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May 8, 2020

Commercial Energy Consumers Association of British Columbia
c/o Owen Bird Law Corporation
P.O. Box 49130
Three Bentall Centre
2900 – 595 Burrard Street
Vancouver, BC
V7X 1J5

Attention: Mr. Christopher P. Weafer

Dear Mr. Weafer:

Re: FortisBC Energy Inc. and FortisBC Inc. (collectively FortisBC) Application for Approval of COVID-19 Customer Recovery Fund Deferral Account Project No. Response to the Commercial Energy Consumers Association of British Columbia (CEC) Information Request (IR) No. 1

On April 3, 2020, FortisBC filed the Application referenced above. In accordance with the British Columbia Utilities Commission Order G-97-20 setting out the Regulatory Timetable for the review of the Application, FortisBC respectfully submits the attached response to CEC IR No. 1.

If further information is required, please contact the undersigned.

Sincerely,

on behalf of FORTISBC

Original signed:

Doug Slater

Attachments

cc (email only): Commission Secretary
Registered Parties



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1 **1. Reference: Eligibility**

2 FortisBC states that “(E)ligible residential and small commercial customers can apply to
3 defer their energy bill payments for three months starting April 1, 2020, without penalty,
4 fees, interest charges, or threat of disconnection.”

5 1.1 When the eligibility criteria were restricted to residential and small commercial
6 and the plan selected was for three months deferral did Fortis BC review
7 analytical evidence that this selection of criteria and program were justified by
8 quantitative evidence and if so please provide the quantitative analysis that
9 established the basis for the eligibility.

10
11 **Response:**

12 In determining the proposal for customer support and relief associated with COVID-19, FortisBC
13 considered several factors. In that regard, FortisBC used quantitative information to inform the
14 potential impact of the proposal, but not to justify it. Furthermore, FortisBC did not use
15 quantitative analysis to determine program eligibility. Rather, FortisBC considered a balance of
16 factors in arriving at the proposal for the COVID-19 Customer Recovery Fund. These factors
17 include (in no particular order):

18 ***Degree of Certainty, Timing and Impact of the Pandemic***

19 The duration and impact of the pandemic is uncertain. FortisBC considered that a program
20 should recognize this uncertainty and be able to adapt to changing circumstances and
21 outcomes. The program as proposed is adaptable to changing circumstances through:

- 22 • the ability to extent the deferral timeframe;
- 23 • delaying decisions on amortization periods and recovery method until the final balance in
24 the account is known;
- 25 • providing the opportunity to consider and propose further targeted recovery options
26 based on experience gained; and
- 27 • providing the ability to offer customized bill payment options and support for large
28 commercial, transportation and industrial customers.
- 29

30 ***Customer Need***

31 While all customers are impacted by the pandemic to a degree, their ability to pay their energy
32 bill and the degree of support they require will vary. FortisBC considered that any program put in
33 place should have the flexibility to support those that need it most, while recognizing that many
34 customers are able to continue to pay their bills. The program proposed provides this balance



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1 of support and flexibility. For example, the customer application process allows the customer to
2 seek the support they need, while FortisBC's one-on-one approach for larger volume customers
3 provides customized support. The proposed program is also consistent with FortisBC's belief
4 that all customers that can continue to make their payments through this challenging time
5 should be encouraged to do so.

6 **Overall Customer Impact**

7 FortisBC considered that there may be rate impacts to all customers of any program that is
8 implemented. In consideration of the varying individual customer needs and uncertainty around
9 duration and impact, a sustainable and viable program should provide a balance between
10 immediate support and long-term recovery options while managing rate impacts to all
11 customers. While FortisBC is unable to quantify the potential rate impact of the proposal at this
12 time (due to the uncertainty around timing and potential future balance in the accounts),
13 FortisBC did consider that the small commercial customer bill credit component of the program
14 was likely to have a minimal impact on rates.¹ Further, the twelve-month repayment component
15 of the deferral program will help to mitigate unrecovered revenue by having repayment
16 expectations in place at the outset of the program.

17 **Financing and Liquidity Impacts**

18 FortisBC considered the fact that any form of program implemented will have financing and
19 liquidity implications. To the extent that a program could place pressure on the financing and
20 liquidity position of FortisBC, it would have detrimental impacts overall for all stakeholders,
21 including customers. As such, any program pursued should have manageable impacts on
22 financing and liquidity. Although actual cash flow and financing impacts will be dependent on
23 the number of customers who ultimately participate in the program, analysis as described in the
24 response to BCUC IR1 2.5 indicated that financing and liquidity requirements of FortisBC's
25 proposal could be reasonably supported.

