



October 19, 2020

Sent via email

**Letter L-62-20**



**Re: [REDACTED] – Complaint Regarding British Columbia Hydro and Power Authority Rate Migration Rules**

Dear [REDACTED]:

The British Columbia Utilities Commission (BCUC) writes in regard to your complaint submitted on June 3, 2020 concerning the change in [REDACTED] general service rates with British Columbia Hydro and Power Authority (BC Hydro). BC Hydro responded to your complaint on June 16, 2020 including a brief overview of its rate migration rules as well as an annual snapshot of the account's demand and consumption levels. On June 24, 2020, BC Hydro further responded to your email dated June 17, 2020 and provided clarification of the Demand Charge as well as additional information regarding its rate migration rules.

When the BCUC reviews complaints, it uses the criteria of whether the utility reasonably responded to the customer's concern(s) and whether the utility followed its Electric Tariff (Tariff)<sup>1</sup> and the *Utilities Commission Act* (UCA). As an administrative tribunal, the BCUC follows its own process for a number of procedures, including complaints. The BCUC is not a mediator of disputes; rather, it is an independent regulatory agency of the Provincial Government that operates under and administers the UCA.

Further to our email dated July 29, 2020, the BCUC has undertaken further review of your complaint based on the context of the evidence provided and whether BC Hydro adhered to its Tariff and the UCA. Following a secondary review of the complaint and related correspondence provided in this matter, the BCUC sees no indication that BC Hydro was in contravention of its Tariff or the UCA.

### **Review Process**

Pursuant to the BCUC Complaints Guidelines, the BCUC referred to BC Hydro's approved Tariff, which contains the terms and conditions of service between BC Hydro and its customers to ensure BC Hydro's actions were in accordance with the Tariff.

By BCUC [Order G-5-17](#) dated January 27, 2017, the BCUC approved the current Tariff.<sup>2</sup> Set through a formal BCUC proceeding, the Tariff establishes rates for residential, commercial and industrial customer classes. The terms and conditions of the Tariff are designed through a public consultation process to cover the cost of

<sup>1</sup> British Columbia Hydro and Power Authority (BC Hydro), Electric Tariff.

<sup>2</sup> BC Hydro 2015 Rate Design Application, Order G-5-17 dated January 27, 2017.

supplying electricity to customers in specific rate classes. As a public utility, BC Hydro is required to strictly adhere to the Tariff in its service provisions to customers and are unable to modify the Tariff without BCUC approval.

## Complaint

In regard to the complaint, it was stated that the migration to Large General Service (LGS) was deemed unfair as it did not provide reasonable time to adjust demand usage. Further, it was stated that had the account been transitioned from Small General Service (SGS) to Medium General Service (MGS) and was informed of the potential increase in costs at LGS, usage would have been more closely monitored to remain at the MGS rate schedule.

According to the Tariff, BC Hydro's rate migration rules define how a customer's rate is altered in response to a change in consumption or demand. In the case of an SGS customer<sup>3</sup>:

- The rate is migrated to the MGS rate when a customer's demand in half of the last six bi-monthly billing periods, or half of the last 12 monthly billing periods, is equal to or greater than 35 kW but less than 150 kW, and whose energy consumption is equal to or less than 550,000 kWh.
- The rate is migrated to the LGS rate when a customer's demand in half of the last six bi-monthly billing periods, or half of the last 12 monthly billing periods, is equal to or greater than 150 kW, or whose energy consumption in any 12-month period is greater than 550,000 kWh.

BC Hydro states the objective of the rate migration rules is to move customers to more appropriate rates based on consumption patterns, while ensuring the rate recovers the cost of servicing that customer class. When customers demonstrate consumption and demand levels at a higher service tier, they are placed on that rate tier in one step rather than waiting for an additional six months at a lower rate schedule, which may not be suitable for their current consumption levels. BC Hydro further notes it incurs higher costs to service customers with short spikes of energy demand relative to those who output a flat, stable load.

The BCUC considers it reasonable that BC Hydro's migration rules places customers accordingly to ensure the recovery of these capacity-related costs. BC Hydro states this change was noted on the January 15, 2020 bill, with a highlighted bill message along with other key messaging that may affect the account's billing details.<sup>4</sup>

The BCUC finds that BC Hydro acted in accordance with section 2 of the General Service rate schedules established under the Tariff for Medium and Large General Service<sup>5</sup> and has not contravened [sections 59 and 61 to 63](#) of the UCA.

The BCUC approved BC Hydro's Tariff including the associated terms and conditions of service between BC Hydro and its customers. The BCUC has limited jurisdiction over BC Hydro's business practices, including how it conducts communications, so long as its actions comply with the Tariff and the UCA. The BCUC encourages BC Hydro to offer customers advance notice of any significant changes to their rate schedules to provide customers adequate time to manage their consumption.

The BCUC finds that BC Hydro's actions have been consistent with its duties and responsibilities set out in its Tariff and the UCA in relation to the changes to your service rates.

Accordingly, your file is now closed.

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<sup>3</sup> BC Hydro Electric Tariff, p. 2-21.

<sup>4</sup> BC Hydro, email dated June 16, 2020.

<sup>5</sup> BC Hydro Electric Tariff, pp. 2-21 – 2-28.

Given your concern in the matter, you may wish to participate in future BC Hydro rate design proceedings. The BCUC's application review process is a public process where members of the public are encouraged to participate by submitting letters of comments or registering as an intervener. Based on the evidence presented and reviewed in the proceeding, the BCUC then makes a determination on the application. Comments from the public form an important part of the evidentiary record used by Commissioners to make a determination in a hearing. Please visit our [website](#) to learn more about how you can stay informed and participate in the next BC Hydro rate design hearing.

### **Office of the Ombudsperson**

If you have concerns about how the BCUC handled your complaint, you may wish to contact the Office of the Ombudsperson. The Office of the Ombudsperson receives enquiries and complaints about the practices and services of public agencies within its jurisdiction. Their role is to impartially investigate complaints to determine whether public agencies have acted fairly and reasonably, and whether their actions and decisions were consistent with relevant legislation, policies and procedures.

If you decide to file a complaint with the Ombudsperson, they will review the BCUC's process to ensure it was fair. Though this may not result in a different outcome for you, the office could request that the BCUC reopen its investigation.

Provided is a link to the Office of the Ombudsperson's website: <https://www.bcombudsperson.ca>.

You can also call their office toll-free at: 1-800-567-3247. An employee at the office will be able to assist you and inform you of your options.

Thank you again for contacting the BCUC.

Sincerely,

*Original signed by:*

Marija Tresoglavic  
Acting Commission Secretary

DC/cmv