

Dear Secretary

I am an ordinary ratepayer and intervener and I respect you and all the BCUC people who are trying to do a good job,

As one of 1.5 million captive ratepayers your rulings affect me. 100,000 are well represented by groups with top lawyers at this hearing . But I and 1,399,999 others are not represented by lawyers ,so I quote again,as I vainly did in 2010,

**JUSTICE MUST NOT ONLY BE DONE
IT MUST BE SEEN TO BE DONE**

i/ And it CANNOT be seen behind closed doors and non-disclosures signed by lawyers

As I said in 2010, I realise negotiation is lawyers favourite meat and bait,

The fact is ,as I warned in 2010, NSP didn't save any time in 2010 as BCH hoped,

While I was a lone ratepayer voice in 2010 amongst all the pro- NSF top lawyer interveners ,I note that there is now one more intervener with similar views in 2012,namely Ms Ilse Leis ,and since I have never met or corresponded,and am uninvolved politically , BCUC or BCH cannot say its' a conspiracy.

I will give you some figures (not as my evidence) ,,and draw a few humorous parallels ,(not because I lack respect),but to illustrate clearer what I believe is wrong with BCUC PROCEDURES today and how they should be bettered, because I see

BCUC , Govt, and public flying blind about what BCUC should or should not do, or must do to silence those people in BC who say BCUC has outlived its usefulness

What can we in BC today learn from history about proper regulation?

ii/John Rockefeller, Sam Insull etc used monopolies to gouge the US Public with rate increases on oil and electricity, which the US public couldn't do without

The US had a perfectly good court system before ,, which proved inadequate to stop rate gouging, with judges encouraging disputing parties lawyers to use NSP=negotiate settlements (just like in BC). It couldn't stop rate gouging because Rockefeller could hire bigger, more expensive and better lawyers, while the average public citizen ratepayers had neither enough money nor time to hire big lawyers ,so Rockefeller won every time and continued his rate gouging

In short regulators are a special kind of court, not like others ,in which the regulators or their lawyers represent the ratepayers and are also the judges but only in one special issue (is the rate of return earned by Rockefeller monopoly not greater than what is needed to attract new funds to serve new ratepayers wanting new service?)

Rockefeller accepted it as fair , because in return the regulators awarded him a certificate of convenience and necessity (CCN) to guarantee he had a monopoly with no competition.

To make sure the regulators were not unfairly doing things BEHIND CLOSED DOORS ,the regulator staff had to publish their recommendations, and then the executive regulator commissioners had to publish their final ruling and give reasons to the public

And as a final check and balance,either Rockefeller or the regulators or any ratepayers could appeal that ruling in the ordinary courts

Eventually regulation was copied in Canada . In BC it became the BCUC" watchdog" ,

BC Regulators (like Dr Angus 50 years ago) ensured the return to stakeholders in monopoly utilities did not exceed the rate of return needed to attract new funds for needed expansion. If it exceeded the rate, then Dr.Angus as regulator never hesitated to order refunds.

It seems to me " watchdog" BCUC has now become a BC govt. paid rubber stamp" lapdog," which no longer watches the BCH rate of return Even Before Bill 17 ,BCH responded to my information request as follows

i/"In 2010, BC Hydro's actual net income was 18.38 per cent of actual mid-year total shareholder equity.

ii/In 2011, BC Hydro's forecast net income is 21.55 per cent of forecast mid-year total shareholder equity.

iii/In 2010, actual mid-year total shareholder equity was \$2,431 billion.

iv/In 2011, forecast mid-year total shareholder equity is \$2,806 million.

v/The actual amount of return on equity in 2010 is given as 447million in 2010 and estimated as 604.8 million in 2011

In 1960 Socred (pro business) WAC Bennett, Dr Shrum and NDP's (anti private utilities) Bob Strachan had a rare agreement that public (tax-free) BC Hydro should take over private (tax-paying) BC Electric, in order to save federal income tax and thereby LOWER BC electric rates.

They would turn in their graves today, when they see BCUC allows BC Hydro rates of return 18.38 to 21.55% on equity stock, much HIGHER than what BCUC allows private utilities Fortis and Terasen in BC.

