

Mr. Patrick Wruck  
Commission Secretary  
BCUC

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### **Re. Consultation Request**

Dear Mr. Wruck

Thank you for affording me to provide some feedback to the " Proposed New Rules of Practice and Procedure for Reconsideration Applications". By way of introduction I should outline my background and my recent involvement with the Shannon Wall Centre Rental Agency (SWCRA) Application. I am a retired business executive with over 40 years career experienced primarily in the Canadian Chemical Processing industry and have been involved with project economics over many years. In more recent times I was involved, for a number of years, with a crown corporation, Columbia Power Corporation, where I initially provided consulting services before becoming a board member in January 2009. I subsequently was the acting CEO and Vice Chairman of the Board during 2010 when the Waneta Expansion Project was sanctioned and the project financial plan was approved. I hold an engineering degree, B. Eng. (Chem Eng. UCD 1974) and an MBA (York Univ. 1981). I am currently the President of Strata EPS 2413, the Coach House, located within Shannon Estates and was a registered intervener in the SWCRA Application process.

I have reviewed the proposed rule changes and feel that they do not go far enough towards protecting the interests of the consumer ratepayer, particularly when dealing with the new small utilities that are cropping up as a result of local authority bye-law requirements. From the outset let me state that it is a daunting task for any individual consumer to comprehend the workings of the BCUC. The current process would hardly be described as user friendly when viewed by the general public. The nomenclature and processes/procedures are not easy to navigate and as a result the BCUC get minimal input from the public. There does not appear to be adequate requirements on the applicants to ensure comprehension, communication or ratepayer engagement in the rate application. Unfortunately, there is virtually no general public engagement in the proceedings. The current environment is geared to the larger utilities such as BC Hydro and Fortis BC and is heavily laden in legal language.

I will address, below, some specific issues that I observed over the past two years as I intervened in the SWCRA Application;

The Commission and the "small utility industry" established a framework some years ago. All future applicants should be required to confirm that their applications meet the criteria established under this framework and failure to do so should bring about immediate rejection.

In order to protect the consumer, there needs to be clear separation of the purchase of property and the provision of utility services. This can be accomplished by demanding, from the outset, two separate legal documents; *one*, for the real estate transaction, whereby the developer clearly informs the buyer that the utility will be providing equipment and on-going utility services, *and two*, for the utility to provide full details of the capital and the likely on-going rate structure. In this way there is clear

transparency for the purchaser and informs them that their property purchase has some unique features as compared to a conventional real estate transaction.

The consumer needs to better understand the difference between the status of an intervener and a person that writes a “letter of interest”. It is quite evident that the Commission hearings place greater weight on the evidence of intervenors and significantly less weight on letter of interest submittals. It may also be helpful for the public to have a list of potential resources (expert witnesses and others) that they can use as intervenors on their behalf.

The issue of “confidentiality” needs to be reviewed and its application needs to be more consistent. As an example, I had to make a number of requests to gain access to the SWCRA economic model. Yet, SWCRA included the full CORIX NDES economic model as an exhibit when relying to an information request. Hiding key data, under the guise of confidentiality, that is critical to ratepayers understanding of an application does not serve the public well.

Why are all applications not required to follow the Commission’s General Cost of Capital format? This includes the proper treatment of debt/equity and appropriate income tax treatment and calculations. This would help simplify the process for the general public.

Applications should not be considered until Strata Councils have been formed and are operationally function and have had sufficient time to understand the basis of the application. These strata are the only forum for communication for residents moving into new developments. The commission needs to ensure that there is appropriate and adequate communication with the strata councils and the Applicant, before it engages in establishing a rate structure (even for an interim rate decision).

How do the public get the Applicants to fully answer questions? My experience would lead me to believe that avoidance in answering questions by applicants is not corrected on many occasions and there does not appear to be any penalty when this behaviour occurs. We are relying on integrity and honesty and these traits are not always evident. Can this issue to somehow addressed?

Applicants should be required to show evidence of their efforts to engage and fully communicate with the ratepayers and strata councils *before* submitting a rate application to the Commission.

Mr. Wruck, I again thank you for affording me the opportunity to provide comment. I hope that the above feedback in along the lines of what you were seeking with your request and that the Commission take my comments on board in the interests of gaining more public engagement in future rate setting proceedings.

Yours truly

Gerard F Duffy