



2019 Customer Survey

Summary of Findings

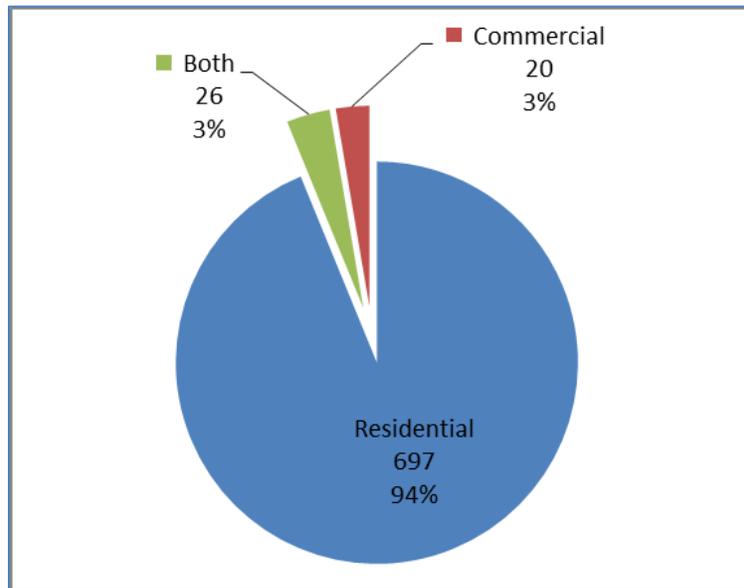
During November 2019 Nelson Hydro issued an online customer survey. We asked your opinion on four important topics; rates, customer service, reliability, and investment. We received feedback from city and rural customers as well as residential and commercial ratepayers. In total, we received 743 completed surveys.

The survey included questions on Nelson Hydro's service during outages, connection, and billing procedures, as well as the utility's preparation for a rate design application that will be submitted to the British Columbia Utilities Commission in 2020.

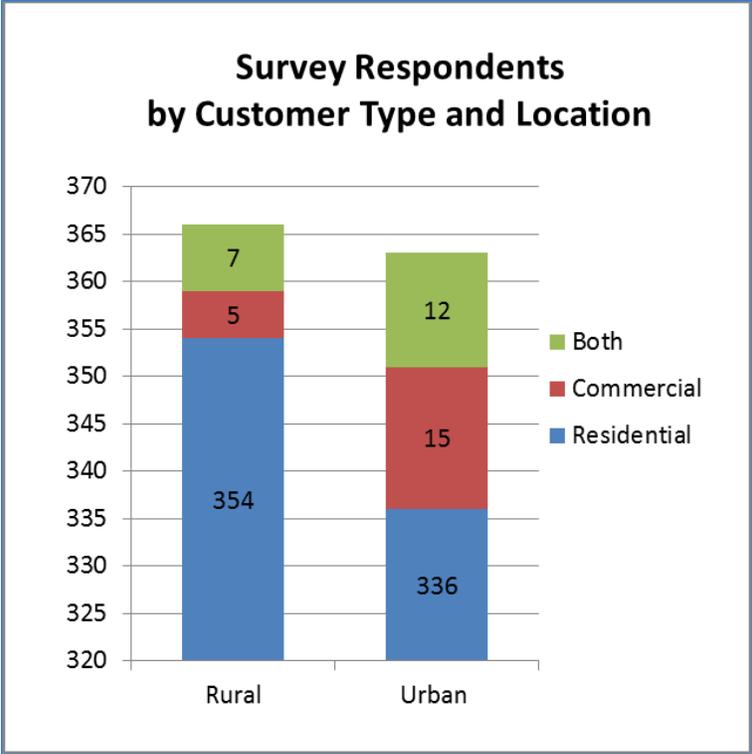
Thank-you for your participation!

Survey Results by Question

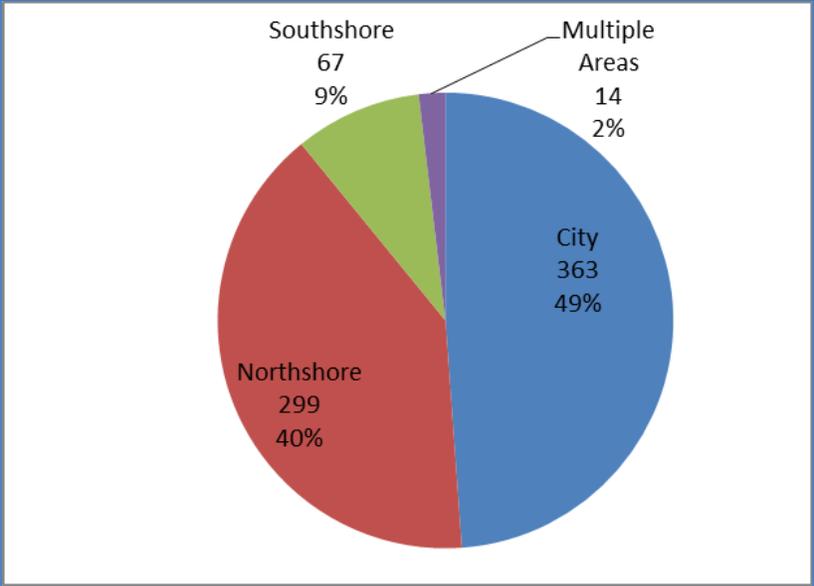
5. Are you a residential or commercial customer?¹



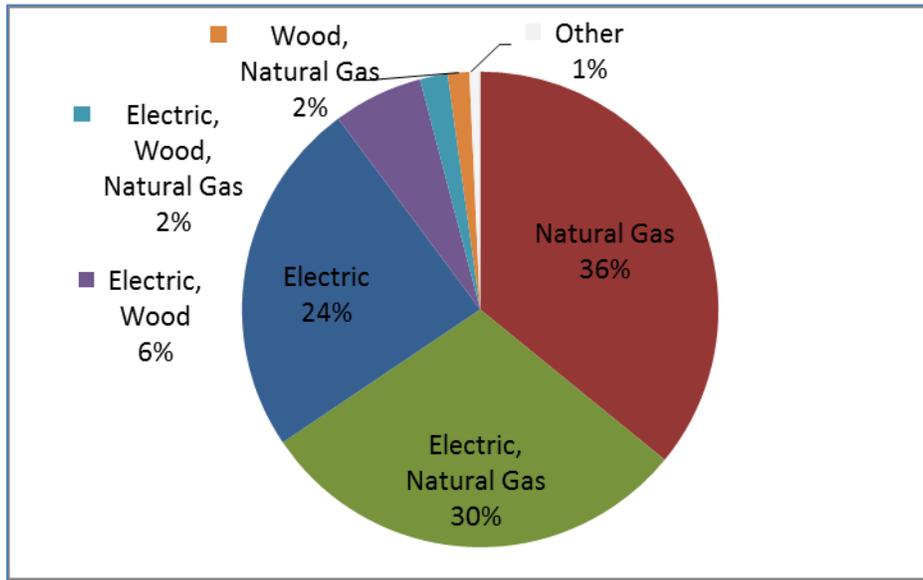
¹ Results from questions #1-4 are not provided as they contain private customer information.



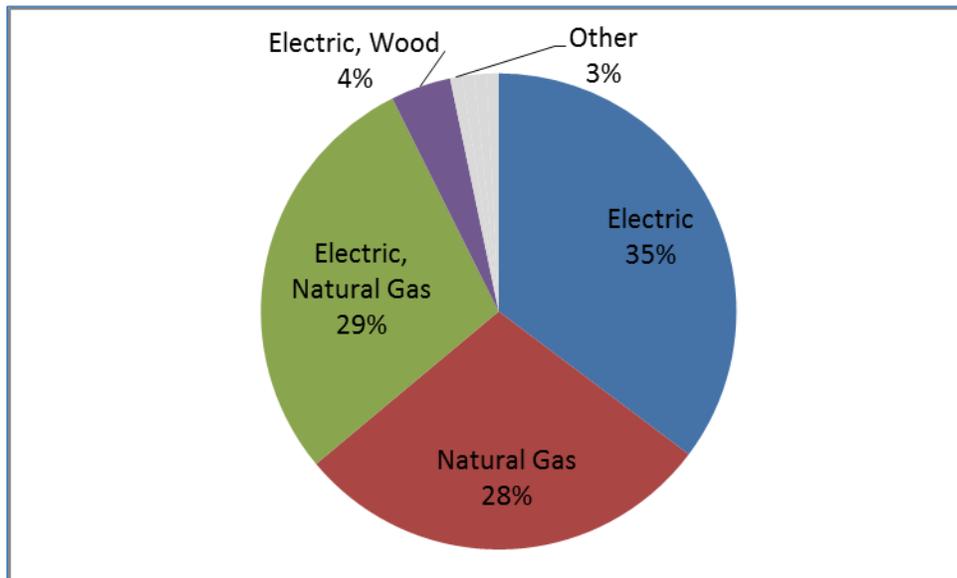
6. Where is your home and/or business located?



