

BRITISH COLUMBIA UTILITIES COMMISSION
IN THE MATTER OF THE UTILITIES COMMISSION ACT
R.S.B.C. 1996, CHAPTER 473

And

Re: British Columbia Hydro and Power Authority
Project No. 3698640/Order G-132-11

Certificate of Public Convenience and Necessity
Application for the Dawson Creek/Chetwynd Area
Transmission Project

Vancouver, B.C.
November 4, 2011

PROCEDURAL CONFERENCE

BEFORE:

L.A. O'Hara, Panel Chair / Commissioner

C.A. Brown, Commissioner

D. Morton, Commissioner

VOLUME 1

APPEARANCES

P. MILLER	Commission Counsel
C.W. SANDERSON, Q.C. A. HEFFORD	BC Hydro & Power Authority
C. WEAVER	Commercial Energy Consumers Association of British Columbia
M. KEEN	Association Of Major Power Customers
J. QUAIL	Cope Union Local 378
A. RANA	West Moberly First Nations
L. WORTH E. KUNG	Consumers' Association B.C. Branch, B.C. Old Age Pensioners' Organization, Counsel Of Senior Citizens' Organizations, Federated Anti- Poverty Groups Of B.C., West End Seniors' Network
W. J. ANDREWS	BC Sustainable Energy Association and The Sierra Club of British Columbia
D. AUSTIN	Clean Energy Association Of British Columbia
V. RUSKIN	V.W. Ruskin Associates

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CAARS

VANCOUVER, B.C.

November 4, 2010

(PROCEEDINGS COMMENCED AT 9:00 A.M.)

THE CHAIRPERSON: Please be seated. Good morning, ladies and gentlemen. My name is Liisa O'Hara. With me are Commissioners Carol Brown and David Morton.

Welcome to this morning's proceeding to consider the further regulatory process for the review of B.C. Hydro's application for the CPCN for the Dawson Creek/Chetwynd area transmission project filed on July 11, 2011. As you all know, this project consists of a new Sundance substation, expansion of the Baymount and Terminal, and Dawson Creek substation, as well as construction of 72 kilometres of double circuit, 230 kV transmission line on the new or expanded right of way. The project is expected to cost some 219 million and to go into service in October 2013 or in two years' time. The P-90 amount for the project is \$255 million.

B.C. Hydro has also applied for a revision to its electric DCAT tariff to require that distribution voltage customers requesting new service in excess of 10 megawatts provide security for the cost of these transmission system reinforcements. B.C. Hydro requires this certificate of public

1 convenience and necessity from the Commission to
2 construct and operate this project.

3 By Order G-132-11, the Commission
4 established an initial regulatory timetable including
5 a B.C. Hydro hosted workshop which took place on July
6 2011, and procedural conference which is the occasion
7 of this morning.

8 **Proceeding Time 9:03 a.m. T02**

9 B.C. Hydro published a notice of
10 application and procedural conference in seven
11 different news publications in early August. Ten
12 parties have registered as interveners. In addition,
13 the Commission has received three registrations from
14 interested parties.

15 By Order G-160-11 the Commission
16 rescheduled the procedural conference from September
17 27, 2011 to this morning, as it clearly became evident
18 that the session would be more meaningful after the
19 completion of the IR process.

20 The Commission Panel also established
21 November 2nd, 2011 as the date for intervener
22 statements of intent to file evidence. And the
23 November 2nd was just this week, Wednesday. The
24 Commission has received statements of intent from the
25 Commercial Energy Association of British Columbia and
26 the West Moberly First Nations. Furthermore, the

1 Association of Major Power Customers of British
2 Columbia stated that it currently expects to introduce
3 intervener evidence in this matter.

4 Now it is my pleasure to acknowledge and
5 introduce key individuals who will play an important
6 role in the review process of this application. Roy
7 Bishop is the senior electrical engineer as lead
8 staff, and he is assisted with a number of
9 professionals who are in the room today. Commission
10 Counsel for this proceeding is Mr. Paul Miller from
11 Boughton Law Corporation, and our hearing officer is
12 Mr. Hal Bemister.

13 On October 26th, 2011 the Commission
14 circulated a letter. This was Exhibit A-16 requesting
15 the participants to address a number of issues. One
16 of them may no longer be relevant. And this is because
17 on October 28, 2011, the CEC withdrew its application
18 for interim PACA funding to study alternatives due to
19 timing and resource constraints as well as due to
20 learnings from its meetings with B.C. Hydro.

21 And that was Exhibit C2-6.

22 **Proceeding Time 9:05 a.m. T02**

23 To summarize, we are here this morning to
24 address all procedural matters, which include but are
25 not limited to the following:

26 (1) identification of significant issues;

1 (2) scope of the Commission's review of various
2 sections of the application;
3 (3) intervener evidence to be filed;
4 (4) whether the reviews proceed by oral or written
5 public hearings or some other process;
6 (5) steps, timetable and location associated with the
7 regulatory review process; and finally
8 (6) other matters that will assist the Commission to
9 efficiently review the CPCN application.

10 The fundamental driver behind all these
11 issues is the question: Does the record contain
12 sufficient evidence to enable this Commission Panel to
13 rule on this CPCN application? Therefore the Panel
14 would appreciate your views on this matter as well.

15 Following this pre-hearing conference the
16 Commission Panel expects to issue an order
17 establishing the regulatory timetable for the balance
18 of the review process.

19 **Proceeding Time 9:07 a.m. T04**

20 I'm now going to ask Mr. Miller to call for
21 appearances. At the same time you are entering your
22 appearance, should you have any additional issues that
23 you wish to add to the agenda for consideration this
24 morning, please identify those as well. As usual the
25 Panel will hear from the applicant first, followed by
26 submissions by the interveners and a reply submission

1 from the applicant.

2 Furthermore -- I'm hoping this will work.
3 The Panel would like the topics to be addressed in two
4 rounds. The first round will deal with the
5 identification of significant issues, the scope of the
6 Commission's review, the intervener evidence, and
7 completeness of the evidence on the record.

8 The second round will then deal with the
9 more particular process matters, whether we will have
10 oral or written process, and all the scheduling
11 matters.

12 Before Mr. Miller takes over, I wish to
13 remind you again that this is a procedural conference.
14 This is not the proceeding to hear argument for or
15 against the project. Accordingly please make your
16 submissions in that context.

17 Mr. Miller, please proceed.

18 MR. MILLER: Thank you, Madam Chair. The first party is
19 the applicant, B.C. Hydro and Power Authority.

20 MR. SANDERSON: Thank you, Mr. Miller. Good morning.
21 Chris W. Sanderson appearing for B.C. Hydro and Power
22 Authority. With me through the hearing will be Mr.
23 Alf Hefford.

24 THE CHAIRPERSON: Thank you, Mr. Sanderson.

25 MR. MILLER: Commercial Energy Consumers Association?

26 MR. WEAVER: Good morning, Madam Chair, members of the

1 Commission. Chris Weafer appearing for the Commercial
2 Energy Consumers Association of British Columbia and
3 I've nothing to add to the agenda. Thank you.

4 THE CHAIRPERSON: Thanks. Thanks, Mr. Weafer.

5 MR. MILLER: Association of Major Power Customers.

6 MR. KEEN: Good morning, Madam Chair and Commissioners.
7 My name is Keen, first name, Matthew, appearing on
8 behalf of the Association of Major Consumers, our
9 customers of British Columbia. We have nothing else
10 to add to the agenda today.

11 THE CHAIRPERSON: Perhaps you can still spell your family
12 name for the record, please, Mr. Keen.

13 MR. KEEN: Certainly. It's K-E-E-N.

14 THE CHAIRPERSON: K-E-N, thank you.

15 MR. KEEN: Sorry, two Es.

16 THE CHAIRPERSON: Thank you.

17 MR. KEEN: Thank you.

18 MR. MILLER: Cope Union Local 378?

19 MR. QUAIL: Good morning, Madam Chairman, and
20 Commissioners. Jim Quail. This is my inaugural
21 appearance wearing my new hat. Jim Quail, appearing.
22 Jim, that's spelled J-I-M, on behalf of Cope 378. I
23 have nothing to add to the agenda.

24 THE CHAIRPERSON: Thank you, Mr. Quail. I just have to
25 remember not to get confused with which hat you have
26 on.

1 MR. MILLER: The West Moberly First Nation.

2 MS. RANA: Good morning, Madam Chair, Commissioners. My
3 name is Alisun Rana, R-A-N-A, representing West
4 Moberly First Nations.

5 One matter I'd like to raise for the agenda
6 is the scheduling of the stay application for the
7 hearing procedure.

8 THE CHAIRPERSON: I'm sorry. Can you repeat that?

9 MS. RANA: The scheduling of a stay application.

10 THE CHAIRPERSON: Thank you.

11 MS. RANA: Thank you.

12 THE CHAIRPERSON: Thank you very much, Ms. Rana.

13 MR. MILLER: B.C. Old Pensioners Organization et al.

14 MS. WORTH: Good morning, Madam Chair, members of the
15 panel. Leigha Worth, W-O-R-T-H, here with my co-
16 counsel Eugene Kung, on behalf of BCOAPO. We have
17 nothing to add to the agenda this morning. Thank you.

18 THE CHAIRPERSON: Thank you, Ms. Worth.

19 MR. MILLER: B.C. Sustainable Energy Association and the
20 Sierra Club.

21 MR. ANDREWS: William J. Andrews appearing for the B.C.
22 Sustainable Energy Association and the Sierra Club of
23 British Columbia. I have nothing to add to the
24 agenda.

25 THE CHAIRPERSON: Thank you, Mr. Andrews.

26 MR. MILLER: The Clean Energy Association of British

1 Columbia.

2 MR. AUSTIN: Good morning, Panel. David Austin appearing
3 on behalf of the Clean Energy Association of B.C. I
4 have nothing to add to the agenda.

5 THE CHAIRPERSON: Thanks, Mr. Austin.

6 MR. MILLER: Madam Chair, there is, I notice, an
7 additional participant just appeared. Mr. Ruskin.

8 MR. RUSKIN: Vernon Ruskin, V.W. Ruskin Associates.

9 THE CHAIRPERSON: Thank you, Mr. Ruskin and welcome. Not
10 too late yet.

11 MR. MILLER: Is there anyone that I have missed who
12 wishes to appear?

13 That concludes the order of appearances,
14 Madam Chair.

15 THE CHAIRPERSON: Thanks, Mr. Miller. So this, I guess
16 then takes us to the next step which is to obtain
17 submissions on the significant issues, scope of review
18 intervener evidence and the completeness of the
19 record. And we hear from the applicant first,
20 followed by submissions from the interveners.

21 So, for B.C. Hydro, Mr. Sanderson please.

22 **Proceeding Time 9:13 a.m. T5**

23 MR. SANDERSON: Thank you, Madam Chair.

24 **SUBMISSIONS BY MR. SANDERSON:**

25 Madam Chair, let me begin by setting the
26 context in which this application is brought very

1 quickly to elaborate what I believe to be the primary
2 issues which you'll be called upon to deal with.
3 Hydro's application to construct this project, which
4 was filed on July 11th, is primarily for the purpose of
5 ensuring that Hydro can return and maintain the level
6 of service provided to its customers in the Dawson
7 Creek area to the same standard that's enjoyed by
8 customers of B.C. Hydro throughout the province.
9 Events in the intervening four months since July 11th
10 have done nothing to diminish Hydro's conviction that
11 significant steps must be taken to reinforce its
12 transmission system in order to meet the standard of
13 service that the Commission has mandated Hydro provide
14 to its customers. That standard has been established
15 for many years. It's well known to the Commission.

16 But I think it's useful perhaps for the
17 record to remind us all of what that standard is, and
18 it's stated in a number of places but I've chosen to
19 refer to a passage in a decision of the Commission
20 dated March 9th, 2005 in Order No. E-1-05, reasons for
21 decision in support of that order which involve the
22 Vancouver Island CFT proceeding. The Commission at
23 page 81 said this:

24 "The Commission continues to endorse the
25 WECC reliability criteria, and specifically
26 the adoption of the N-minus-1 planning

1 criteria. Although the WECC reliability
2 criteria recognized control load shedding as
3 an appropriate response to single
4 contingency events, the Commission Panel
5 does not consider this an appropriate
6 response in the context of long-term
7 planning for the Vancouver Island
8 transmission system, except for radial
9 loads."

10 And of course in the context of this application we're
11 not talking about radial loads, and B.C. Hydro views
12 that decision, along with the long history of the
13 Commission's reference to the N-minus-1 standard as a
14 governing standard which it's to employ within its
15 system.

16 THE CHAIRPERSON: Excuse me, Mr. Sanderson. You just
17 used the acronym for the project and it was a few
18 years ago, so can you just briefly describe the
19 project?

20 MR. SANDERSON: Of course I can, yes. I'm dating myself.
21 It's burned in my memory but perhaps not everybody
22 else's.

23 THE CHAIRPERSON: But not everybody in this room.

24 MR. SANDERSON: Yes. The decision to which I refer is
25 the Vancouver Island Call for Tenders, and the order
26 to which I refer is the reasons for decision in

1 support of number E-1-05, which was an order made in
2 the context of that proceeding. And that proceeding,
3 for those who need background, was a proceeding to
4 look at reinforcing system supply as a whole on
5 Vancouver Island to ensure that Vancouver Island could
6 continue to be met to the N-minus-1 standard. The
7 Commission was called upon to rule on whether that
8 standard was necessary in the context of Vancouver
9 Island, and the passage I just read illustrates the
10 Commission's finding in that respect.

11 The standard means that Hydro must be able
12 to maintain service to its customers in the face of a
13 single contingency outage on the system. This level
14 of assurance to customers is no less important, in
15 Hydro's view, in the Dawson Creek area than it was on
16 Vancouver Island or indeed is anywhere else within the
17 heart of Hydro's system. Hydro is unable to provide
18 that assurance at the moment to its customers in the
19 Dawson Creek area, and believes that remedying that
20 situation is a significant priority. That's what's
21 led to this application.

22 It also leads to Hydro's anxiety, and I'll
23 come to this later in my remarks, that while this
24 process must be thorough and complete, it must also be
25 expeditious. There is an existing problem. The
26 existing problem requires a cure. Hydro's proposal to

1 provide that cure is the DCAT project as it's
2 described in the application. But the underlying point
3 is, a cure is needed, of some sort.

4 **Proceeding Time 9:18 a.m. T06**

5 Having acknowledge that sense of urgency,
6 Hydro also acknowledges that the Commission does have
7 to have a thorough review, and must have the
8 opportunity to satisfy itself that the specifics of
9 the solution that Hydro is proposing are the
10 appropriate solution. Accordingly, Hydro welcomes the
11 opportunity to participate in this process, and wishes
12 to work with the Commission and all of the parties
13 involved in the process to address all material issues
14 on the one hand, but also do it in a way that ensures
15 the solution is found in time to provide service to
16 Dawson Creek customers at the same level as all other
17 customers in the system as soon as possible.

18 By "as soon as possible" the in-service
19 date, as you indicated in your opening remarks is
20 proposed to be October 2013. Hydro views that as a
21 firm commitment and target that it is making to its
22 customers to try and accomplish. So all of my remarks
23 are in the context of solutions for this process which
24 will permit an in-service date of October 2013.

25 From a timing perspective -- I won't get
26 into the schedule yet, but just again as more

1 background, the application as filed foresaw
2 completion of the regulatory process by November 25th,
3 which would have yielded a decision by the end of
4 January, some six months after the original
5 application was filed. To date, clearly, that appears
6 a little optimistic. We are now at November 4th and
7 I'm not sure that the process will be complete three
8 weeks from now.

9 Nevertheless, the November 25th date that
10 had been foreseen permitted an in-service date of
11 October 2013, but the schedule candidly did include an
12 allowance, as any well thought-out schedule should,
13 for some delay either in the process or during
14 construction or whatever. And so the decision from
15 this Commission in February or March may still permit
16 providing relief to ratepayers in the area within the
17 timeframe originally anticipated. That is an in-
18 service date by October.

19 However, at some point further delays in
20 this process will have direct implications for the in-
21 service date, and after the end of March risks start
22 becoming significant, and there is a point at which it
23 will simply not be possible to meet the in-service
24 date if construction hasn't commenced. Exactly when
25 that is, I think is difficult to say. We are into the
26 sort of contingency time, or period, if I can describe

1 that way, once we get beyond the end of March.

2 Having said all of that, Hydro believes
3 that a balance can be struck by designing, as I think
4 your opening remarks foreshadow, a process that really
5 tries to get at and focus on what are the issues. In
6 my respectful submission, and I think the Commission's
7 long practice establishes that nobody benefits from
8 process for process' sake. Process is valuable to
9 inform the issues that really divide the parties.
10 Where the parties aren't divided, where the Commission
11 doesn't see issues, then process just for the sake of
12 doing it is to be avoided. And so the balance of my
13 remarks are to talk about what are the issues and how
14 do we focus on them.

