bcuc
British Columbia
Utilities Commission

Suite 410, 900 Howe Street
Vancouver, BC Canada V6Z 2N3
bcuc.com

P: 604.660.4700
TF: 1.800.663.1385
F: 604.660.1102

ORDER NUMBER
G-266-20

IN THE MATTER OF
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

British Columbia Hydro and Power Authority
Customer Crisis Fund Evaluation Report

BEFORE:
W. M. Everett, QC, Panel Chair
D. A. Cote, Commissioner
K. A. Keilty, Commissioner

On October 23, 2020

ORDER

WHEREAS:

A. On July 31, 2020, British Columbia Hydro and Power Authority (BC Hydro) filed its Two-Year Evaluation Report for the Customer Crisis Fund (CCF) Pilot Program (Two-Year Evaluation Report) with the British Columbia Utilities Commission (BCUC);

B. Following the public hearing of BC Hydro's 2015 Rate Design Application (2015 RDA), the BCUC issued Order G-5-17 and the accompanying Decision on January 20, 2017. In the 2015 RDA Decision, the BCUC approved the establishment of a pilot crisis intervention fund and directed BC Hydro to file a proposal for a pilot program within six months of the date of the 2015 RDA Decision;

C. By Order G-166-17 dated November 17, 2017, the BCUC made orders related to the Customer Emergency Fund (CEF) Pilot Program Application, including approval of the CEF Rate Rider and the CEF Regulatory Account. The BCUC also directed BC Hydro to file an evaluation report within 90 days of the completion of the second year of the CEF Pilot Program. The CEF, renamed the Customer Crisis Fund (CCF) Pilot Program, came into effect on June 1, 2018;

D. Upon receiving a significant number of complaints regarding the CCF Pilot Program, by Order G-211-20 dated August 11, 2020, the BCUC directed BC Hydro to file an evaluation report of the CCF Pilot Program within 90 days of the completion of the first year of the CCF Pilot Program;

E. On July 31, 2019, BC Hydro filed its Year One Evaluation Report for the CCF Pilot Program with the BCUC and, on August 22, 2019, the BCUC commenced a proceeding to review the Evaluation Report (CCF Evaluation Report Proceeding). The Year One and Two-Year Evaluation Reports are collectively referred to as the Evaluation Reports;

F. On July 31, 2019, BC Hydro filed a separate application with the BCUC to amend the CCF Rate Rider from 0.82 cents per day to 0.43 cents per day (CCF Rate Rider Amendment Application);

G. By Order G-194-19 dated August 21, 2019, for the CCF Rate Rider Amendment Application, the BCUC approved the amendment to the CCF Rate Rider from 0.82 cents per day to 0.43 cents per day on an interim basis. In that same order, the BCUC suspended its review of the BC Hydro CCF Rate Rider Amendment Application pending the outcome of the CCF Evaluation Report Proceeding;

H. The following parties registered as interveners in the CCF Evaluation Report Proceeding: BC Sustainable Energy Association; FortisBC Energy Inc. and FortisBC Inc. (collectively FortisBC); Mr. Anthony Lo; Non-Integrated Areas Ratepayers Group; BC Old Age Pensioners' Organization, Active Support Against Poverty, Council of Senior Citizens' Organizations of BC, Disability Alliance BC, and Together Against Poverty Society (collectively BCOAPO); Zone II Ratepayers Group; and the Commercial Energy Consumers Association of British Columbia;

I. By Order G-5-20 dated January 10, 2020, the BCUC adjourned the CCF Evaluation Report Proceeding pending the filing of the evaluation report on or before July 28, 2020, being within 90 days of the completion of the second year of the CCF Pilot Program in compliance with Order G-166-17 dated November 17, 2020;

J. On April 2, 2020, Lieutenant Governor in Council (LGIC) issued Order in Council (OIC) 159 which includes the following orders:

> 3. The commission must allow the authority to do the following:
>
> (a) defer to the customer crisis fund regulatory account the following amounts:
>
> > (i) the amounts credited to customers in accordance with the emergency program for residential customers;
> >
> > (ii) the costs incurred by the authority in administering the emergency program for residential customers;
> >
> > (iii) in relation to the balance in the customer crisis fund regulatory account, interest determined in a fiscal year at a rate equal to the authority's weighted average cost of debt in that fiscal year;
>
> (b) reduce the customer crisis fund regulatory account by amounts paid to the authority under the customer crisis fund rate rider;
>
> ….
>
> 5. The commission may not exercise its powers under the Act [*Utilities Commission Act*] to amend, cancel or suspend the customer crisis fund rate rider, except on application by the authority.