7. What fuel type do you use to heat your home?



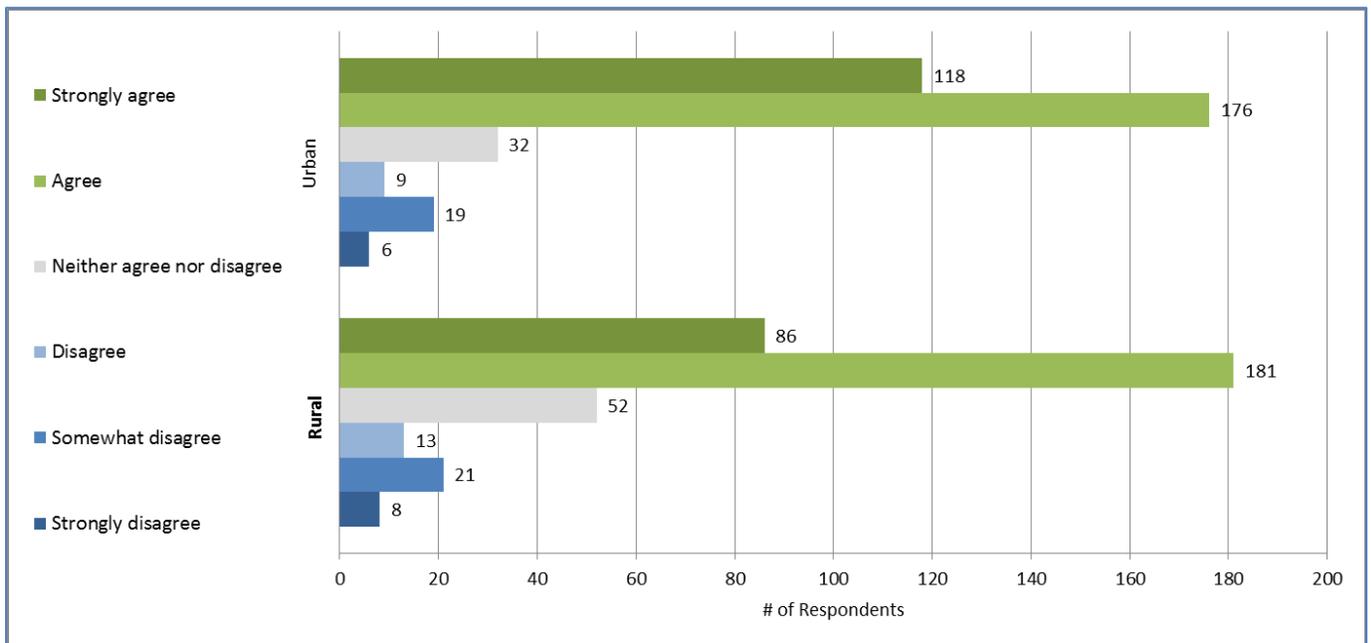
8. What fuel type do you use to heat your business?



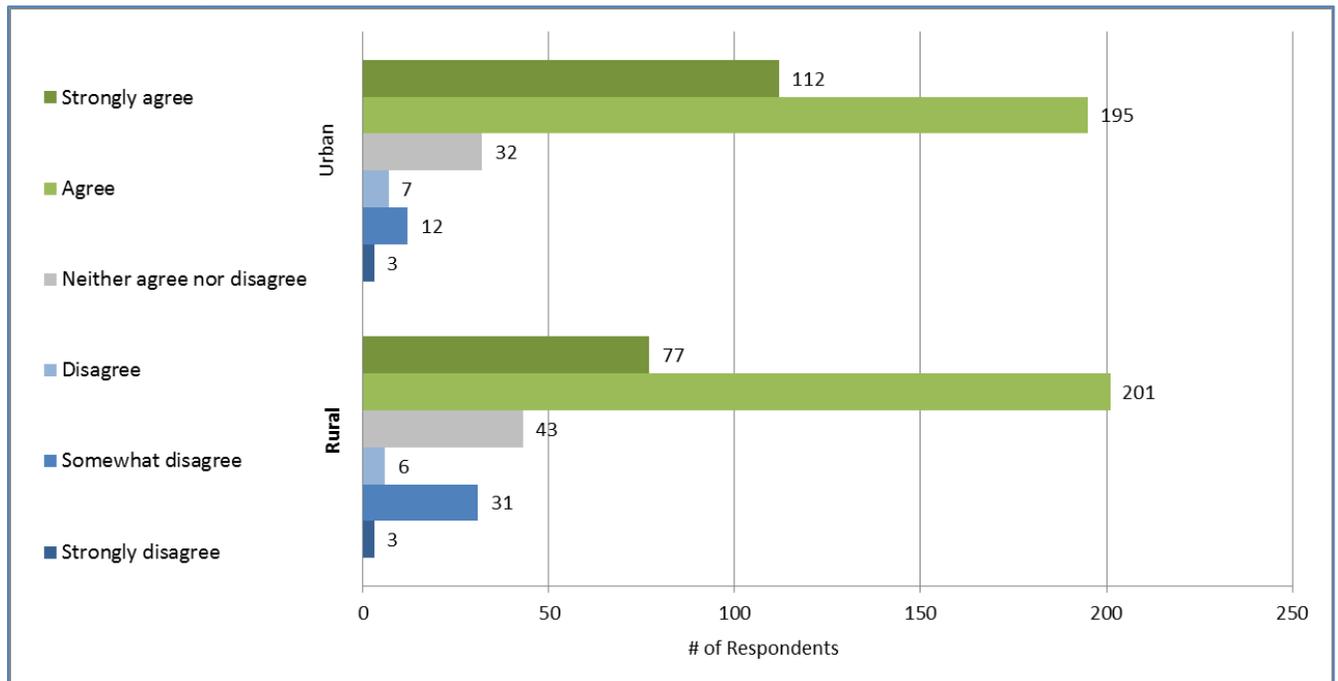
Rates

All utilities review cost of service and rate design periodically to make sure rates reflect the fair allocation of costs to residential and business customers. This process is called a Cost of Service Analysis (COSA). Nelson Hydro completed a COSA in December 2018 to ensure one group of customers isn't unfairly subsidizing another. The outcome of the analysis identified some inequities amongst different customer groups so Nelson Hydro decided to ask its customers what they thought. This is what our customers said.