15 We have been assisted in that both by two
16 rounds of IRs. B.C. Hydro has responded to a little
17 under 1,000 IRs at this point, and so we are not
18 coming into this without the parties having had a
19 significant opportunity to define the issues for
20 themselves. That has resulted in two and perhaps
21 three, as you said in your opening remarks, parties
22 indicating they will lead evidence.

23 I want to say at the outset that I'm
24 appreciative of the interveners' disclosure of what
25 they intend to file evidence with respect to,
26 particularly West Moberly. I thought that Ms. Rana's

1 letter gave a clear picture of where, at the moment,
2 they see an interest in leading evidence, which is
3 going to help us all.

4 And with respect to CEC, again, we don't
5 have quite the level of clarity or certainty, if you
6 want, with respect to the subject areas, but I think a
7 fairly good sense when you combine the two letters
8 that CEC has written in the last week or so, first of
9 all, explaining that they will not be pursuing the
10 PACA request and the study that they had originally
11 identified, and second of all, the letter indicating
12 what evidence they in fact are going to lead anyway.

13 **Proceeding Time 9:23 a.m. T07**

14 So with the benefit of that, I want to
15 submit the following, that it does not appear that
16 there is any dispute with respect to the evidence that
17 describes the project, that is the characteristics of
18 the project don't seem to be an issue. I think the
19 parties understand well what it is that Hydro is
20 proposing to build, and the other specifics that are
21 fleshed out in Chapter 4.

22 I'm going to come to an exception to this
23 in a moment, but generally speaking, I don't believe
24 that the environmental and EMF work that's described
25 in Chapter 5 is significantly an issue. I don't
26 believe that the non-First Nation consultation efforts

1 that are described in section 6.2 of the application
2 are seriously in issue, and I don't believe, in this
3 particular case, that the project risks and risk
4 management measures that are described in Chapter 7 of
5 the application are in issue.

6 There have been IRs about all those things,
7 particularly from the Commission, but from what I can
8 see in the narrowing of the IRs between round 1 and
9 round 2, and the expressions of interest in the
10 intervener evidence, with one exception I'll come to
11 in a moment, the things in those chapters really don't
12 seem to be an issue. So, what is in issue, the first
13 answer is, not those things.

14 What may be in dispute, based on the
15 statements of intent filed by interveners is the
16 extent to which the project need is driven by existing
17 load, which it clearly is, in part. But I think that
18 based on the intervener's and indeed, Commission
19 staff's IR request, there is interest in how much is
20 driven by existing loads, how much is driven by new
21 load, and how do those two work together. We
22 acknowledge that is an issue.

23 We also acknowledge that parties wish to
24 explore the potential for meeting both that existing
25 need and future needs by alternative means. And that
26 clearly remains an issue.

1 Parties have also raised issues concerning
2 the treatment of new customers under the existing
3 tariff. So the application of the tariff supplements
4 and generally, the approach taken to significant new
5 customers, of the type that are in issue in this
6 proceeding by virtue of the expansion of the natural
7 gas industry, would appear to be an issue moving
8 forward, and that includes the appropriate
9 contribution to be made by new customers to
10 transmission reinforcement costs.

11 I don't know whether the security
12 arrangements that B.C. Hydro has proposed continue to
13 be a significant issue. It may be that those are
14 satisfactory to the parties here. That's an area
15 which I think we won't really know what the position
16 of interveners is until we see their evidence.

17 Finally, and significantly, the question of
18 the adequacy of First Nation consultation, I think,
19 specifically limited to consultation with the West
20 Moberly First Nation, clearly remains an issue. It
21 has been addressed extensively by both the Commission
22 and West Moberly First Nation, itself, and as I've
23 indicated already, Ms. Rana has told us it will be the
24 subject matter of intervener evidence.

25 The issues that I've just identified have
26 all been addressed in Chapters one to three of the

1 application, and in Section 6.1. And those are the
2 parts of the application that, in my respectful
3 submission, continue to be, then, in issue. And it
4 is there that Hydro believes the on-going process
5 adopted by the Commission should focus.

6 The one thing that I did say had an
7 exception was the environmental evidence, and I say
8 that because Ms. Rana in her letter did indicate
9 briefly that her experts, or West Moberly's experts
10 were reviewing that evidence to see whether there
11 remained issues for them, not in connection with West
12 Moberly's interests and the use they make of
13 resources, but on the technical issue of whether those
14 resources are threatened in any meaningful way by this
15 project. In other words, the actual environmental
16 impacts.

17 I know of no specific issue there, but I do
18 acknowledge that in Exhibit C5-12 Ms. Rana indicated
19 that there may be evidence on that topic, and if
20 that's the case, then I think we have to wait and see
21 that evidence to see whether or not it's possible to
22 define what that issue is, and make an exception to my
23 general proposition that environmental evidence isn't
24 an issue. If there's a specific element of the
25 environmental evidence that is, and we discover that,
26 then clearly the process is going to have to

1 accommodate dealing with that issue as well.

2 **Proceeding Time 9:28 a.m. T8**

3 MR. SANDERSON: Now, you've asked that we separate our
4 remarks in two parts so provide solutions later, and
5 I'm in the Chair's hands in that respect. So I won't
6 say anything more about what we think the process
7 ought to be.

8 But you've also asked that we indicate
9 whether we think the record is adequate. In our
10 respectful submission, there can be no doubt that the
11 record that Hydro has put forward for its alternative
12 means of solving this demonstrated problem is
13 complete. That is, the evidence is complete that
14 there is a solution at hand, that solution is
15 technically feasible. That solution has known
16 environmental impacts, which in my submission, are not
17 significant impacts. And so that package which is
18 necessary underpinning for the CPCN is complete.

19 The evidence and the development of the
20 record then, if there needs to be any, focuses on
21 whether or not that's the right solution. I don't
22 think that there can be any question that the record
23 is as full as it needs to be on what the solution
24 being put forward by Hydro looks like. Were there no
25 other solutions offered, was there no opposition, I
26 would be standing before you saying the record permits

1 you to make the decision that Hydro seeks and issue
2 the order Hydro seeks.

3 Obviously we're not there because we have
4 contrary views amongst the parties, but I don't think
5 there's any doubt the evidence itself is sufficient to
6 support the relief that Hydro seeks from you.

7 Thank you.

8 THE CHAIRPERSON: Thank you.

9 COMMISSIONER MORTON: Mr. Sanderson?

10 MR. SANDERSON: Yes.

11 COMMISSIONER MORTON: With respect to the point you made
12 about the project being -- the decision about whether
13 the project is being driven by external or existing or
14 new load.

15 MR. SANDERSON: Yes.

16 COMMISSIONER MORTON: I'd like to draw your attention to
17 a statement that was made in the application that
18 says:

19 "At the margin, however, it's a significant
20 decision that must be made by the producers,
21 and the choice of reasonably priced
22 electricity may tip the balance in favour of
23 development in particular circumstances."

24 MR. SANDERSON: Yes.

25 COMMISSIONER MORTON: And there's been a lot of questions
26 concerning those circumstances, the economics of

1 electricity versus natural gas. And I was wondering
2 if it would be possible in any way if the oil and gas
3 producers could participate in this hearing so that we
4 could hear from them about what those particular
5 circumstances are.

6 MR. SANDERSON: Yes, Mr. Morton. Some, but not all, of
7 the proposed customers have intervened in the process.
8 They have not all. Hydro's position with respect to
9 the perspective of those five customers, who in fact
10 are the ones in the queue at the moment, is informed
11 by ongoing discussion between the two, and I think the
12 support from those five is clearly there for this
13 proposal. Whether or not those five will come forward
14 is something that -- and whether or not it's possible
15 to obtain anything direct from them by way of evidence
16 is not something I can give you a commitment on today.
17 But I can certainly take your request back to Hydro
18 and obviously through Hydro back to those customers
19 and see whether that's something that can be
20 addressed.

21 COMMISSIONER MORTON: Thank you.

22 THE CHAIRPERSON: We would certainly appreciate that.
23 Thank you, Mr. Sanderson.

24 MR. SANDERSON: Thank you.

25 THE CHAIRPERSON: Now, Mr. Miller, I guess you are our
26 master so you will bring the interveners forward.

1 MR. MILLER: We can follow the order of appearances. Mr.
2 Quail and Ms. Worth have discussed matters and they
3 would prefer to switch positions. In other words Mr.
4 Quail would prefer to follow Ms. Worth. So the next
5 party would be Commercial Energy Consumers.

6 MR. WEAVER: Thank you, Mr. Miller.

7 **Proceeding Time 9:33 a.m. T09**

8 **SUBMISSIONS BY MR. WEAVER:**

9 Madam Chair, mindful of your comments this
10 is not the place for argument, I do wish to set some
11 context for the CEC's comments on the issues, and
12 dealing with the items as you've set out in terms of
13 order of presentation.

14 As the Commission Panel is aware, the CEC
15 has spent a significant of time and effort on this
16 application, as they do believe the application is
17 deficient in a significant and costly way to
18 ratepayers. We think this is the primary issue that
19 the Commission should be considering in this process.

20 The application was prepared, in effect,
21 prior to a time when the government initiated a review
22 of B.C. Hydro and further this week we've seen a
23 further review by the Auditor General. So both of
24 those documents indicates serious concern in terms of
25 the impacts on ratepayers of the operations of B.C.
26 Hydro. So now we have an application, prepared prior

1 to those presentations which say rates are very
2 important. In the past you've heard that cry
3 primarily from ratepayers. Now we are hearing from
4 the shareholder.

5 So this is the first material application
6 of B.C. Hydro where, recognized in the context in
7 which it is prepared, it may be slightly different
8 than the context in which the Commission is
9 considering it. And so as we have put efforts into
10 review of this project, it is with those concerns in
11 mind in terms of looking at alternatives that may
12 mitigate both short- and long-term material impacts on
13 ratepayers. And the word "billions" doesn't get thrown
14 around lightly. And when it gets thrown out here, it
15 should be taken seriously. The long-term impacts of
16 this project, capital and cost of energy on ratepayers
17 are in the billions over the long-term. That is
18 serious.

19 So with that in mind, that's the
20 fundamental issue we think you need to be mindful of
21 as you assess this, and we respect and appreciate Mr.
22 Sanderson's comment that alternatives are on the table
23 to be considered in this process. And so with that
24 said as the key issue, and again, without the intent
25 of it sounding like argument, just to identify where
26 we see the issues at this point.

1 Firstly, and as alluded to, the planning
2 process of B.C. Hydro primarily looks at the capital
3 costs of the de-cap project but does not consider the
4 full costs of supplying power to new customers. And
5 it is in the supply of power to the new customers that
6 the long-term impact on ratepayers, other ratepayers
7 will be felt over time. We will be submitting that
8 the Commission should be considering that integration
9 issue in planning the cost of power and capital. And
10 again, avoiding going into argument, we don't think
11 it's good enough to say we don't have an integrated
12 resource plan in front of the Commission so you
13 shouldn't be considering the integration of those
14 issues in your assessment, because to be frank, it's
15 too late to do it after the project commences. That
16 it's not in place now, and as you are well aware, the
17 CEC spent some time looking at trying to put together
18 a comprehensive alternative, and ran out of time and
19 resources, to be frank. The realty is, it wasn't our
20 role. That is not our role, and the prudency issue of
21 proceeding with a project like this, without an
22 integrated attempt, is something that we will address
23 in argument and not today.

24 Other issues that we have that remain a
25 concern with respect to the evidence on the record to
26 date:

1 capability can result in a significant lowering of a
2 cost of power, potentially saving ratepayers billions
3 of dollars over the course of the project. Again,
4 that is the concern the Commission should be focusing
5 as an issue in this proceeding.

6 Another issue we believe needs to be
7 explored is the opportunity for interruptible service
8 in the area, thereby mitigating the capital cost of
9 the project.

10 A further issue for CEC and may be
11 addressed in the AMPC evidence – we're not sure, we
12 haven't seen it yet – but the risk of stranded
13 investments in the area. There's a short timeframe
14 for the transmission asset investment utilization
15 before it tails off significantly, leaving B.C. Hydro
16 ratepayers with the risk of costs of stranded
17 investment. This is a material issue.

18 Another issue that we'll be addressing is
19 the DSM assessment of the project. We believe the
20 assessment through DSM has been restricted and should
21 be more broadly undertaken and we'll deal with that in
22 argument, but it's an issue we'd simply highlight to
23 the Commission at this time.

24 Lastly in terms of issues and to sort of
25 stay on the broad theme, and acknowledge that it's a
26 difficult role for the Commission, it's not your role

1 to deal broadly with energy policy in the province,
2 but nonetheless we need to consider the practical
3 realities of what this project is about, and we are
4 concerned with the logic of a mass of strategic
5 investment in natural gas in the province, resulting
6 in export of very significant quantities of natural
7 gas to be used for power supply in other countries,
8 while the B.C. Hydro ratepayers may end up with very
9 significant rate increases to facilitate that, without
10 an option which looks at natural gas utilization in
11 the area in which it's produced. There is a logic
12 disconnect there that we are having a very difficult
13 time making, and that will be an issue we'll pursue in
14 the proceeding.

15 I'm going to move to issue 2 which is the
16 scope of the Commission's review. I don't think we're
17 far off Mr. Sanderson's comments in terms of where
18 there are still issues and areas of the application
19 that need the Commission's attention and further
20 review. We think the project justification, the
21 project alternatives, and the project components and
22 costs do require considerable review from the
23 Commission, and the record is fairly well established
24 but we'll get to process later and advocate a third
25 round of IRs. We do think on the environmental
26 considerations the review has been fairly effective.

1 COMMISSIONER BROWN: Sir, I'm wondering if you could give
2 us a little bit a detail in terms of the decision that
3 was made to change what your evidence might have been
4 from that first letter of September 14th until today.
5 And so, you know, we've read the letter of October
6 28th. I'm very curious about --

7 MR. WEAVER: No, I appreciate that question. As I tried
8 to say in the opening comments, and just to flesh that
9 out a little bit, the CEC and Mr. Craig, the
10 consultant who was working to build the team to look
11 at the project, it was an ambitious task in the
12 timeframe allotted. And then CEC certainly
13 appreciated the Commission's efforts to allow that
14 process to unfold.

15 Let me step back a bit and give you the
16 context of the discussion between CEC and B.C. Hydro
17 since the workshop. The issue of trying to come up
18 with an alternative has been there from day one for
19 the CEC. The workshop -- it was raised at the
20 workshop. The CEC and, I won't speak for staff but we
21 believe staff encouraged meetings with B.C. Hydro to
22 try and develop the alternative. B.C. Hydro's
23 position, and fairly, and Mr. Sanderson will correct
24 me if I'm wrong, was essentially we'll deal with the
25 two rounds of IRs first and then we'll discuss, but
26 right now there's a process with IRs and that's what

1 we'll respond to. Basically any meetings between the
2 dates of the first and second round of IRs were
3 essentially to try and clarify responses to IRs as
4 opposed to facilitate the alternative concept, because
5 B.C. Hydro said, "There's our application. That's
6 what we're running with."

7 As it came later in the process, and as you
8 know, Hydro didn't support the funding for the interim
9 PACA. I can assure you they weren't particularly
10 cooperative at that point in terms of assisting in the
11 development. And Commissioner, we're not the company.
12 We do not have the resources, the engineers, the
13 expertise, and that's a strength of Hydro obviously.
14 We were not in a position to put a matching project.
15 It's not what we do. The ratepayers pay Hydro to do
16 that. They don't fund that themselves, they're not in
17 the business.

18 So after the second round of IRs there were
19 further consultation with Hydro. There was a better
20 understanding of some of the issues that Hydro had
21 concerns about which were previously not completely
22 understood by the CEC. Those discussions didn't
23 change the view that an alternative was correct. It
24 evolved the concept of an alternative in a positive
25 way and we remain convinced that is the way to go, but
26 we simply did not have the time nor the resources to

1 come in and say, "There's a project. Commission, go
2 with this one." And we accept that's a weakness of
3 the position we're taking. But we sure believe, given
4 the value and the cost that's on the table over the
5 long haul, that an alternative is available.

6 I would also add that we have had some
7 acceptance, and I think Mr. Sanderson alluded to it in
8 his comments, that in stage 2 of the process project,
9 there may be self-generation opportunity. And at this
10 point, and I'm not trying to move into argument, but
11 at this point to acknowledge it could work for step 2
12 but not step 1 because there isn't enough time, we say
13 is problematic from a prudency standpoint. That
14 should have been considered earlier on and we need to
15 assess why that wasn't done.

16 So I hope that's responsive to the
17 question.

18 COMMISSIONER BROWN: Helpful. The alternatives that were
19 provided or looked at from your perspective in
20 September 14 may or may not have been ambitious. How
21 much time would be needed? Is it just time?

22 MR. WEAFFER: It's time and resource. And we're mindful
23 of Mr. Sanderson's comments around process. The
24 reality is to get the engineering advice and project
25 advice required to give you something that is
26 substantive and subject to a full and proper

1 assessment would take -- I'll have to speak to Mr.
2 Craig because I don't want to -- roughly the time we
3 had wasn't enough, and the costs of doing it in terms
4 of engineering -- we can look at what we spent on
5 Hydro to get them to the point they've got to. It
6 wouldn't cost us that much, but the Commission can
7 recognize it's a fairly complicated initiative.

