

# utilitiesconsumer advocate

## Annual Report to the Minister 2016-2017

October 16, 2017

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Honourable Stephanie McLean  
Minister of Service Alberta  
423 Legislature Building  
Edmonton, AB T5K 2B6

Dear Minister McLean:

**RE: ANNUAL REPORT FOR 2016-17**

The Office of the Utilities Consumer Advocate (UCA) implemented several enhancements to our education, mediation, and regulatory advocacy activities this year. Recent increases in UCA staff levels reduced the reliance upon contracted expertise and saved money while achieving better results. This change and investment has been achieved within our existing budget.

During fiscal year (FY) 2016-17, the UCA launched a newly re-designed user- and mobile-friendly UCA website and expanded its consumer outreach program with community organizations and at trade shows and conferences around the province. The UCA has also shared its previous market research and lessons learned with the Alberta Climate Change Office in order to assist with the design of Energy Efficiency Alberta's education programs.

The UCA Regulatory Affairs section provided evidence cited in Alberta Utilities Commission (AUC) decisions last FY that resulted in over \$204 million in cost disallowances, which translate into real savings for Alberta's electricity and natural gas consumers. This figure also represents a return on investment of \$52 for every \$1 spent on the UCA's Regulatory Affairs program. The UCA Market Policy and Analysis Team worked with the Department of Energy (DOE) and other stakeholders to understand the many emerging issues related to rapid technological and policy changes occurring in the transition of the electricity sector. The DOE has appreciated our recommendations that reflect consumers' interests and perspectives.

UCA staff also received almost 30,000 calls from Albertans through the 310-4UCA line. Most calls are from consumers looking for advice and information about their utility situation; however, over 4,600 of the total calls included mediation services. The majority of mediation calls dealt with customer service, billing, or disconnection issues. The UCA has analyzed these trends and made recommendations to the AUC and the DOE on ways to ensure greater transparency, accountability, and responsiveness from energy utility providers on problems negatively impacting consumers, particularly with respect to billing and customer service. As well, the UCA also focused significant staff effort into the AUC Winter Utility Reconnection Program to ensure vulnerable Albertans had essential heat and electricity during the 2016-17 winter season.

Following the Agencies, Boards, and Commissions Review by the Government of Alberta, the decision was made to dissolve the UCA Advisory Board in April 2016, and replace it with a panel that better represents the interests of ordinary Albertans. I have received Ministerial Order Number SA:002/2017, issued on September 26, 2017, which establishes the Power and Natural Gas Consumers' Panel and issues its terms of reference. I have begun work on recruitment of the Panel with the Public Agencies Secretariat, so that the Panel can begin meeting in early 2018.

Alberta's residential, small business, and farm consumers of electricity and natural gas still have many concerns with their utilities bills and services. The UCA helps consumers understand their bill and how the charges were determined, resolves disputes with their retailers, and represents their interests to the policy makers and regulators making decisions about rates and service quality in an evolving sector.

I trust you will find this work of value and highly supportive of your consumer protection agenda.

Sincerely,

A handwritten signature in blue ink that reads "C.W. Hunt". The signature is written in a cursive style with a long horizontal stroke at the end.

Chris Hunt  
Advocate

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# 1 Introduction

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The Office of the Utilities Consumer Advocate (UCA) represents the interests of Alberta's electricity and natural gas consumers. The UCA empowers electricity and natural gas consumers in Alberta through its three core functions:

- **Education**  
The UCA provides information and advice to consumers to make informed choices about how to purchase electricity and natural gas based on their individual circumstances.
- **Advocacy**
  - The UCA acts as the voice of consumers in dozens of regulatory proceedings every year to ensure the lowest-possible rates for Alberta utility consumers, consistent with reasonable service.
  - The UCA works closely with other governmental departments and agencies, as well as utility service providers, to ensure that consumer interests are addressed in policies, regulations, and industry practices.
- **Mediation**  
When consumers have exhausted known avenues of issue resolution, the UCA will investigate and attempt to resolve their concerns through mediation with utility companies.

The UCA's mandate is set out in Schedule 13.1 of the *Government Organization Act* as well as in the Utilities Consumer Advocate Regulation 190/2014. The mandate consists of the following core program areas: regulatory, mediation, advocacy services, and consumer education. The UCA also administers the budget of the Transmission Facilities Cost Monitoring Committee, a committee established by the Minister of Energy pursuant to Ministerial Order 64/2010.

## 1.1 Vision

The UCA is the trusted representative of Alberta's residential, farm, and small business energy consumers.

## 1.2 Mission

The UCA ensures residential, farm, and small business consumers have the information, protection, and representation they need in Alberta's electricity and natural gas energy industries.

### **1.3 Mandate**

The UCA is established by the *Government Organization Act*, Schedule 13.1. The Act assigns the following responsibilities to the Office of the UCA:

- (a) to represent the interests of Alberta residential, farm, and small business consumers of electricity and natural gas before proceedings of the Alberta Utilities Commission and other bodies whose decisions may affect the interests of those consumers;
- (b) to disseminate independent and impartial information about the regulatory process relating to electricity and natural gas, including an analysis of the impact of decisions of the Alberta Utilities Commission, other bodies, and the courts relating to electricity and natural gas;
- (c) to inform and educate consumers about electricity and natural gas issues; and
- (d) to carry out such other responsibilities relating to electricity and natural gas as the responsible Minister determines.