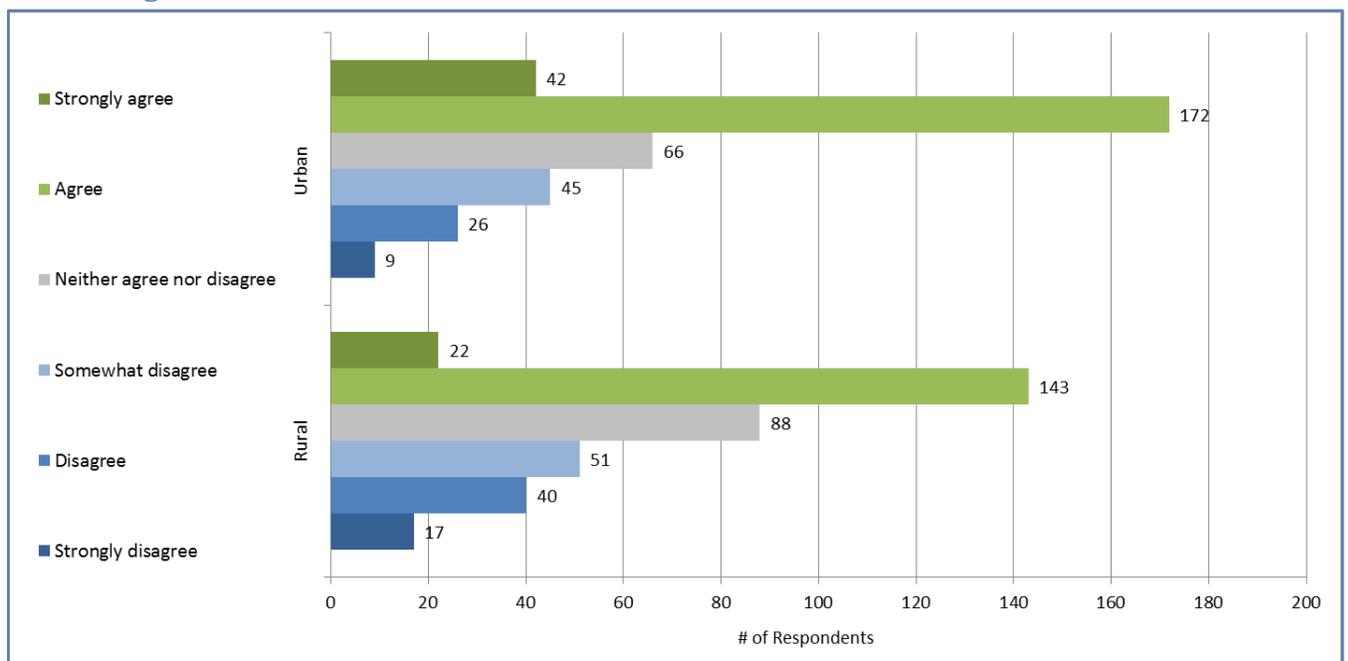
9. All Customer Classes Should Pay Their Fair Share of Costs.



10. Rates should be set to ensure the utility is well maintained, without passing costs on to future ratepayers.

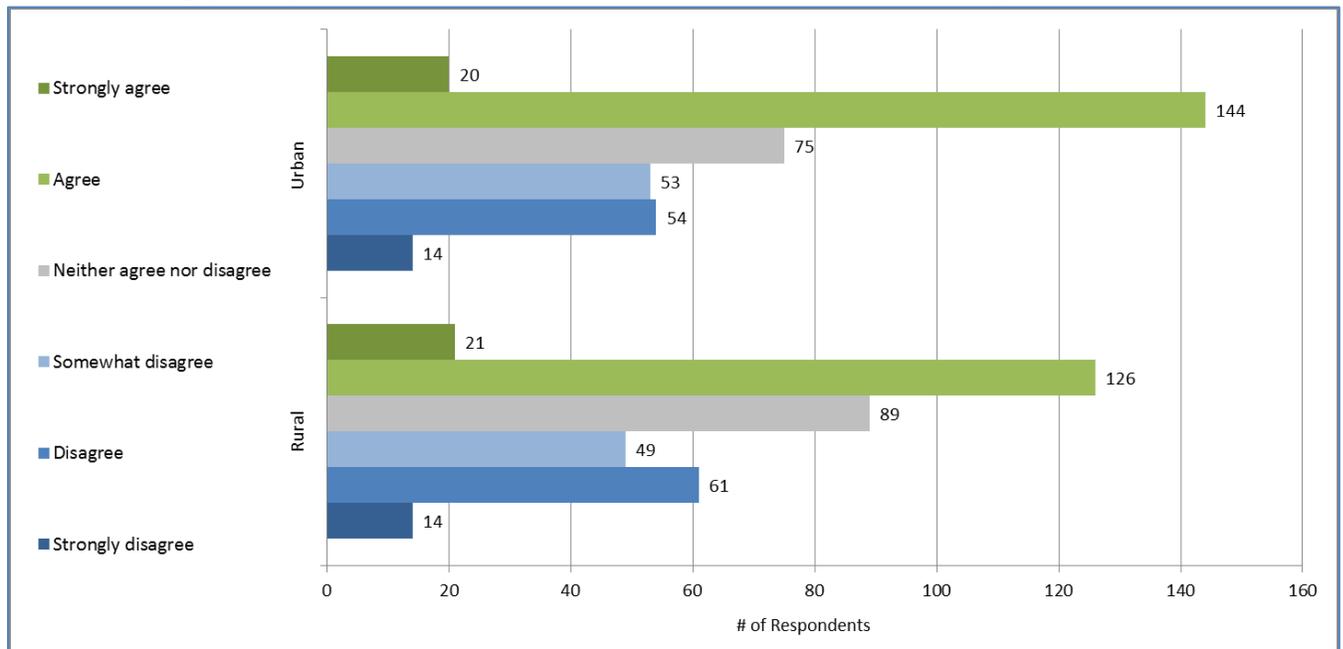


11. All ratepayers should contribute to building capital reserves² even if this increases existing rates.

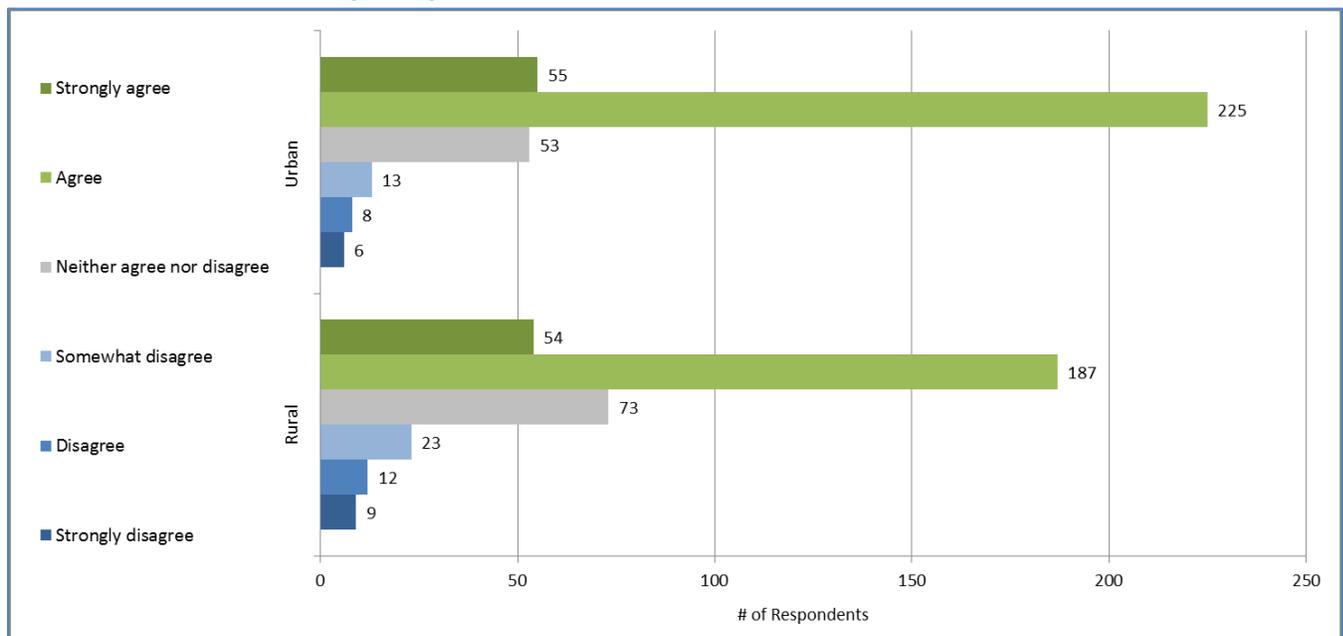


² A capital reserve allows the City to set aside money for future projects and major purchases, much like a savings account.