8 So I'm sorry, I'm not trying to avoid the
9 question. It's a difficult question to answer.

10 Do you mind if I speak with Mr. Craig who's
11 far more knowledgeable than me? Thanks.

12 COMMISSIONER BROWN: That's fair, that's fair.

13 **Proceeding Time 9:49 a.m. T12**

14 MR. WEAVER: Two issues that came up that. One I'd
15 forgotten. One of the consultants that Mr. Craig had
16 been dealing with became unavailable and that affected
17 the availability of an effective and presentable
18 project. Roughly a two-month time period to complete
19 the project would be required, and that assumes
20 finding a replacement engineer to -- a replacement
21 consultant to fulfill that role on the project. I'm
22 instructed that there is a -- I don't wish to -- I'm
23 trying to find a balance between not being critical of
24 Hydro but trying to incent their assistance to the CEC
25 because clearly we are way better off trying to get an
26 alternative on the table with the resources of Hydro

1 in assistance. And what I'm instructed is the Phase 2
2 approach has received some support from Hydro. We are
3 mindful of some of the time pressures to get the
4 project done. We are not rejecting Hydro's sense of
5 urgency here entirely, and so the option the CEC moved
6 to was trying to work with Hydro to get the stage two
7 alternative. We do still intend to put forward
8 evidence through Mr. Craig through the process in
9 terms of enabling the Commission to flesh out what
10 he's been working on. And so availability of the
11 consultant affected -- if we are given the time frame,
12 we are looking at probably 60 days, and I expect, if
13 the Commission wished, we could put that back on
14 track.

15 But at this point, we've not got an
16 acknowledgement from Hydro that, yes, we may have
17 something of value here. By no means are they saying
18 they accept it, but they are saying they understand
19 the concern and wish to work with the CEC or others
20 who wish to support the alternative.

21 So is that more responsive? Am I getting
22 there?

23 COMMISSIONER BROWN: That's great. That's great.

24 MR. WEAVER: Okay.

25 COMMISSIONER BROWN: One more. You know, the October
26 28th letter, I found that I was trying to read in-

1 between the lines. It seemed a little bit cryptic to
2 me. There seemed to be some information that CEC had
3 learned from Hydro that impacted their decision to
4 more comfortably move away from this. And I wondered
5 how helpful that information might be to the Panel in
6 this. And so you know, I'm just feeling like it is
7 not just this issue of resources and time, but there
8 was other information there that clearly impacted this
9 decision.

10 MR. WEAFFER: I think there was clearly a step from Hydro
11 to be more cooperative with information, that we were
12 no longer in the IR answer response, we're in, "Okay,
13 let's understand what the concerns are." So I am not
14 going to say there's a specific issue, that there was
15 an ah-ha moment, as much as, okay, now we are in a
16 position to move forward without necessarily retaining
17 other people to tell us some of the concerns around
18 the issue.

19 It didn't move the CEC off the point that
20 the alternative was valid and valuable. So I think
21 what really happened, Commissioners, is okay, we're
22 out of what can you get out of us, and more, let's
23 understand the concept better jointly, and that was a
24 significant step that helped. It would have been
25 helpful if that had occurred in July as opposed to in
26 October, but that certainly was an acceptance that

1 they understood the concern and were looking to work
2 with it.

3 And we hope that will continue, as this
4 process unfolds, that we can develop the issues.

5 So I'm going to turn to Mr. Craig, if I
6 missed anything. If I may? Thank you.

7 COMMISSIONER BROWN: Thank you.

8 MR. WEAVER: As always, Mr. Craig knows a lot more than I
9 do.

10 The two issues, certainly the complication
11 of system planning, you know, certainly we respect the
12 expertise there. Mr. Craig's information evolved a
13 bit through that discussion. And the other, and we
14 all acknowledge there is a challenge with respect to
15 carbon capture, and the 93 percent that Hydro operates
16 under and getting a better understanding of where that
17 flexibility may be used. And there are alternatives
18 to what Hydro's position is, but they have a fair and
19 legitimate concern about carbon capture and their
20 emission requirements under the clean legislation.
21 And we respect that and we wish to work with that, but
22 there was certainly some information that helped to
23 evolve the alternative project. So again, it didn't
24 knock it off the table, but helped develop the
25 thinking. So those were two information pieces that
26 helped.

1 COMMISSIONER BROWN: Okay, thank you.

2 MR. WEAVER: Thank you.

3 THE CHAIRPERSON: Thanks, Mr. Weaver.

4 MR. WEAVER: Thank you very much.

5 MR. MILLER: The Association of Major Power Customers.

6 **SUBMISSIONS BY MR. KEEN:**

7 MR. KEEN: Good morning, again, Madam Chair and
8 Commissioners. It's Matthew Keen.

9 Just to preface my remarks, I may refer to
10 the Association of Major Power Customers as AMPC. So
11 when I do that for the record, that's who I'm speaking
12 of.

13 **Proceeding Time 9:55 p.m. T13**

14 You've asked us to identify significant
15 issues. We don't take any issue with any of the
16 issues describe by my friend, Mr. Sanderson or Mr.
17 Weaver. What I would like to do is to flag two of the
18 issues that are important to AMPC.

19 The first is the operation of the electric
20 tariff with respect to customer contributions in the
21 case of system reinforcement. And I think Mr.
22 Sanderson alluded to this a little bit in his remarks.

23 The second issue is the allocation of costs
24 between old and new customers on the system.

25 And if I can skip down to the third issue
26 that you have asked us to address, we expect to lead

1 evidence in respect of both of those two issues that
2 are important to AMPC, subject to the caveat that was
3 expressed in our letter of November 2nd, that is
4 Exhibit C2-3, that leading that evidence is subject to
5 a meeting that will occur on November 10th.

6 In terms of the proper scope of the
7 Commission's review, again we take no issue with
8 anything else that has been said thus far. We think
9 that these two issues are well within the proper scope
10 of the Commission's review. They are live on the
11 record, they have been expressed in information
12 request responses. And when it comes to the
13 completeness of the record, we are content with the
14 record as it stands right now, subject to intervener
15 evidence and associated information requests.

16 THE CHAIRPERSON: Thank you very much Mr. Keen.

17 MR. MILLER: West Moberly First Nations?

18 **SUBMISSIONS BY MS. RANA:**

19 MS. RANA: Just by way of context, I wanted to just take
20 a few minutes to tell you about West Moberly First
21 Nations, so you can better understand where the
22 relevant issues that we are putting forward are coming
23 from.

24 West Moberly is a Treaty 8 First Nation.
25 They have been under a historic treaty for over 100
26 years, and they have reserve lands about 30 kilometers

1 away from Chetwynd on Moberly Lake. They're presently
2 involved in the negotiation of their treaty land
3 entitlement claim with Canada and British Columbia,
4 and that is a claim that allows them to select
5 additional reserve lands under treaty. There is a
6 recognition that in 1914, when they received their
7 reserve lands, they were short-changed on the amount.
8 So they are presently in a land selection process, and
9 these negotiations with the governments have been
10 going on for just about a decade now, and it is
11 Canada's intent to have an offer on the table within
12 the year. So, things are really coming to a head and
13 we are really trying to wrap those negotiations up.

14 West Moberly has raised a number of issues
15 in their submission on their intent to submit
16 evidence, and they are all pretty connected to their
17 concerns around the consultation record in this
18 matter, and the way that they have been engaged by
19 B.C. Hydro. So I would say the number one issue that
20 West Moberly First Nations is bringing forward is the
21 adequacy of the consultation and as a result of that,
22 it will relate to the adequacy of the information that
23 actually is before this Commission in making a
24 decision on this project. Because, without adequate
25 consultation and study of impacts, you will not be
26 able to decide, ultimately whether or not this project

1 should proceed.

2 And I believe through the two rounds of IRs
3 that have been submitted so far, you have got a
4 flavour for where the issues are between West Moberly
5 First Nations, and B.C. Hydro, on the consultation
6 record. Primarily there has not been a study
7 undertaken by the First Nation on the impacts of this
8 proposed project on their existing treaty rights, and
9 their exercise of those rights. And there is a
10 significant debate between the parties on what that
11 study should look like.

12 There has been protracted period of time
13 when terms of reference were bandied about, about what
14 the study should look like and in our submission it
15 was just right on the eve of filing the CPCN
16 application that B.C. Hydro actually provided the
17 First Nation with information on what their concerns
18 were with the proposed study that West Moberly wanted
19 to conduct. Prior to that, it was just concerns about
20 the cost. And, so that happened just right in early
21 summer and so now here we are in the fall trying to
22 get back on track to have a study undertaken, but it
23 is very difficult for the First Nation to engage in a
24 consultation process when they don't have the means to
25 go out and gather the relevant information with the
26 elders and land users, to put forward a submission to

1 B.C. Hydro so that the company can even consider this
2 project.

3 **Proceeding Time 9:59 a.m. T14**

4 So we would say the number one issue that
5 needs to be addressed that's outstanding is the
6 adequacy of the consultation that related to that, the
7 study that West Moberly First Nations wants to have
8 conducted to assist with that consultation.

9 In addition to that, there's an outstanding
10 issue around the scope of that study that relates to
11 cumulative effects, and West Moberly First Nations
12 takes the position that the only way that they'll
13 actually be able to properly respond to a request to
14 be consulted and engage meaningfully in that process
15 is to be able to put forward concerns and
16 considerations around how this project relates to
17 existing development in their territory in such close
18 proximity to their reserve lands and in an area where
19 they are selecting additional resource lands, as well
20 as what the reasonably anticipated future impacts and
21 future projects will be as a result of this project.

22 And as we know, it's going in an area that
23 is already heavily impacted by shale gas development,
24 and that's why we're talking about the customers that
25 are the industry customers. This is a step in a
26 series of additional projects that will impact the

1 land, and West Moberly First Nations feels very
2 strongly that considerations around this project need
3 to be broadened enough to take into account what those
4 other projects are and how it will affect their
5 existing treaty rights.

6 And I just want to remind the Panel that
7 we're talking about a First Nation community here who
8 has not an asserted right or a claim but existing
9 established constitutionally projected treaty rights
10 under Treaty 8. And so these are lands that they have
11 constitutional rights to use that have been recognized
12 by the government. And so in order to properly assess
13 the impacts, they feel very strongly that a more broad
14 approach needs to be taken to addressing consultation
15 and the study of the impacts, which is why on the
16 record you'll see that the parties were discussing not
17 a TUS but an impact assessment. That's what West
18 Moberly wants to achieve.

19 And to date there's been no study and no
20 provision of any funding to do such a study, and no
21 agreement from the company on the nature of that
22 study. B.C. Hydro is asking West Moberly to identify
23 use sites through like a TUS type of study, and the
24 First Nation disagrees with that approach
25 wholeheartedly.

26 So with respect to the scope of the review,

1 obviously consultation, we would submit, is a critical
2 matter that needs further consideration. And then the
3 induced and associated developments that will result
4 from this project as part of the consultation
5 consideration and even more broadly, part of your
6 consideration of the effects of this project overall.
7 And related to that is some project rationale and
8 justification. This is a project really geared
9 towards dealing with an industry need and we believe
10 that there is some consideration -- further
11 consideration needs to be given around that. And
12 additionally wildlife and environmental protection, as
13 my friend Mr. Sanderson pointed out, in our statement
14 of intent to submit evidence we pointed out that we
15 have retained expertise to assist in assessing the
16 wildlife impacts, and of course this will be coupled
17 with the study that eventually West Moberly First
18 Nations conducts with its land users and elders on the
19 land. Those two pieces, the traditional knowledge and
20 the western science will work together in order to
21 assess what those impacts will be and bring that
22 evidence forward to the Panel.

23 And those are my submissions.

24 COMMISSIONER MORTON: Yes, Ms. Rana. I wonder if you
25 could tell me to the best of your knowledge if any of
26 the other Treaty 8 nations are also in a similar

1 position with the land negotiations that you describe
2 that have been going on for ten years and are
3 hopefully close to fruition. Are any of the other
4 Treaty 8 nations in similar positions, or to the best
5 of your knowledge?

6 MS. RANA: Yes, yes, they actually all are, other than
7 Fort Nelson First Nation and the Prophet River First
8 Nation, and McLeod Lake who just adhered in the last
9 decade. So West Moberly is at a joint table with
10 Halfway River First Nations, and they're also in the
11 same process of selecting reserve lands. And Sauteau
12 First Nations that is located just outside of Chetwynd
13 is also in treaty land entitlement negotiations, and
14 they're also in land selection process. And Blueberry
15 River and Doig River are at a joint table and they are
16 in the same process selecting land for their claim.

17 COMMISSIONER MORTON: And also, are there -- over the
18 last ten years then, have there been any similar
19 studies or studies of a similar nature that were done
20 to support the treaty negotiation process that would
21 be helpful in this hearing?

22 MS. RANA: There have been interviews with band members
23 at West Moberly First Nations to support the land
24 selection process. Although the interviews were
25 geared more towards future looking as far as what
26 types of opportunities does the nation want to capture

1 going forward for residential places to live, things
2 like that, but not -- there hasn't been an impact
3 assessment or a traditional use study type of project
4 done to support the treaty land entitlement
5 negotiations.

6 COMMISSIONER MORTON: Sure, okay, thank you.

7 COMMISSIONER BROWN: Ms. Rana, I come from a mediation
8 background and my belief is that two people have to be
9 in the same room to be able to reach agreement. As
10 recently as this morning we've heard from B.C. Hydro
11 stating that West Moberly has not always made
12 themselves available, and I'm wondering if you can
13 comment on that.

14 MS. RANA: Yes, there was a letter actually that we just
15 received yesterday afternoon from B.C. Hydro in
16 response to some correspondence that West Moberly sent
17 a couple of weeks ago around the need to schedule a
18 meeting to discuss the terms of reference. And I do
19 appreciate that these issues sort of came to a head
20 over the summer months when -- and West Moberly did
21 explain this in their correspondence to B.C. Hydro
22 that I do believe should be before the Commission now,
23 that the time that this all came to a head after the
24 CPCN had been filed, there was a death of an elder in
25 the community, and the office was shut down for
26 several weeks.

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Proceeding Time 10:06 a.m. T15

Also at that time in August, the leadership goes out on the land for their culture camps, which is an annual event that takes them away from the office. So coming back in in the fall, in the peak of oil and gas season, everyone is scrambling to play catch-up. And we actually did have a meeting scheduled with B.C. Hydro that the Nation unfortunately had a conflict arise that they were not able to make it, but my understanding is that the parties are working to get together to discuss the terms of reference for the study, and it's my hope that that can happen expeditiously.

Thank you.

THE CHAIRPERSON: Thank you, Ms. Rana.

MS. RANA: Thank you.

MR. MILLER: B.C. Old Age Pensioners Organization.

SUBMISSIONS BY MS. WORTH:

MS. WORTH: Madam Chair, members of the Panel. This is probably going to come as no surprise given the fact that BCOAPO had intended to put forward a joint package of evidence in this for an alternative, but most of my submissions today mirror Mr. Weafer's.

So in regards to the significant issues, we do have the same concerns expressed by Mr. Weafer, and really nothing to add to that at this time. And we do

1 view that the scope that has been discussed by the
2 various parties today is certainly within the bounds
3 of what we would have made had our chance to make
4 submissions come first.

5 We will not be filing evidence in this
6 process as our primary source of that type of evidence
7 was going to be in conjunction with CEC, and that is
8 going to be done already.

9 And the completeness of the evidentiary
10 record, we will be asking the Commission Panel to
11 consider a third round IRs given the fact that we do
12 have this alternative that we weren't practically able
13 to bring forward in the timeframe, given the
14 developments. We do still feel that it's going to
15 inform a third round of interrogatories that can be
16 very useful, I think, to the interveners and to the
17 Commission Panel in its assessment of this particular
18 application.

19 But aside from that, I have no submissions
20 on these matters at this time, subject to any
21 questions. No?

22 THE CHAIRPERSON: Thank you, Ms. Worth.

23 MS. WORTH: Thank you.

24 MR. MILLER: Cope.

25 **SUBMISSIONS BY MR. QUAIL:**

26 MR. QUAIL: One might assume that the position of the

1 union would be that we, and our members, favour
2 whatever the heck the employer wants to develop,
3 because presumably that means more jobs. But we do
4 take a substantially more nuanced view of that. And a
5 particular part of the union's analysis is that when
6 B.C. Hydro, usually prodded by Victoria, ventures into
7 signing contracts or undertaking capital projects
8 which are not prudent in the long run in terms of the
9 rate impact, and there is an outcry from the public,
10 the response of government is to insist on taking it
11 out on the backs of the workers who do the work at
12 B.C. Hydro even though the direct labour costs of the
13 corporation are a relatively small part of its total
14 revenue requirement and are not really what is driving
15 the increases.

16 But for that reason we cast a very careful
17 eye on proposed projects which, in our view, may be
18 uneconomic -- somebody's cell. Mr. Ruskin is
19 entertaining us all with his cell phone. It is a much
20 more interesting ring tone than mine. I should find
21 out where he got it.