26 In addition to the above factors, FortisBC also considered its ability to respond to customers and
27 deliver a program as quickly as possible, the programs being offered by utilities across Canada
28 (a summary of which is provided in Attachment 1.1), as well as simplicity and ease of
29 administration.

30 FortisBC believes that the combination of a deferral program for residential and small
31 commercial customers, bill credits for qualifying small commercial customers, and a custom
32 support model for larger volume customers provides a reasonable balance between providing
33 immediate and meaningful support to those customers that require it with the potential financial
34 impact on all customers of providing that support.

¹ Small commercial customers, a relatively small subset of FortisBC customers, who have been forced to close their business due to provincial health orders related to the COVID-19 pandemic, are expected to have minimal consumption.



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1 Please also refer to the responses to BCOAPO IR1 1.3, 2.1 and 2.2.

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5 1.2 If the plan was in part based on BC Hydro's plans, please provide all of the
6 documentation received about BC Hydro's plans and all of the quantitative
7 analysis BC Hydro has provided.

8

9 **Response:**

10 FortisBC's COVID-19 Customer Recovery Fund was based on the considerations outlined in the
11 response to CEC IR1 1.1 and was not based on BC Hydro's plan.

12

13

14

15 1.3 For the commercial sector, regardless of size, please provide an analysis of the
16 use of energy by type of customer to the extent FortisBC can provide such data.
17 The CEC is particularly interested in the following categories, hotels, motels,
18 tourist attractions, beverage retail, restaurants, food services and rental
19 properties. Please provide the data by size of customer based on average
20 energy use and or rate categories.

21

22 **Response:**

23 FortisBC did not use quantitative data to justify the relief provided to different sectors of its
24 customer base.

25 FortisBC's customers are not segregated into rate schedules based upon their end use or
26 business category. Rather, commercial and industrial customers receive service from FortisBC
27 in the rate schedule that they qualify for, considering the customer's specific needs.

28 FortisBC collects information from customers primarily for the purpose of billing. This includes
29 information such as regular account or business name(s), address and other billing/payment
30 information. Type of business (North American Industry Classification System, also known as
31 NAICS code) is generally collected, but this information often changes when businesses
32 change. For example, many businesses change ownership and business activity without
33 notifying FortisBC, while other businesses are numbered companies and their business is not
34 known to FortisBC. Thus, the information FortisBC has may or may not reflect the actual
35 business activity.



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1 As such, FortisBC has some data regarding either the customer’s gas or electric use from
2 FortisBC, including NAICS codes; however, this data is not accurate enough to analyze or draw
3 any conclusions from for the purposes of the analysis requested. Further, FortisBC does not
4 have data regarding customer’s energy use beyond the energy provided by FortisBC.

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8 1.4 The CEC represents the interests of the BC Hotels Association, Tourism Industry
9 Association of BC, Association of Beverage Licensees, BC Restaurant and Food
10 Services Association and Landlord BC in this proceeding along with the interests
11 of the entire commercial sector. Please provide any and all analysis in regard to
12 the need for relief FortisBC has developed or received, particularly quantitative
13 analysis with respect to the customer need in the residential sector, small
14 commercial sector and the remaining commercial sectors, with a specific
15 emphasis on the following categories, hotels, motels, tourist attractions,
16 beverage retail, restaurants, food services and rental properties.

17

18 **Response:**

19 As described in the response to CEC IR1 1.1, FortisBC used limited quantitative information to
20 inform the development of its relief program and instead based its proposal on a balance of
21 factors.

22 Further, it is important to note that quantitative data alone does not capture the nuances of the
23 challenges customers may be facing with their business. For example, the flower growing
24 sector has continued to operate facilities showing no change in consumption patterns.
25 However, the sector is experiencing difficulty selling their plants to their traditional markets as
26 stores are not operating in the same capacity or may not be opening up their seasonal garden
27 centers.

28 The COVID 19 pandemic is an unprecedented event that developed very quickly and to which
29 FortisBC has responded. In addition to Orders from the BCUC regarding disconnection activity,
30 FortisBC immediately took steps to help customers manage the impacts of the pandemic.
31 FortisBC determined that the best option for relief for customers in the residential and small
32 commercial rate classes was a program that could handle requests from tens of thousands of
33 customers over a relatively short time-frame. For customers in the larger commercial and
34 industrial rate classes, FortisBC is taking a case-by-case approach to best meet the individual
35 and unique needs of this group of customers.