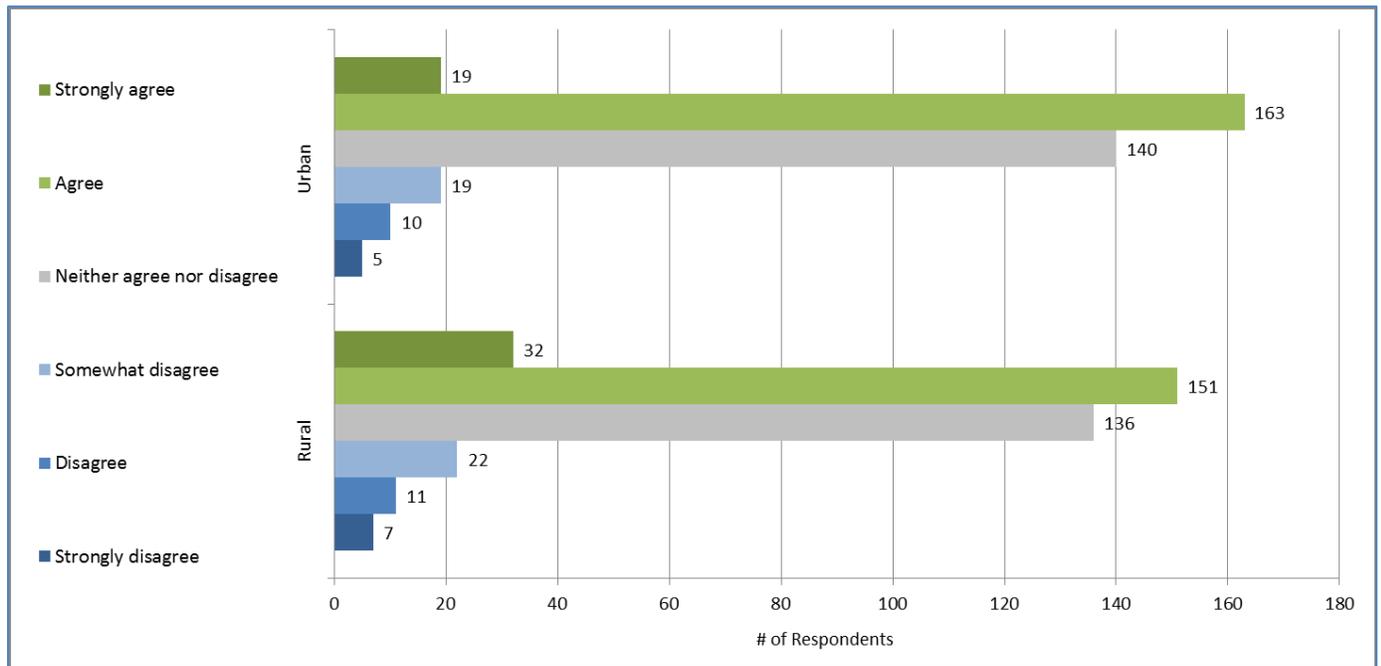
12. Borrowing (loans) should be used to moderate rates, but conservatively.



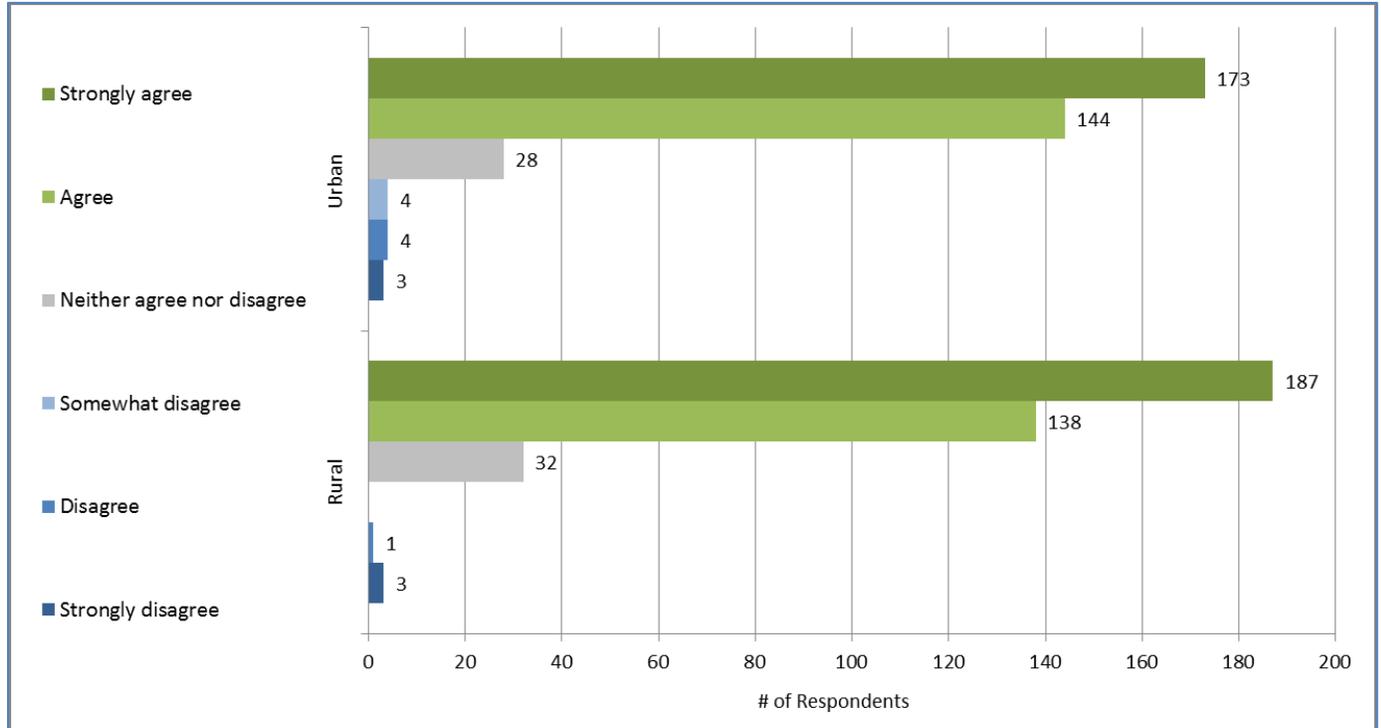
13. Potential rate increases as a result of the COSA review should be phased in to moderate the rate increase in any one year.



14. Rate of return³ should be limited to the BCUC benchmark rate which is the FortisBC Electric rate of return.



15. Nelson Hydro should aim to have rates not exceed FortisBC rates.

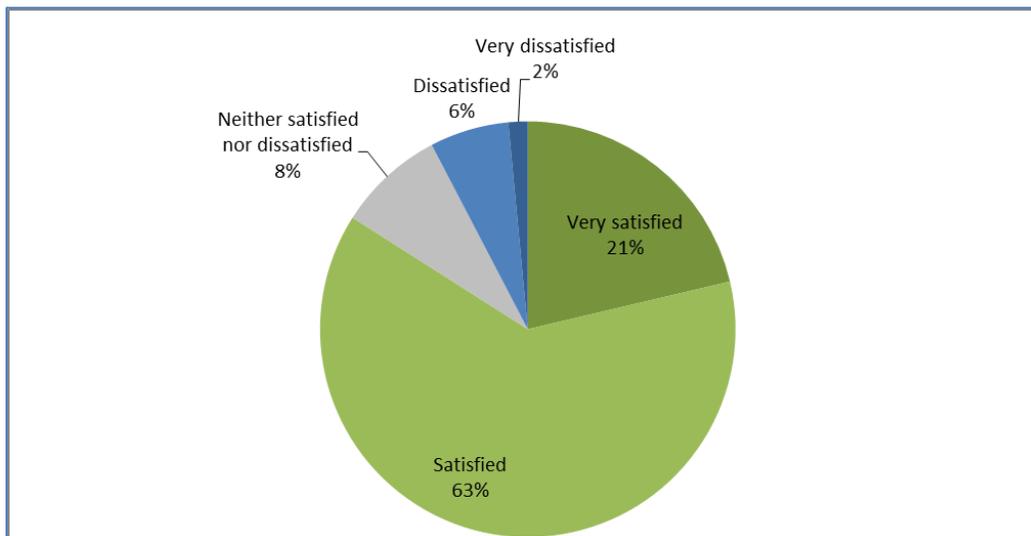


³ A rate of return is the net gain or loss on an investment over a specified time period.