22 VOICE: Your argument sounds good with music.

23 MR. QUAIL: Thank you very much. Yeah, I started doing a
24 little soft shoe to it.

25 And I say that to contextualize my
26 comments, which I guess the starting point is my

1 friend Mr. Sanderson's characterization of the issue,
2 and generally I don't quarrel with the issues he's
3 identified. We also adopt Mr. Weafer's comments in
4 that regard.

5 **Proceeding Time 10:11 a.m. T16**

6 But in terms of the question of the sort of
7 old load versus new load, we would give a somewhat
8 different characterization of that issue which is, the
9 appropriateness of using the industrial electric
10 tariff as a mechanism to subsidize the development of
11 private industry. Because the record appears to show
12 that B.C. Hydro is actively soliciting load, and load
13 which would be met at a significant loss both in terms
14 of the cost of the electricity being supplied, that is
15 the marginal cost of the new supply needed to meet
16 that load is nowhere near what would be provided under
17 the tariff, and also the apparent stranding of very
18 significant capital assets in the transmission system.
19 So that entire strategy of using the ratepayers and
20 their bills as a subsidy to prompt the development of
21 private industry, we say is really what that issue
22 reduces to. And that speaks to the scale of the
23 project, whether there are alternatives, whether
24 interruptible supply, all the issues that people have
25 flagged are all aspects of what I submit is really the
26 underlying fundamental question that troubles many

1 participants about this process and also speaks to the
2 importance of developing alternative solutions.

3 So on the question of the adequacy of the
4 record, what's wrong with the record is we don't
5 really have a robust alternative, but what we do have
6 on the table, in my submission, appears to overshoot
7 what is really necessary to meet the real need, the
8 real load that's required in that area. And that's
9 evidenced by Hydro going around seeking commitments
10 for new sources of load to try to justify this
11 project.

12 Anyway I won't get too much further into
13 argument, but I think the characterization of that
14 question is important because a lot of these other
15 issues are subsumed into it.

16 On a similar note, as I said, I agree with
17 my friend Mr. Weafer's comments, and I would maybe
18 place one of his comments on somewhat firmer ground
19 where he expressed a certain amount of uncertainty as
20 to the role or jurisdiction of the Commission in
21 looking at the extent to which the need driven by the
22 existing load -- let's see, maybe I'm looking at the
23 wrong -- pardon me. Where he was talking in terms of
24 the policy and the practical realities of what the
25 project is really about. And in my submission, that
26 whole question is all captured in the statutory

1 mandate of this Commission and its role in ensuring
2 that projects are in the public interest. That
3 requires a contextual examination and necessarily a
4 policy analysis of whether or not a major investment
5 really makes sense. In the long run does it work for
6 the province and for its people? And that can't be
7 divorced from those issues, in my submission. It's
8 the very essence of your jurisdiction.

9 To the extent you obtain policy guidance
10 from government, you appropriately take it into
11 account. Where you receive policy direction from
12 government, you appropriately apply that. In the
13 absence of that, or subject to those constraints, in
14 my submission, it's your role to ask those questions
15 which perhaps nobody else is really asking right now
16 about projects like this. I don't hear anybody
17 providing those answers right now. And there you are
18 in the role of hearing this application.

19 So other than to just broadly adopt the
20 submissions of other parties before me -- and on the
21 question of the third round of information requests
22 and the adequacy of the record, again, as I said, the
23 deficiency of the record is the absence of robust
24 alternatives which materially address the concerns the
25 parties have. And that is a serious problem. This is
26 a large investment that's being proposed. So if

1 there's a potential for a further discovery process,
2 another round of information requests directed to B.C.
3 Hydro helping to address those issues, in my
4 submission, that is time well spent. I also suspect
5 that there will be issues coming along, I gather from
6 what we've heard this morning, having to do with the
7 process between the First Nations and Crown which
8 could affect the timing of this process anyway. So
9 there may well be some spare time for gleaning further
10 information from B.C. Hydro without any interruption
11 of the ultimate pace of the proceeding.

12 So subject to any questions you might have,
13 those are my submissions.

14 THE CHAIRPERSON: Thank you, Mr. Quail.

15 MR. QUAIL: Thank you.

16 MR. MILLER: The Sustainable Energy Association and the
17 Sierra Club.

18 **OPENING STATEMENT BY MR. ANDREWS:**

19 From the perspective of the B.C.
20 Sustainable Energy Association and the Sierra Club,
21 the first significant issue concerns the greenhouse
22 gas emissions and greenhouse gas emissions reductions
23 implications of the project. Hydro has put those in
24 issue and has answered IRs about them. And those, of
25 course, are a key issue for my clients.

26 **Proceeding Time 10:47 a.m. T17**

1 Secondly, the demand-side management
2 response, the issue of whether Hydro will be able to
3 assure the Commission or the public that the use of
4 the electricity that it proposes to deliver through
5 this project will be done with the most efficient
6 equipment that is cost effective.

7 The third general issue, category, I guess
8 I would say, for my clients is alternatives to Hydro's
9 proposal both in the narrow sense, the relative costs
10 of the alternative routes and transmission sizes that
11 Hydro has identified. And then alternatives in terms
12 of how the Phase 2 may impact the choice of
13 alternatives at Phase 1. For identification this is
14 where I understand Hydro to be saying that whatever
15 happens in Phase 2 does not impact the choice of
16 alternatives at Phase 1. That strikes me, from the
17 record so far, remains an open question.

18 And then thirdly, in terms of alternatives,
19 whether the alternatives that -- between what Hydro
20 has put on the table, have differential local impacts.
21 Hydro says it doesn't but the record isn't complete on
22 that.

23 Then the fourth category of issues has to
24 do with the stranded asset risk and I join that with
25 Hydro's obligation to serve the extension test and the
26 tariff requirements for financial security. And then

1 lastly, as a category, the adequacy of the province's
2 consultation with the First Nations. That's not an
3 issue that is a primary one to my clients, but one in
4 which they are very interested to hear how the
5 evidence develops.

6 In terms of the scope of the Commission's
7 review, it strikes me that there hasn't been much
8 discussion about the scope of the Commission's review,
9 and I think that's partly because it is assumed that
10 the issues that have been identified are within the
11 proper scope of the Commission's review, and that
12 perhaps the exception to that, and I do think it's an
13 important one to highlight, is the energy implications
14 of this project. Is that topic within the scope of
15 the Commission's review? And my clients say it is and
16 ought to be.

17 Regarding evidence, BCSEA and SCBC do not
18 intend to file evidence in this proceeding.

19 In terms of the adequacy of the record, my
20 clients look forward to receiving evidence that is
21 filed from the CEC, from the Association of Major
22 Power Customers, if they do so, and from the West
23 Moberly First Nation. They support the concept of a
24 third round of information requests.

25 And those are my submissions, subject to
26 any questions.

1 THE CHAIRPERSON: No more questions right now. Thank
2 you, Mr. Andrews.

3 MR. ANDREWS: Thank you.

4 MR. MILLER: The Clean Energy Association.

5 **SUBMISSIONS BY MR. AUSTIN:**

6 MR. AUSTIN: There is certainly lots of issues already on
7 the record. The Clean Energy Association of B.C.
8 doesn't necessarily agree with the positions that some
9 people have taken by giving evidence with respect to
10 those issues this morning, but they are on the record
11 so. You know, there certainly enough out there
12 already.

13 There is a few more that the Clean Energy
14 Association would like to add. And it is in the
15 context of the fact that the record is not complete.
16 The Commercial Energy Customers have not filed their
17 evidence. The major industrial customers have not
18 filed their evidence.

19 **Proceeding Time 10:20 a.m. T18**

20 When the Clean Energy Association read the
21 letter of the Commercial Energy customers, it appeared
22 that the Commercial Energy customers had abandoned its
23 concept of filing evidence on alternatives. But this
24 morning, it seems as if that is still alive and well,
25 thank you very much. So, until the commercial -- the
26 Clean Energy Association of B.C. sees that evidence,

1 it doesn't know what all the issues are.

2 However, when the Commercial Energy
3 customers were first proposing that they file
4 evidence, and they came in with their request for
5 participant assistance cost award funding, there were
6 certain issues that seemed to pop out of that, and
7 some of those are already on the record, but I think
8 under the heading of "the economics of electricity
9 versus natural gas", and one is assuming that that is
10 in relation to the oil and gas industry, here are some
11 additional issues:

12 Does B.C. Hydro have the right to ration
13 the supply of electricity as between new customers,
14 whether they be residential customers, commercial
15 customers, or industrial customers?

16 Does B.C. Hydro have an obligation to serve
17 new residential customers, commercial customers, or
18 industrial customers?

19 Does the Commission have the right to
20 ration the supply of electricity to new residential
21 customers, commercial customers, or industrial
22 customers?

23 And similarly, does the Commission either
24 indirectly or directly, have the ability to restrict
25 B.C. Hydro's obligation to serve with respect to
26 residential customers, commercial customers, and

1 industrial customers?

2 Does B.C. Hydro have the right to
3 discriminate between new industrial customers,
4 commercial customers, and residential customers?
5 In terms of discrimination that is between new and
6 old. And does the B.C. Utilities Commission have any
7 similar right to do that?

8 With respect to the concept of stranded
9 assets, the key question there is: Are they going to
10 be stranded? How long? Well, the oil and gas
11 industry needs new supplies of electricity, and in
12 addition to that, are there other potential users of
13 those assets. Meaning, in the Peace River country,
14 there may be wind power producers who hook into that
15 very same transmission system. That is just but one
16 example.

17 In listening to Commissioner Morton's
18 request, and seemingly acceded to by the rest of the
19 Panel, that the oil and gas industry companies or
20 whomever is looking for service should come down to
21 this Commission and justify, essentially justify why
22 they are looking for new supplies of electricity, is
23 something that the Commission should very carefully
24 consider. Because, should that same trend of thought
25 or line of thought apply to commercial customers who
26 want new supplies of electricity, should it apply to

1 new residential customers that want new supplies of
2 electricity or is it just because it is the oil and
3 gas industry and they are industrial?

4 With respect to the thoroughness of the
5 record, the completeness of the record, clearly the
6 record is not complete, because there have been
7 interveners who have suggested that they file the
8 evidence.

9 I agree with Mr. Sanderson that as far as
10 B.C. Hydro is concerned, the record is complete. In
11 terms of additional information requests, I think that
12 is something we are supposed to do in the second part
13 of these proceedings, or the second part of this pre-
14 hearing conference this morning and I'll just save my
15 comments for then. Any questions?

16 **Proceeding Time 10:25 a.m. T19**

17 THE CHAIRPERSON: Mr. Austin, I think I'll have to ask
18 you one question. You kind of read my mind. Because
19 I was sort of listening to you and listing these
20 issues, and they all -- we are starting here with the
21 CPCN application, but it seems to be of such nature
22 that it touches on many of these large questions that
23 -- and there is a question: Is it in the Commission's
24 mandate to do that.

25 But coming back to Mr. Morton's question
26 regarding the potential information available directly

1 from the large industrial customers, you mentioned the
2 potential wind power in that area in the context of
3 stranded assets. Maybe there will be no stranded
4 assets. And I believe so far your association has
5 not indicated any intent to bring forward evidence.
6 So my question to you, Mr. Austin, is that would your
7 association be willing or interested in leading
8 evidence regarding the potential for other customers,
9 such as a wind power company could provide two roles.
10 They would be a customer regarding electricity, but
11 could also be a supplier in the future. So would
12 your association possibly bring some more
13 enlightenment to the panel to deal with these big
14 questions.

15 MR. AUSTIN: There's a possibility of that but it depends
16 on what the demand for electricity is. And if you
17 want to know whether there's potential, then all that
18 has to be done is for B.C. Hydro to file evidence with
19 respect to investigative use permits that have been
20 taken out by potential wind power producers in the
21 Peace River area. It's all in the public record.
22 There's no magic to it.

23 But whether those will actually turn into
24 projects is going to be a function of so many
25 different variables that it would be difficult for
26 anybody to say with certainty, "Yes, we're going to be

1 building a wind project in the area that will hook
2 into this particular transmission system."

3 The other problem that we have is this is
4 Phase 1 of probably a two-phase project. With respect
5 to Phase 2, which is essentially further to the south,
6 it certainly has the potential to pick up more
7 potential wind power projects. But we are dealing with
8 Phase 1 here.

9 And that's another thing that was
10 troubling, when all of a sudden we are -- I heard the
11 Clean Energy customers start talking about Phase 2.
12 So certainly the Association will consider it, but
13 whether those projects will ever come to fruition or
14 not, is a function of the demand for electricity, and
15 the investigative use permits are a matter of public
16 record as it is.

17 THE CHAIRPERSON: Thank you, Mr. Austin.

18 MR. MILLER: Madam Chair, I note the time. It's roughly
19 10:30. Mr. Ruskin has indicated that he would like to
20 make some submissions and I have some very brief
21 submissions on behalf of staff as well.

22 THE CHAIRPERSON: Let's hear from Mr. -- how long will
23 you be, Mr. Ruskin?

24 **SUBMISSIONS BY MR. RUSKIN:**

25 MR. RUSKIN: I'd like to supply, or will be supplying some
26 evidence that will allow B.C. Hydro to look at some

1 alternatives that might be better for the public and
2 for the ratepayers.

3 The first thing is, the whole -- the idea
4 is the gas project is going to go ahead regardless
5 whether there is electrification or not. That's not
6 going to stop anybody, because in Alberta most of the
7 -- and in most of the world, most of the compression
8 is done by gas anyway. So the whole thing boils down
9 to the idea that somehow or another by electrifying
10 the compressors you would be saving carbon. That's
11 not true.

12 What happens is with the amount of gas
13 which is somewhere around 3,000 BCF, there's about 136
14 million dollars worth of carbon --

15 THE CHAIRPERSON: Excuse me, Mr. Ruskin. Excuse me. I
16 have to remind you again. This is a procedural
17 conference so we don't have to hear your evidence
18 today. All we need to hear from you, are you planning
19 to lead evidence?

20 MR. RUSKIN: No. I would like to -- I will send in some
21 evidence, but I'm just trying to explain what the
22 evidence will concern, if you want to hear about it.

23 THE CHAIRPERSON: If you can be very brief, please.

24 MR. RUSKIN: Yes. First is there is no saving in carbon
25 at all because 136 million tons of carbon go out with
26 the gas, and if you save 1 million tons of carbon in

1 B.C., it just gets ships out. So 136 million go up
2 globally. We are trying to save global warming, so
3 the whole premise is wrong.

4 **Proceeding Time 10:31 a.m. T20**

5 The second thing has to do with rates, and
6 on the rates what happens is the rates are based on
7 the revenue requirements and it boils down to the B.C.
8 Hydro is collecting somewhere around \$42 per
9 megawatts, megawatt hour, and it's costing about \$85
10 per megawatt hour minimum so they're losing 41
11 megawatt hours and it boils down to, with the numbers
12 that are given -- I apologize, I have to give some
13 numbers -- it means that \$80 million per year it's
14 costing the ratepayer. So sooner or later B.C. Hydro
15 is going to have to come to you and say, "I want to
16 increase the rates because we're losing this money,"
17 and they can't do that.

18 So the third item has to do with the
19 suitability of what's proposed. I'd like to look at
20 some alternative. It's being proposed that we stick
21 in six kinds of wind farms, which is about 433
22 megawatts. That happens to be 40 percent of Site C
23 which costs about \$8 million, and the windmills only
24 work when the wind blows, about 30 percent of the
25 time, so it has to be backed up. That's very
26 expensive for the ratepayers as well.

1 As far as the gas industry is concerned,
2 they don't really care because the only reason they
3 want the electricity is at the moment I figure it's
4 about break even between using gas and electricity for
5 the cost, but if the price of gas goes up from \$4 to
6 \$10 then it will pay them to have electricity because
7 they'll make more profit and I don't see that that is
8 a good reason for increasing the rates.

9 So bottom line, I'd like to supply some
10 evidence that will allow you to look at an alternative
11 or will allow B.C. Hydro to look at an alternative and
12 come back to you with what happens if we do it this
13 way.

14 As far as emergency backup is concerned,
15 the part that beats me is we have B.C. Hydro, they use
16 gas as emergency in Fort Nelson. As it happens, in
17 Dawson Creek, I just happen to know because my company
18 actually built the gas line into the city, and it was
19 supplying the generators for the city till about 2006.
20 They are probably still around and they would,
21 according to the numbers that are around, that are
22 common, they would have to run about five hours a year
23 in an emergency. Emergency is about 5.5 hours per
24 year, so out of 70. So there would be very little gas
25 used. And there's a precedence because B.C. Hydro
26 themselves use it.

1 So what I really would like is I'd like
2 B.C. Hydro to look at alternatives. I'm sure they can
3 come up with something good based on the fact that you
4 don't need -- you're saving no carbon at all. All
5 you're really doing is it's costing you money. Nobody
6 is benefitting. And I will supply some evidence on
7 that.

