zone II do not always pay more than Zone I customers
- Whether a customer is better off on the current Zone II versus Zone I residential rate depends on the amount of electricity used

# Comparison of Zone I and II Residential Rates



- Electricity bills for customers on Zone I and II residential rates are similar but Zone II bills are more expensive at higher consumption levels

# Tsay Keh Dene Residential Customers



- Electricity bills for customers on Zone I and II residential rates are similar but Zone II bills are more expensive at higher consumption levels (between November and March for higher use customers)

# Characteristics of Residential Electricity Use

## Residential End Use Study

- We carry out periodic studies to better understand customers' electricity use and how changes to rates may impact them
- In 2012, we sent out a detailed survey to a large number of customers across our service territory including Zone II
- Asked customers about their housing type, number of residents per household, space and water heating fuel sources and a number of other questions.
- The following are some notable results from the study

# Characteristics of Residential Electricity Use

## Similarities

- Percentages of residents per account similar across Zones I and II
- Percentage of customers using electricity for space heating similar across Zones I and II

## Differences

- Higher percentage of single detached houses and mobile homes in Zone II than Zone I
- Water heating almost entirely heated by electricity in Zone II whereas most Zone I customers in single detached homes heat water with natural gas
- BC Hydro looking at data further to see if there is more information that would help us to understand how Zone II customers use electricity

Are there any other customer characteristic questions or issues that you think we should be considering?

# Terms & Conditions of Service

- General Terms & Conditions apply to all BC Hydro customers
- Last reviewed in the 2007 Rate Design Application
- Currently under review as part of Module 1 Application
  - We proposed updates to the standard charges to reflect actual costs and to make it easier for customers to understand
  - We made a commitment that we would seek input from Non-Integrated customers on proposed changes to Terms & Conditions of Service as part of Module 2

# Proposed Changes to Standard Charges for all Customers

Standard Charge	Current	Proposed	Rationale
Minimum reconnection charge	\$125	\$30	Reflects current cost
Late payment charge	1.5% / month	1.5% / month	Recover costs & encourage payments
Returned cheque / payment charge	\$20	\$6	Reflects actual costs paid to bank
Account Charge	\$12.40	\$12.40	Reflects current cost
Meter Test Charge	\$125	\$181	Reflects current cost
Security Deposits	2-3 times average monthly bill	<u>Up to</u> 2-3 times average monthly bill	Flexibility to better reflect risk of non-payment

- In Module 1, BC Hydro proposed some changes to standard charges to reflect current cost and circumstances

- 15 • Most charges either unchanged or reduced

# Customer Service Commitments

Customer service-related commitments made during Module 1 that we'd like to review with you:

- We plan to add a customer service presence in some District offices - Prince George in December 2016)
- Considering improvements to customer service in the Non-Integrated Area
- Posting clearly worded customer business practices on our website
- Extending repayment periods
- Looking at how changes can be made to allow for someone else to guarantee customer credit (as alternative to security deposit)

Are there some unique customer service issues that remote communities face that we should consider?

# Customer Service Commitments

- Piloting a winter moratorium on residential disconnections for non-payment in 2016/2017
- Delaying disconnections for medical reasons
- Establishing a Low Income Advisory group that would include Non-Integrated Area representation
- Looking into coordination of INAC housing funded projects with Electricity Conservation Assistance Program (ECAP) upgrades

Can you provide input on how we can make the above initiatives efficient and workable?