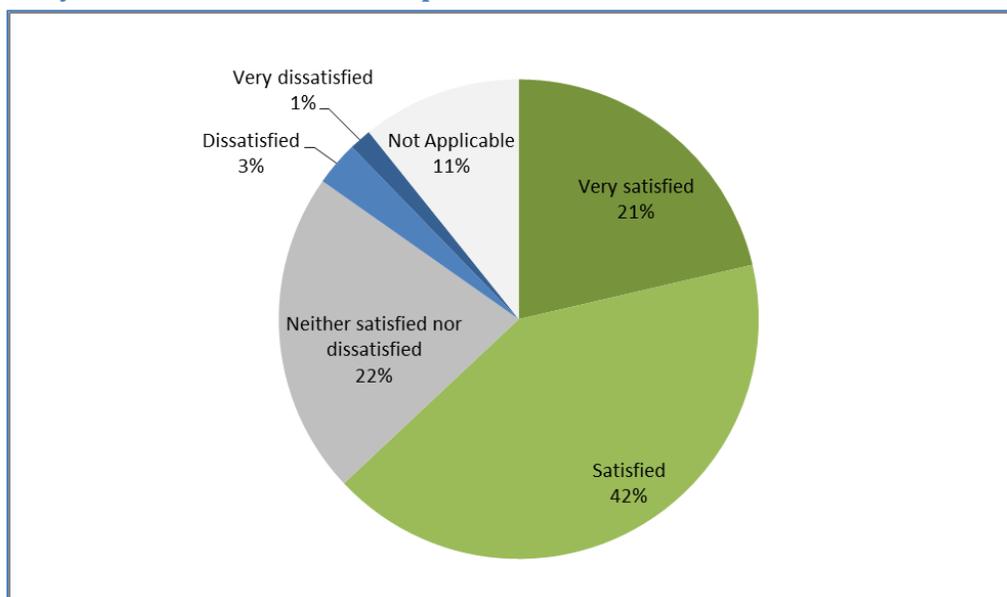
Customer Service

Nelson Hydro strives to provide quick, helpful and cost-effective customer service with regards to connection, billing, and any other customer service questions. While unplanned outages can be managed, they are a reality of electrical service. Unplanned outages occur as a result of downed trees, wind storms, heavy snow and ice, motor vehicle accidents, and loss of supply from FortisBC. Planned outages are required from time to time too, in order to maintain infrastructure. Here is what you said about Nelson Hydro's customer service.

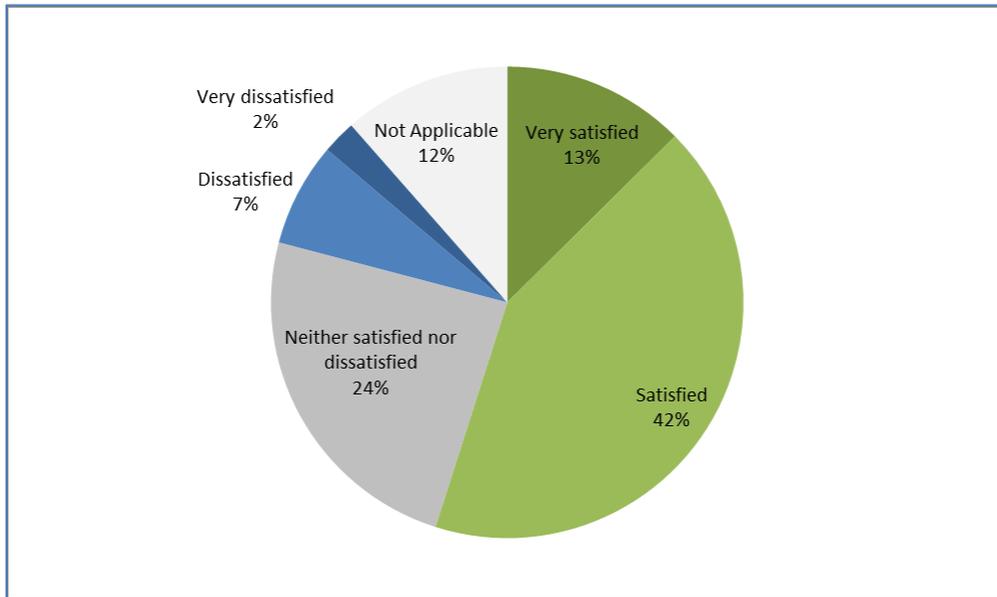
16. Billing is clear and informative.



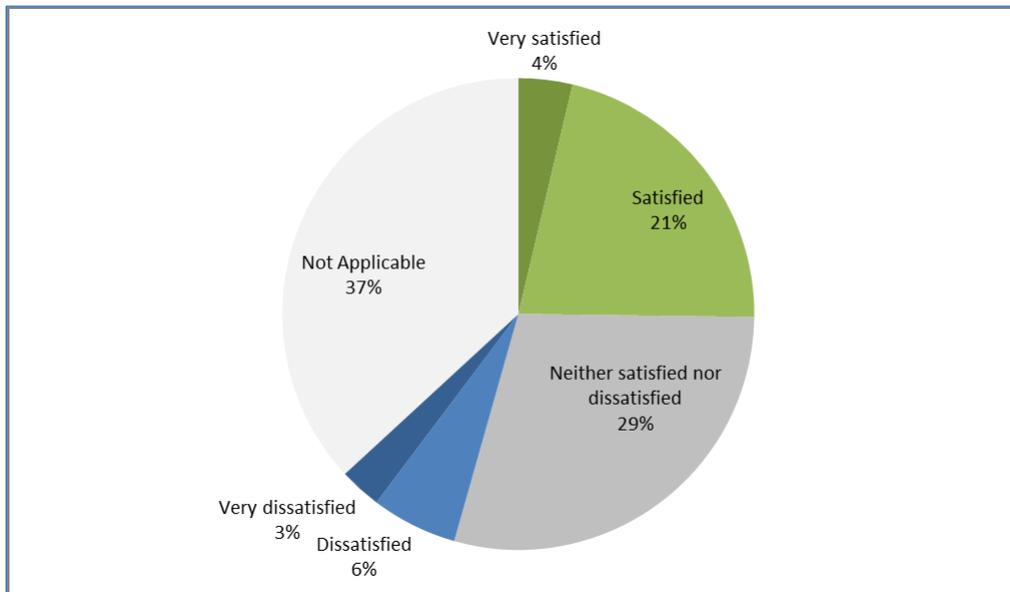
17. Nelson Hydro staff members are helpful and courteous.



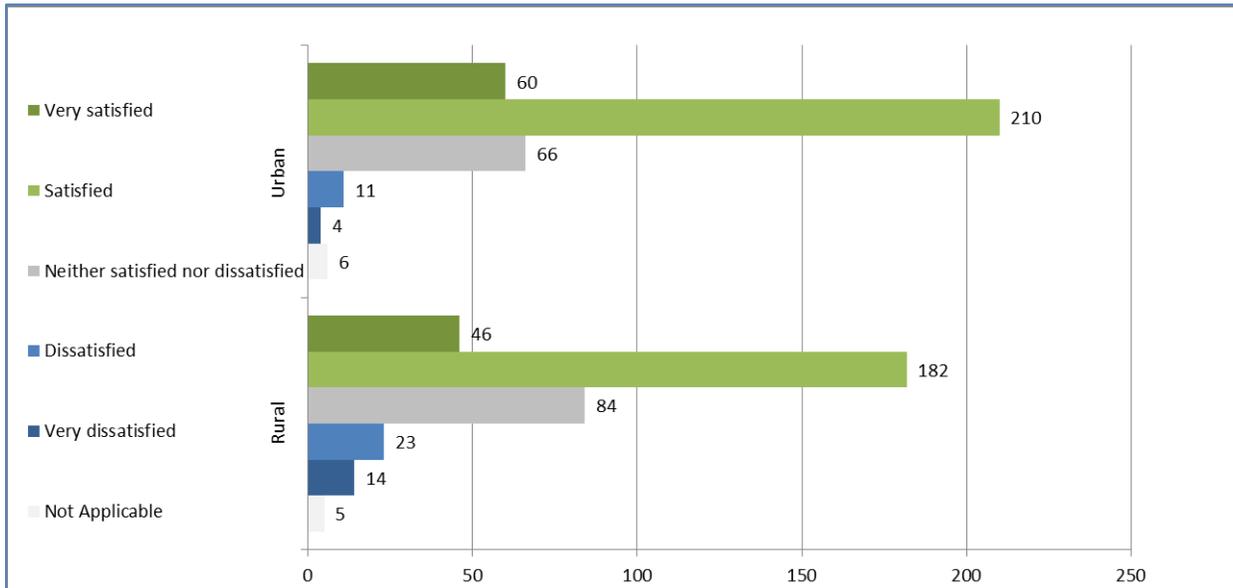
18. Nelson Hydro's response to inquiries is timely and informative.