8 THE CHAIRPERSON: You will supply it. Thank you.

9 MR. RUSKIN: Thank you.

10 THE CHAIRPERSON: Thank you, Mr. Ruskin.

11 **SUBMISSIONS BY MR. MILLER:**

12 MR. MILLER: Madam Chair, two issues. One arises out of
13 a comment made by Mr. Austin regarding Commissioner
14 Morton's query of B.C. Hydro. I believe he
15 mischaracterized the question. I don't believe Mr.
16 Morton asked the potential customers to come forward
17 and explain why they want power, which is how Mr.
18 Austin characterized it. Mr. Morton's question was
19 directed to whether or not the customers would take
20 the power, depending on the cost of the power, where
21 that cost was. So I think -- but the record will show
22 in any event.

23 With respect to the issues to be addressed
24 in this round, Madam Chair, Commission Staff only want
25 to make comments on one aspect, that's the sufficiency
26 of the record. Staff believe that further evidence on

1 load forecast and the marginal cost of new energy in
2 the forms of an additional round of information
3 requests to B.C. Hydro would help to flesh out the
4 record and better enable the Panel to make an informed
5 decision.

6 **Proceeding Time 10:35 a.m. T21**

7 THE CHAIRPERSON: Thank you, Mr. Miller. Now it's 25 to
8 11 so we'll take a 15 minute break and when we return
9 Mr. Sanderson will have then his reply submission,
10 after which we'll proceed to the second round of
11 submissions.

12 (PROCEEDINGS ADJOURNED AT 10:36 A.M.)

13 (PROCEEDINGS RESUMED AT 10:58 A.M.)

14 THE CHAIRPERSON: Please be seated. Mr. Sanderson.

15 MR. SANDERSON: Thank you, Madam Chair.

16 **REPLY BY MR. SANDERSON:**

17 I have only three comments in reply in
18 relation to what we've heard this morning, though I
19 need to preface it by saying you've heard a lot of
20 argument. I'm not going to meet any of that argument.
21 I heard lots I didn't agree with, but you don't need
22 to hear about that just yet.

23 THE CHAIRPERSON: I was kind of waiting for you to stand,
24 but --

25 MR. SANDERSON: Oh, you'll find I've got very patient
26 over the years. Perhaps there was a time when I might

1 not have been too patient.

2 MR. QUAIL: We've worn him down.

3 MR. SANDERSON: So let me begin with one overview remark
4 and that is this. B.C. Hydro's system is integrated
5 in the most fundamental of ways. The result of that
6 is that nothing you do on any part of it can fail to
7 have an impact on all the other parts. The
8 consequence of that is that when you seek to do
9 anything in the system, it's possible logically to say
10 that every issue that this Commission is concerned
11 about in the context of regulation of the utility
12 comes into play. That's just the nature of the beast.
13 This is not a freestanding extension of the system or
14 a separate part of the system that you can say yes or
15 no to. It's admittedly part of the system taken as a
16 whole.

17 So when Mr. Craig gets up and talks about
18 the broad implications of all this, you can't argue
19 with him. Of course -- sorry, Mr. Weafer, I'm
20 channelling Mr. Craig through Mr. Weafer as Mr. Weafer
21 himself was conceding he does. But you can't argue
22 with the logic. Of course that's true. But the
23 dilemma that B.C. Hydro faces, and with respect, this
24 Commission faces is that you can't re-debate all of
25 the issues in every proceeding, which is why the
26 Commission was wise, I think, again with respect, to

1 say what are the issues for this proceeding. And in
2 my respectful submission, you need to keep that in
3 mind, and when you start talking about, for instance,
4 the desirability of serving new load in this province
5 when everybody understands that the marginal cost of
6 generation exceeds the average cost of generation.
7 And therefore when you add new load, whatever form it
8 takes, that's going to have an adverse impact on those
9 who got in first.

10 You can have a debate, and many systems
11 have and we've all participated in those debates, do
12 the existing customers have the right to pull up the
13 drawbridge and say, "We got the cheap stuff first, we
14 don't want anybody new"? That's a fundamental debate
15 that has enlivened commissions everywhere that find
16 themselves in this circumstance. There's times when
17 everything's flipped, you know, when new load lowers
18 everybody's costs and then the debate is reversed.

19 In my respectful submission, this isn't the
20 place to have that debate. We can't afford for that,
21 and the citizens and residents of Dawson Creek can't
22 afford for this to be the place for that debate. The
23 Commission has got to bring discipline to its
24 processes in respect of what gets done in what
25 proceeding, and Hydro's position clearly here has been
26 that's not the place for that particular -- this is

1 not the place for that particular debate. And that's
2 true of a number of the other things we heard about
3 today. I think that the focus needs to be, and this
4 is a general comment, specifically on whether or not
5 Hydro has come forward with the right solution for
6 meeting what I think is the acknowledged needs in the
7 Dawson Creek area and I stand by what I said in my
8 earlier remarks, as to what those issues really are.

9 **Proceeding Time 10:54 a.m. T22**

10 Moving on to a second point which is more
11 specific, and it is really the only one that will
12 focus on specific submissions of one of my friends
13 this morning, and that is CECBC and in particular the
14 exchange that took place between Commissioner Brown
15 and Mr. Weafer. The letter of CEC that was filed as
16 Exhibit C2-6, while I agree with Commissioner Brown
17 left a lot unsaid, also said a lot, and I don't know
18 that we heard that being said again this morning, so
19 it is worth going back to what that letter says. In
20 the forth paragraph, Mr. Weafer on behalf of CEC says
21 this:

22 "The CEC has met a few times with a number
23 of B.C. Hydro personnel. The CEC can
24 confirm that B.C. Hydro has cooperated in
25 providing information and assisting the CEC
26 with regard to identifying issues which the

1 CEC should be aware of, or may need to focus
2 on."

3 So, my first point is, despite the
4 impression you might have gained from Mr. Weafer this
5 morning, he acknowledged as recently as last week,
6 that in fact, Hydro responded cooperatively at the
7 Commission's direction, has participated with Mr.
8 Craig in trying to flesh out and define what in fact
9 an alternative would have to deal with. That is, what
10 issues are important, what are the needs in the
11 particular circumstances of this case, how can that
12 best be dealt with.

13 The result of that cooperation, I thought,
14 was clearly set out in the sixth paragraph. And that
15 paragraph says:

16 "Also, during the course of the meeting with
17 Hydro, the CEC became aware that certain of
18 its assumptions with respect to the
19 foundation for some issues the CEC was
20 proposing to study, were not correct."

21 Now, that is clear to me. The CEC is acknowledging in
22 that comment, that through the cooperative process
23 with Hydro, it learned that the animating assumptions
24 that lead to the PACA request, were not correct.
25 There has been no renewal of that request, and I think
26 we must accept that the CEC acknowledges that the

1 course they were trying to set there is no longer the
2 course they wish to pursue. They do wish to lead
3 evidence, and of course we will have that evidence.
4 And that they should get on with, but they are doing
5 that without the request for the sort of preliminary
6 funding that they were seeking when they issued that
7 request, and it will not look like what that PACA
8 filing suggested it might look like. No quarrel with
9 that at all, but was concerned to hear Mr. Weafer
10 starting to talk about a two-month period in which to
11 collect evidence and sort of reinvigorate, if you
12 want, that effort. In my respectful submission, I
13 will come to it more on scheduling, there is simply no
14 room for that.

15 The third comment and last comment I had in
16 reply relates to what a number of interveners said,
17 and Mr. Miller said finally, and that is the need for
18 a third round of IRs. Maybe that is a scheduling
19 issue, but in my respectful submission, it shouldn't
20 be a scheduling issue, because we shouldn't get there.
21 There is nothing legitimately placed on the record
22 this morning, nor evident on the face of the record as
23 it has been filed, which would at all support the need
24 for another round of IRs. It has been four months
25 since the application was filed, people have asked
26 over 900 questions, close to 1000 question. No one

1 has said B.C. Hydro failed to answer the questions
2 that have been posed. You have got behind you the
3 volume of information that resulted. If there are
4 additional questions to be asked, there isn't any
5 reason been given why they haven't already been asked,
6 and in my respectful submission, this Commission has
7 got to control its process by putting on the parties,
8 the responsibility to bring their issues forward in a
9 timely way.

10 I think they have done it, I think that I
11 am actually not critical of any of the interveners or
12 commission staff or anyone else for not showing us
13 what their interests were and asking appropriate
14 questions. They have all been responded to. Now is
15 the time to hear next from interveners in terms of,
16 all right, given that evidentiary record, what
17 evidence have you got to add? And I completely agree
18 that the record should benefit from the addition of
19 whatever that is. The record need not however, have
20 another round of IRs at this stage for the reasons I
21 have just said.

22 **Proceeding Time 11:04 a.m. T23**

23 So I may elaborate more on that when I've
24 heard what my friends say on scheduling, but many of
25 them said they were going to be supporting a third
26 round and I want it clear that B.C. Hydro takes the

1 contrary view.

2 COMMISSIONER BROWN: Mr. Sanderson, I have a couple of
3 questions for you.

4 MR. SANDERSON: Of course.

5 COMMISSIONER BROWN: And perhaps it relates to this
6 notion of a third round of IRs. There seems to be
7 some concern that the record to date doesn't have
8 enough evidence with respect to alternate proposals.
9 It would be my assumption that B.C. Hydro has indeed
10 looked at alternate proposals and abandoned them for
11 whatever reason, but most organizations of this size
12 and magnitude of B.C. Hydro would have done some sort
13 of scenario planning and risk management in that
14 regard.

15 My question is what would it take for B.C.
16 Hydro to perhaps -- not necessarily revive and have a
17 complete consideration of the alternatives, but
18 certainly provide a more robust alternative so that
19 this Panel has that information in front of it.

20 MR. SANDERSON: Commissioner Brown, the application
21 contains B.C. Hydro's initial identification of
22 alternatives in chapter 3. So section 3.3 was here
23 are the alternatives that B.C. Hydro considered, and
24 here's an evaluation of them. And in my respectful
25 submission, it does with those alternatives precisely
26 what you've asked.

1 Subsequent to the application being filed,
2 in the course of the information request process,
3 quite appropriately, people said, "Well, we think
4 you've missed some alternatives. What about this,
5 what about this?" B.C. Hydro filed responses to those
6 alternatives, and the most significant response in
7 that regard – because I think the main proponent of an
8 alternative throughout has been CECBC – was found in
9 the response to CECBC 138.1. And that IR, the basic
10 reason that B.C. Hydro did not consider local
11 generation alternatives as a solution was laid out.
12 That was the first round of information requests.
13 B.C. Hydro, as I recall that IR, said, "We did not
14 consider that available alternative for the following
15 reasons," and laid it out.

16 I'm not sure that the record can be
17 amplified beyond Hydro explaining why that wasn't an
18 alternative for it, which as I say, it has done. If
19 somebody wants to take that proposition on and say,
20 "Well, it should have been an alternative, here's
21 why," that's what CECBC said it wanted to do, the
22 premises that it had when it initially said that it's
23 now disavowed but it still wants to put forward
24 evidence, no objection to it doing that. But I don't
25 think asking B.C. Hydro to do more by way of
26 responsive evidence now, on an alternative it's

1 already told you is not one that it considered was a
2 viable one and therefore rejected, is going to improve
3 the record. In fact I don't think there's any more on
4 the record.

5 There was a second round of IRs to get at
6 whether there was anything more, and those responses
7 have just been filed. So it's not clear to me what
8 additional evidence Hydro could give you that would be
9 useful to you. If you want to be critical of Hydro
10 for what it's done or not done, that's argument and
11 again that's not going to be assisted by more
12 information, of course.

13 COMMISSIONER BROWN: Thank you.

14 COMMISSIONER MORTON: Mr. Sanderson, for further clarity
15 then.

16 MR. SANDERSON: Yes.

17 COMMISSIONER MORTON: As I understand it you're saying
18 that at the time the application was filed, all of the
19 scenarios that B.C. Hydro had considered had been
20 included in the application. There are no other
21 scenarios to supply or generate electricity in the
22 area under question that are not included in the
23 application.

24 MR. SANDERSON: That's so, with this caveat. That is, as
25 that chapter discloses, there was a high level -- what
26 are the reasonable alternatives? What about this?

1 comments Mr. Sanderson made about my interaction with
2 the panel and the letter, because I don't think they
3 are -- I want to make sure the panel is crystal clear
4 on what I have said and what the letter said. Can I
5 do that?

6 THE CHAIRPERSON: Please proceed.

7 **SUR-REPLY BY MR. WEAFER:**

8 MR. WEAFER: Thank you. What I said, and what the letter
9 said, was that while the IR process was ongoing, the
10 Hydro position was they would discuss the IR
11 responses, and that was the interaction which
12 occurred. The issue that Mr. Sanderson spoke to in
13 terms of where there has been cooperation in terms of
14 the alternative, was upon the Commission issuing the
15 order to say work with the CEC in response to our
16 interim PACA funding. So, just to be clear, that is
17 when the cooperation occurred. Earlier on, it was
18 discussion around IRs, and understanding of responses.
19 That was Hydro's position then. So, just to be clear.

20 The other thing Mr. Sanderson said was that
21 we've asked for 60 days to file evidence. We were
22 asked how long it would take, and that is what we
23 said. Thank you.

24 THE CHAIRPERSON: Thank you.

25 **REPLY MR. SANDERSON (Continued):**

26 MR. SANDERSON: Madam Chair, just before, Mr. Hefford

1 just pointed me to some evidence that I think might be
2 more responsive to Commissioners Brown and Morton,
3 because I had referred you only to the section on
4 alternatives and the IR requests on alternatives.
5 There is also appendix A to the planning report.
6 Sorry, it is appendix B of the application, and
7 appendix A of the planning report, which I appreciate
8 is confusing, but it is in the application, so that
9 might also be a useful point of reference.

10 COMMISSIONER BROWN: Thank you.

11 COMMISSIONER MORTON: Thank you.

12 THE CHAIRPERSON: So now it is time then to proceed for
13 the scheduling, please?

14 PART TWO:

15 **SUBMISSIONS BY MR. SANDERSON:**

16 MR. SANDERSON: I can be quite brief I think, here in two
17 ways. I won't talk a lot, and as well, the actual
18 proposal I have is very short. It follows from what I
19 said a moment ago, that B.C. Hydro takes the position
20 no further information requests on its evidence is
21 required and therefore, the next logical step is the
22 filing of intervener evidence.

23 Again, the process has been going on for
24 four months now, the issues have been pretty clear to
25 people for some time, so we see no real reason why
26 that step shouldn't be soon, and Mr. Hefford is

1 distributing a timetable which suggested intervener
2 evidence be filed November 18th. Once the parties are
3 in receipt of that, I think there should be
4 considerable expedition brought to the information
5 request process with respect to it, and so would
6 propose that information requests and intervener
7 evidence be the following week, November 25th. That
8 burden falls mainly on Hydro. I mean, interveners
9 may have questions of each other, and are obviously
10 free to do that, but the main burden will fall on
11 Hydro to address information requests to the
12 interveners who do file evidence and we are content
13 that we have a week in order to formulate those
14 questions, and then consistent with the approach that
15 has been taken so far, we have allowed three weeks for
16 responses, which would take intervener responses to
17 December 16th.

18 **Proceeding Time 11:14 a.m. T25**

19 The reason that the draft timetable we
20 propose is short, is because at that point, I think we
21 should have another one of these. It's not that I
22 like to be here talking about procedure particularly,
23 but I do think it is difficult to really focus and
24 hone in on the issues until we see that evidence.
25 We've got a sense, and that was constructive. I was
26 encouraged to hear that most of the interveners, I

1 think, thought that the articulation of what are and
2 are not issues was generally in the ball park. Again
3 the environmental evidence as it relates to West
4 Moberly's position is unknown still, and I think can't
5 be debated further usefully or honed usually till we
6 see West Moberly's evidence. And I think that
7 supports the approach that I'm advocating here.

8 I think similarly with CECBC, scoping out
9 what do we mean by alternatives, how far do you go in
10 addressing system issues that relate specifically to
11 this? We're not going to know until we see what CEC
12 puts on the table. Probably we're not going to know
13 what MPC really means until, one, they decide if
14 they're filing evidence, and two, they make crystal
15 clear what it is that they're putting in issue.

16 So I think at that point we'll be able to
17 decide two things. One, is there enough factual
18 difference that an oral hearing is required? That is,
19 many of the complaints, concerns, issues identified by
20 interveners I would characterize as policy issues. I
21 would say, you know, frankly we can argue about some
22 of those right now. I'm not going to do it, but we
23 could do it. It doesn't require an awful lot of
24 evidence. What it requires is a conceptual discussion
25 around whether or not the differing positions are
26 justified or not.

1 I do concede there are some matters which
2 may be evidentiary based. The cost of -- if somebody
3 comes forward with a local generation alternative,
4 whether or not it physically is adequate to meet the
5 needs and whether or not the costs identified are
6 complete may well be a factual issue. And if that's
7 the case then that issue is going to have to get
8 addressed, I suspect, through some sort of oral
9 process. But whether we're there yet I frankly don't
10 yet know, and I think we will know once that evidence
11 is filed.