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## 2 UCA Educates

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### 2.1 Consumer Education and Awareness Program

During the 2016-17 FY, the UCA's Consumer Education and Awareness (CEA) Section managed the following projects:

- Launch of the redesigned UCA website.
- Development of the UCA component of the Consumer and Registry Services Division Social Media Engagement Program.
- Consumer Outreach program.

The re-design and re-build of the UCA website was and is the foundation of the UCA Consumer Education and Awareness Program. This project was launched in late summer 2015, and it involved re-designing the outdated and difficult user interface that existed for the previous website. The new website is user- and mobile-friendly so consumers can easily use to it answer their questions about their electricity and natural gas utility choices. The re-designed website even includes a cost-comparison tool so that consumers can easily review the products available in their area. The re-built website launched in early June 2016 and has received positive feedback from consumers and other stakeholders. In addition to staff time, the project cost \$453,622 during 2015-16 and the first quarter of 2016 when it was completed. The UCA has also shared its previous market research and CEA lessons learned with the Alberta Climate Change Office in order to assist with the design of Energy Efficiency Alberta's education programs.

### 2.2 Website and Social Media Engagement

The UCA website provides an important objective source of information for consumers about retail choice, their monthly bills, helpful tips and hints, and where to go for help. The site also includes detailed information about the energy markets, and the utility regulatory processes and decisions.

In 2016-17, the website visits almost doubled from last previous FY, increasing annual site visits from 105,221 in FY 2015-16 to 203,104 in FY 2016-17, accounting for 973,185 page views from 118,072 separate visitors. This substantial increase in web traffic can be attributed to the more user- and mobile-friendly website design, and promotion of the website through social media, and the UCA Consumer outreach program.

During FY 2016-17, the UCA hired a Digital Content and Engagement Specialist, who not only updated website content continually, but established and administered the UCA social media accounts on Facebook, LinkedIn, and Instagram. UCA social media posts were also provided to Service Alberta Communications for updates on Service Alberta and Government of Alberta social media accounts.

### **2.3 Consumer Outreach Program**

During FY 2016-17, the UCA hired a Senior Consumer Education and Engagement Specialist to coordinate the Consumer Outreach Program across Alberta and implement it in Northern Alberta. A Consumer Education and Engagement Specialist was also hired to implement the program in Southern Alberta. The team was hired in the latter half of 2016-17, but still presented and/or staffed displays/booths at the following events:

1. Alberta Urban Municipalities Association—Alberta Municipal Services Corporation Tradeshow
2. Northern Alberta Institute of Technology International Students Winter Orientation
3. North Central Teachers' Convention
4. South Western Alberta Teachers' Convention (Lethbridge)
5. Southeast Alberta Energy Diversification Symposium (Medicine Hat)
6. Sunshine Home and Garden Show (Medicine Hat)
7. Red Deer Home and Garden Show
8. Calgary Police Fraud Prevention Event
9. Alberta Association of Municipal Districts and Spring Conference
10. Lethbridge Home and Garden Show
11. Alberta Seniors Communities and Housing Association Conference
12. Alberta College of Social Workers Conference (Calgary)
13. Grande Prairie Woman's Show
14. Greater Edmonton Teachers' Convention

In addition, the Consumer Outreach Team conducted many other one-on-one meetings with stakeholders and attended other events. The direct engagement of consumers enabled the Consumer Outreach team to share feedback that facilitated improvements to the UCA website and social media posts, as well as referrals to the UCA Mediation Team and the identification of regulatory and policy issues to the Regulatory Affairs section.

## 3 UCA Advocates

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### 3.1 Regulatory

The UCA Regulatory Affairs Section reviews all of the hundreds of applications submitted to the AUC each year, and typically intervenes in a few dozen proceedings that could have the most impact on consumers. The UCA advocates for safe, reliable, cost-effective utility service that meets the needs of consumers today and tomorrow. Most of the AUC proceedings where the UCA intervenes address service quality, terms and conditions, or rates for consumers.

The UCA intervened in 55 AUC proceedings during the 2016-17 FY; 33 of those proceedings were concluded and a decision issued by the end of the FY on March 31, 2017. UCA evidence and arguments cited by the AUC in its decisions prevented unjustified expenses from being downloaded to consumers.

Table 1 on the following page summarizes the participation and value of UCA regulatory interventions in AUC proceedings since 2013. These cost disallowances are significant, totalling \$804 million since 2013, and \$204 million during FY 2016-17. Table 1 also demonstrates the strong return on investment consumers have received from the UCA's Regulatory Affairs program during 2016-17; for every \$1 dollar invested, \$52 in cost disallowances were recorded. The UCA has included a performance measure of a rolling three-year average for cost disallowances to adjust for the variance in the number of AUC proceedings and decisions that occur from year to year.