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2 1.5 Please indicate whether or not FortisBC has done any quantitative analysis and
3 assessment with regard to the impacts of not providing complete relief for
4 customers and not deferrals versus the risks or bankruptcy or business
5 termination and loss of market demand.

6
7 **Response:**

8 FortisBC has not conducted any quantitative analysis regarding the impacts of providing
9 complete relief for customers rather than bill payment deferrals and the risk of bankruptcy,
10 business termination, or loss of market demand, nor is it practical to do so.

11 General information regarding business defaults or bad debt due to the COVID-19 pandemic is
12 rapidly changing and will continue to change depending on many factors including the duration
13 of the pandemic and the pace and phases of reopening of the economy. In addition, FortisBC
14 does not have intimate knowledge of each customer's business to be able to conduct such an
15 analysis.

16 In providing complete relief from billing, FortisBC would likely experience cash flow impacts as
17 well as significant costs to be recovered from all remaining customers in the future. From a
18 customer perspective, energy costs are only one factor/cost of many that a business must
19 consider when making financial decisions during the pandemic. As such, even if FortisBC
20 offered complete relief to customers for their energy bills during the pandemic, it is not likely that
21 doing so would be the deciding factor in determining if a business becomes bankrupt or
22 terminates.

23 FortisBC believes that the structured relief for small commercial customers and the case-by-
24 case relief for larger commercial and industrial customers is the appropriate solution to meet the
25 diverse needs of its customers.

26 Lastly, in recognition of the unprecedented situation caused by the COVID-19 pandemic, the
27 government has made available financial assistance and support programs for businesses² to
28 also help deal with income loss and operating expenses.

29
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32 1.6 Please provide FortisBC's defense against accusations of eligibility and
33 treatment discrimination between rate classes, for providing the differential reliefs
34 to different customer categories.

² BC government: <https://www2.gov.bc.ca/gov/content/safety/emergency-preparedness-response-recovery/covid-19-provincial-support>. Federal government: <https://www.canada.ca/en/departement-finance/economic-response-plan.html>.



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Response:

The form of relief provided to customers in various rate classes is not substantially different. Rather, the difference lies in FortisBC’s approach to the delivery of the relief in recognition of the volume and similarity of customers in each group.

Specifically, the structured relief programs provided to residential and small commercial customers recognize that together, these customers represent a relatively large group of customers that share somewhat similar circumstances. Given the number of customers in the residential and small commercial rate schedules, FortisBC needed a program that could handle requests from tens of thousands of customers over a relatively short time-frame.

FortisBC’s individual approach to larger commercial, transportation and industrial customers recognizes that they represent a relatively small number of customers facing more diverse circumstances that FEI is able to address on a case-by-case basis. Given the diversity of the larger commercial, transportation and industrial customers group, there is little value in prescribing a structured program, as it would be less successful in meeting the needs of individual customers within the group.

In summary, the differences in FortisBC’s approach to different rate schedules is justified by the differences between the customer groups.

1.7 Please provide the impact on FortisBC’s shareholder, of a program which would provide full relief for customer need, based customer % loss of business submissions, if the relief were collected in the deferral account and recovered by the utility in the future from general rates and if the deferral account carries an appropriate interest rate to preserve the utility’s return on investment.

Response:

FortisBC’s customer relief offerings are not being proposed with the intent of assessing shareholder impacts, but rather to provide a reasonable balance of immediate relief with the potential opportunity for future targeted recovery programs, thus minimizing the overall financial impacts to all customers.

Due to the establishment of the deferral accounts, the hypothetical scenario in the question above would not likely result in a significant impact to FortisBC’s allowed return on equity, at least in the short-term. However, the hypothetical scenario in the question suggests a broader scope of relief offerings than what FortisBC has proposed, which would result in higher deferral



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1 account balances. The deferral account balance represents a loss of cash inflows for which
2 FortisBC is still responsible to finance. Therefore the hypothetical scenario would increase the
3 need for FortisBC to access financial markets to obtain additional financing, impacting each
4 company's credit metrics and ratings, cash flows, and ability to obtain financing at reasonable
5 costs. In addition, FortisBC would expect an increased rate impact to recover the increased
6 cost of the relief from all customers in the future.

7 FortisBC's proposed COVID-19 relief measures balance the relief provided with the associated
8 future costs of providing the relief to all customers.