12 And so what we have proposed here is a
13 schedule that takes us to a second procedural
14 conference just before Christmas. That that schedule
15 would then allow the Commission, before Christmas, to
16 be able to make that determination, oral hearing or
17 no. What I would like to say is that even with this
18 schedule, if you concluded an oral hearing was
19 necessary, that would imply a hearing sometime in
20 January assuming that the Commission were available.

21 I haven't put in dates for that because it
22 seemed presumptuous. I don't know what the Commission
23 and this Panel of the Commission can or can't
24 accommodate. But at best, if you were to make a
25 decision just before Christmas that an oral hearing
26 was required, it would be sometime in January. It

1 would likely not complete till the end of January.
2 You'd be looking at a decision, assuming the
3 Commission requires two months to reach one, at the
4 end of March.

5 At the beginning of my remarks this morning
6 I said that was getting to about the end of where we
7 could safely maintain the assurance of meeting the in-
8 service date. I'm not saying that if it's April 1st we
9 won't, but I am saying that it gets a lot riskier in
10 terms of achieving that in-service date if we're
11 delayed in decision past the end of March. And there
12 will be a date not long thereafter where it will
13 simply be impossible to make in-service date if we
14 don't have a decision.

15 And so even this schedule, which I expect
16 to hear people characterizing as aggressive, will
17 yield a Commission decision in what I'm going to
18 characterize as the nick of time. And thus Hydro
19 would be very concerned with significant slippage from
20 what you see here. I think that's probably what you
21 had in mind to hear under this portion, and we lay
22 that as our position as generally as needed at this
23 point.

24 Mr. Miller has asked that this be marked
25 and that's a good idea, and I think this would become
26 Exhibit B-18, I think. B1-18.

1 THE HEARING OFFICER: Marked Exhibit B1-18.

2 THE CHAIRPERSON: Exhibit B1-18.

3 **(PROPOSED TIMETABLE FROM B.C. HYDRO MARKED EXHIBIT B1-18)**

4 MR. SANDERSON: Thank you, Madam Chair.

5 **Proceeding Time 11:19 a.m. T26**

6 THE CHAIRPERSON: Just one quick question, Mr. Sanderson.
7 You raised a potential of an oral proceeding, and
8 nobody knows yet because we don't know what the
9 intervener evidence will look like, but -- and this
10 may be again too early for you to answer, but do you
11 foresee a scenario where, after receiving and seeing
12 the intervener evidence and going through the IRs,
13 there is a need for B.C. Hydro to submit some type of
14 a reply or supplemental evidence?

15 MR. SANDERSON: Yes. I think that is a possibility and I
16 think -- again I didn't put that on here. Reply
17 evidence, as you're well aware, is specific to what
18 gets filed by the intervener evidence and typically
19 gets filed, if there is to be an oral proceeding,
20 shortly before the oral hearing or the first day of
21 the oral hearing, or just before it starts, and that's
22 what I would have thought would happen here if indeed
23 there is reply evidence recommended by virtue of the
24 intervener evidence. So whenever you determine the
25 oral hearing would be, I would anticipate that would
26 drive when any reply evidence was required.

1 THE CHAIRPERSON: So that would be only in the oral
2 hearing scenario. You would not file anything further
3 in the case of a written proceeding scenario?

4 MR. SANDERSON: I think -- certainly that would be the
5 normal situation. I'm hesitant to commit to that
6 without seeing the intervener evidence. I suppose I
7 can see circumstances where intervener evidence can be
8 met with oral evidence which is -- sorry, reply
9 evidence which is not contentious. That is, I can see
10 intervener evidence having not dealt with a particular
11 area, the reply evidence in an uncontroversial way
12 saying, "This is the area that should have been dealt
13 with, here's our evidence on that," and nobody really
14 quarrelling with those facts. I can see in that
15 circumstance written submissions still being adequate
16 by way of final argument without the need for an oral
17 hearing. That would be an unusual situation but I can
18 see it.

19 THE CHAIRPERSON: Thank you, Mr. Sanderson.

20 Now then the intervener. Mr. Miller first.

21 MR. MILLER: Madam Chair, I wonder if I might jump the
22 queue, and the reason I say that is I have circulated
23 a straw man draft regulatory timetable earlier today,
24 and if I'm able to mark it and maybe make staff
25 comments on that, it may provide a basis for a more
26 fruitful discussion by the following interveners.

1 THE CHAIRPERSON: Please do so, Mr. Miller. I think
2 that's good timing.

3 **SUBMISSIONS BY MR. MILLER:**

4 MR. MILLER: Okay, I have -- myself and Staff have
5 submitted a draft regulatory timetable or a straw man
6 timetable, and I'd like to have that marked as Exhibit
7 A2-2 please.

8 THE HEARING OFFICER: Marked Exhibit A2-2.

9 **(DRAFT REGULATORY TIMETABLE MARKED EXHIBIT A2-2)**

10 MR. MILLER: Does anyone need a copy?

11 Madam Chair, you'll notice the first item
12 in the straw man timetable is a further round of IR
13 requests, Commission IR requests and intervener
14 requests. Mr. Sanderson mentioned earlier that no one
15 has said the answers are insufficient and there's no
16 need for further information requests. Along that
17 line, staff's view is the request for a further round
18 on those two areas I discussed earlier arise as a
19 result of three categories.

20 The first is on some of the information
21 requests, the answers given, staff feels, rightly or
22 wrongly, that the questions weren't answered, that a
23 question was asked and a response came back which
24 didn't address the question. The second category is
25 we don't understand the answer. The third category
26 is, as a result of the responses given, new questions

1 written submissions by the parties as to the necessity
2 of an oral hearing at that time.

3 Those are our submissions, Madam Chair.

4 THE CHAIRPERSON: Thank you, Mr. Miller. Who is next?

5 **SUBMISSIONS BY MR. WEAVER:**

6 MR. WEAVER: Thank you, Madam Chair, and I will refer to
7 -- and I apologize I did not get the exhibit number
8 Mr. Miller -- sorry, A2-2, the straw man regulatory
9 agenda circulated by staff. I am generally in
10 agreement with the submissions of Mr. Miller with
11 respect to the need for a third round of information
12 requests, not only on the categories that Mr. Miller
13 has identified, but also and more specifically as the
14 CEC does wish to develop and file a piece of evidence,
15 albeit on a more limited scope than originally
16 projected, but still focused on an alternative that
17 the Commission can review and assess in this
18 proceeding.

19 The reason for the third round of IRs is
20 primarily a result of the fact that in the last two
21 weeks, there has been more of a dialogue with B.C.
22 Hydro around the alternative, and that has led to a
23 desire to have further information on the record that
24 can be incorporated into the evidence.

25 One of the effects of that is it reduces
26 the amount of resources the CEC has to put into a

1 piece of evidence. And we do subscribe to the comment
2 of Mr. Sanderson at the start of the day. We are not
3 looking for more process or more cost where necessary
4 in this proceeding. So the third round of IRs will
5 help us focus the evidence that is provided based on
6 information that is readily available to B.C. Hydro
7 that could be provided in the third round of
8 information requests.

9 With respect to the review, we are hopeful
10 that a response to the third round of IRs, may
11 preclude the need for an oral hearing. We are not
12 there now, for certain. And at this point, we would
13 be advocating an oral hearing. We have no difficulty
14 with the inclusion of a procedural conference where
15 that question could be addressed at the conclusion of
16 the body of evidence being before the Commission. We
17 are not advocating a hearing for the sake of a
18 hearing, we are advocating a hearing, because right
19 now, we have a fundamental concern with the cost of
20 this application, if approved, will put to rate
21 payers.

22 In terms of specific timing, if I could go
23 through the draft regulatory timetable for the oral
24 hearing and propose some revisions to dates, because
25 there are some order issues and timing issues, one of
26 which is the third round of IR responses need to be

1 provided before the intervener evidence can be
2 provided before the intervener evidence can be
3 provided. So that is fundamental. It does result in
4 a slight lengthening of the time period of the
5 application. And I am going to speak to that at the
6 end of my dates.

7 For the intervener evidence we provide,
8 Friday December 23rd, the B.C. Hydro responses to
9 Commission intervener request number three, December
10 9th.

11 THE CHAIRPERSON: Sorry, Mr. Weafer, can you repeat it?
12 What was the date for the intervener evidence?

13 MR. WEAFER: That would be December 23rd, Friday December
14 23rd. The B.C. Hydro responses to Commission
15 intervener from request number three would be December
16 9th.

17 **Proceeding Time 11:29 a.m. T28**

18 MR. WEAFER: The information request in relation to
19 intervener evidence would be January 9th. The
20 intervener response to information requests on
21 intervener evidence would be January 20th. B.C. Hydro
22 rebuttal evidence would be February 3rd. An oral
23 hearing would be February 17th through 24th. B.C. Hydro
24 final submission March 9th. Intervener final
25 submission March 23rd. B.C. Hydro reply submission
26 April 6th. And I should have started by indicating the

1 first two dates on the schedule of November 15th for
2 revised PACA applications, and Friday, November 18th
3 for third round of information requests are fine.
4 Those dates are acceptable and would work within the
5 schedule.

6 As indicated, if there is a desire for a
7 further procedural conference, if there's a record
8 established that can be argued based on that which is
9 there, we will be pleased to back off to a written
10 proceeding if we can get a cooperative response from
11 B.C. Hydro in the third round of IRs to assist in
12 preparing the evidence.

13 So lastly I would just speak to timing, and
14 Mr. Sanderson has put some pressure on the Panel
15 today in terms of the need for a decision, and I
16 understand that approach. Mr. Sanderson also made
17 reference to the response to CEC IR 1.38.1 which was
18 the IR dealing with the requests for have you
19 assessed alternatives. And with respect to that
20 response I encourage to the Commission to review.
21 The response was effectively: We don't have time to
22 do it. There are environmental assessment processes.
23 There's timing that will take four to five years to
24 be accomplished.

25 Well, in fairness, that is something that
26 should have been looked at four to five years ago.

1 B.C. Hydro is not foreign to gas-fired generation.
2 Its response in that IR had indicated it does do that
3 in certain areas. So why had it not done it before
4 it came to the Commission with this application some
5 time ago and said, "We've looked at it and we didn't
6 do it because," as opposed to, "We can't do it now
7 because it's too late," is a significant issue to the
8 CEC. And the order of magnitude of the issue and
9 cost of this process says that's not our problem.
10 That's the company's problem. You could deal with
11 that in argument, but to be putting pressure on the
12 Commission today when it hasn't effectively looked at
13 the alternative because it's too late, and in fact
14 they acknowledge they're going to look at it for
15 Phase 2, causes a serious concern. So we're not as
16 rushed to judgment here as the company would be, and
17 we think that an assessment that is thorough and
18 complete is still required and a third round of IRs
19 and, if necessary, an oral hearing is the most
20 effective way to achieve that.

21 Those are my submissions.

22 THE CHAIRPERSON: Thank you, Mr. Weafer.

23 MR. WEAFFER: Thank you.

24 THE CHAIRPERSON: Next we have --

25 MR. MILLER: Mr. Keen.

26 THE CHAIRPERSON: Mr. Keen.

1 **SUBMISSIONS BY MR. KEEN:**

2 Just in response to the CEC's proposed
3 schedule, AMPC would support that for a couple of
4 reasons. The first thing is that we notice that it
5 doesn't kick out the overall schedule very far. There
6 isn't a lot of slippage. And so while we're sensitive
7 to Mr. Sanderson's concerns about the overall process,
8 there doesn't seem to be a lot of slippage there.

9 The key concern for us is the date for
10 filing intervener evidence. And to provide some
11 context for AMPC's concerns, the second round of
12 information request responses came on October 28th.
13 Reviewed that. The position crystallized that
14 intervener evidence on AMPC's part was likely. We
15 still need to confirm that with the meeting on
16 November 10th.

17 So then to look at potential dates of
18 November 18th or December 2nd or December 23rd, we
19 obviously prefer December 23rd. We can live with
20 December 2nd if need be, although that is tight, and we
21 strongly oppose November 18th. That is asking a bit
22 much given that the concerns crystallized on October
23 28th. And in AMPC's view, we registered for this sort
24 of proceeding and it should be open to us to review
25 that record and identify whether concerns arise or
26 not, and then have sufficient time to develop

1 evidence. I think that'll be -- it's an important
2 issue. The issues we've identified clearly at the
3 start of this session today are important and they
4 deserve to be spoken to.

5 Speaking to whether or not there ought to
6 be a third round of IRs, as we've said earlier, we are
7 content with the record as it lies. If there is a
8 third round we'll participate in a very limited
9 fashion, I would expect. But it makes sense to have
10 that happen before intervener evidence is filed. For
11 that reason as well, we support the position of CEC.

12 In terms of whether there should be an oral
13 or a written hearing, we agree with staff that some of
14 the responses in the second round of IRs answered
15 questions that weren't asked, didn't completely answer
16 some of the questions that were asked, and for that
17 reason AMPC seeks to cross-examine. And so at this
18 point I think our position is clear, we do request an
19 oral hearing.

20 **Proceeding Time 11:35 a.m. T29**

21 It maybe that once the evidence is on the
22 record it maybe that parties could request a written
23 hearing if that becomes apparent. But at this point
24 we also resist the idea that a procedural conference
25 is necessary. That can be requested if required. And
26 so subject to any other questions those are my

1 submissions.

2 THE CHAIRPERSON: Thank you Mr. Keen.

3 MR. KEEN: Thank you.

4 MR. MILLER: Ms. Rana.

5 **SUBMISSIONS BY MS. RANA:**

6 MS. RANA: I will first address the need for an oral
7 hearing and then talk about some scheduling issues.

8 We agree with staff that some of the
9 answers to the IRs did not answer the question fully.
10 And we believe that the best way to address this
11 concern is through an oral hearing. If there is
12 another round of IRs ordered, West Moberly First
13 Nation will likely not participate in it, we don't see
14 a lot of use in that process given some of the
15 responses that we received to the last round. I
16 expect for other interveners it may well be different,
17 but based on the nature of the questions that were
18 asked by West Moberly we think that cross-examination
19 would be the best way to get the information that we
20 are requesting before the panel.

21 And also with respect to the oral hearing
22 the nature of the evidence that West Moberly First
23 Nation would like to bring before you we believe would
24 be best addressed in an oral hearing.

25 As far as scheduling goes, I do agree with
26 counsel for the CEC that it's tight to try to get that

1 evidence in any time sooner than December 23rd. West
2 Moberly First Nations would work with that date,
3 December 23rd, if it is ordered. We do need to still
4 review a number of IRs with our experts. Many of
5 those were put together with the assistance of
6 technical support and we need to work with them in
7 order to prepare our evidence and get it ready to
8 file. So, we think that December 23rd, while it will
9 be tight, we can make it work in the interest of not
10 causing concerns for the other parties. The other
11 dates that CEC has put forward that flow from that
12 moving the date to December 23rd, we are also
13 comfortable with.

14 Now, the final matter is with respect to
15 what I raised earlier, is the stay application that
16 West Moberly First Nations would like to bring before
17 you. We do have significant concerns that the
18 evidence that West Moberly First Nations would be
19 putting forward in this application would be very
20 limited without the study being conducted that have
21 been asking BC Hydro, now for a year, to be able to
22 do.

23 We hope that we can set a meeting with BC
24 Hydro very soon to see if we can work out the terms of
25 reference for that study. And once we know what the
26 study will look like, we will have a better idea of

1 the length of time that it would need to complete it.
2 But on both views of the study, whether it is B.C.
3 Hydro's view that it be just a traditional use mapping
4 exercise versus West Moberly's view that it should be
5 more of an impact assessment, I would submit that
6 either of those studies would require, at minimum,
7 four months to complete. And so, it will dictate the
8 amount of time that we ask to have the opportunity to
9 gather that information to bring before you in an oral
10 hearing, or submit in written, depending on how you
11 rule.

12 We're willing to bring this application in
13 writing to expedite it rather than trying to schedule
14 another date to have it heard, because obviously it
15 does affect the time line. And if you deny the stay,
16 if we are waiting for that application to be brought,
17 it does affect the timeline, so we're certainly
18 willing to bring that in writing.

19 THE CHAIRPERSON: I don't think the panel has questions
20 right now.

21 MS. RANA: Okay, thank you.

22 THE CHAIRPERSON: We are looking forward to your further
23 meeting with BC Hydro and the outcome of those
24 meetings then.

25 MS. RANA: We can have our application before you by next
26 Wednesday in writing if that would assist. Thank you.

1 THE CHAIRPERSON: Thank you.

2 MR. MILLER: Ms. Worth.

3 **Proceeding Time 11:40 a.m. T30**

4 **SUBMISSION BY MS. WORTH:**

5 MS. WORTH: Madam Chair, members of the panel. In
6 regards to the process, I think I have made it fairly
7 clear that at this point BCOAPO views the issues and
8 the process thus far as calling for an oral hearing.
9 In our submission, that is in the ratepayer's best
10 interest given the circumstances. Staff is not alone
11 in its concern obviously regarding the IR process thus
12 far, and BCOAPO would like to, at this point, add its
13 voice to the chorus calling for an oral hearing,
14 partly because of that concern, but also because any
15 number of issues and further information has come up
16 in the course of Mr. Craig's discussions with BC Hydro
17 in recent weeks. It is, in BCOAPO's opinion,
18 important for CEC to be permitted the opportunity to
19 pursue that information and get it on the record to
20 assist the Commission panel and interveners in going
21 forward in its evaluations of this project and its
22 value to ratepayers going forward.