K. By Order G-79-20 dated April 7, 2020, the BCUC approved the BC Hydro COVID-19 Customer Relief program;

L. By Order G-224-20 dated August 28, 2020, the BCUC sought submissions on several items from BC Hydro and interveners, including the BCUC's jurisdiction to review the CCF Pilot Program, whether a review should take place and the scope of any such review; and

M. The BCUC has reviewed the interveners' submissions and considers that a review of the CCF Evaluation Reports is warranted.

NOW THEREFORE for the reasons attached as Appendix B to this order the BCUC orders as follows:

1. A regulatory timetable is established, as set out in Appendix A to this order, to review the CCF Evaluation Reports.
2. The scope of the review is limited to the CCF Evaluation Reports, specifically the measurement of whether there is an economic or cost of service justification for the CCF Pilot Program, and any other approaches or matters that should be considered in measuring and assessing utility and ratepayer benefits and costs associated with the CCF Pilot Program.

DATED at the City of Vancouver, in the Province of British Columbia, this 23rd day of October 2020.

BY ORDER

Original signed by:

W. M. Everett, QC
Commissioner

Attachment

British Columbia Hydro and Power Authority
Customer Crisis Fund Evaluation Report

REGULATORY TIMETABLE

Action	Date (2020)
BCUC and Intervener Information Requests (IRs) to BC Hydro	Friday, November 13
BC Hydro Responses to IRs	Friday, December 4
Interveners to Provide Notice of Intent to File Evidence*	Wednesday, December 9
Further Process	To be determined

* Interveners must describe the general nature of any evidence they intend on filing and how it relates to the scope of the proceeding, as outlined in these reasons for decision.

British Columbia Hydro and Power Authority
Customer Crisis Fund Evaluation Report

REASONS FOR DECISION

1.0 Introduction

On July 31, 2020, British Columbia Hydro and Power Authority (BC Hydro) filed its Two-Year Evaluation Report for the Customer Crisis Fund (CCF) Pilot Program with the British Columbia Utilities Commission (BCUC), in compliance with Order G-166-17 dated November 17, 2017. The Year One and Two-Year Evaluation Reports are collectively referred to as the Evaluation Reports.

In these reasons for decision, the Panel has considered whether a BCUC review of the CCF Pilot Program is warranted at this time. For the reasons outlined below, we find that a BCUC review of the CCF Evaluation Reports should be undertaken now as part of the current proceeding, following the regulatory timetable attached as Appendix A to Order G-266-20. The scope of the review is limited to CCF Evaluation Reports, specifically the measurement of whether there is an economic or cost of service justification for the CCF Pilot Program, and any other approaches or matters that should be considered in measuring and assessing utility and ratepayer benefits and costs associated with the CCF Pilot Program.

1.1 Background on CCF Pilot Program

During the BC Hydro 2015 Rate Design Application (2015 RDA) proceeding, British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, B.C. Poverty Reduction Coalition, Council of Senior Citizens' Organizations of BC, Disability Alliance BC, Together Against Poverty Society, and The Tenant Resource and Advisory Centre (collectively BCOAPO) requested the BCUC approve a crisis intervention fund to assist BC Hydro customers who are in arrears and unable to pay their electricity bills. On January 20, 2017, the BCUC approved the establishment of a pilot crisis intervention fund in the 2015 RDA Decision and accompanying Order G-5-17, which directed BC Hydro to file a proposal for a pilot program within six months. The BCUC approved the fund as a pilot program in order to allow time to assess whether there is an economic or cost of service justification for the establishment of a crisis intervention fund on a permanent basis.[1]

