



## BACKGROUND – SEPTEMBER 29, 2015

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# **BCPIAC's Low Income electricity affordability proposals for BC Hydro's Rate Design Application**

## **BC Hydro currently offers no rate affordability programs for its 161,287 low income customers**

People living in poverty have a hard time paying for essential services such as electricity when their incomes are stagnant. Low income BC Hydro customers have no spare money to pay higher electricity costs, and since electricity is essential to survival, people can only pay their electricity bills at the expense of competing household necessities, such as food and medicine.

BC Hydro currently offers no rates or terms and conditions of service that specifically apply to low income customers. It offers two programs to its low income customers: i) an Energy Savings Kit comprised of a few energy saving products which, if fully installed, might save \$30 per year, and ii) in more limited cases, energy efficiency home upgrades.

While such energy efficiency programs are important, they are not a stand-alone response to low income customers' increasing inability to afford their power bills – these programs are only one element of what advocates say must be a comprehensive low income rate strategy.

Ontario, Quebec and Manitoba offer bill assistance programs to low income electricity customers who are having difficulty paying their bills. Ontario has recently introduced a special monthly credit for its low income customers, and both Ontario and Manitoba are expanding these programs. The US has an extensive low income home energy assistance program that is funded in part by the Federal Government and is available in all 50 states.

## **Low income people increasingly unable to afford electricity due to rate increases**

BC Hydro has increased residential electricity rates by 47% in the last 10 years, and is on track to increase them by at least 10.5% in the next three years. Rates are projected to continue to rise significantly in future years as BC Hydro proceeds with multi-billion

dollar projects such as the Site C dam which have been exempted from a full public review by the BC Utilities Commission (BCUC).

While BC Hydro’s electricity rates have increased dramatically, there have been extremely minor increases in income for low income people in BC. Over the last 10 years, BC social assistance rates have only gone up by \$100 or less (for a single person) and the BC general minimum wage has only gone up by \$2.45 an hour, as set out in the chart below:

Year	BC Hydro Residential Rate Increases	Ministry of Social Development and Social Innovation (MSDSI) Income Assistance Rates for a single person		General Minimum Wage
		Basic Assistance	Disability Assistance	
2006	1.54%	\$510.00	\$856.00	\$8.00
2007	0.10%	\$610.00	\$906.00	\$8.00
2008	2.34%	\$610.00	\$906.00	\$8.00
2009	8.74%	\$610.00	\$906.00	\$8.00
2010	6.11%	\$610.00	\$906.00	\$8.00
2011	8%	\$610.00	\$906.00	\$8.75/\$9.50
2012	3.9%	\$610.00	\$906.00	\$10.25
2013	1.44%	\$610.00	\$906.00	\$10.25
2014	9%	\$610.00	\$906.00	\$10.25
2015	6%	\$610.00	\$906.00	\$10.25/\$10.45
2016	4% cap	\$610.00*	\$906.00*	\$10.60 est.
2017	3.5% cap	\$610.00*	\$906.00*	\$10.87 est.
2018	3% cap	\$610.00*	\$906.00*	\$11.09 est.
Total 2005-2018	74.16%	19.61%	5.84%	38.62%

*\*there are no planned increases for MSDSI income assistance*

**BC Hydro’s Rate Design Application is an opportunity to seek assistance for low income customers**

BC Hydro filed its Rate Design Application (RDA) with the BCUC on September 24, 2015. In this process, the BCUC will hear evidence and submissions from BC Hydro and intervener groups and determine rate structures and terms and conditions of service for residential, business and industrial customers.

Over the last 35 years BC Hydro has only filed three RDAs – in 1980, 1991, and 2007. After the 2015 RDA is completed, it could be 10 years or more before BC Hydro files another one.

In the RDA, the BC Public Interest Advocacy Centre (“BCPIAC”) will be representing the following coalition of groups that represent the interests of low and fixed income BC Hydro customers: Active Support Against Poverty, BC Old Age Pensioners’ Organization, BC Poverty Reduction Coalition, Council of Senior Citizens’ Organizations of BC, Disability Alliance BC, Tenant Resource and Advisory Centre and Together Against Poverty Society.

BCPIAC will ask the BCUC to order rate relief and special terms and conditions for low income customers so that these customers can continue to pay for electricity without prejudicing access to other household necessities, such as food and medicine.

### **Proposed low income electricity bill assistance programs**

BCPIAC plans to ask the BCUC to order implementation of three programs to assist low income residential customers.

All BC Hydro residential customers who have incomes under Statistics Canada’s Low Income Cut Off (LICO) would be eligible to participate in these programs. About 190,000 BC Hydro customers (11%) have incomes below LICO.

The programs are:

#### **1. Lifeline rate for low income customers**

- Implement a lifeline rate at 5 cents per kWh for the first 250 kWh of electricity per month for low income residential customers (saving about \$7.43 per month per low income customer); and
- Waive the Basic Charge of 17.64 cents/day for low income residential customers (saving about \$5 per month per low income customer).

This rate will result in savings of about \$13/month (\$150/year) for a low income customer.

#### **2. Emergency bill assistance**

- Implement a low income emergency bill assistance program of up to \$500 per year for low income households who have arrears with BC Hydro and are facing disconnection; and
- All low income customers who receive emergency bill assistance must take part in BC Hydro’s free Energy Conservation Assistance Program, a program to increase home energy efficiency.

### 3. Low income terms and conditions

- Implement terms and conditions for low income customers, including:
  - waiver of security deposits and the ability to build up a security balance over time (6 months);
  - flexible payment arrangements, including modifications to the equal payment plan program;
  - elimination of late payment fee;
  - suspension of electricity service disconnections during cold weather periods and for customers using lifesaving medical equipment; and
  - waiver of reconnection fees.

Finally, we will recommend areas where energy efficiency programs for low income customers can be improved or enhanced.

**BC Hydro's Rate Design Application can be found at:**

<http://www.bchydro.com/ex/rr/pdfs/RDA.pdf>