

Dear Ms. Gillis:

Here is my second response to the BC Hydro request for a Negotiated Settlement Process for the F2012-F2014 Revenue Requirements Application.

Vern Ruskin

BCUCsupport032312

Dear Secretary

I write you again because I sympathise with BCUC difficult position and would like to see BCUC continue in its normally PUBLIC PROCEDURES

I will give you some more 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,

I would like to point out that the issue is far wider and has far more serious HUGE implications IN THE FUTURE than the narrow issue today whether to advance the hearing dates and whether it is held behind closed doors or in public

I am glad I am no longer a lone voice when top lawyers of COPE representing 50,000 member ratepayers and from CEA representing numerous ratepayers give you legal reasons and agree with me BCUC should PUBLICLY protect 1.5 million ratepayers from rate gouging ,and evergrowing multi-billion dollar deferred rate time bombs hitting ratepayers later

If the sky is going to fall if BCH doesn't get a decision on rates by April 2012, as BC govt DM Carr and ADM MacLaren tell

you, (and they have big clout because the BC govt pays BCUC salaries) , I suggest BCUC act like good union negotiators and give BCH half the increase asked for, as temporary rate ,with the condition that a proper public hearing be held later, but not longer than 1 year away without fail. when BCUC will adjust and decide on the final rate, and BCH can then collect or refund the difference .

You see the top grade COPE and CEA lawyers quote applicable legal issues, but I am not a lawyer so I can see far wider issues involving BCUC. They may or may not be covered by Canada Bill of Rights, Freedom of Information , Ombudsman laws etc. It doesn't matter ,because I believe truth will out ,the media will eventually discover what went on , and again raise the question whether BCUC has outlived its usefulness for regulating govt-owned BCH . I would not like that to happen because that unfortunately could become " BCUC-BC Hydro-Watergate "

The question of BCUC ducking out of their job if they agree to let say 10 top lawyers representing say a mere 100,000 rate payers arrive at a ' fair ' rate by NSP , behind closed doors ,with no record or transcript what went on, will arise.

The band -aid of top grade mediator Bill Grant succeeding in persuading 10 top lawyers representing 100000 ratepayers . and the lawyers for the BCH power monopoly to agree to settle on a 'fair" rate , while BCUC is merely a passive observer on behalf of the other 1.400,000 unrepresented rate payers will raise questions

Another question will be the fairness of the rate settled by Mr Grant for the other 1.400,000 unrepresented rate payers and whatever deferred account rate time bombs are settled on ,which at \$2 billion plus are like a \$1500 IOU every rate payer is forced to sign

Another question will be BCH account transparency,. The BCH CEO for example signs and overstates the 2011 BCH income round \$ 600 million through 'deferring' cash expenses , and then borrows the \$600 million cash by selling bonds ,which hypes his performance bonus, so CEOs end up with\$ 500,000 salary and bonus

Comes the day when the deferred account time bomb goes off and ratepayers must cough up their deferred \$1500 iOUs per each, in their rates ,but the parade of BCH CEO s is smiling because they don't have to repay their performance bonus totalling millions while in office.

The question may arise if BCUC should keep approving Deferred Account time bombs ,and whether the CEO incentive should use transparent cash flow, instead on non-transparent (hyped) income financials. (Part of which the BC Auditor has complained about)

BCH calls it smoothing GAAP (generally accepted accounting principles) , and BCUC approval makes it legal

But in the US it might be regarded as a brilliantly clever Ponzi Scheme ,(not the same ,but nevertheless reminds Wall Streeters of Enron and Madoff) ,

So why should BC care what Wall streeters think? Well BCH uses a BC govt AAA credit card to borrow money.S&P looks only at Cash flow not at Hyped income statements

Its one reason why in 2010 I wrote to BCUC they should insist on getting BCH 5 year's pro-forma projected cash flow ,income statements and balance sheets like other regulators eg ,NEB,FPC,PUCs do for rate applications

S&P look only at cash flow not hyped income statements.
That

endangers BC AAA credit that BCH uses ,as they must when BCH try to borrow \$8 billion for Site C. IN FUTURE . And the F2012-2014 application includes the “camels nose” budget for Site C, which BCH now want settled in NSP behind closed doors

Now don't worry ,Wall Street will still be happy to lend money to BC, but please at a higher interest rate., and please a cut in the BC hospital budget , and longer waits for you spoilt unrepresented 1,400,000 ordinary BC ratepayers.

Of course that doesn't worry BCH CEOs or govt DMs or ADM s or any govt or opposition MLA.s They are all on the priority BC hospital treatment list. If there are no hospital bed in BC, they get immediate treatment in US hospitals, paid for by the same “spoilt” 1,400,000 BC ratepayers (Kept in the dark behind closed NSP doors)

Yours sincerely
Vernon Ruskin