BC Hydro filed an application on July 24, 2017, seeking approvals related to the Customer Emergency Fund (CEF) Pilot Program, later renamed to the CCF Pilot Program. By Order G-166-17, the BCUC approved rate schedule 1903, including the CCF Rate Rider and CCF Regulatory Account, among other things. The BCUC also directed BC Hydro to file an evaluation report within 90 days of the completion of the second year of the CCF Pilot Program and stated that the Pilot would continue until the earlier of either three years from the implementation date, BCUC approval of a BC Hydro application to end the pilot, or issuance of a BCUC order to end the pilot.

In response to a significant number of complaints regarding the CCF Pilot Program during the first few months of its implementation, the BCUC directed BC Hydro, by Order G-211-18 dated November 8, 2018, to file an evaluation report within 90 days of the completion of the first year of the CCF Pilot Program. At the time, the BCUC considered that an earlier review of the CCF results would be beneficial as it would allow for more timely

[1] BC Hydro 2015 RDA Decision, pp. 93–98.

evaluation of the CCF Pilot Program with consideration of ratepayer concerns and for an earlier understanding of the actual results.

1.2 Background on CCF Evaluation Report Proceeding

BC Hydro filed with the BCUC its Year One Evaluation Report for the CCF Pilot Program on July 31, 2019, which examined the results of the first year of the CCF Pilot Program from May 1, 2018 to April 30, 2019, and assessed the set-up and operational costs, customer experience and opinion, and participant and non-participant benefits. BC Hydro stated that with only one year of operations, it did not have an adequate sample size to conclusively identify whether the CCF Pilot Program resulted in economic benefits such as avoiding disconnections or reducing costs. However, BC Hydro stated that it expected the sample size to be adequate by the end of the second year of the CCF Pilot Program, at which time it would be able to provide more definitive conclusions on these matters.[2]

By Order G-195-19 dated August 22, 2019, the Panel established the current CCF Evaluation Report Proceeding and a regulatory timetable, including public notice, intervener registration and submissions from BC Hydro and interveners on whether a review of the CCF Pilot Program should be undertaken based on the contents of the Year One Evaluation Report. Ultimately, the Panel agreed with BC Hydro, finding there was insufficient data in the Year One Evaluation Report to conduct a review of the CCF Pilot Program. By Order G-166-17 the BCUC adjourned the CCF Evaluation Report Proceeding pending the filing of the Two-Year Evaluation Report.

On April 2, 2020, while the CCF Evaluation Report Proceeding was adjourned, the Lieutenant Governor in Council (LGIC) issued Order in Council (OIC) 159 respecting COVID-19 relief, which provides, among other things, that the BCUC must allow BC Hydro to defer amounts for the residential customer COVID-19 Relief Program to the CCF Regulatory Account. In addition, OIC 159 provides that the BCUC "may not exercise its powers under the Act to amend, cancel or suspend the customer crisis fund rate rider, except on application by [BC Hydro]."

On July 31, 2020, BC Hydro filed its Two-Year Evaluation Report for the CCF Pilot Program with the BCUC, in compliance with Order G-166-17. BC Hydro states that the purpose of the Two-Year Evaluation Report is to summarize the CCF Pilot Program operations from May 1, 2018 to April 30, 2020, and evaluate the participant and non-participant benefits in order to examine whether there is an economic or cost of service justification for the program. In conclusion, BC Hydro submits that "there are insufficient utility benefits to justify CCF on an economic or cost of service basis notwithstanding the potential societal benefits of the CCF." However, BC Hydro highlights that it is not applying for amendments to Order G-166-17 or changes to the CCF Pilot Program or the rate rider.[3]

2.0 BCUC Review of the CCF Evaluation Reports

The question the Panel must consider now is whether a review of the CCF Evaluation Reports is warranted. By Order G-224-20 dated August 28, 2020, the Panel requested submissions from BC Hydro and registered interveners on specific issues related to the merits of conducting a review of the CCF Pilot Program, including the BCUC's jurisdiction and the scope and process for any such review. BC Hydro, BC Sustainable Energy Association (BCSEA), FortisBC Energy Inc. and FortisBC Inc. (collectively FortisBC), BCOAPO, Zone II Ratepayers Group (Zone II RPG), and the Commercial Energy Consumers Association of British Columbia (CEC) all filed their respective submissions regarding each of the specific issues listed in Order G-224-20.