9 Please also refer to the response to CEC IR1 1.1 and 2.4.

10



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1 **2. Reference: Repayment plan**

2 FortisBC states that “Residential and small commercial customers who apply and qualify
3 for the three- month bill deferral will also enter into repayment arrangements for their
4 deferred balance to be paid over the twelve months following the deferral period,
5 commencing July 1, 2020.”

6 2.1 Please provide an assessment on a per customer basis of the costs of managing
7 a 3 months deferral and collecting the same for each individual customer.

8
9 **Response:**

10 FortisBC interprets this question to be asking if there are incremental customer service costs
11 (i.e. not financing) associated with managing the payment deferrals and implementing the
12 twelve-month repayment program.

13 There are no forecast incremental customer service costs associated with the management of
14 the payment deferrals or the implementation of the twelve-month repayment program. This is
15 because FortisBC expects bill deferral and payment arrangements to be provided within existing
16 staffing levels. Further, customers applying for the COVID-19 relief measures can do so through
17 completing a web-based form and in most instances, the application process for bill deferral and
18 the associated twelve-month repayment arrangement is largely automated. As such, the per
19 customer incremental cost of offering this program is effectively zero.

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21

22
23 2.2 Please provide an indication as to whether or not the cost would vary by size of
24 customer and by how much it would vary by size of customer.

25
26 **Response:**

27 The administrative cost of managing this process will not vary by size of customer.

28 Once a customer has applied to the COVID-19 Customer Recovery Fund, the process of
29 deferring their balance and entering the customer into a twelve-month repayment arrangement
30 will be automated. Any manual adjustments to the repayment arrangement as requested by the
31 customer is within the regular scope of work in customer service.

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1 2.3 Please provide an estimate of relief for customers with the most significant
2 business losses regardless of the size of the customer and provide it by
3 customer rate category.

4
5 **Response:**

6 FortisBC does not have information pertaining to individual business customer losses nor does
7 FortisBC expect to acquire this information.

8 With respect to credits and bill deferments, the deferral account balances will include
9 information by rate schedule allowing this information to be identified; however, this information
10 is not yet available. This is because FortisBC is currently working through applications for the
11 COVID-19 Customer Recovery Fund for inclusion in the deferral accounts and, therefore, does
12 not have an estimate or average payment deferment or bill credit by rate schedule at this time.

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16 2.4 Please estimate the rate increase level and cost to all rate payers of recovering a
17 deferral account balance over one following year for the relief estimated to be
18 needed for the customer categories the CEC is particularly concerned about,
19 (hotels, motels, tourist attractions, beverage retail, restaurants, food services and
20 rental properties) and any others that FortisBC believes could have comparable
21 business losses.

22
23 **Response:**

24 FortisBC has implemented relief measures for larger commercial and industrial customers
25 based on meeting the unique needs of each individual customer. While considered, the relief
26 measures were not primarily based on the potential deferral account balances and rate impact
27 that may or may not be incurred.

28 The relief offered to these customers comprises bill deferment, payment plans and relief from
29 late payment charges. To date, in discussions with customers, this relief has been well received
30 and customers appreciate the ability make the arrangements to best manage their bills.

31 Additionally, the customers within the groups noted, as well as the sector, vary in size, scale,
32 type of offering, use of energy and impact from COVID-19 and it is not possible to determine an
33 average “credit” that a customer or group of customers in these sectors requires.

34 Please also refer to the response to BCUC IR1 2.5.

35

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1 **3. Reference: Small Commercial Customers**

2 FortisBC proposes to offer two targeted relief measures for qualifying small commercial
3 customers, effective April 1, 2020:

- 4 • bill payment deferral, and
- 5 • temporary bill relief for certain qualifying small commercial customers
6 experiencing significant financial difficulties as a direct result of the COVID-19
7 pandemic.

8 3.1 Please provide a description for each of the customer management steps
9 required to manage:

10 (1) specific customer deferrals, versus those required to manage; and

11 (2) a complete relief from bills collected through the deferral account.

12

13 **Response:**

14 FortisBC interprets this question to be asking for the difference in administrative steps and effort
15 associated with providing bill payment deferrals as compared to bill credits.

16 The steps required to manage the COVID-19 relief measures proposed by FortisBC (payment
17 deferrals for residential and small commercial customers) or bill credits for three-months for
18 complete bill relief for qualifying small commercial customers are similar and are largely
19 automated.

