

C17-10

DAA

BRITISH COLUMBIA UTILITIES COMMISSION

**IN THE MATTER OF THE UTILITIES COMMISSION ACT,
R.S.B.C. 1996, Chapter 473**

and

**An Application by British Columbia Hydro and Power Authority
For Review of the F2009 and F2010 Revenue
Requirements Application**

Vancouver, B.C.
October 6, 2008

PROCEEDING AT HEARING

BEFORE:

L. A. O'Hara,	Chairperson
B. Milbourne,	Commissioner
A. Rhodes,	Commissioner

VOLUME 3

1 one might say is already well under way in certain
2 resource industries. I think that latter part is
3 probably indisputable. What kind of implications
4 would that have for B.C. Hydro's priorities?

5 MR. ELTON: A: There's a short-term priority, which is
6 to make sure that we're not exposed to financial
7 institutions that might be in trouble. We've already
8 been working on that actively, both with B.C. Hydro
9 and with Powerex, and so that's obviously number one,
10 to make sure there isn't a -- that we don't suffer
11 financial losses. And I believe that we're reasonably
12 comfortable, although it would depend on how deep the
13 financial crisis goes in terms of banks and so on.

14 The second thing is, obviously, to look at
15 what difference it will make to our load growth and
16 therefore to our investment -- you know, our
17 acquisition plan over the next few years. And I think
18 you'll be hearing -- you know, you will have an
19 opportunity to cross-examine on that in a little
20 while.

21 Strategically, when you look at the last 40
22 years of our load growth, there almost always is load
23 growth. In other words, there have been significant
24 ups and downs in this province in the last 40 years.
25 The difference it makes to electricity consumption is
26 not as much as you think, either up or down. In other

1 words, load tends to grow fairly steadily. So we have
2 to be careful, I think, not to over-react to -- you
3 know, what is happening in the newspapers every day
4 versus what will happen in what is sometimes called
5 the "real economy". You're right about what you just
6 said about some of the resource industries. Some of
7 them have already suffered a great deal. And yet, you
8 know, we still are experiencing -- have been
9 experiencing load growth in other areas.

10 MR. QUAIL: Q: But the impact of that particular sector
11 on load growth is one of the primary reasons why we've
12 got this predicament now that is apparent in the July
13 2nd update. Isn't that right?

14 MR. ELTON: A: Oh, that particular sector is very
15 significant. But, for example, you know, one of the
16 unanswered questions at the moment is, how much fuel
17 switching will there be in the next five to ten years
18 from natural gas to electricity? And I think one of
19 the opening statements referred to that. Another open
20 question is, will there be fuel switching away from --
21 or towards more electric cars or plug-in electric
22 vehicles? We haven't reflected any of that, or much
23 of that, in our current forecasts. But even with an
24 economic recession, that kind of fuel switching could
25 make a significant difference.

26 So I think the economic recession is one of

1 the variables we have to consider. It could be a very
2 important -- I'm sorry, the financial crisis is one of
3 the variables. It could lead to a recession. Let's
4 say there is a recession that leads to a downturn in
5 traditional industry. What other uses of electricity
6 will there be? Today, several people in this room
7 probably have very large television sets, whereas 20
8 years ago they probably wouldn't have dreamed of
9 having large television sets. In 10 - 20 years time,
10 what else will we be using in our homes?

11 So, again, we will -- with the effect on
12 load growth, what we have to do is simply keep -- do
13 what we do, which is to look at all the possibilities
14 affecting growth, use high, medium and low forecasts,
15 and re-check them every year.

16 The other area where I think the economic
17 crisis could make a difference, we've already referred
18 to this, is it could dampen construction activity.
19 Not necessarily in British Columbia, but elsewhere.
20 That could help us in terms of costs, and in terms of
21 labour availability.

22 MR. QUAIL: Q: I don't want to pursue this particular
23 point too far, but you'd agree with me that you could
24 power an awful lot of widescreen TVs with the
25 electricity consumed by a paper mill.

26 MR. ELTON: A: Very true.

1 MR. QUAIL: Q: I also won't get into -- remember old TV
2 sets that had those little glowing diode and triode
3 tubes in them, and leaking heat all over the place --
4 I won't get into that either, about the efficiency of
5 appliances.

6 MR. ELTON: A: But I also remember them.

7 MR. QUAIL: Q: Yeah, I do too. That probably dates us.
8 Right?

9 **Proceeding Time 2:59 p.m. T56**

10 MR. ELTON: A: It does. But again, it's interesting.
11 If you just look at the results of all that, which is
12 a graph of load growth over a 40 or 50-year period,
13 frankly when I came into this industry I was very
14 surprised by how regular it was. I was very surprised
15 by how it didn't seem to go up and down in a way you'd
16 expect, given the kind of province that we live in.

17 MR. QUAIL: Q: I think with respect to all the other
18 territory I wanted to cover, I'm happy to rely on the
19 transcript that was developed between yourself and Mr.
20 Wallace.

21 Thank you very much.

22 THE CHAIRPERSON: Thank you, Mr. Quail.

23 Now, good timing, seems like it's an
24 opportunity for our 15-minute break.

25 **(PROCEEDINGS ADJOURNED AT 2:58 P.M.)**

26 **(PROCEEDINGS RESUMED AT 3:14 P.M.) T58**