



ROBERT J. PELLATT
COMMISSION SECRETARY

SIXTH FLOOR, 900 HOWE STREET, BOX 21
VANCOUVER, B.C. CANADA V6Z 2N3
TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

October 31, 1995

Rodger & Gloria Lutz
269 Don Ore Drive
Salt Spring Island, B.C.
V8K 2H5

Dear Mr. & Mrs. Lutz:

Re: British Columbia Hydro and Power Authority
Customer Complaint - Electricity Rates - Bed & Breakfast Establishments

With reference to your July 1995 complaint regarding the general service rates charged to your Cranberry Ridge Bed & Breakfast ("B&B") establishment, the Commission has now had an opportunity to review the evidence presented, including B.C. Hydro's August 24, 1995 response and your comments provided on September 6, 1995. The Commission has also reviewed two other complaints from Quail's Nest B&B and the Whistler B&B Association as well as B.C. Hydro's October 19, 1995 response to Quail's Nest (attached) and provides the following comments.

The decision by B.C. Hydro to apply general service rates to B&B establishments that have three or more rooms set aside for commercial activities is based on a Customer Service Instruction that is applied throughout its service territory, on similar requirements contained in the provincial Municipal Act and is followed by municipalities that require business licenses for B&B establishments that operate within residential premises.

The Commission acknowledges that the design of residential/commercial rates is a difficult one to administer, but the Commission is satisfied that B.C. Hydro is generally doing a good job of applying its policy in an unbiased and fair manner. The Commission encourages B.C. Hydro to remain sensitive to customer interests as it determines individual cases. In all cases where commercial rates are applied, the customer has the option to segregate the wiring and separately meter the residential and commercial consumption.

Therefore, the Commission has ruled in favor of B.C. Hydro in the administration of its Tariffs as they apply to the B&B establishments and supports their application of the Electric Tariff and Customer Services Instruction.

Yours truly,



Robert J. Pellatt

RJP/lm

Attach.

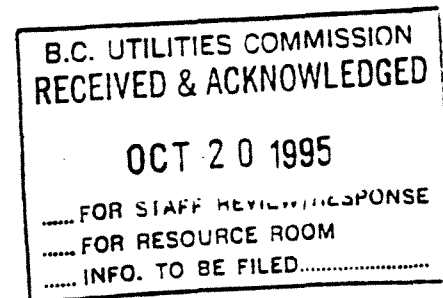
cc: Mr. David Harrison
Senior Vice President and Chief Financial Officer
British Columbia Hydro and Power Authority
Quail's Nest Bed & Breakfast
Whistler Bed & Breakfast Association
Honourable Bill Barlee, Minister of Tourism
Honourable Glen Clark, Minister of Employment & Investment

BC hydro *proud of our Service*

David A. Harrison
Senior Vice-President
Corporate & Financial Affairs,
and Chief Financial Officer

19 October 1995

Mr. R.J. Pellatt
Commission Secretary
British Columbia Utilities Commission
P.O. Box 250
600 - 900 Howe Street
Vancouver, B.C.
V6Z 2N3



Dear Mr. Pellatt:

**Re: British Columbia Hydro and Power Authority
Customer Complaint: Vivian Cline
Quail's Nest Bed & Breakfast**

This letter is in reply to your letter of 25 September 1995 asking for comments on the complaint registered by Vivian Cline. In framing our comments, we have responded directly to each of the 4 points in Vivian Cline's letter.

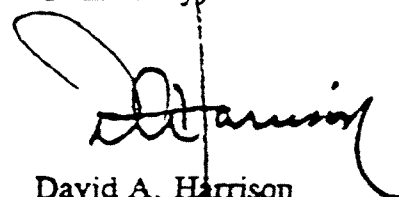
- The key factors in applying rates is the nature of the usage - residential or commercial activity. The issue is not one of consumption pattern. B.C. Hydro has different rates for residential and commercial usage of electricity (with residential rates being lower than commercial ones). The issue of fairness is raised where a person decides to operate a business from a residence if this person receives a preferential rate with respect to a competitor who does not operate from his residence. In such circumstances, B.C. Hydro transfers the account to the general rate although the customer always has the option to segregate the wiring and provide for the installation of two meters - one for residential and one for business purposes.
- B.C. Hydro's position is that the requirement to have a business license is a good indication of a commercial venture. The application of the general rate based upon three rooms is consistent with the provincial Municipal Act which restricts municipalities from requiring a business license when not more than two rooms are available for letting or renting. It is also consistent with the treatment afforded to such operations by some municipalities. For example, the City of Victoria requires a business license for bed and breakfast operations

with three or more rooms to rent. As was mentioned above, customers do have the option to segregate the wiring and be metered separately for residential and commercial usage. However, in most cases where a customer operates a business from a home, it is impractical to meter the business use separately. The account is billed on either Rate Schedule 1101 or Rate Schedule 1220 under B.C. Hydro's present policy.

- The electric tariff states that the General Rate applies if a portion of a single family dwelling is used to carry on business and the residential rate applies if a single-family dwelling is used only as a dwelling. B.C. Hydro's policy is that when a residence is being used for a business, it will be put on a commercial rate if the commercial use is contributing significantly to the energy consumption on the premises. This determination is based upon the number of rooms available for renting as outlined in the second point above. In this matter the Quail's Nest Bed & Breakfast is on Rate Schedule 1101.
- B.C. Hydro does strive to provide customers with rate schedules which effectively contribute to the economy. Our decision and application of rates do evolve over time as conditions change. We are working to flatten rates which should provide less of a difference between residential and general rates in the future.

I hope our comments will assist in resolving this complaint. If we can provide any further assistance, please do not hesitate to call.

Yours truly,



David A. Harrison
Senior Vice-President
Corporate & Financial Affairs,
and Chief Financial Officer

c: Gail Sexsmith
Ken Webb