20 The process can be summarized as follows:

- 21 1. The customer applies for bill relief. This can be done by the customer via a web form or
22 over the telephone with a customer service employee who completes the web form on
23 behalf of the customer while speaking to them.
- 24 2. Applications are reviewed to ensure they are complete. A customer service employee
25 will contact any customer whose application is incomplete or cannot be matched to a
26 customer account.
- 27 3. Once complete and verified, applications are coded within the automated system so that
28 deferred payments are recorded to the deferral accounts.
- 29 4. For customers whose payments are deferred, repayment arrangements are set up so
30 that the deferral amount is repaid over a twelve-month period and accordingly coded to
31 the deferral account.
- 32 5. For customers eligible for bill credits, bill credits will be calculated at the end of the
33 deferral period and credited to the customer as a lump sum and coded in the automated
34 system so that they are recorded in the deferral account.



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1 6. No further work is necessary unless a customer contacts FortisBC because they want to
2 discuss any issue related to their bill (e.g. extension to payment arrangements, etc.)

3
4
5
6 FortisBC states that it will review customer consumption at the end of the three month
7 period to confirm that there was no or only very limited consumption during this time.

8 3.2 Please explain why reduction of consumption would be a better proxy for the
9 customer's need than the customer's loss of business specifically reported and
10 attested to by the customer with rights to sample audit.

11
12 **Response:**

13 FortisBC is encouraging customers to self-identify their need for relief measures rather than
14 relying on data or quantitative analysis. In the development of the program, FortisBC
15 considered the importance of administrative ease in the roll out of the program and the
16 application process both from a company and customer perspective, in recognition that there
17 was an immediate need for relief. In this regard, in addition to account information, the
18 application form simply requires the small commercial customer to attest to and agree to the
19 following³:

Confirmation *

- I am a small business who has had a loss of revenue but remains open due to the COVID-19 outbreak
- I am a small business who has been forced to close due to the COVID-19 outbreak

I have business interruption insurance (Note: this does not affect your eligibility)

- Yes
- No

I am enrolled for the Pre-authorized Payment Plan *

- Yes
- No

Acknowledgement *

- I agree that my business is obligated to repay FortisBC for any bill credits received if my business is compensated for its loss of revenue due to the COVID-19 pandemic through an insurance claim.

20

³ Online application form can be found here: <https://www.fortisbc.com/about-us/supporting-british-columbia-during-the-covid-19-outbreak/covid-19-customer-recovery-fund>.



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1 If the small commercial customer selects the first option under the Confirmation section of the
2 application, they are only eligible for the bill deferral component of the program. However, if the
3 small commercial customer selects the second option under the Confirmation section, they will
4 be enrolled in the bill credit component of the program and may also be eligible for the bill
5 deferral component of the program.⁴ In consideration of the minimal application requirements,
6 FortisBC believes an added measure of review to confirm that the small business that has
7 selected the second option has ceased operations is warranted considering the provision of
8 credits that will result in other customers covering the costs of these credits.⁵

9 In this regard, the reduction in consumption is readily accessible data for FortisBC that would
10 not require additional personnel, administrative effort, and costs to collect and store. Further,
11 FortisBC does not want to collect and store customers' sensitive business information. Using a
12 customer's consumption information allows for a simple, efficient, readily accessible and
13 reasonable way for FortisBC to review current consumption. FortisBC can compare with past
14 consumption to confirm it is reasonable and consistent with the closure of a business and if not,
15 it can further inquire with the customer in order to verify the customer's eligibility.

16
17

18
19 The Application explains that its proposal is designed around the principles put forward
20 by FortisBC and BC Hydro in the Evacuation Relief Tariff Amendments proceeding
21 currently before the BCUC, which is proposing evacuation relief for customers that are
22 under an evacuation order rather than being under a public health order.

23 3.3 Please explain how the Covid-19 pandemic is similar to the Evacuation Relief
24 Tariff customer circumstances and please explain the differences.

25

26 **Response:**

27 The proposed tariff changes for evacuation relief are based in part on the principle that
28 customers under an Evacuation Order are unable to access their premise and are, therefore,
29 unable to benefit from their energy service. FortisBC's COVID-19 Customer Recovery Fund
30 was also guided by this principle when designing the proposed bill credits for small commercial
31 customers who have had to close their businesses due to the COVID-19 pandemic and are also
32 not able to benefit from their energy service while their business is closed.

33 Another similarity is that FortisBC's COVID-19 relief measures seek to balance the need for
34 customer relief and the potential rate impacts to all customers from whom those relief costs will
35 be recovered in the future.