23 Now, Mr. Sanderson suggested that B.C.
24 Hydro -- that it is B.C. Hydro's view that filing
25 reply evidence could or would be filed immediately
26 before the commencement of an oral hearing, and we

1 have some serious concerns about that. We've been in
2 a position where evidence has been filed in reply on
3 the eve of a hearing, and I can advise that we were
4 not alone in finding that it significantly impacted
5 our ability to use the preparation that we had already
6 completed going forward.

7 Interveners typically have far less
8 resources available to them than B.C. Hydro so we are
9 faced with the impossible choice of having to wait
10 until the last minute to prepare in case B.C. Hydro's
11 reply evidence has some significant impact on how we
12 would go forward in an oral hearing. Or a similarly
13 unpalatable one where preparation time already put
14 into the process is potentially wasted and also more
15 time spent to modify work done in order to be
16 responsive.

17 In regards to the two iterations of the
18 potential schedule, the first one being Exhibit A2-2
19 and Mr. Sanderson's B1-18, BCOAPO definitely prefers
20 the staff version for an oral hearing but we do agree
21 with Mr. Weafer that actually having the IR round
22 three responses prior to filing of intervener evidence
23 is, I think, in the best interest of regulatory
24 efficiency and of completeness of the record.

25 Subject to any questions I think those are
26 our submission on this particular matter. We have

1 nothing to add for the issue 7.

2 THE CHAIRPERSON: Thank you, Ms. Worth.

3 MS. WORTH: Thank you.

4 MR. MILLER: Mr. Quail.

5 **SUBMISSIONS BY MR. QUAIL:**

6 MR. QUAIL: Yes, on the issue of oral versus written
7 process, I should say that I had a brief discussion
8 with my friend Mr. Sanderson off line a couple of days
9 ago, and what I told him then and I'm saying now is
10 that the union wouldn't be leading the charge in
11 demanding an oral hearing, but if we felt that there
12 were a credible ground swell coming from other parties
13 that we would support them on that, and that is our
14 position, that so had there been cogent reasons given
15 why, an oral hearing at least should be presumed to be
16 the way we proceed. If there is some process in the
17 form of either a procedural conference or submissions
18 to, sort of, avert ourselves from that course, if the
19 results of a third round of IRs and evidence filed by
20 interveners indicates it's necessary, then that's
21 fine. But in my submission, particularly given that
22 there will be intervener evidence – that's the
23 indication – will be filed, it seems clear that there
24 will be factual issues in dispute which will require
25 some degree of oral hearing.

26 **Proceeding Time 11:44 a.m. T31**

1 Just a general comment. This isn't the
2 first time -- maybe I have been around the block
3 enough times. It is not the first time I've heard
4 B.C. Hydro select a targeted date when they would like
5 something to happen, and then come and ask the
6 Commission and everyone else to sort of jump to that
7 schedule and compress timelines in review of a
8 project, so that the project is operational on the
9 date when they put the pin in the calendar. And I
10 would caution the Commission against feeling pressured
11 by that kind of proposition.

12 A particular case in point which I think
13 is a good object lesson for all of us, is the IML
14 project.

15 THE CHAIRPERSON: ILM I guess you meant, Mr. Quail.

16 MR. QUAIL: I confuse this all the time, because the
17 other part I do labour law, *IML* is the key case on
18 appropriateness of bargaining units in British
19 Columbia before the Labour Board. So I am always
20 referring to that as the ILM case, and you find me
21 calling that IML.

22 Where, you know, issues arose early in the
23 process regarding First Nations consultation. There
24 was an application filed to the Court of Appeal, and
25 at that point, we, as an intervener, filed a letter to
26 the Commission proposing that the hearing be suspended

1 until the Court of Appeal had pronounced. The
2 Commission didn't agree that that was a wise thing to
3 do and a very summary process took place, a written
4 proceeding that approved the project. In my
5 submission in retrospect, that was a very costly
6 decision to proceed rapidly rather than allow
7 something to happen which could potentially have a
8 significant bearing on the outcome.

9 Perhaps that is the most sort of extreme
10 recent example, but my point is that the Commission
11 should take the time that it takes to decide how
12 significant investments and significant impacts on
13 local property and so on are going to be determined,
14 and not be driven excessively by a pin in a calendar.

15 Subject to those comments I will simply
16 adopt my friend Mr. Weafer and Ms. Worth's
17 submissions. I submit it does make perfect sense, we
18 won't be filling evidence, but it does make intuitive
19 good sense to have the fruits of a third round of IRs,
20 if there is to be one before intervener evidence is
21 going to be filed. It will make everything much more
22 productive.

23 And subject to that, I have no further
24 submissions on the remaining issues.

25 THE CHAIRPERSON: Thank you, Mr. Quail.

26 MR. MILLER: Mr. Andrews?

1 **SUBMISSIONS BY MR. ANDREWS:**

2 MR. ANDREWS: BCSEA, SCBC supports the concept of a third
3 round of information requests, and in particular as
4 opposed to the concept of going straight to an oral
5 hearing without a third round, if that is seen as a
6 choice. I think like Mr. Quail, my clients support
7 but don't lead the charge regarding an oral hearing.
8 I have heard other interveners that do want to have an
9 oral hearing and we certainly don't oppose that.

10 Clearly, in my submission, the suggestion
11 regarding the date of the Hydro responses to an IR3,
12 if there is one, should be prior to the date for
13 interveners to file evidence. Although, as you know,
14 my clients are not going to file evidence.

15 And those are my submissions.

16 THE CHAIRPERSON: Thank you, Mr. Andrews.

17 MR. MILLER: Mr. Austin?

18 **SUBMISSIONS BY MR. AUSTIN:**

19 MR. AUSTIN: The Clean Energy Association does not
20 support a third round of information requests. The
21 association appreciates the concerns of staff,
22 however, the solution is an oral hearing. It is one
23 thing to say the evidence is on the record, but the
24 evidence hasn't been tested. In recent memory, there
25 haven't been enough oral hearings, and I think the
26 Commission should start to consider that is the prime

1 option as opposed to the last resort.

2 With respect to the date, I believe, for
3 filing intervener evidence, and perhaps industrial
4 customers, or correct me if I am wrong, but I think
5 they were looking at December 23rd as a filing date. I
6 think that's too generous. I think somewhere in the
7 first week of -- the end of the first week of December
8 would be fairly reasonable.

9 **Proceeding Time 11:49 a.m. T32**

10 With respect to a second procedural
11 conference, I think that would be very useful once the
12 interveners have filed their evidence. So at that
13 point in time a final decision could be made with
14 respect to whether there's going to be an oral hearing
15 or not.

16 I would like to raise one matter that
17 perhaps we could get clarification on before we get
18 out of this room from the Commercial Energy Customers,
19 and it's with respect to its letter of November the
20 2nd, 2011, and it's the fourth paragraph and it says --

21 THE CHAIRPERSON: Can you perhaps repeat the exhibit
22 number for that letter too, Mr. Austin?

23 MR. AUSTIN: Exhibit C2-7. I believe it's Exhibit C2-7
24 and I can --

25 THE CHAIRPERSON: And the date was November --

26 MR. AUSTIN: November the 2nd. And once I read the --

1 THE CHAIRPERSON: I have a November 2nd letter that's
2 Exhibit C2-8.

3 MR. AUSTIN: Okay, well, I believe it's Exhibit C2-8 but
4 the thing -- the matter will be completely clarified
5 if I just read the paragraph in question in the
6 letter.

7 THE CHAIRPERSON: Okay, let's -- all right, okay, then we
8 confirm.

9 MR. AUSTIN: The paragraph in question, it says:

10 "The proposed CEC evidence will focus on the
11 local generation opportunities in the second
12 stage of development related to the DCAT
13 project first stage, and the potential
14 effect on the Commission's determination
15 with respect to which of the alternatives is
16 most consistent with the public interest."

17 The question that I have is, the DCAT
18 project is -- the Clean Energy Association understands
19 it has two phases, Phase 1 and Phase 2. The only
20 thing before the Commission right now is Phase 1, as
21 again the Clean Energy Association understands it, is
22 are the Commercial Energy customers planning to call
23 evidence with respect to generation alternatives with
24 respect to Phase 1 or Phase 2? And I think that
25 should be clarified before we get out of this hearing
26 room, because if they are planning to call evidence

1 with respect to Phase 2, then we will object.

2 THE CHAIRPERSON: Well, who can provide -- first of all,
3 just the exhibit, I believe that exhibit then is C2-8
4 that you quoted from.

5 Mr. Miller, how shall we proceed with the
6 clarification?

7 Mr. Sanderson.

8 MR. SANDERSON: Well, let me comment only this far. I
9 think in the end the question posed by Mr. Austin can
10 only be responded to by Mr. Weafer.

11 But just in terms of clarifying the DCAT
12 project, the DCAT project doesn't have phases. The
13 DCAT project is a complete project. Serving the
14 deficiencies or remedying the deficiencies in the
15 Dawson Creek area, in Hydro's view, requires two
16 steps. Step one -- or two phases, whatever you want
17 to call it.

18 The solution has two parts. Part 1 is the
19 DCAT project as presented to the Commission. Hydro's
20 position is that project makes sense regardless of
21 what you think might be the second -- the best way to
22 proceed with the second part of the solution. So DCAT
23 is put forward as a complete project in and of itself
24 which will half solve the problem, if I can put it
25 that way.

26 Subsequently B.C. Hydro anticipates it will

1 come forward with a solution for the second half. It
2 hasn't done that yet. It's given some indication of
3 what it thinks that might look like but it hasn't
4 brought that forward yet. And I think, when people
5 talk about Phase 2 of DCAT, what they mean is they're
6 speculating about what the second half of the solution
7 that Hydro may ultimately come forward to this
8 Commission with.

9 In my respectful submission at this point,
10 that's all it is, is speculation, because while we
11 acknowledge the problem, we haven't yet come forward
12 with that solution for the second part of the
13 solution.

14 COMMISSIONER MORTON: Have you been discussing the second
15 part of the solution with the CEC in the context of
16 this proposal?

17 MR. SANDERSON: Yes. My understanding, and again I can
18 only give you my understanding because I was not party
19 to these discussions, but my understanding is that,
20 yes, during the course of cooperating with Mr. Craig
21 and understanding CECBC's concerns, discussion of what
22 the proper place to think about those concerns might
23 be was part of the agenda. And as I understood from
24 the letter filed as Exhibit C5-6, the October 28th
25 letter, I think, the CECBC recognizes that, that
26 indeed a bunch of their concerns probably do relate to

1 what I'll call the second stage of the solution.

2 COMMISSIONER MORTON: Now, you've just characterized
3 those two phases as essentially independent phases.

4 MR. SANDERSON: Yes.

5 **Proceeding Time 11:55 a.m. T33**

6 MR. MORTON: Yet the letter speaks of the effect of phase
7 2 on phase 1. So that will seem contradictory.

8 MR. SANDERSON: I agree in this sense, when I started my
9 comment I said in the end Mr. Weafer is the only one
10 who can speak to this because I agree, that element of
11 CEC letter, that sentence, quite frankly I didn't
12 understand. That is, Hydro's position as it is in the
13 application is they stand free from each other in the
14 sense that B.C. Hydro doesn't believe that the
15 solution to Phase 2 is going to drive its application
16 here. To the extent that the October 28th letter from
17 CEC is suggesting that's not right, then I will leave
18 Mr. Weafer to elaborate.

19 MR. MORTON: Thank you.

20 THE CHAIRPERSON: Mr. Weafer.

21 MR. MILLER: I believe Mr. Weafer is going to address the
22 issue.

23 THE CHAIRPERSON: Thank you.

24 MR. WEAFER: I am being channeled, just one moment.

25 THE CHAIRPERSON: Take your time please because we need
26 clarity, so we have patience for clarity.

1 **SUBMISSIONS BY MR. QUAIL (Continued):**

2 MR. QUAIL: Perhaps if I could make use of some of the,
3 sort of, dead air maybe Mr. Ruskin will turn on
4 his --.

5 But I just want to comment on what's been
6 put forward and I think it is an important issue in
7 terms of the content and nature of this whole process.
8 B.C. Hydro has projected a particular need for the
9 entire region and projected the load that they project
10 will be materializing there. They have come up with a
11 particular solution, which they have chosen to parse
12 into two elements or two projects. And the largest
13 question in this, or one of the large questions is:
14 Is that really the right solution to this -- first of
15 all: Is that load correct? But is this sort of two
16 part solution the right one? To attempt to confine
17 interveners to addressing -- first of all, being
18 confined to the way that they have parsed it into the
19 two-part solution, in effect, limits the ability of
20 participants to probe into whether there are other
21 entirely different alternatives. I hope that that
22 makes sense. That there may be other alternatives
23 that don't coincide with the two pieces that Hydro has
24 chosen to break its alternative into.

25 That's their proposal but if other parties
26 what to challenge that and suggest there may be other

1 ways of tackling this single need for the region that
2 they projected, I submit that it is not proper and it
3 improperly confines the scope of the issues before the
4 Commission to require parties to channel their
5 participation into these two pieces that Hydro has
6 chosen to present to the Commission in stages.

7 That may be helpful or may not at least
8 perhaps it gives the transcriber something to do while
9 Mr. Weafer is being channeled.

10 THE CHAIRPERSON: Thank you, Mr. Quail. So, now you have
11 completed channeling Mr. Weafer.

12 **SUBMISSIONS BY MR. WEAFER (Continued):**

13 MR. WEAFER: Well, not quite, not quite. In a few
14 minutes I will have, yes.

15 The letter Exhibit C2-8 is accurate in
16 terms of what the CEC wishes to assess in the
17 evidence. We disagree that the projects are
18 independent. There is clearly a relationship between
19 the two projects.

20 Further we were told in terms of self-
21 generation in response to an IR, it wasn't done early
22 enough for Phase 1, so we sure as heck need to start
23 looking at it for Phase 2, and it is important that
24 the Commission have that in mind as it assesses Phase
25 1, including the prudence of the Phase 1 option being
26 put forward by B.C. Hydro. So, the evidence, yes,

1 it's focused on self-generation and how appropriate it
2 is in the location that the company had filed an CPCN
3 for that we say is deficient.

4 And so, that it may work for Phase 2 is
5 very important, but that it wasn't properly assessed
6 for Phase 1, which we will argue -- I don't intent to
7 say this is our final position, but that is our
8 assessment of the evidence at this point in time, and
9 the reason that we wish to file evidence to give the
10 Commission some other alternative to consider that
11 might have impacted Phase 1 and certainly we think
12 will impact, and hope that it will impact Phase 2.

13 And I subscribe to Mr. Quail's comments in
14 terms of trying to restrict the assessment of this
15 project without a longer vision as to what is really
16 happening in that specific location would not be
17 effective review of this project.

18 MR. MORTON: Are you proposing to file the evidence about
19 Phase 2, then that we would require in order to
20 further evaluate?

21 MR. WEAVER: That will be a part of the evidence, sir.
22 The inter-relation and the prospect of Phase 2, but
23 clearly it will be connected to the Phase 1 part of
24 the project in terms of it is the same, in effect,
25 location that the company is talking about for Phase
26 1.

1 MR. MORTON: But this would be evidence about B.C.
2 Hydro's knowledge of Phase 2, that you would be
3 filing?

4 MR. WEAVER: This would be also --

5 MR. MORTON: Well, Phase 2, is something that is within
6 the purview of B.C. Hydro. I mean, they are the ones
7 that know about phase 2, and have done all the --

8 **Proceeding Time 12:00 p.m. T34**

9 MR. WEAVER: Correct. Certainly there has discussion
10 around Phase 2. There is some evidence around what
11 Phase 2 may look like and what we would intend to do,
12 the CEC would be intending to do with this evidence is
13 indicate directionally, this was a solution that might
14 have been assessed in Phase 1, and needs to be front
15 and center looking at Phase 2. Including, as part of
16 the Commission's, I suspect the arguing, when all
17 evidence is in, including as part of the direction of
18 this Commission, should it approve this application.
19 That these alternatives must be looked at as part of
20 the next phase.

21 COMMISSIONER MORTON: Okay.

22 MR. WEAVER: Those are my submissions.

23 THE CHAIRPERSON: Thank you, Mr. Weaver.

24 MR. WEAVER: Thank you.

25 THE CHAIRPERSON: Mr. Austin raised the question, so --

26 **SUBMISSIONS BY MR. AUSTIN (Continued):**

1 MR. AUSTIN: And he regrets that he did.

2 I guess we are just going to have to wait
3 for this evidence as a Christmas present. I guess the
4 next Christmas present from the CEC will probably be
5 that, gee, the gas producers should go do all of their
6 work in Alberta.