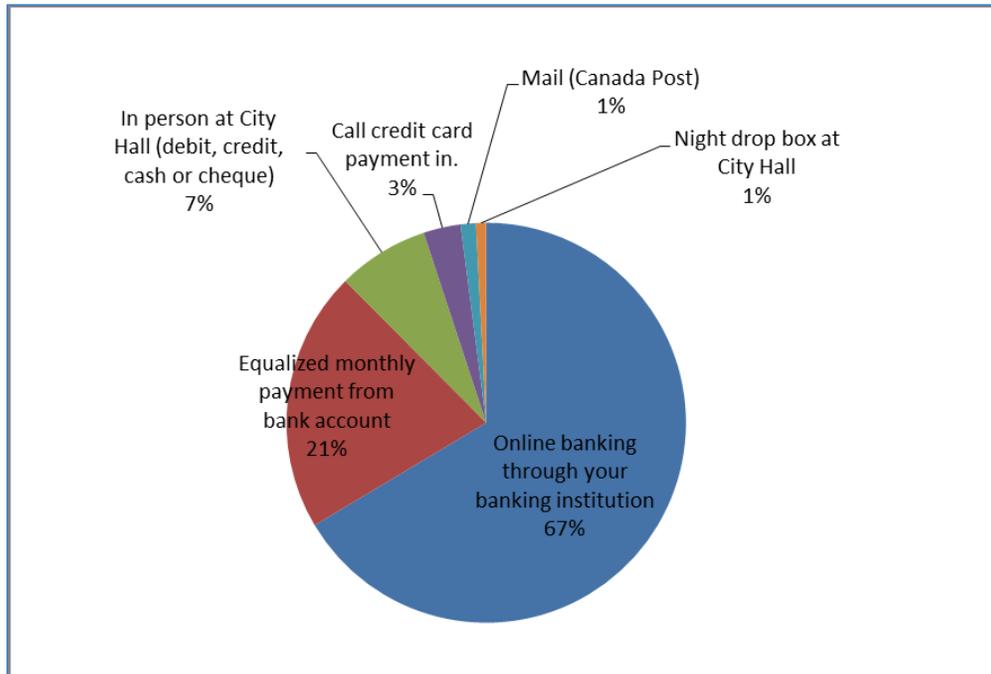
19. New service connections and upgrades are timely, and the cost is reasonable.



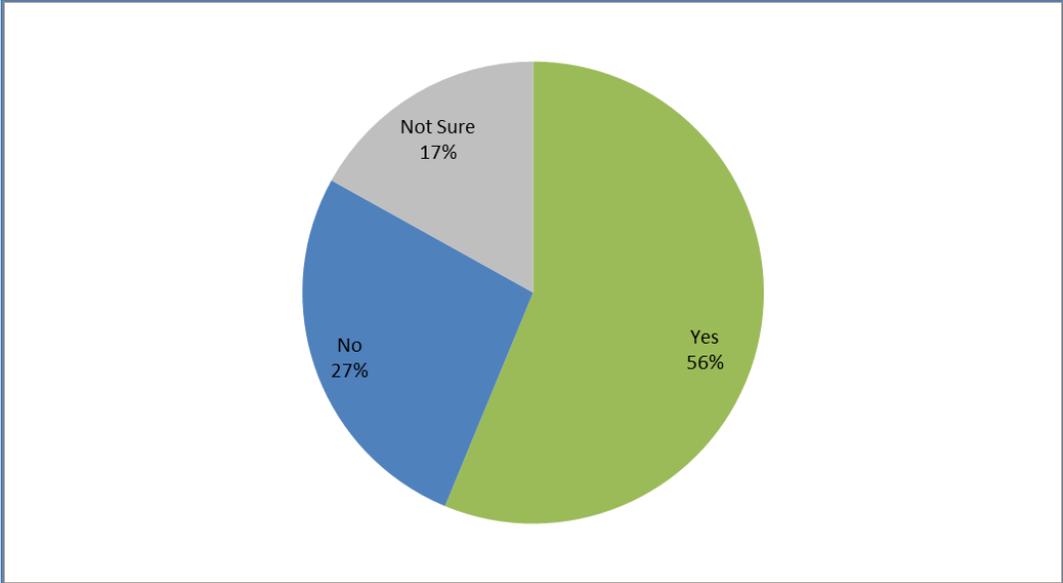
20. How would you rate your overall level of satisfaction with Nelson Hydro's customer service?



21. How do you typically pay your Nelson Hydro bill?



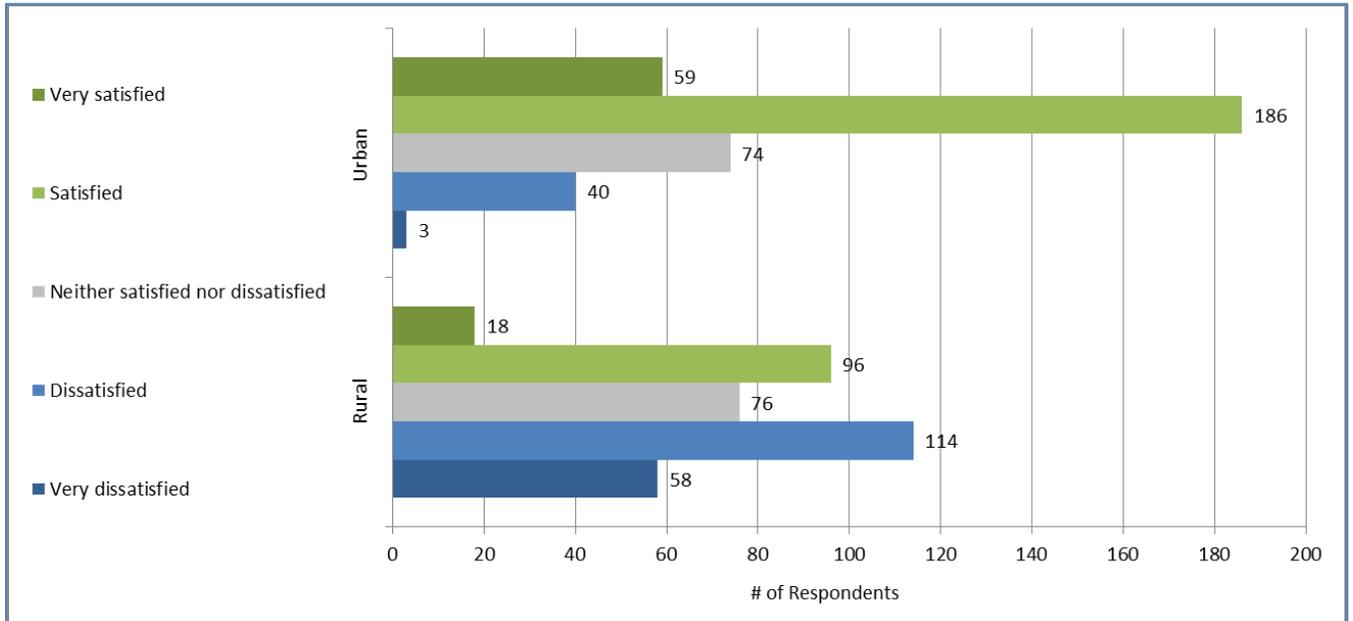
22. Would you be interested in paying your electric bill online through your account?