⁴ Please refer to the response to BCUC IR1 3.1.

⁵ To the extent that these small commercial customers have only experienced a temporary closure and resume business, they will likely also share in the recovery of these costs.



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1 A key difference is that the proposed evacuation relief is intended to address natural disasters
2 (fires, flooding, etc.) that typically have localized impacts to customers within the same
3 community. As such, the relative portion of Evacuee Customers to total customers overall
4 during a given event is expected to be small and the time period that Evacuee Customers are
5 impacted is temporary and short in duration. Consequently, the financial impact of the cost to
6 all customers of providing the proposed evacuation relief is expected to be minimal. As such,
7 the proposed evacuation relief would allow FortisBC to provide credit for billed charges⁶ for
8 service to Evacuee Customers while under Evacuation Orders which require them to remain
9 away from their premise until the Evacuation Order is lifted.

10 In contrast, the COVID-19 pandemic affects a significant portion of FortisBC's customers over
11 what is expected to be a lengthy duration. Considering these circumstances, FortisBC has
12 proposed to offer bill payment deferral for customers and bill credits for qualifying small
13 commercial customers.

14 A further difference is that the Public Health Orders and directives for COVID-19 do not
15 preclude FortisBC's customers from accessing their businesses premise. Instead, these Public
16 Health guidelines address different types of objectives, such as limiting gatherings and
17 enforcing physical distancing measures. As a result, some businesses can continue their
18 operations in some form by implementing changes to service delivery, modifying operating
19 practices, installing barriers, limiting numbers of customers, or enforcing physical distancing.

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23 3.4 Please explain the relief provided to Evacuation Relief Tariff customers.

24

25 **Response:**

26 FortisBC's application for proposed tariff changes to provide evacuation relief, if approved,
27 would allow FortisBC to provide credit for billed charges⁷ for service to Evacuee Customers⁸
28 while under Evacuation Orders⁹, that would otherwise have applied during the Evacuation
29 Period.¹⁰ As proposed, the evacuation relief is primarily applicable to Evacuee Customers who
30 are under an Evacuation Order for a period of five or more consecutive days¹¹.

⁶ Or to not charge the rate schedule charges.

⁷ Or to not charge the rate schedule charges.

⁸ Defined as: FEI: Residential Service (RS 1, 1U, 1X, 1B); Commercial Service (RS 2, 2U, 2X, 2B, 3, 3U, 3X, 3B, 23). FBC: Residential Service (RS 1, 2A, 3A); Small Commercial (RS 20); Irrigation and Drainage Service (RS 60, 61) and discretion for certain Commercial Service (RS 21, 22A, 23A) and Lighting Service (RS 50).

⁹ Defined as: An order issued by a local authority, provincial government, federal government, or First Nations band council during a State of Emergency, which requires Evacuee Customers remain away from their Premises until the Evacuation Order is lifted by the issuing authority.

¹⁰ Defined as: The period during which an Evacuee Customer is under an Evacuation Order.

¹¹ With FortisBC having discretion for Evacuee Customers under Evacuation Orders for less than five days or more than two years after the Evacuation Order was issued.



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3.5 Please explain whether or not FortisBC has any quantitative information about which of its commercial customers carry business interruption insurance for pandemic effects and provide any evidence FortisBC has for this.

Response:

FortisBC does not have any information about what insurance commercial customers may carry nor whether business interruption insurance would cover pandemic effects. Please also refer to the response to BCUC IR1 3.6.

3.6 Please provide information on whether or not any Evacuation Relief Tariff customers were reviewed to determine if they had business interruption insurance for pandemic effects.

Response:

Customers that have been provided evacuation relief were not reviewed to determine if they had business interruption insurance for pandemic effects.¹² Consistent with the approach for the COVID-19 Customer Recovery Fund, customers who have been provided evacuation relief are expected to reimburse FortisBC should they receive compensation for energy expenses through an insurance claim.

With respect to the COVID-19 Customer Recovery Fund, the application form (as shown in the response to CEC IR1 3.2) provides the opportunity for customers to indicate whether they have business interruption insurance. The form also includes the associated acknowledgement of their understanding around reimbursement to FortisBC should the customer be compensated through an insurance claim.

Please also refer to the response to BCUC IR1 3.6.

¹² The Evacuation Relief Tariff Application is still in process and no customers have been provided relief under the proposed tariff changes; however, most recently, customers have received evacuation relief in 2017 and 2018 through separate applications and approvals from the BCUC.