7 THE CHAIRPERSON: Mr. Austin, please remember this is now
8 procedural conference regarding the DCAT.

9 MR. AUSTIN: I fully appreciate that, but as this thing
10 just keeps expanding, I would like to know where the
11 limits are so that we can properly devote resources to
12 thinking about this application. It does seem rather
13 expansive that when somebody has an application, and
14 with respect for a solution for a particular
15 transmission problem that now it's being expanded to a
16 Phase 2 that doesn't even exist.

17 With respect to the time of the actual
18 construction of the lines, the Clean Energy
19 Association is supportive of B.C. Hydro's concern
20 about getting this line in to meet the requirements of
21 the customers in the area. And although there seems
22 to be some slack in the timetable, there isn't
23 unlimited slack in the timetable. Presumably the
24 people in the oil and gas industry have to make
25 investment decisions. They have got timelines to make
26 decisions, and they have requested electrical service

1 so we have to be mindful of that.

2 And those are my submissions.

3 THE CHAIRPERSON: Thank you, Mr. Austin.

4 MR. MILLER: Mr. Ruskin?

5 **SUBMISSIONS BY MR. RUSKIN:**

6 MR. RUSKIN: I would like to support looking at
7 alternatives. It seems to me that what you are
8 looking at is somebody comes here and says we are
9 going to close this with gold buttons. Would it not
10 be worth while to see if there isn't a way to use it
11 with Velcro? And that is really what it is all about.

12 You should look at the alternatives and see
13 which is better for the public and for the rates.
14 That is all it is, and all I would support is to look
15 at as many reasonable alternatives as possible to
16 serve the given load. That is all, thank you.

17 THE CHAIRPERSON: Thank you, Mr. Ruskin. Back to Mr.
18 Sanderson?

19 **REPLY BY MR. SANDERSON:**

20 MR. SANDERSON: Thank you Madam Chair.

21 Madam Chair, I'd like, in reply, if I can,
22 to sort of group things and hit specific points rather
23 than go through piecemeal. But I don't think I am
24 going to manage that, I think I am going to have to
25 follow through in response to what we heard at the
26 latter half of the morning, beginning with Mr. Miller.

1 Mr. Miller on behalf of staff indicated
2 that there are three reasons for wanting a third round
3 of IRs. So, let me deal with that first. He said
4 that certain questions were not answered. And in my
5 respectful submission there are remedies for that. I
6 don't agree, but if staff has questions which were not
7 answered, they can apply to the Commission to get
8 those answered as distinct from having a new round of
9 IRs. That is the proper relief for that complaint.

10 Second, two issues he addressed is we don't
11 understand the answer, and the third was, well, okay,
12 but that answer has caused us to have a follow up
13 question.

14 With respect, there will never be an end to
15 categories two and three. That is, whether we have
16 three or four or ten rounds of IRs, there is always
17 going to be answers you don't understand, and there is
18 always going to be new questions that occur to you.
19 At some point, this Commission has got to decide when
20 enough is enough, and say any further questions can
21 either be dealt with through submissions, or if there
22 is one, oral cross-examination. In my respectful
23 submission, that is the point where we are at.

24 Two rounds of IRs, you know -- and again,
25 Madam Chair, perhaps you and I can remember times when
26 there was only one round of IRs expected, and that a

1 second round was by exception. In my respectful
2 submission, we have now drifted into two, without any
3 real debate, and people are pushing for a third. And
4 I think this Commission, with great respect, needs to
5 look at these things closely and needs to identify
6 third round IRs as being something that is truly
7 extraordinary, that happens only if there is a
8 significant new issue that is surfaced, which people
9 really hadn't anticipated or addressed, or something
10 else has happened that makes it sensible to think that
11 people may now have issues, or think of areas that
12 they couldn't reasonably have thought of before.

13 **Proceeding Time 12:05 p.m. T35**

14 That hasn't happened here. The issues that
15 people have raised I think have been apparent to them
16 right from the beginning, and that's going to be a
17 theme in what I have to say. Nothing new has come up
18 through the process. So B.C. Hydro proposes the
19 notion of a third round of IRs.

20 B.C. Hydro also opposes the timetable for
21 another reason – as it was originally presented – if
22 there is a third round of IRs, and it really
23 exacerbates why I'm on my feet addressing this with
24 some intensity. On December 3rd of this year, B.C.
25 Hydro is going to receive IRs in the RRA, as you well
26 know. These things aren't independent. The same

1 people are committed to the same processes. Sure
2 there's a lot of additional people involved in the
3 RRA, but it is -- the overall logistics -- I'm sorry.
4 I said December 3rd. I was supposed to say December
5 23rd. My mistake. And so this is not so much
6 responsive to the staff's timetable as it is the
7 revised timetable that would see things shifting to
8 December 23rd.

9 One does have to be mindful of the overall
10 burden as being opposed on Hydro here, in my
11 respectful submission, and you can't simply ignore the
12 impact of both going together. There is room, I
13 think, for the heavy lifting on this project to be
14 done before the parallel heavy lifting on RRA, but not
15 if there's slippage of the kind that's being proposed
16 here by some of the interveners.

17 The next point is in direct response to
18 CECBC. If I understood Mr. Weafer, he is chastising
19 Hydro for not having anticipated the shale gas
20 developments that have occurred in the last 18 months
21 to two years, four or five years ago. "Why weren't
22 you planning to do this four or five years ago?" was
23 his rhetorical question. Well, in my respectful
24 submission there was no one in British Columbia, there
25 was no one in North America to have the least
26 understanding of what's happened in the -- that was

1 anticipating what's happened. You look at the load
2 growth curves or anything else for expansion from the
3 Montney, they look something on a graph like that. And
4 for the record my hand went along horizontally and
5 then almost up vertically, and that's because that's
6 what the growth projections are. Those growth
7 projections did not exist in 2006.

8 It is true that B.C. Hydro will tell you,
9 and has said in the application, that one of the
10 reasons that it hasn't looked at some of the
11 alternatives that are floated by CECBC at this stage
12 is because it sees significant delay in accomplishing
13 its objectives attendant upon those solutions, even if
14 they were practical or sensible. It's not embarrassed
15 to say that. This load, this demand is an
16 unprecedented event in terms of imposing demands on
17 the system.

18 In many ways what this hearing is about is
19 a test of B.C. Hydro and a test of this --

20 THE CHAIRPERSON: Do we have audience listening to what
21 happened here? Do we have to explain? Nobody is
22 hurt. Nobody is hurt. Only one canister of water
23 fell off the table.

24 MR. SANDERSON: So long as that wasn't a comment from Mr.
25 Miller on the quality of the submissions.

26 MR. MILLER: Purely unintentional.

1 MR. SANDERSON: What I was about to say is I really do
2 think this is a test of the electrical system in B.C.
3 in terms of its ability to meet unforeseen
4 circumstances.

5 **Proceeding Time 12:10 p.m. T36**

6 Nobody could have legitimately have
7 foreseen what has happened. Hydro has reacted as best
8 as it can, and come forward with a solution. The
9 Commission is being asked to react to that. B.C.
10 Hydro can make no apology for that. It is the
11 circumstance it found itself in. It is the
12 circumstance this Commission finds itself in. No
13 fault of the Commission. But, what we are testing
14 here is whether, when unforeseen circumstance occurs,
15 it is possible to have a regulatory process that gets
16 at the issues as fully as they need to be got at, but
17 also yields an effective solution.

18 I do draw parallels between this
19 circumstance, and that which existed in context of,
20 for instance, the Alcan EPA. In the context of the
21 Alcan EPA, there was a window of opportunity in which
22 B.C. Hydro could acquire a significant volume of
23 attractively priced power. In that circumstance,
24 external events, that is the willingness of Alcan to
25 sell the power, had temporal constraints on it. The
26 offer was only open for so long. The same

1 circumstance developed with the opportunity to acquire
2 an interest in the Juanita facility. It wasn't
3 Hydro's role to decide how long that was for sale for.
4 That was determined by Tech. Hydro needed to respond.

5 In both cases, this Commission needed to be
6 satisfied that those transactions were prudent. The
7 Commission, in both circumstances, adapted its
8 procedures. It had very extensive procedures, one
9 oral, one written, but both intense, extensive, long
10 and fulsome. But it did it, in much less time than we
11 are actually proposing for this hearing.

12 The exigencies here are not as intense. A
13 day's delay doesn't subject the ratepayer and the
14 system to the loss of the opportunity totally. But as
15 you will hear in the evidence, there is a connection.
16 The new load, which is a component of this project,
17 isn't going to be there forever. And again, this goes
18 to Commissioner Morton's question of me earlier this
19 morning. It is true, as others have alluded to, and
20 as the application says, that these projects can
21 proceed with or without electricity. We have given a
22 number of reasons why we believe electrical service is
23 appropriate in the circumstances driven by the
24 customers' request for it. We don't accept the
25 observation made by one of my friends this morning,
26 that Hydro went out and solicited this load. That is

1 not the evidence you'll hear. But Hydro does, as Mr.
2 Austin put it, accept it has an obligation to serve
3 new as well as old load. Industrial as well as
4 residential load. That is true, it does have those
5 obligations, and it has responded accordingly.

6 Its ability to meet that request and meet
7 that obligation does have a temporal limit on it.

8 **Proceeding Time 12:13 p.m. T37**

9 At some point those customers will despair
10 of the system in British Columbia and its ability to
11 get them power, and they will look at their
12 alternatives. We say that shouldn't happen. We say
13 their decisions should be driven by economics and they
14 should be treated like any other customer. So their
15 internal economics should drive their choice. So far
16 that seems to be driving towards electricity, but if
17 these processes cause long enough delay, it may drive
18 them somewhere else. We think that's inappropriate.

19 Next with respect to the submissions of Mr.
20 Keen and the suggestion that MPC could live with
21 December 2nd; would prefer December 23rd. With great
22 respect, it's not the Commission or B.C. Hydro's fault
23 that AMPC didn't identify its issues until the end of
24 the second round of IRs. This application has been
25 filed for four months. As I've said, the basic issues
26 were apparent on that application, and I don't think

1 it's a reason to wait for intervener evidence to
2 accommodate those who didn't determine where their
3 interests lay in a timely way.

4 With respect to Ms. Rana's submissions on
5 behalf of West Moberly, I'll reserve most of what I
6 have to say in response to the stay application.
7 Clearly we will oppose it. But if I understand Ms.
8 Rana's remarks, she accepts the burden of preparing on
9 the basis of whatever schedule a Commission determines
10 is appropriate today. So whether you adopt a schedule
11 that looks like the exhibit that I've filed or the one
12 that Commission staff has filed or even as modified, I
13 understand West Moberly to accept the burden of
14 preparing evidence in accordance with that while
15 pursuing any application they may have for a stay.
16 And as long as that's understood, I will defer any
17 remarks I have in response to the stay application
18 until it's brought.

19 Mr. Quail, who I think fairly characterized
20 the conversation that he and I had earlier, which was
21 quite congenial, and soft and fuzzy around the edges,
22 I think, earlier in the week, now has a slightly
23 sharper tone to his comment and he suggests that B.C.
24 Hydro is somehow asking the Commission to jump to its
25 own schedule. In my respectful submission there's two
26 things to observe. One is a nine-month process,

1 frankly and with great respect, is not jumping
2 terribly high. In other words a lot of time has been
3 allowed, not inappropriately, but if this process
4 takes nine months, I don't think anybody has a reason
5 or a basis to complain about an overly expeditious
6 process.

7 **Proceeding Time 12:16 p.m. T38**

8 And second, as I've already observed, the
9 timing isn't because Hydro has either delayed its
10 filing or otherwise invented the timeline, the
11 timeline is what's needed to serve the customers' new
12 load. In the case of the new load, if they're to be
13 served through electricity. And the timeline is
14 driven by the dawning recognition that existing
15 customers aren't getting service now that they should.
16 That is, they're not getting the quality of service to
17 which all other British Columbians are entitled.

18 Finally, the debate that was had last with
19 respect to the connection between Step 1 and Step 2,
20 and here again I think Mr. Austin put it well. There
21 is a project before you. There's an acknowledgement
22 of a need for another project which is not before you.
23 If we talk long enough about this project, you won't
24 have to worry about the second one because we'll never
25 get to it. That is, the new load that this project,
26 in part serves, will have done something else. So I

1 think it's important the Commission keep the two
2 separate, focus on what's before you, which is this
3 application, and come up with an appropriate procedure
4 in consequence.

5 That appropriate procedure, I continue to
6 say, would see early filing of intervener evidence,
7 and I stand by the suggestion of November 18th. I'm
8 not suggesting a week here or there is absolutely
9 critical. But I think you see what happens the minute
10 you start building in the additional process. This
11 calls for a completion -- the schedule I put forward
12 by the end of January of the process, if you do
13 determine there's an oral hearing. In other words, I
14 think if the Commission is thinking about this, you
15 should countenance the possibility that there may be
16 an oral hearing and have a process that will
17 accommodate that.

18 Under the schedule I put forward, that gets
19 you till the end of January before that's complete.
20 Under the schedule staff has put forward, as I read
21 it, they wouldn't complete till the end of March.
22 That suggests a Commission decision at the end of May.

23 And I can say this much about that. As I
24 understand it, that will have used up every single bit
25 of construction contingency there is. If Hydro
26 doesn't get a decision till the end of May, then it

1 can only achieve the October date if everything goes
2 as optimally as it could. And if there is any other
3 slippage in any other aspect outside the process
4 during construction, things encountered that weren't
5 anticipated, anything like that, the October date will
6 not be met.

7 I think, if I understood Mr. Weafer's
8 revisions, that would see an even later completion of
9 their whole process, and I lost track but I'm guessing
10 the slippage would be a month, and if that's right
11 then allowing 60 days for a Commission decision would
12 almost inevitably delay the in-service date in 2013.

13 Thank you.

14 COMMISSIONER MORTON: Yeah, I just have a question about
15 your comment about the schedule with respect to the
16 December 23rd date. The schedules that have been
17 proposed by BCUC and then modified by a number of
18 interveners have this -- if there was a third round of
19 IRs it would be completed by December 23rd. Is that
20 correct? A third round of IRs --

21 **Proceeding Time 12:20 p.m. T39**

22 MR. SANDERSON: Well, I understood there to be actually
23 -- Commissioner Morton, and I will thank you for
24 giving me a chance to elaborate on this, as I probably
25 should have any way. I understood that it would be
26 two proposals on the table. Staff, and while I abhor

1 the notion of a third round of IRs, I do agree with
2 staff on this point. The staff has constructed a
3 schedule that sees both intervener evidence and IRs
4 proceeding together. And intervener evidence being
5 filed prior to the response to IRs, with which I
6 completely concur if you were to go down that
7 unfortunate route. So that is my first observation.

8 As I understand, Mr. Weafer, and those who
9 support him, they don't like that order. They would
10 rather intervener evidence not be filed until after
11 IRs, and that leads them to propose intervener
12 evidence filed by December 23rd. I think they saw B.C.
13 Hydro's response to IRs --

14 COMMISSIONER MORTON: It would be before the 23rd then?

15 MR. SANDERSON: Yes, some time before the 23rd.

16 COMMISSIONER MORTON: So then if you got the RRA IRs on
17 December 23rd, then you wouldn't have that conflict
18 that you were alluding to?

19 MR. SANDERSON: Well, I am going to consult with Ms.
20 Fraser in just a moment here, but my understanding is
21 that -- well, let me just confirm my understanding.

22 So, the lack of clarity I think was mine.
23 What happens in the RRA is it gets information
24 requests on December 23rd. We would get the intervener
25 evidence on December 23rd, and would then have the
26 Christmas break to focus on two things, responding to

1 the RRA IRs on the one hand, and preparing a response
2 to and questions of the intervener evidence, which I
3 don't think is what I said earlier, or at least I
4 didn't make it clear. So I think that is the duality
5 that we would face.

6 COMMISSIONER MORTON: Thank you for the clarification.

7 MR. SANDERSON: Just to excuse myself, I am not counsel
8 on RA, so I am getting whispered to about that,
9 because I am not as up to speed on that as I should
10 be.

11 MR. WEAVER: Madam Chair, just for clarify and I think
12 the record will show, with respect to the CEC proposed
13 schedule with the oral hearing, our proposed schedule
14 will extend the process by one week, over what staff
15 proposed, not one month, just so the record is clear.

16 COMMISSIONER MORTON: Thank you.

17 THE CHAIRPERSON: Thank you.

18 MR. MILLER: I'm not aware of any further issues, Madam
19 Chair.

20 THE CHAIRPERSON: Thank you, Mr. Miller. If that is the
21 case, I think we are getting close to the conclusion
22 of this morning's gathering. I think we have covered
23 a lot of ground already, and this is the last chance,
24 last call. Any more issues that we have not
25 addressed?

26 Hearing none. So, thank you, thank you

1 very much everybody for your quite insightful and
2 articulate submissions, and you have been very good
3 cooperating with us this morning to bring us to
4 completion still in time for lunch. So, thank you.
5 (PROCEEDINGS ADJOURNED AT 12:23 P.M.)

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