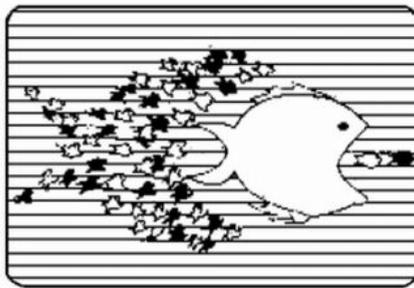


# The British Columbia Public Interest Advocacy Centre

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Our File: 7445

February 12, 2010

## VIA EMAIL

Erica Hamilton  
Commission Secretary  
BC Utilities Commission  
6<sup>th</sup> Floor 900 Howe Street  
Vancouver, BC V6Z 2N3

Dear Mesdames/Sirs:

**Re: BC Hydro  
Southern St'at'imc Communities Electrification Project Application  
Project No. 3698586**

We continue to represent BCOAPO *et al.* in this proceeding. BCOAPO makes the following submissions on the Southern St'at'imc Communities Electrification Project ("SSCEP").

The 2007 Energy Plan, Regulation, and Special Direction No. 10 require BC Hydro to serve anybody within 90 meters of a distribution system. This means that any community prepared to build a distribution system or any First Nations community that has a distribution system in place can get BC Hydro Non-Integrated Area (NIA) service under the RCE program.

BCOAPO supports BC Hydro's project to provide power to the Southern St'at'imc Communities (the "SSC") through an extension from BC Hydro's integrated system. BCOAPO also supports the application of Zone 1 rates to these communities on the basis that the SSC will be connected to the grid and therefore Zone 1 rates should apply.

BCOAPO is supportive of a resolution of historical grievances with the First Nations that make up the St'at'imc communities.

BCOAPO notes that the St'at'imc contribution toward a grid connection is such that the cost to ratepayers of a grid extension versus the cost of providing service using diesel generation is virtually the same.<sup>1</sup> The significant St'at'imc contribution clearly indicates the strong preference for grid service over diesel generation, which is not surprising considering the SSC have lived under a 3L2 Transmission line for years. BCOAPO notes that the St'at'imc contribution is

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<sup>1</sup> Exhibit B-1 Table 3-5, page 3-17

contingent on a settlement being achieved, but for the present application notes that any shortcoming in the St'at'imc contribution will not be borne by ratepayers.<sup>2</sup>

BCOAPO also notes with approval the contribution by INAC which, combined with the St'at'imc contribution reduce the contribution of ratepayers under this CPCN to \$12.1 million of the total \$30.1 million cost.

On the issue of regulatory treatment, BCOPA has reviewed the BCUC IRs 1.2.1 to 1.2.9 and accepts that this project is an extension from an existing facility that was in place prior to 1980. However, we do not agree with the suggestion included in the reply to BCUC 1.2.8, that BC Hydro did not have to file an application for this project since it is an extension from an existing facility and is less than the \$50 million threshold. BCOAPO expects that the RCE program as a whole will be significantly in excess of \$50 million and as a result all the individual projects that are part of RCE program should be filed to provide some transparency. Comments on an abbreviated RCE process are further below.

BCOAPO recognizes that filing under Section 44(2) of the *Utilities Commission Act* (the "Act") provides intervenors and the Commission with an opportunity to gain a better understanding of the project. However a Section 44(2) filing removes a significant benefit of the hearing process since it precludes intervenors and the Commission from being able to make meaningful contributions that could help in implementation of RCE projects. The Commission can only accept or reject expenditure schedule filings under Section 44.2(1). It cannot impose any changes to the project that forms the basis for the expenditure schedule being considered under Section 44.2(1) of the *Act*.

BCOAPO notes that although filing for CPCN under Section 45 of the *Act* was not necessary in this case, there was nothing preventing BC Hydro from doing so. Based on the discussion at the December 14, 2009 workshop, BCOAPO understood the primary reason for a Section 44(2) filing was construction timing concerns. However, the response to BCUC 1.2.8 suggests that timing was not a determining factor in deciding on filing under Section 44(2) and it seems that the project could have been filed under Section 45. A Section 45 application allows for more meaningful input from intervenors and the Commission since the Commission can impose changes to a project application made under Section 45 of the *Act*.

BCOAPO believes that the avoided costs associated with diesel service that is attributed to ratepayers in the calculations presented in Appendix J2 are likely on the high side. Attributing a higher avoided cost to ratepayers means that the community contribution to achieve a grid connection can be reduced. The assumptions include an initial 2% increasing to a 3% growth rate for individual residential accounts which seems high, given that the starting consumption level for the individual residential accounts are well above the BC Hydro average. Furthermore, the assumptions do not appear to include any consideration concerning the cost-effective implementation of DSM.

It is quite certain that if BC Hydro were to provide diesel service to these communities, an aggressive DSM roll out would be adopted. BCOAPO requests that if a grid connection requiring a community contribution is being considered for other RCE communities, a more detailed forecast of future growth including the impact of DSM be part of the application. In general, BCOAPO supports aggressive DSM for RCE projects.

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<sup>2</sup> BCUC 1.9.1

Consistent with our submission in the Toad River RCE, BCOAPO supports an abbreviated regulatory process for RCE projects that strikes a balance between regulatory efficiency and project transparency and scrutiny. In the Toad River submission, we suggested a carefully constructed formula or checklist whereby projects which passed a certain threshold would get approval with little or no further process required. Projects that do not meet the threshold could be bundled to increase regulatory efficiency.

A formula should include, among other things:

- An evaluation of project alternatives including relative cost, GHG impact and other environmental considerations, and socio-economic impacts;
- evidence of appropriate and timely First Nations consultation;
- aggressive DSM measures appropriate to community needs; and
- an updated cumulative rate impact of potential RCE programs.

BCOAPO recommends that commission Staff work with BC Hydro and ratepayer groups to fine tune the RCE formula.

All of which is respectfully submitted.

Sincerely,

**BC PUBLIC INTEREST ADVOCACY CENTRE**

*Original in file signed by:*

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Eugene Kung  
Barrister & Solicitor