# Next Steps

- We will continue to seek input on the design of electricity rates for Non-Integrated Areas as we consider what, if any, changes are needed and should be applied for with the BC Utilities Commission.
- Please help us by providing your views and input as we prepare our Application for Summer 2017.
- More information on our Rate Design Application can be found here:  
[https://www.bchydro.com/about/planning\\_regulatory/2015-rate-design.html](https://www.bchydro.com/about/planning_regulatory/2015-rate-design.html)
- Info on how you can participate in the Rate Design Application BC Utilities Commission review process: <http://www.bcuc.com/RegisterIndex.aspx>

Request for Feedback on  
Non-Integrated Area Rates, Terms &  
Conditions and Customer Service

# Questions & Comments

Request for Feedback on  
Non-Integrated Area Rates, Terms &  
Conditions and Customer Service

# Supplemental Information

# Key Rate Terms

**Kilowatt** – a measure of power equal to 1000 watts; e.g. 10 x 100 watt lightbulbs would use 1 kilowatt (kW) of power.

**Kilowatt Hour (kWh)** - a measure of electrical energy equal to the power consumption of 1,000 watts for an hour (e.g. 10 x 100 watt lightbulbs left on for 1 hour).

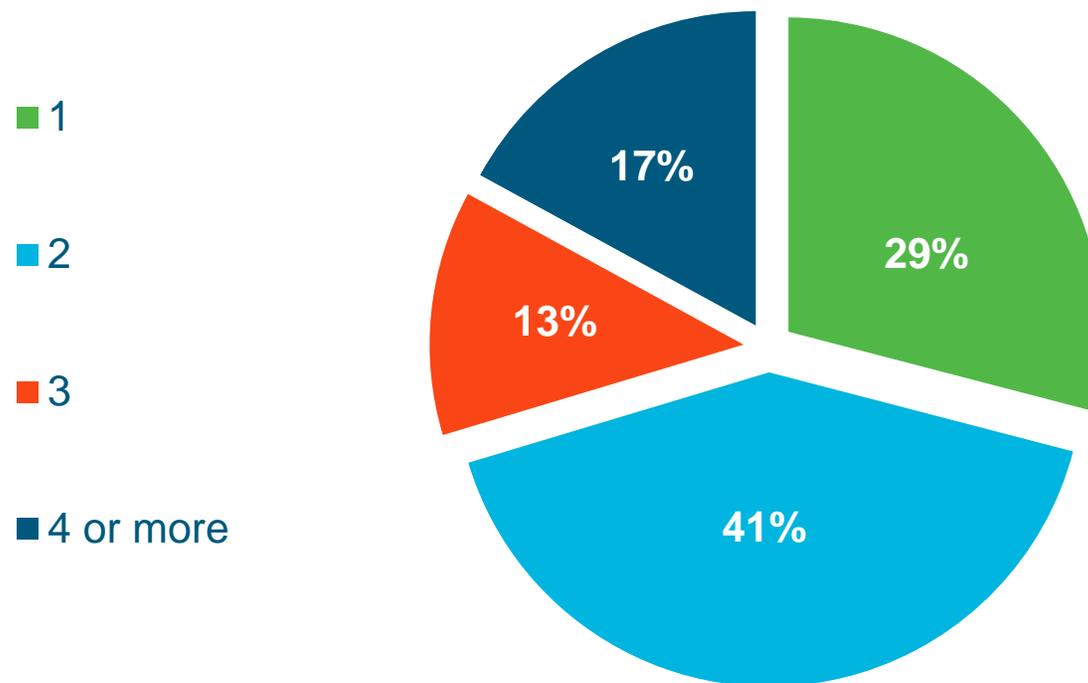
**Energy** – The amount of energy used over a given period of time, measured in Kilowatt Hours for electricity rate purposes.

**Demand** – Amount of power used by a customer at a point in time; e.g. the demand of a customer who has turned on 10 x 100 watt lightbulbs is 1 kilowatt (kW).

