

December 22, 2016

BY ELECTRONIC MAIL

Laurel Ross
Acting Commission Secretary
B.C. Utilities Commission
Sixth Floor, 900 Howe Street
Vancouver, B.C.

Dear Ms. Ross:

**RE: British Columbia Utilities Commission (“BCUC”)
BC Hydro (“BCH”) F 2017 to F2019 Revenue Requirements Application (“RRA Application”)
Exhibit A-13, BCUC Request for Comments on Oral Hearing
Clean Energy Association of B.C. (“CEABC”) Response**

In Exhibit A-13, the Commission Panel asked for submissions as to: “...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... and to clearly identify what specific elements or issues require oral evidence and why those elements or issues could not have been dealt with through the written process.”

In CEBC’s experience, an oral hearing can assist the Commission’s review when the matters raised in the application are so voluminous and complex that it is not possible to probe and fully understand them through a written process. An exclusively written process is not effective when participants struggle to precisely frame their questions to efficiently probe the most pertinent areas. “They don’t know what they don’t know.”

By contrast, the more typical process combines several rounds of Information Requests followed by oral questioning, which allows each participant to zero in on the information that will be most pertinent and also available through a logical progression of oral questions. At the final point of oral questioning, if a witness cannot respond in sufficient detail to a question, the pertinent information can be provided via undertakings.

By direction of BC Hydro’s sole shareholder, the amount of the rate increases has been fixed by the Ten Year Rates Plan and that is clearly understood. There are also other matters that the shareholder has placed beyond the scope of the Commission’s review and they are also clearly understood.

CEBC wishes to point out that, in its letter to the Commission dated February 26, 2016 requesting rate increases on an interim basis, with a delay in filing the complete application to the summer of 2016 due to the need to update its forecasts, BCH states:

“Over the past several years BC Hydro has continued to rebuild and rehabilitate our aging assets, while taking aggressive measures to reduce operating costs and reallocating existing resources to new priorities. We are a more efficient organization. We also have an ambitious capital plan to deliver on and have reorganized to consolidate our project delivery expertise in order to deliver our capital projects. All of these matters will be discussed in the F2017 to F2019 Revenue Requirements Application.”

The areas that the CEABC believes that should be the subject of an oral hearing and that are within the context of the above statement by BCH are set out below. This statement is not the sole indicator of whether an area should be the subject of an oral hearing but the onus of proving the need for an oral hearing appears to have shifted to the interveners, which is a highly unusual circumstance.

As continually noted by the CEABC, regulatory oversight of monopolies and monopsonies is a substitute for the rigours of competitive market forces. Carrying out due diligence is an essential part of this oversight. It is not carried out exclusively by the regulator as interveners also carry out due diligence in order to provide most of the content for the final submission they make to the regulators. In most cases these interveners cannot afford to hire their own expert witnesses to provide contrasting information, but where this is possible, it is highly valued.

Due diligence can be most effective when it is both written and oral in the form of cross examination. Cross examination in regulatory proceedings is not only about the credibility of the witnesses. It is more often about zeroing in on precisely the information that is most needed to make critical judgments. As such, it is about the in-depth investigation of very complex business and technical matters. It is much easier and more efficient to be able to zero in, through a series of oral questions given in a very short period of time, on the information that will be the most pertinent and also will be available from the applicant. Written due diligence is necessary but is not a replacement for oral due diligence in the form of cross examination.

At this point in this regulatory proceeding, it is too early to know exactly which areas will need further detailed probing. The responses to the 2nd round of Information Request have not been received. Upon receipt and review, intervenors will be able to narrow the scope and focus of further probing. There is also the matter of not knowing what the intervenor evidence will be.

At the present point in the process, the CEABC can only identify the following general areas that may potentially require further probing through cross-examination:

1. The details of the updated Load Forecast;
2. The Capital Expenditures for Growth, Redevelopment, Dam Safety and Sustaining;
3. The Capital Allocation Process itself;
4. How the Application addresses the goals of the Clean Energy Act, of B.C.’s Energy Objectives, and B.C.’s Climate Action Objectives;
5. The role of Deferral and Regulatory Accounts, including the Rate Smoothing Account, in mitigating and exacerbating present and future electricity rate increases;
6. The reshaping of Demand Side Management programs and their impact on rates; and

7. The role that BC Hydro's electrification initiatives can play in addressing both the rising electricity rates and achievement of B.C.'s Climate Action Objectives.

It is hoped that the responses to the 2nd round of Information Requests will further narrow and focus the issues in the above list, but this remains to be seen.

The CEABC is in favour of an oral hearing with respect to the matters that require it.

All of which is respectfully submitted.

Yours truly,

David Austin on behalf of Clean Energy Association of B.C.

Per:



David Austin

DAA/lmd

Encl.