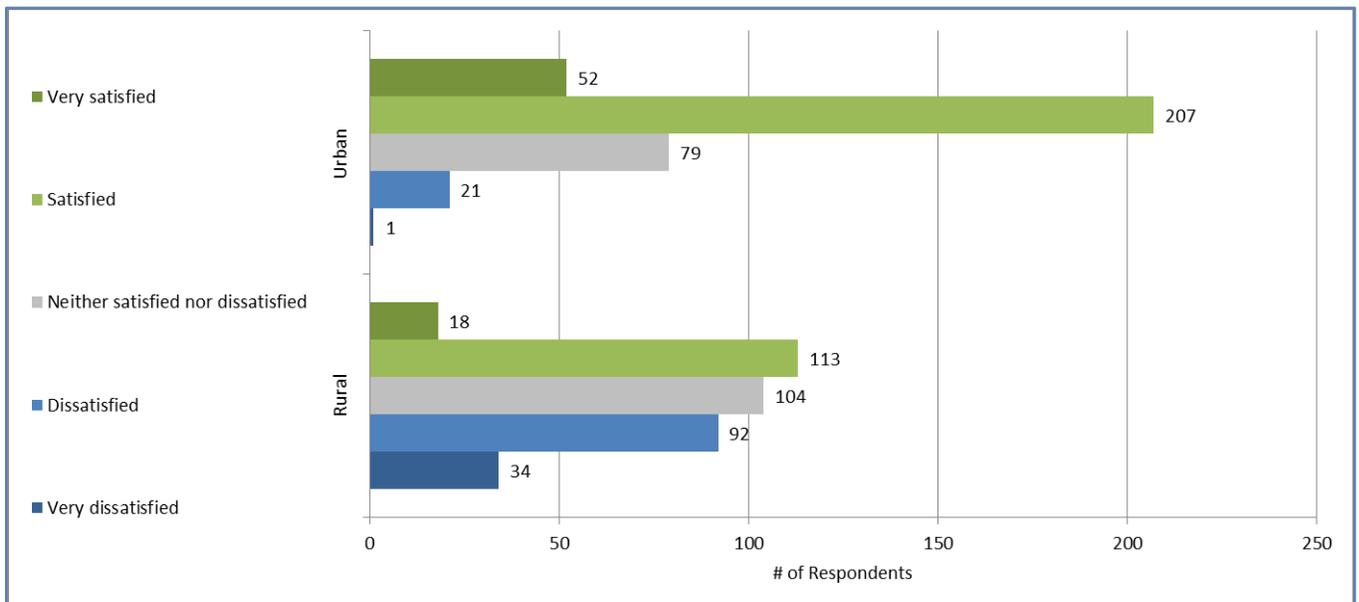
Reliability

In 2019, 60% of power outages were result of trees, 17% from wind, 9% were planned, 7% a lack of supply, and 2% a result of equipment failure. Here is what you said as it pertains to reliability of electric supply.

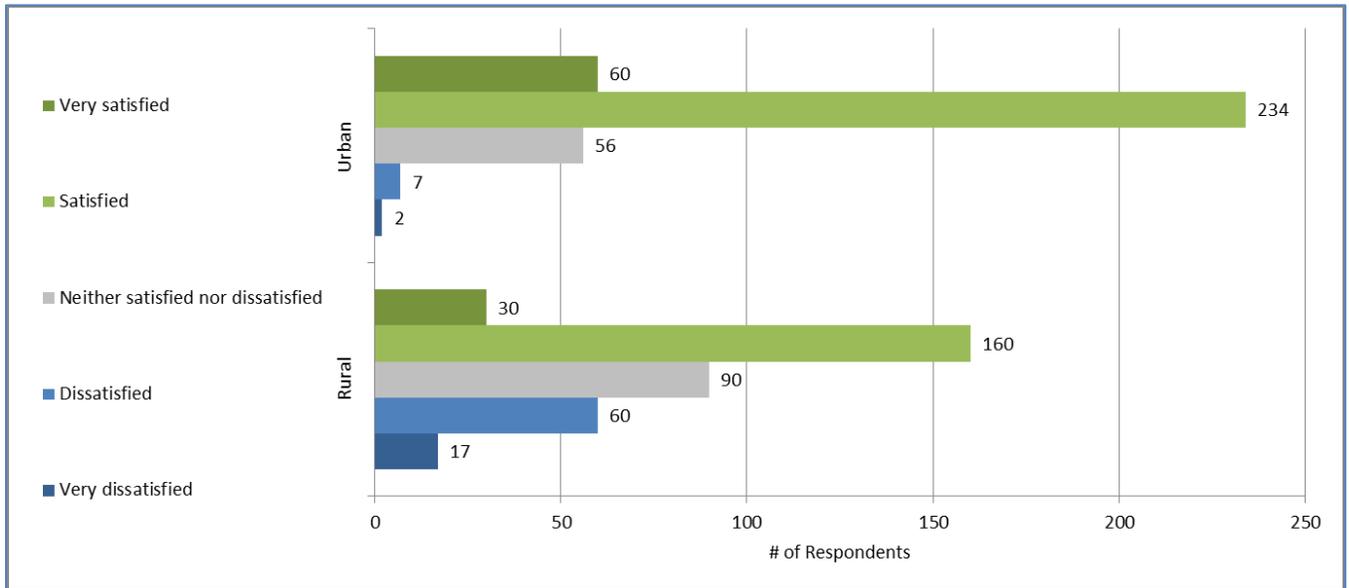
24. Frequency of outages are reasonable.



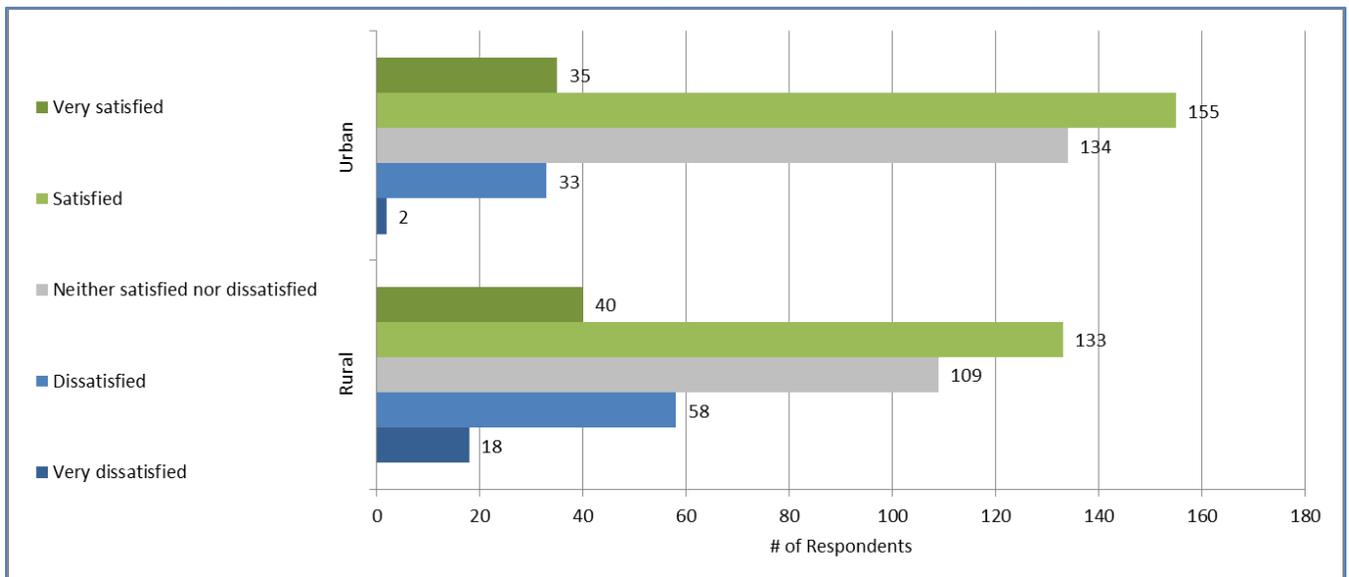
25. Length of outages are reasonable.