# Residential Customer Characteristics

## Residents Per Account

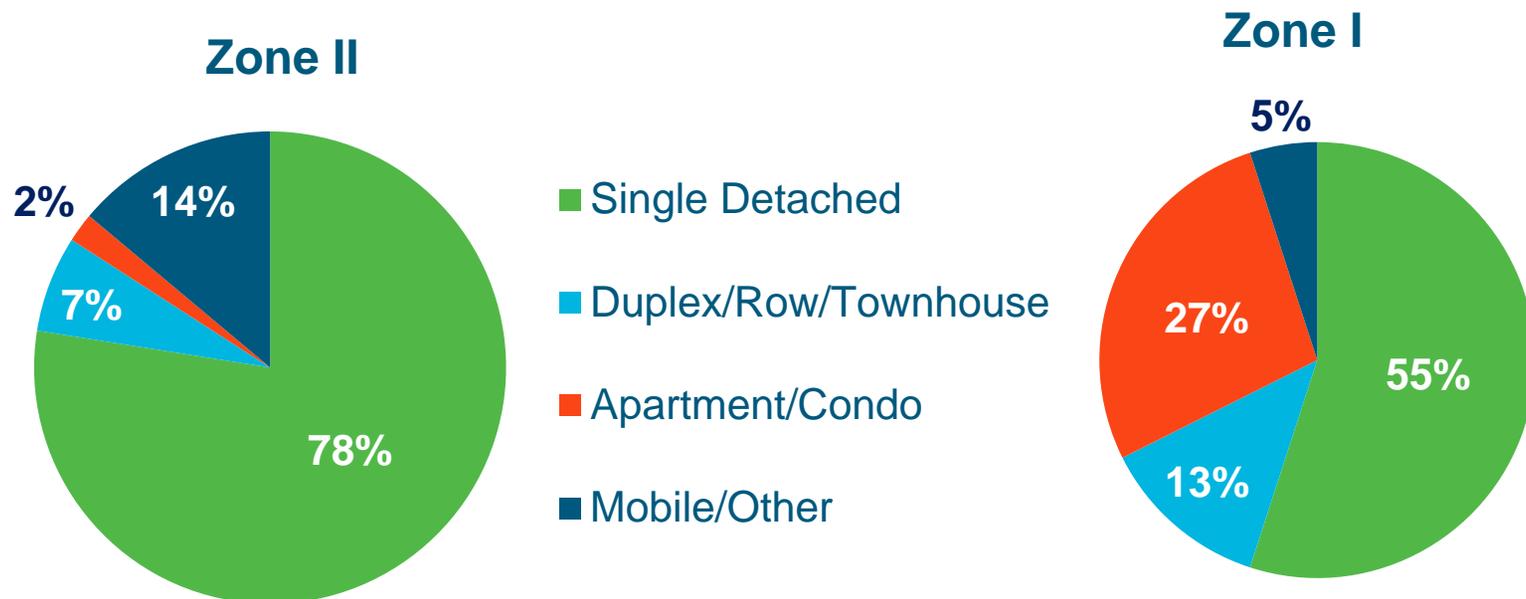
- 70% of accounts (1 or 2 customers living in home)
- Quite similar overall to split of other Zone I customers (1-3% difference)



