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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-41-07

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**IN THE MATTER OF
The Utilities Commission Act, R.S.B.C. 1996, Chapter 473**

and

**An Application by British Columbia Hydro and Power Authority
for Approval to Amend the "Pre-Authorized Payment with Discount"
Provision in the Electric Tariff**

BEFORE: L.F. Kelsey, Commissioner April 12, 2007
L.A. Zaozirny, Commissioner

O R D E R

WHEREAS:

- A. On March 20, 2007, pursuant to the Utilities Commission Act (the "Act"), British Columbia Hydro and Power Authority ("BC Hydro") filed an application ("Application") to amend the Terms and Conditions of its Electric Tariff concerning the "Pre-Authorized Payment With Discount" ("PAPWD") program; and
- B. The PAPWD entitled pre-approved customers to receive a discount of $\frac{3}{4}$ percent of their billed charges, and has been in effect since the 2000 Electric Tariff. Prior to the 2000 Electric Tariff, a predecessor provision, the "Advance Payment Discount Plan," provided a $\frac{3}{4}$ percent discount to those customers paying their bills via pre-authorized bank debit; and
- D. As described in a BC Hydro letter to the Commission, dated July 31, 1990, the original purposes of the discount were to reduce administrative expenses for BC Hydro and to increase customer convenience; and
- E. BC Hydro asserts that changes in electronic payment options have increased customer choice and convenience, and that interest rates since 1990, on which the discount percentage is based, are no longer reflective of financial benefits to BC Hydro; and

- F. After an internal audit, BC Hydro recognized that it has not been applying the discount to PAPWD customer accounts, except for customers paying under the “Pay as You Go” program. “Pay as You Go” similarly entitles customers to discounts of $\frac{3}{4}$ percent off their electrical bills. Those customers have been receiving discounts since 2000; and
- G. BC Hydro reports that there are 308,200 accounts that have not been credited with the discount. BC Hydro estimates that the average customer refund is approximately \$30.00. In total, the reimbursements total \$9.25 million; this represents 0.33 percent of BC Hydro’s estimated total revenue, as per its F2007/F2008 Revenue Requirements Application; and
- H. The 2006 BC Hydro Electric Tariff is specific regarding the treatment of under- or over-billing. On page B-25-1, it states that:
- “In every case of under-billing or over-billing, the cause of the error will be remedied without delay, and the customer will be promptly notified of the error and of the effect upon the customer’s ongoing bill.”; and
- I. The Application proposes that the $\frac{3}{4}$ percent discount, and the 10-day payment period, for the PAPWD program, should be deleted from the Electric Tariff; and
- J. The Application also proposes that “Pay As You Go” accounts no longer receive the $\frac{3}{4}$ percent discount they have been receiving; and
- K. BC Hydro indicates that it has received no complaints from PAPWD customers who, although entitled, have not been receiving the $\frac{3}{4}$ percent discount; and
- L. BC Hydro proposes that this Application be considered separately from its 2007 Rate Design Application; and
- M. BC Hydro indicates that it does not intend to seek recovery of monetary or administrative costs associated with the issuance of the refunds and related interest through current or future revenue requirements; and

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3

N. BC Hydro requests that the Commission review this Application on an expedited basis, with the intention that the proposed amendments take effect as of April 15, 2007.

NOW THEREFORE the Commission orders as follows:

1. The Commission approves for BC Hydro the termination of the PAPWD payment option, including the discontinuation of the applicability of the $\frac{3}{4}$ percent discount, effective at April 15, 2007.
2. The Commission directs BC Hydro to continue the $\frac{3}{4}$ percent discount to “Pay As You Go” customer accounts, who have been receiving discounts.
3. BC Hydro may apply to the Commission to include an application concerning discounts to “Pay As You Go” customer accounts, with the issues to be reviewed in the BC Hydro Rate Design Application.
4. BC Hydro shall submit to the Commission a revised Electric Tariff, Terms and Conditions section, consistent with this Order, effective April 15, 2007.
5. BC Hydro shall provide the Commission with a draft copy of the customer communications information that will be accompanying the refund payments in advance of its distribution.
6. BC Hydro shall report to the Commission, not later than six months after the date of this Order, (a) the number of PAPWD customer accounts fully refunded, (b) the number of PAPWD accounts not fully refunded, and (c) the total dollar values of the refunded and un-refunded PAPWD accounts, with those amounts segregated into principal and interest.

DATED at the City of Vancouver, in the Province of British Columbia, this 13th day of April 2007.

BY ORDER

Original signed by

L.A. Zaozirny
Commissioner