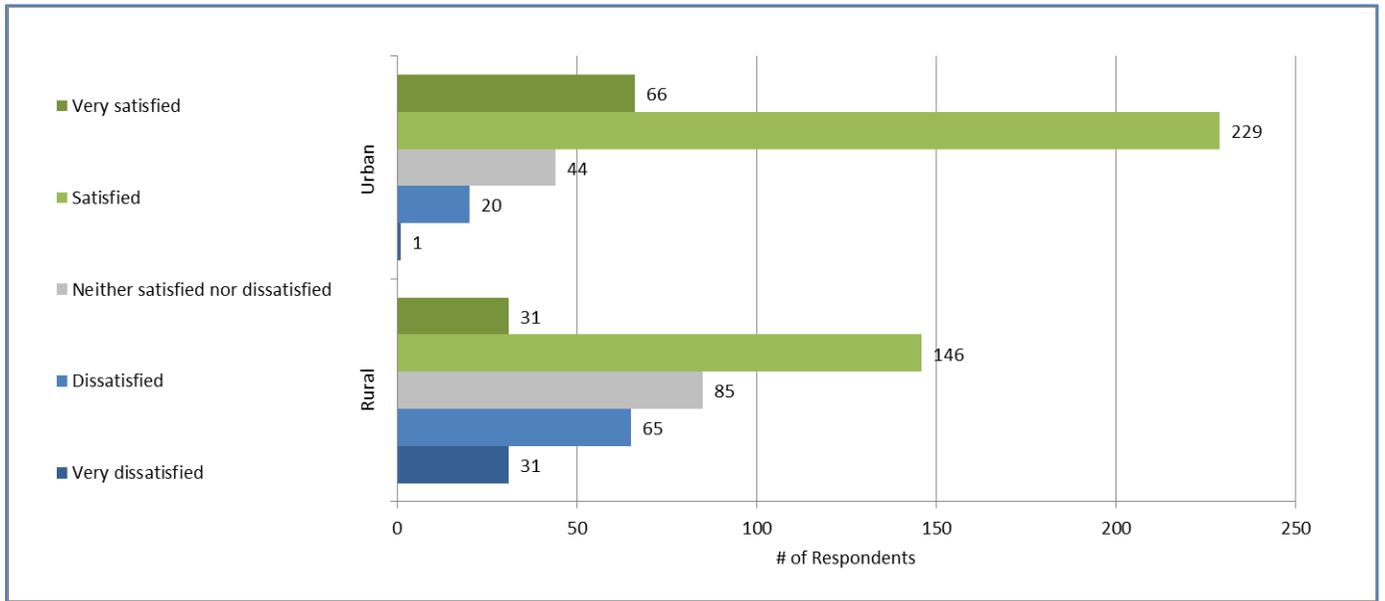
26. Response time to outages is reasonable.



27. Information provided on Nelson Hydro's outage information line is timely and accurate.



28. How would you rate your overall satisfaction with Nelson Hydro's reliability?



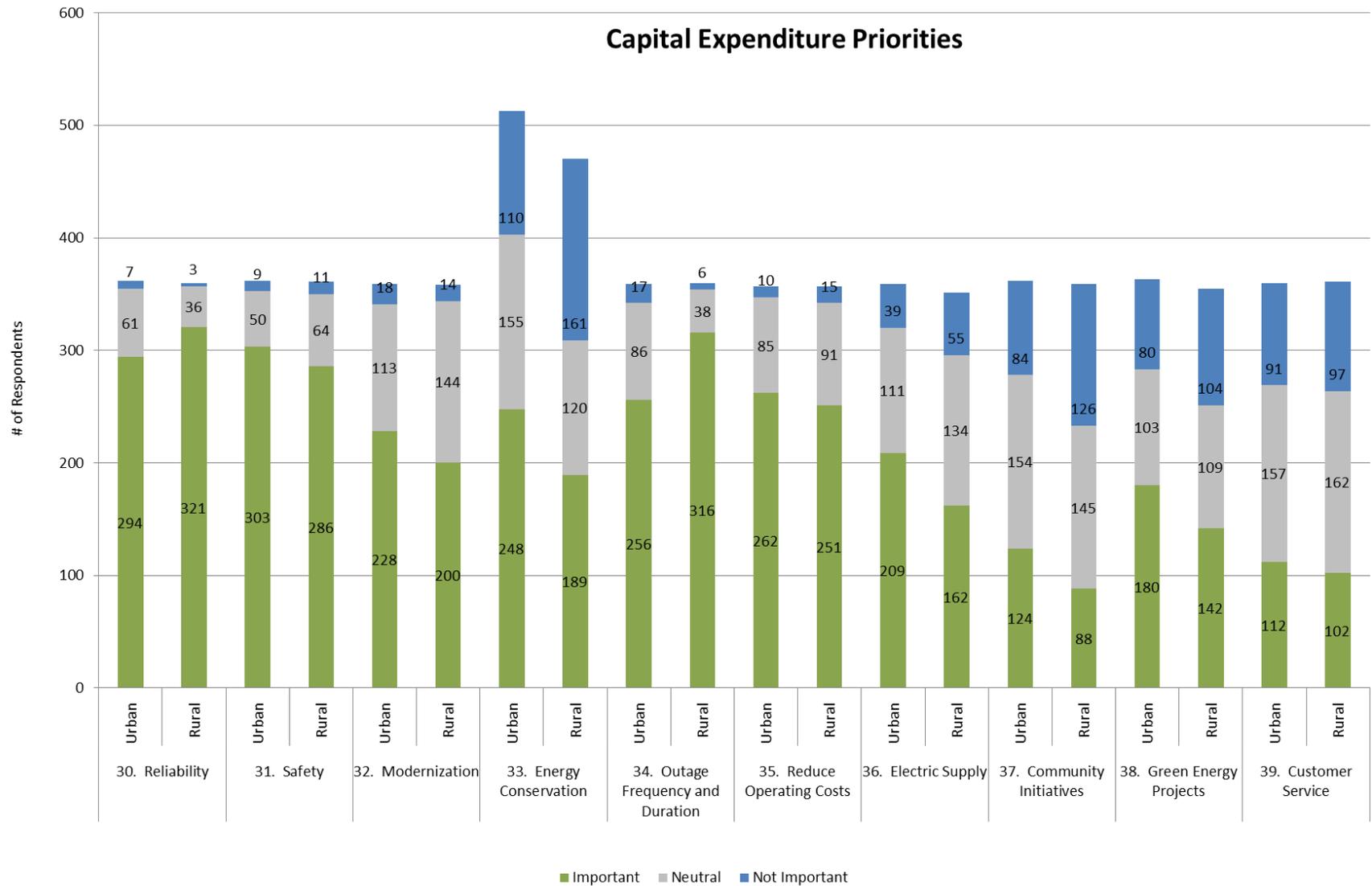
Infrastructure Investment

The City of Nelson through its electrical utility, Nelson Hydro, owns and operates a 16-megawatt hydroelectric generation facility located on the Kootenay River at Bonnington Falls, 16 km southwest of Nelson. It also owns and operates about 20 kilometres of 63-kilovolt transmission line that links the power plant and Nelson Hydro's supply points from FortisBC to its five substation facilities. Of these five substations, three are within the City, one is on the North Shore, and the other is at the Bonnington Falls generation facility. The total depreciated value of the utility is \$38 Million and Nelson Hydro spends approximately \$5 Million on renewing and improving the utility annually.

Here are the aggregate results for Questions 30 to 39 which covered the types of capital investments Nelson Hydro should be making. Please note, survey responses of extremely important and very important were grouped into 'Important', and, responses of not so important and not at all important were grouped into 'Not Important'.



Capital Expenditure Priorities



Legend

Reliability = Expenditures that improve reliability.

Safety = Expenditures that improve safety from wildfires (tree trimming, replacement of porcelain cut-outs, etc.).

Modernization = Expenditures that modernize the utility (upgrade to 25kv, new substations, power plant generator rewind projects, etc.).

Energy Conservation = Expenditures that result in energy conservation (voltage variation project, etc.).

Outage Frequency and Duration = Expenditures that will reduce the frequency and length of outages (tree trimming, danger tree removal, etc.)

Operating Costs = Expenditures that reduce operating costs over time.

Electric Supply = Expenditures that would increase supply and need to rely less on power purchases from FortisBC (small hydro generation, etc.).

Community Initiatives = Expenditures to support community initiatives (Green Home & Energy Show, school programs, community sponsorship, donations, etc.).

Green Energy Projects = Expenditures on new green energy projects (solar garden, district energy, new hydro generation, etc.).

Customer Service = Expenditures that improve customer service (billing, communication, technology, etc.).