# Residential Customer Characteristics

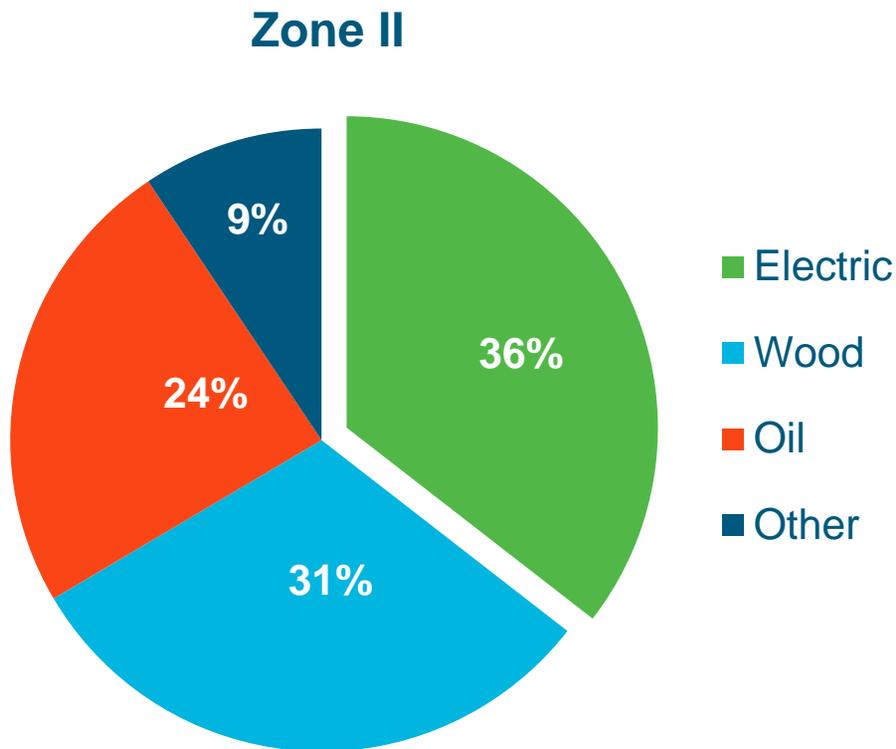
## Dwelling (Housing) Type

- Much higher proportion of accounts for single family homes and mobiles than for residential customers in Zone I
- Smaller proportion of apartments and townhomes than in Zone I



# Residential Customer Characteristics

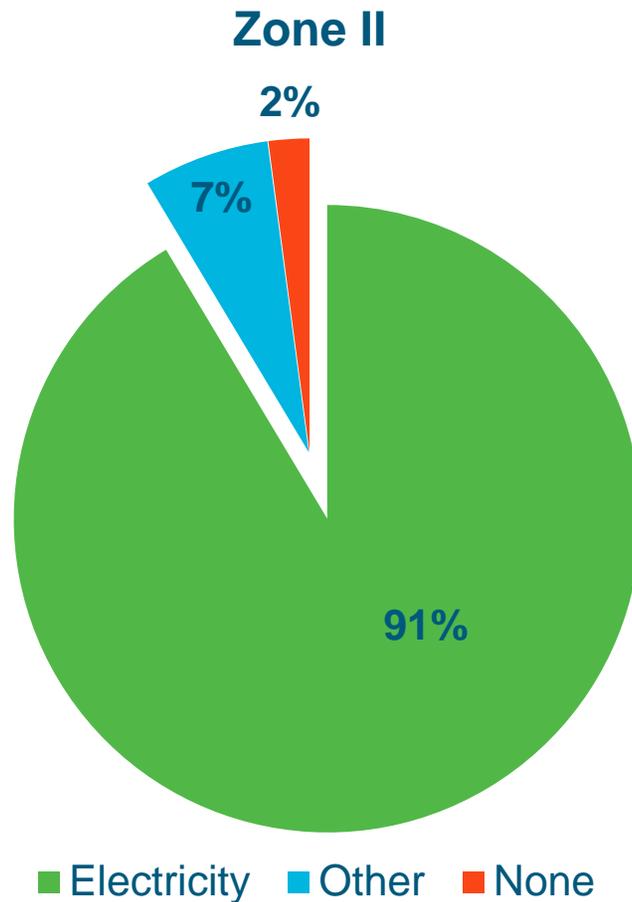
## Main Space Heating Fuel



- Percentage of Zone II and Zone I customers choosing electric similar at (36% vs 41%)
- Electric space heating used less in both Zone II and I for single detached homes (32% and 29% of accounts)
- Natural Gas used by just over half of Zone I customers (not available in Zone II)

# Residential Customer Characteristics

## Main Water Heating Fuel



- For all dwelling types in Zone II, over 90% of main water heating is electric
- Far fewer residential Zone I customers heat water with electricity (36%)
- Most residential Zone I customers in single detached homes use natural gas for water heating (not available in Zone II)