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1 **4. Reference: Deferral Account Treatment**

2 On page 4 of the Application, FortisBC states that the COVID-19 Customer Recovery
3 Fund deferral accounts will accrue the amount of customers' energy bills by rate
4 schedule that ultimately become unrecoverable from customers and FortisBC will seek
5 approval of the method of recovery of the balances in the deferral accounts in future rate
6 setting processes when the impact of unrecovered customer amounts from pandemic is
7 better known.

8 4.1 Please provide information on how FortisBC would apply a cap on relief and
9 whether or not it would be customer need dependent or simply a size cut off,
10 discriminating against any one not fitting within any proposed cap.

11
12 **Response:**

13 As discussed in the response to BCUC IR1 4.1, FortisBC considered a cap but concluded there
14 would be no benefit to having a cap in place. A future process will consider the method of
15 recovery of the proposed COVID-19 deferral accounts.

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19 FortisBC explains that the deferral account will capture any unrecovered revenue
20 resulting from customers in any rate class being unable to pay their bills due to the
21 COVID-19 pandemic.

22 4.2 Please provide information the impacts on FortisBC's shareholder should the
23 deferral account carry all of the costs impact reductions on net income of relief
24 provided to customers regardless of size, provided that the deferred cost carried
25 an appropriate interest rate to preserve the utility shareholder's return on
26 investment equity.

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28 **Response:**

29 Please refer to the response to CEC IR1 1.7.

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Attachment 1.1

Public Utilities Relief Measures in Response to COVID-19

Province	Source(s)	Relief Measure(s)
Alberta	Provincial Government	<ul style="list-style-type: none"> Residential, farm and small commercial electric and natural gas customers who have been diagnosed with COVID-19, have been directed by health authorities to self-isolate, have lost their job or income, or are taking care of a family member can make arrangements to defer utility bill payments until June 18, 2020 without any late fees or added interest payments. In addition, no Albertan can be cut off from services or see their services reduced during this period. Please see Utility Bill Payment Deferral Program for details.
British Columbia	BC Hydro	<ul style="list-style-type: none"> The COVID-19 Customer Assistance Program provides BC Hydro customers the option to defer bill payments or arrange for flexible payment plans with no penalty. Residential customers who are experiencing a temporary financial crisis, such as a loss of employment or benefit income, unanticipated medical expenses, or a death in the family may be eligible for a grant payment to avoid service disconnection. Please see BC Hydro Customer Crisis Fund for details. BC Hydro is offering three months of bill credit and electricity use charges waiver for all qualified residential and businesses customers, respectively. Please see BC Hydro COVID-19 Relief Fund for details.
	Pacific Northern Gas (PNG)	<ul style="list-style-type: none"> Residential and small business customers impacted by COVID-19 are eligible to apply for bill deferrals for up to 3-months, between April and June 30, 2020, with repayment of the balance by March 31, 2021. Please see COVID-19 Customer Relief Program for details.
	FortisBC	<ul style="list-style-type: none"> Residential FortisBC customers can sign up for the COVID-19 Customer Recovery Fund to automatically have their bills deferred from April 1 to June 30, 2020. For small businesses that have been forced to close, FortisBC will issue bill credits to offset any charges while they have been unable to continue operating their business as usual. Please see FortisBC Billing Support for details.

Province	Source(s)	Relief Measure(s)
Manitoba	Manitoba Hydro	<ul style="list-style-type: none"> Manitoba Hydro has suspended all disconnections for overdue accounts until further notice. Customers who expect to have difficulties paying their bill are invited to arrange flexible payment arrangements, and all late-payment charges will be suspended for up to six months. Please see Manitoba Hydro's webpage for details.
New Brunswick	New Brunswick Power (NB Power)	<ul style="list-style-type: none"> NB Power has suspended disconnections for non-payment and collection efforts until further notice. Further relief measures include (i) deferring electricity bill payments for residential, seasonal and small business customers for up to 90 days (starting March 19, 2020); (ii) extending existing payment arrangements for impacted customers; (iii) continuing to waive interest for past due balances and late payment charges issued after March 19, 2020; and (iv) delaying its request for a rate increase for 2020/2021. Please see NB Power's webpage for details.
	Liberty Utilities	<ul style="list-style-type: none"> Liberty Utilities has suspended late payment charges and extended existing payment arrangements for impacted customers. Customers who expect to have difficulties paying their bill are invited to discuss options regarding flexible payment arrangements. Please see Liberty Utilities' webpage for details.
Newfoundland and Labrador	Newfoundland Power	<ul style="list-style-type: none"> Newfoundland Power has suspended all disconnection of service. Customers who expect to have difficulties paying their bill are invited to discuss options regarding flexible payment arrangements. Please see Newfoundland Power's webpage for details.
	Newfoundland and Labrador Hydro (Hydro)	<ul style="list-style-type: none"> Hydro has suspended all disconnection of service. Customers who expect to have difficulties paying their bill are invited to discuss options regarding flexible payment arrangements. Please see Hydro's webpage for details.
Nova Scotia	Nova Scotia Power	<ul style="list-style-type: none"> For at least 90 days, starting March 23, 2020, Nova Scotia Power will suspend all disconnection of service. Customers who expect to have difficulties paying their bill are invited to discuss options regarding flexible payment arrangements. Possible relief measures include relaxing payment timelines and waiving penalties and fees on unpaid bills. Additional financial support may be available to low income customers through the Home Energy Assistance Top-up Fund. Please see Nova Scotia Power's webpage for details.

