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VIA E-FILE

March 10, 2017

Matthew D. Keen
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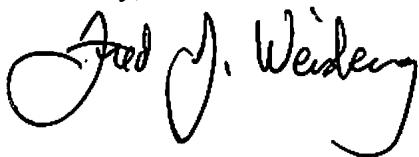
Dear Mr. Keen:

**RE: British Columbia Hydro and Power Authority
Project No. 3698869
F2017-F2019 Revenue Requirements Application
Non-Integrated Areas Ratepayers Group (“NIARG”)
Information Request No. 1 to Association of Major Power Customers of BC
 (“AMPC”)**

In accordance with the Regulatory Timetable established by British Columbia Utilities Commission Order G-20-17 (Exhibit A-22), we enclose Information Request No. 1 to AMPC on behalf of NIARG.

If further information or clarification is required, please contact the writer.

Yours truly,



Fred J. Weisberg
Barrister & Solicitor
Weisberg Law Corporation
Counsel to the Non-Integrated Areas Ratepayers Group

**NON-INTEGRATED AREAS RATEPAYERS GROUP
INFORMATION REQUEST NO. 1 TO ASSOCIATION OF MAJOR POWER CUSTOMERS OF BC**

March 10, 2017

BC HYDRO F2017-F2019 Revenue Requirements Application

1.0 Topic: AMPC's Concerns About Increasing Electricity Rates

Reference: **Exhibit C-9-7, PDF 5.**

Preamble: “EITEs cannot pass the impact of these rate increases to their customers in a global marketplace. The rapid rate escalation also makes it challenging for industrial customers to sufficiently adapt their businesses to absorb these impacts.”

1.1 Would the challenges to sufficiently adapt their businesses to absorb electricity rate impacts be avoided, decreased or deferred for AMPC members by a less rapid rate escalation? Please provide examples of the nature of business adaptions made AMPC members in this context.

1.2 Are there particular annual percentage increases in electricity rates that make AMPC members' abilities to adapt to and absorb rate increases more or less challenging? Please discuss with reference to specific annual percentage rate increases and the corresponding business adaptations that may be required.

1.3 Please discuss the extent to which AMPC members' abilities to adapt to and absorb electricity rate increases are constrained or prevented by the “stepwise nature of industrial customers' electricity demand”?

2.0 Topic: AMPC Concern With BC Hydro's Load Forecast

Reference: **Exhibit C-9-7, PDF 7.**

Preamble: “AMPC is also concerned with the accuracy of the growth assumptions for the natural gas and LNG sector and the associated “knock-on” GDP effect built into BC Hydro’s LNG load forecast.”

2.1 Does AMPC membership include any oil, natural gas or LNG companies? If not, please discuss the source of AMPC's knowledge of circumstances underlying growth assumptions for the oil, natural gas and LNG sectors in BC.

2.2 Is AMPC better suited or positioned than BC Hydro to develop growth assumptions for the oil, natural gas and LNG sectors in BC? If so, please explain the basis for that assertion.

2.3 Please identify specific BC Hydro growth assumptions for natural gas and LNG in BC that AMPC believes require adjustment, and explain the nature of such adjustments and the corresponding rationale.

3.0 Topic: "Stepwise Nature of Industrial Customers' Electricity Demand"

Reference: **Exhibit C-9-7, PDF 10.**

Preamble: "These effects are difficult to forecast generally, especially using BC Hydro's current approach. To mitigate against unexpected changes in demand, AMPC recommends that both BC Hydro and the Commission have regard not just to relative rate increases within BC, but electricity prices and rate options available to industry in other jurisdictions, and the competitive pressures they face."

3.1 In what specific ways should BC Hydro change its current approach to forecasting industrial customers' electricity demand? Please explain how such changes would overcome or reduce current difficulty to forecast industrial demand.

3.2 To what extent does AMPC believe that BC Hydro and the Commission should inquire into and actively consider electricity prices, rate options and competitive pressures applicable to industry in other jurisdictions?

3.3 At what level of specificity should BC Hydro and the Commission's inquiries or consideration reflect industry circumstances in other jurisdictions (i.e. continental, national, province/state, regional/local, etc.)? Please list all jurisdictions that BC Hydro and the Commission should have regard to in this context.

3.4 Please list each different industry that BC Hydro and the Commission should have regard to in jurisdictions other than BC.

3.5 Should BC Hydro and the Commission have regard to every government policy or program (e.g. reasonably comparable to BC Hydro's \$100 million Thermal-mechanical Pulping Program and Mining Customer Payment Plan program) in every other jurisdiction (identified in 3.3 above) for every industry (identified in 3.4 above)? Please explain AMPC's rationale.

3.6 Please discuss the practicality and potential cost implications of both BC Hydro and the Commission having regard to electricity prices, rate options and industry-specific competitive pressures in other jurisdictions in the detail suggested by AMPC's Responses to the preceding information requests.

3.7 To the extent that BC Hydro and the Commission are willing and able to have regard to circumstances facing industrial electricity customers in other jurisdictions, how would such knowledge help “mitigate against unexpected changes in demand” by industrial customers in BC? Please suggest specific mitigation measures that would be informed by circumstances in other jurisdictions and identify who would be likely to bear the costs and risks of those measures in BC.

4.0 Topic: “New Rate Options That Can Respond to the Unique Flexibilities and Pricing Needs of Industrial Customers”

Reference: **Exhibit C-9-7, PDF 13.**

Preamble: “The rate increases facing price-sensitive EITE industries demand that the Commission carefully consider creative options as they arise.”

4.1 To what extent should BC Hydro and the Commission expect AMPC to be creative in developing or suggesting rate options that would encourage growth or maintenance of industrial demand and discourage industrial demand destruction? For example, does AMPC support a concept of rewarding industrial customers who maintain “their presence and support of the economy in BC” by shifting a proportion of their electricity costs to those industrial customers who carry out “lumpy exits [of] large loads”? Please discuss.

5.0 Topic: Steps Recommended by AMPC

Reference: **Exhibit C-9-7, PDF 14.**

Preamble: “Price moderation will also require the development of rate options that can address the erosion of competitive rate levels, and more frequent rate design corrections to revenue/cost ratios.”

5.1 What specific frequency of rate design corrections to revenue/cost ratios does AMPC suggest? Please provide the rationale for the proposed frequency.

5.2 When should the next rate design correction to revenue/cost ratios take place and how long after that date should further rate design corrections to revenue/cost ratios be made?