So BC Hydro rates are now higher instead of lower than any federal tax-paying private utility could justify

Even before it was chained up by BC govt Bill 17. Watchdog BC Utilities Commission did not publicly "Bark" at BCH for rate gouging, and Order Refunds, which is the main reason BCUC was set up in the first Place

The irony is the majority of 4.5 million citizens in BC loudly insisted on lower taxes.

But BCUC issues a "Certificate of Convenience and Necessity" to BCH, which becomes "Certificate to Conveniently and quietly tax" and rate gouge 1.5 million captive citizen ratepayers, which cannot do without electricity,

In The US where regulation was invented together with interveners, hearings and PUBLIC DISCLOSURE AT ALL TIMES (It would be considered unethical and immoral, and perhaps illegal? to fix rates behind closed doors by top lawyers for Rockefeller monopoly wrangling with a number of top lawyers for only 100,000 ratepayers, while 1,400,000 ratepayers are unrepresented and kept in the dark, but have their pockets squeezed by whatever NSP comes up behind closed doors with no public transcript and records what went on)

I am no lawyer, but it seems unfair to me that "watchdog" BCUC did not order BCH to refund the difference between the excessively high actual and the needed return on equity to attract new funds, I would be surprised if this happened in the US. Where regulation (which BC copied) was invented I think there would be a public outcry by ratepayers and maybe an appeal to the Supreme Court to order a refund.

But in BC I see "watchdog" BCUC approves and considers RATE INCREASES By BCH. I think Old John Rockefeller would have loved BC.

Conclusion re NSP

As an ordinary ratepayer and no lawyer, and unrepresented, I respectfully suggest

1/To fulfil its proper function BCUC was set up for BCUC should refuse

- i/ all applications for NSP behind closed doors,**
- ii/all time pressures “hurry up, its urgent’ and all requests to be a mediator between BCH top lawyers, and top lawyers representing 100.000 ratepayers in different important groups**

BCUC duty is to represent and be lawyer for all 1.5 million captive rate payers As such

iii/ BCUC should never simply be a mediator between BCH and other groups

iv/I believe BCUC should never want to become a cosy little professional lawyers NSP club, as caricatured by Charles Dickens

2/ I believe BCUC should regulate BCH and any other monopoly, using rate of return to stop rate gouging.

BCUC should be a public “barking” watchdog’ for protecting 1.500,000 captive BCH ratepayer

3/If the BCH rate of return on the ratebase or on equity exceeds the rate needed to attract new funds to serve new customers BCUC should order a refund and lower rates

Flying Blind

The following comments and figures are not evidence, but only to illustrate clearly what I think is wrong with BCUC PROCEDURES

BCUC IS NOT A COURT OF LAW DEALING WITH POSTMORTEM ISSUES AND DISPUTES BETWEEN TWO PARTIES THAT CAN BE NSP SETTLED AND FORGOTTEN

Such courts rightfully encourage negotiated settlements

IT'S LAWYERS MEAT and the bait BCH successfully uses to circumvent effective regulation together with time pressures and what I regard as 1 or 3 year "Camels Nose In Tent Budget" "Rate Increase applications

BCUC DEALS WITH FUTURE PLANS THAT AFFECT 1.5 MILLION CAPTIVE RATEPAYERS FOR AT LEAST 5 YEARS AND NOW deals with plants and contracts that have a 25 year or more life and LONG TERM IMPACT

ANY DECISION MADE TODAY ABOUT Expenditures on ANY PLANT OR CONTRACT WITH A LIFE OF 25 YEARS OR MORE HAS A LONG TERM IMPACT THAT'S A LOT LONGER THAN 1 OR 3 YEARS

BCH admitted that in their recent DCAT application ,which let "d cat out of the bag" what rate increases they expect as the result of their long term planning, I found it shown obscurely inside lines of a spreadsheet on an appendix disk, that had to be put into a computer, which the majority of captive ratepayers and public reporters would probably never do .It showed:

Year	#	DCAT RATE INCREASE	Coleman Panel
=====	=====	=====	=====
2010		0 base year	
2014	3	32%	17%
2015	5	48%	
2020	10	91%	
2035	25	192%	

=====
Energy Minister Coleman appointed a panel, halving the rate increase over 3 years, mainly by layoffs

But the rate spiral continues ,because BCH is now stuck with round \$18 BILLION, of 25 year "Take-or Pay" contracts, even if voters switch governments 5 times in 25 years

I do not blame BCUC, or the BC govt. or Premiers or Ministers or BCH directors for flying blind. They must rely on the advice of the CEO of BCH and what they are shown

But I blame whoever is now or was Captain of the Hydro ship, who hired and directed the helmsman, pursers and engineers and keeps hitting these rate spiral icebergs. The captain obviously can and should inform the govt and public of the 25 years of costs and rates with whatever alternative plans are feasible that they seek approval for by BCUC and the govt. and directors

BCUC and the govt cannot make good decisions if they are forced to fly blind with 1 and 3 years' camels nose in tent "rate applications or worse, hurried NSP behind closed doors

I see only one way to halt and reverse that rate spiral
But I have been shut up every time I tried to bring it up at BCUC hearings or NSP, or was fobbed off and told it would be subject for the F 2012-2014 public hearing

What I see is not given as evidence, but merely illustrates what I think is wrong with BCUC procedures,

i/ BCUC should encourage and diligently consider any suggestions or complaints affecting his rates by any ratepayers at any time or hearing which is not frivolous

ii BCUC was not set up to protect only ratepayers that can afford the money and time for good lawyers

iii/ As a retired engineer who helped direct engineering of the Columbia River Treaty, signed 1961 by Pres. Eisenhower & PM Diefenbaker, I vainly tried to offer my thoughts to BCUC before. and now at a public hearing which NSP will prevent

The Treaty brought \$ billions hydro power & flood control benefits to Canada & US

Here sits British Columbia with 50,000 gwhrs UNTAPPED, relatively inexpensive, clean, carbon-free, hydro energy, enough for 4.5 million homes & 13 million more people – UNUSED, It's surplus 4 million people in BC won't need for many years. We should export it to US.

There sit 48 million people in three States, (CA,WA,OR) planning multiple gas-fired electric plants, shooting millions tons carbon skywards, increasing carbon, smog ,health problems.,

In 2014 , (within BCH F2012-F2014 application term) the Columbia River Treaty is up for re-negotiation -- a "never to be repeated" opportunity for BC to offer US about one quarter BC surplus of 13,000 gwhrs at fixed 30 year "inflation-proof" price ,(per WAC Bennett recipe in 1964)

Over 30 years it could save California about \$ 12 billion in electric bills, 480 million tons of Carbon, causing GLOBAL warming – make BC energy-prsoperous, halt BCH rate spiral. Unlike Alberta's, BC's energy surplus is renewable, sustainable:"It's rain & snow falling free from the sky "

US politicians are heading into an election ,& may appreciate the idea of long-term" inflation-proof" electrical energy, creating jobs & avoiding millions of tons of carbon shooting skywards, So would environmentalist and our kids

BC politicians will be heading into an election year in 2013. Recently Ralph Sultan MLA who is a P.Eng, and formerly Harvard Economics Prof and Chief Economist of Royal Bank was appointed as one of 2 advisors on the Columbia Treaty

Another WIN/WIN US/CANADA Columbia River Treaty deal is possible . Canada, BC and US neighbours should pursue it aggressively

The technical court procedures used in ordinary courts, with which ordinary ratepayers are not familiar with ,should NOT BE used to shut up any ratepayer who has any suggestion or complaints about his rates which is not frivolous,

I note another intervener Mr Al Wait thinks similarly and wrote

“I expected a full Oral Hearing and proceeded with my Information Requests on that basis.

A full oral hearing is what I prepared for and would prefer.

If the decision is made to proceed with an NSP, I hope the NSP will operate recognizing that a change in the proceedings has been made late in the process and that discussion of more than just line item numbers will be allowed.”

Vernon Ruskin