The UCA has reduced costs and increased the efficiency of its Regulatory Affairs program by reducing its reliance on external consultants and conducting more project management and research functions with internal staff. In addition to intervention in regulatory proceedings, the UCA is also ensuring consumers' interests are considered in policy development. Performance measures for the UCA's influence in policy development are being developed for FY 2017–18.

**Table 1: UCA Participation in AUC Regulatory Proceedings, 2013-17**

<b>UCA Participation in AUC Regulatory Proceedings</b>				
	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>
Initiated participation (number of proceedings)	60	44	35	33*
Number of issues contained in those proceedings	612	689	429	471
Intervened in (number of issues)	115	232	127	108
Filed evidence (per cent of issues)	21.2%	18.2%	66.4%	73.7%
Filed Argument on (per cent of issues)	94.6%	96.9%	98.1%	95.83%
The AUC agreed with the UCA on (per cent of issues)	58.7%	59.9%	50%	72.5%
The UCA was the sole intervener on (per cent of issues)	48.3%	35%	47.3%	33.27
UCA Regulatory Affairs Program Costs	\$4.99 million	\$5.02 million	\$4.64 million	\$3.92 million
UCA evidence and argument cited in AUC decisions as cost disallowances (dollar value) **	\$48 million	\$522 million	\$30 million	\$204 million
Cost disallowances per dollar invested in UCA Regulatory Affairs	\$9.62	\$103.98	\$6.47	\$52.04
Rolling three-year average of cost disallowances	N/A	N/A	\$200 million	\$252 million

\* 33 AUC proceedings involving the UCA were concluded during FY 2016-17. The UCA was active in 55 proceedings throughout FY 2016-17.

\*\* The significant variance in annual cost disallowances is largely tied to the value of issues being examined by the AUC in their proceedings and the decisions published in each fiscal year. For example, AUC Decision 2941-D01-2015 Generic Cost of Capital included cost disallowances of \$239.6 million and was published on March 23, 2015. Had it been published nine days later, it would have counted against 2015-16 statistics.

## 4 UCA Mediates

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### 4.1 Mediation

The UCA received 29,774 calls from Albertans through the 310-4UCA (310-4822) line during FY 2016-17. The majority of calls to the UCA are customers looking for advice and information about their utility situation. Mediation Officers provide consumers with a list of retailers and product offers, education about the energy market, and information that will help a customer to make an informed choice about their service. Of the total calls, 4,630 customers were provided with mediation services. This included investigating concerns raised by consumers and attempts to resolve their concerns through mediation with utility companies. The most common reasons for mediation are billing issues; early exit fees; concerns about billing and customer service; and disconnections for non-payment or non-application.

Each year, the UCA participates in the AUC's Winter Utility Reconnection Project. The UCA is supplied with the names and contact information for Albertan consumers whose electricity and/or natural gas services are being disconnected at the beginning of the winter season. Multiple attempts are made to reach those individuals through phone calls and letters in an effort to assist in the reconnection process. This includes providing information and advice, mediating payment arrangements, and connecting consumers with support programs, if required. As part of the AUC Winter Utility Reconnection Program, the UCA helped reconnect 83 disconnected households during the 2016-17 winter season.

## 5 Financial Information

The UCA's financial results (unaudited) for the 2016-17 FY are presented in Table 2.

**Table 2: Financial Report, 2016-17 Fiscal Year Ending March 31, 2017**

STATEMENT OF OPERATIONS <sup>1</sup>			
(thousands of dollars)	2016-17	2016-17	2016-17
Expense	Budget	Actual	Variance
Advocacy Services	1,032	1,022	10
Mediation Services	727	684	43
Regulatory Affairs	5,208	3,918	1,290
Consumer Education & Awareness	1,885	607	1,278
Advisory Board	42	29	13
Transmission Facilities Cost Monitoring Committee <sup>2</sup>	201	135	76
<b>Total Expense</b>	<b>9,095</b>	<b>6,396</b>	<b>2,699</b>

For FY 2016-17, the UCA had an overall budget surplus of \$2,698,771. The majority of the surplus came from two programs:

- The Regulatory Affairs program, which had a surplus of \$1,289,601, was the single largest contributor to the overall variance. Of that, that vast majority was a \$1,288,591 surplus in contract services as savings were seen by increasing internal UCA staff and using them for research and project management services instead of external consultants.
- Consumer Education and Awareness program, with a surplus of \$1,278,176 was the second largest variance. This variance was due to the media promotion of the newly designed UCA website being deferred in order to avoid competing for public attention with higher priority government energy related communications initiatives such as Carbon Levy awareness, and new energy efficiency programs.

Also of note, due to fewer meetings, the Transmission Facilities Cost Monitoring Committee program had a surplus of \$76,000.

<sup>1</sup>The UCA is funded 80 per cent by the Balancing Pool and 20 per cent by Natural Gas Utilities.

<sup>2</sup> The Transmission Facilities Cost Monitoring Committee is funded 100 per cent by the Balancing Pool.