

VIA COMMISSION E-FILING

December 22, 2016

British Columbia Utilities Commission
6th Floor - 900 Howe Street
Vancouver, BC V6Z 2V3

Attention: Ms. Laurel Ross, Acting Commission Secretary

Dear Ms. Ross:

**Re: BC Hydro F2017-F2019 Revenue Requirements Application (Project # 3698869)
Zone II Ratepayers Group ("ZonellRPG")
Interveners Submissions**

In response to the Commission's letter dated December 2, 2016 (Exhibit A-13) requesting written submissions on "...whether some or all of the issues should be heard by way of an oral hearing, including sufficient specific detail on the focus and scope of any oral component."¹ In developing ZonellRPG's submission, we have also reviewed the submissions of Mr. Landale (Exhibit C15-8) and BCSEA (Exhibit C1-4).

ZonellRPG has the following comments on the BC Hydro F2017-F2019 Revenue Requirements Application ("RRA") process:

1. ZonellRPG's preference is for an oral versus written hearing as we agree with AMPC that "we get better adverse admissions from witnesses under cross-examination than we do from IR responses that have been polished by counsel."² We have reviewed the responses to IR1 and found the responses lacking in disclosure, clarity and information and responses to

¹ Transcript Vol. 7, p. 395

² Transcript Vol. 6, p. 292

IR2 have not yet been received from BC Hydro. Preparation of the second round of IRs without responses by BC Hydro does not assist in limiting the issues.

2. BC Hydro filed the SMI report which was to be filed in November yesterday following the deadline for IR2 and the impact of SMI implementation on future costs has not been explored.
3. ZoneIIIRPG also agrees with Mr. Landale's comment that "...in an Oral Q&A, the process of focussed cross-examination will divulge evidence not necessarily apparent from the Written Q&A gathered from 2 rounds of information requests."³
4. ZoneIIIRPG shares Mr. Landale's concern that "after two rounds of information requests, interveners no longer have access to question, and to seek answers of the applicant."⁴
5. ZoneIIIRPG prepared the 2 rounds of IRs based on the assumption that there would be an oral hearing. The approach to IRs is very different if evidence is limited to a written proceeding and important and difficult issues cannot be fully explored. The response of the Applicant is also very different and the ability to adequately pursue issues is lost.
6. ZoneIIIRPG believes that it is premature to take a position on issues for an oral hearing and issues for a written process before BC Hydro responds to the second round of IRs on January 23, 2017. Until then it will not be known if BC Hydro responds fully and completely on issues ZoneIIIRPG and other interveners raise or seek to clarify in IR2.
7. Intervenors, including ZONEIIIRPG may be filing evidence and that evidence is dependent upon responses received to IR2.
8. ZoneIIIRPG believes that an oral hearing is necessary in the following areas, as they could not be adequately dealt with in a written process, depending upon BC Hydro's responses to ZoneIIIRPG's IR2:
 - ZoneIIIRPG is considering filing intervener evidence, which may include but is not limited to community information, electricity demand, generation options and costs, Zone II Remote Community Electrification (RCE) NIA specific matters, access to BC Hydro services, DSM needs and program access and other First Nations interests. Witnesses will be made available for cross-examination during the oral phase of the proceedings consistent with BCSEA's comments.⁵
 - ZoneIIIRPG is seeking further clarification on BC Hydro's DSM programs in the NIA communities including a series of pilots without resolving barriers and extending the programs within the community or to other communities.

³ Exhibit C15-8, p. 2

⁴ Ibid

⁵ Exhibit C1-4, p. 1

- ZonellIRPG is seeking further clarification on BC Hydro's forecasting process and supply planning as there are concerns about BC Hydro's inability to serve load in NIA communities which has adverse economic and social impacts, including a lack of housing.
 - ZonellIRPG is seeking further clarification on costs and funding for RCE communities that will impact Module 2 of the Rate Design Application.
 - Based on Hydro-Quebec's Electricity Price Comparison Report for the Residential Customer Class, for electricity users above 1,500 - 2,000 kWh, BC Hydro's rates are the highest of all the utilities listed. NIA communities have high electrical consumption due to extremely cold climate, no access to natural gas, low-income and few alternatives to reduce electrical consumption further hampered by DSM program restrictions.
 - Concerns remain with BC Hydro services and access to BC Hydro services in NIA and remote communities.
9. ZonellIRPG believes that some aspects of the application may be addressed through a written process in the following areas; particularly due to the current rate caps in effect:
- Site C;
 - Expenditures, including deferral accounts;
 - SMI impact on future costs although the November 2016 report has only just been released yesterday by BC Hydro and a round of IRs is required following the filing of the report.
10. An oral hearing assists in elevating and clarifying issues with the Applicant even if the Commission has limited jurisdiction on some matters.
11. An oral hearing ensures that adequate evidence exists for argument and that interveners are not unduly prejudiced. While it may be expedient to dispatch the RRA through a written process, it is not necessarily appropriate to do so.

Sincerely,



Linda Dong
Representing Zone II Ratepayers Group