[2] Exhibit B-1, Executive Summary, p. 2.
[3] Exhibit B-5, pp. 1–3.

2.1 Jurisdiction

Order G-224-20 requested the parties address the jurisdiction of the BCUC to review the CCF Pilot Program in light of OIC 159.

Position of the Parties

BC Hydro and BCOAPO concur that changes to the CCF Rate Rider are beyond the jurisdiction of the BCUC, given the provision in OIC 159 that the BCUC "may not exercise its powers under the Act to amend, cancel or suspend the customer crisis fund rate rider, except on application by [BC Hydro]." However, BC Hydro, BCOAPO, BCSEA and Zone II RPG all note that there are other elements of the BC Hydro Electric Tariff related to the CCF Pilot Program that could be within the BCUC's jurisdiction.[4] Specifically, BC Hydro notes that the BCUC has jurisdiction to review the Pilot Program pursuant to section 24 of the *Utilities Commission Act*, which states:

> 24. In its supervision of public utilities, the commission must make examinations and conduct inquiries necessary to keep itself informed about
>
> (a)the conduct of public utility business,
>
> (b)compliance by public utilities with this Act, regulations or any other law, and
>
> (c)any other matter in the commission's jurisdiction.

FortisBC and the CEC agree with BC Hydro's overall position. [5]

BCOAPO submits there are certain elements of the CCF Pilot Program that are not included in the BC Hydro Electric Tariff and are therefore outside of the jurisdiction of the BCUC and BC Hydro agrees.[6]

Panel Determination

The Panel agrees with BC Hydro and interveners that the BCUC does not currently have the jurisdiction to amend or cancel the CCF Rate Rider, considering the explicit provision to that effect in OIC 159. However, the Panel also concurs with the parties that OIC 159 does not limit the BCUC's jurisdiction (excepting the rate rider) for those elements of the CCF Pilot Program that are contained in BC Hydro's Electric Tariff. This includes the references to the CCF, CCF Grant and CCF Return contained in section 1.2 of the Electric Tariff. Accordingly, the Panel finds that (excepting the rate rider) OIC 159 does not limit the BCUC's jurisdiction to review the CCF Pilot Program.

2.2 Scope of Review of CCF Evaluation Reports and Regulatory Process

Order G-224-20 also requested the parties' submissions on whether the BCUC should proceed with a review of the CCF Pilot Program based on the information contained in the CCF Evaluation Reports or whether the proceeding should be adjourned again. In addition, the Panel requested the parties' submissions on the following items for any review which may be undertaken:

a) The proposed regulatory process; and

[4] Exhibit B-6, pp. 1–2; Exhibit C1-3, pp. 1–2; Exhibit C5-4, pp. 1–4; Exhibit C6-4, p. 2.
[5] Exhibit C2-3, p. 1; Exhibit C7-3, p. 1.
[6] Exhibit C5-4, p. 3; Exhibit B-7, p. 3.

b) The specific topics that should be addressed as part of the scope of the review.