Province	Source(s)	Relief Measure(s)
Ontario	Enbridge Gas	<ul style="list-style-type: none"> Customers who expect to have difficulties paying their bill are invited to discuss options regarding flexible payment arrangements. Please see Enbridge Gas's webpage for details.
	Hydro One	<ul style="list-style-type: none"> Hydro One has set up a Pandemic Relief Fund to provide financial assistance as well as increased payment flexibility to customers affected by COVID-19. Further relief measures include late fee suspension, security deposit refund and the extension of winter time relief. Please see Hydro One's webpage for details.
	Provincial Government	<ul style="list-style-type: none"> The Government of Ontario is providing immediate electricity rate reduction for families, small businesses and farms paying time-of-use (TOU) rates. On May 6, 2020, the original 45-day period was extended for an additional 24 days (until May 31, 2020). Please see the Government of Ontario's news release for details. The Government of Ontario is taking steps to defer a portion of Global Adjustment charges for industrial and commercial electricity consumers. This initiative is intended to provide immediate financial support for more than 50,000 companies through temporary immediate relief on their monthly electricity bills. Please see the Government of Ontario's news release for details. A number of government-backed special programs are available in Ontario to assist low-income energy consumers. Please see the Ontario Energy Board's webpage for details. The Ontario Energy Board (OEB) has extended the wintertime ban on electricity disconnections for non-payment for all residential customers to July 31, 2020. The OEB is also calling on distributors to be more flexible on arrears payment arrangements. Please read OEB Decision and Order for details.
	Toronto Hydro	<ul style="list-style-type: none"> Toronto Hydro has programs in place to assist customers facing financial difficulties and will assess customer need on a case-by-case basis. Relief measures include reduction of delivery charge and payment deferrals. Please see Toronto Hydro's webpage for details.
Prince Edward Island	N/A	N/A

Province	Source(s)	Relief Measure(s)
Québec	Hydro-Québec	<ul style="list-style-type: none"> On March 22, 2020, Hydro-Québec announced that, starting March 23, 2020, it will suspend the application of charges for unpaid invoices for all its customers (individuals and businesses) until further notice. Furthermore, there will not be any disconnection for non-payment. Customers who expect to have difficulties paying their bill are invited to make a payment arrangement with Hydro-Québec. Please see Hydro-Québec's webpage for details.
	Énergir	<ul style="list-style-type: none"> Énergir has suspended collection procedures until further notice and will not be proceeding with any service interruptions for its residential and business customers. This includes the suspension of late-payment-fee billings for all customers. Please see Énergir's webpage for details.
Saskatchewan	Provincial Government	<ul style="list-style-type: none"> The Crown utility interest deferral program waives interest on late crown utility bill payments for up to six months. The program is effective immediately and is available to all crown utility customers. Customers will have a year after that six-month period to pay off any outstanding balance over the next year with equal monthly installments. No additional interest will be charged. Please see the Government of Saskatchewan's press release for details.
	SaskPower	<ul style="list-style-type: none"> SaskPower has suspended collection activity on overdue accounts, and there will not be disconnections of residential power service for non-payment. In addition, SaskPower will not limit electrical supply to customers who are in arrears. Please see SaskPower's webpage for details.
	SaskEnergy	<ul style="list-style-type: none"> Customers who expect to have difficulties paying their bill are invited to make a payment arrangement. Please see SaskEnergy's webpage for details.