Position of the Parties

BC Hydro does not support a review of the CCF Pilot Program and states that the Pilot Program should terminate at the end of three years on May 31, 2021, given that there is no cost of service justification for such a program.[7] Fortis agrees that the CCF Pilot Program should terminate at the end of three years and BCSEA agrees that a review should not be undertaken at this time.[8]

The CEC supports a review of the CCF Pilot Program in order to identify any improvements and modifications to the program, including the expansion of the program into the commercial sector. [9] In Reply, BC Hydro submits that these jurisdictional and public welfare issues were canvassed in the BC Hydro 2015 RDA and should not be revisited.[10]

Zone II RPG submits that the proceeding should be adjourned until the CCF Pilot Program can be examined in the context of BC Hydro and performance-based ratemaking.[11]

BCOAPO submits that the BCUC should not accept BC Hydro's position that the CCF Pilot Program should terminate on May 31, 2021 due to a lack of economic or cost of service justification, without a hearing to review the evidence.[12] In reply, BC Hydro submits that "BCOAPO should not have to prove in its submissions that a review of the program might lead to a different conclusion, but it should be prepared to offer some reasonable basis for the possibility of that outcome. In the absence of such a basis, BC Hydro questions the value of a review."[13]

BC Hydro submits that the CCF Pilot Program and rate will terminate on May 31, 2021, pursuant to Directive 6 of Order G-166-17; however, BCOAPO states that this is not obvious, as the approval granted in Order G-116-17 and the wording of rate schedule 1903 do not include any provision for termination. In reply, BC Hydro notes that "the BCUC issued Order No. G-116-17, reflecting the default termination after three years of those aspects of the program that were in the BCUC's ability to terminate."[14]

BCOAPO submits that a written process is appropriate, and the scope of any review should include CCF Pilot Program costs, benefits, and improvements.[15] The CEC proposes a workshop and written information requests, and states that the scope of any review should include potential modifications to the CCF Pilot Program and its expansion into the commercial sector.[16]

---

[7] Exhibit B-6, pp. 2–3.
[8] Exhibit C2-3, p. 1; Exhibit C1-3, p. 2.
[9] Exhibit C7-3, p. 2.
[10] Exhibit B-7, p. 2.
[11] Exhibit C6-4, p. 3.
[12] Exhibit C5-4, p. 5.
[13] Exhibit B-7, p. 2.
[14] Ibid., p. 3.
[15] Exhibit C5-4, p. 6.
[16] Exhibit C7-3, p. 2.

Panel Determination

The BCUC establishes a regulatory timetable, attached as Appendix A to Order G-266-20, to review the CCF Evaluation Reports. The scope of the review is limited to the CCF Evaluation Reports, specifically the measurement of the economic or cost of service justification for the CCF Pilot Program, and any other approaches or matters that should be considered in measuring and assessing utility and ratepayers benefits and costs associated with the CCF Pilot Program.

The Panel is cognizant that the BCUC approved the concept of a crisis intervention fund as a pilot program to assess whether there is an economic or cost of service justification for a permanent fund.[17] The information in the Two-Year Evaluation Report suggests there are insufficient utility benefits to justify a permanent CCF Program. This supports BC Hydro's position that a review of the CCF Pilot Program is not warranted, and the Pilot Program should terminate at the end of three years on May 31, 2021. That said, the Panel agrees with BCOAPO that the evidence presented by BC Hydro in its Evaluation Reports regarding the lack of utility benefits has not been tested and therefore the Panel finds that a public hearing is warranted to test the evidence put forward by BC Hydro.

The Panel notes the BCUC's findings and determinations in the BC Hydro 2015 RDA Decision and Order G-5-17, that the BCUC found no evidence the *Utilities Commission Act* provides the BCUC with the jurisdiction to approve a low income rate in the absence of an economic or cost of service basis. While the CCF Pilot Program is not a low-income rate, as it is available to all residential customers, the concept of the crisis intervention fund was examined in the context of all BCOAPO's low-income proposals during the BC Hydro 2015 RDA proceeding. As noted above, the BCUC ultimately approved the concept of a crisis intervention fund as a pilot program to assess whether there is an economic or cost of service justification for a permanent fund. Accordingly, the Panel considers that the main question to be addressed in reviewing the CCF Pilot Program now is whether there is an economic or cost of service justification for a permanent fund. The Panel does not deem it appropriate or within scope to consider potential changes or modifications to the CCF Pilot Program, including an expansion of the program into the commercial sector, in any review at this time.

[17] BC Hydro 2015 RDA Decision, p. 80.