

From: skip salty
Sent: Wednesday, March 28, 2012 8:02 PM
To: Commission Secretary BCUC:EX
Subject: F 2012-2014

Dear Secretary

I am traveling and having some internet problems. would you be so kind as to read this letter and forward it to BCH and interveners

Thank you

Vernon Ruskin

Dear Secretary

I have read the letter by the BCH lawyer
I recommend that he and BCUC read the review of BC Hydro Aug 2011 submitted to Premier Clark, made by 3 deputy ministers and note the review was initiated by Energy Minister Coleman and refers to the F2012-2014 period

It states

:BC Hydro rates are set through the development of a financial framework, whereby the corporation submits an application to the BCUC, proposing rate levels which will generate revenue necessary to recover forecasted costs. The application includes a forecast of the revenues and expenses that are expected over the period covered in the application, including a pre-determined ROE. The BCUC review process “includes public proceedings “

“before the BCUC makes a final determination on the Application”

If BCUC decides to make this report completely false and misleading, by agreeing to instead have the rates set by negotiated settlement behind closed doors

I suggest that

- i, the secretary of BCUC,
 - ii/ and DM Carr and ADM Maclaren inform their boss. their Minister of Energy Mr Coleman ,
 - iii/also Premier Ms Clark to whom the report was addressed ,an
 - iv/ DM Dyble to the Premier.
 - v/DM Milburn to the Finance Minister and
 - vi/ADM Wenezeki-yolland to the minister of Advanced Education,
- and of course , we all don't want to lie or mislead the public so inform
- vii/all the reps of all the media who were given the BCH review Aug 2011
 - viii/including Vancouver Sun,Globe and National post etc

so the public will hear the latest new proposed BCH procedure for setting 2012-2014 rates behind closed doors

The secretary of BCUC could add that NSP was opposed by a mistaken lawyer for COPE representing 50,000 members , and a mistaken lawyer for CEA (Clean Energy Assn), and two mistaken single residential customers Leis and Ruskin who took the trouble to study the matter , but don't count because unlike important lawyers they were not paid and they have no written proof to substantiate that they are doing it for their neighbours and their kids whom they don't want hit by over 2 billion of deferred time bombs rate increases

They could also add that one of these residential customer claims its like 1.5 million captive ratepayers being forced to sign an IOU to BCH for about \$1500 .which commits kids to pay it back to BCH at some future unknown time, which BCH CALLS INTERGENERATIONAL

BCH is right that I am just talking Procedure but so is everyone else including BCH. and that is the substance we are talking about.

BCH say that what I or Ms Leis say has no foundation or substance and BCUC should ignore it

Because it's i/ "just about procedure"

li/"we are just one unimportant residential ratepayer"

lii /we cant substantiate that as public spirited citizens we go to all this work and trouble unpaid (unlike the lawyers) to write to BCUC for us and our neighbours and our kids

It seems to me BCH and every one of the interveners are talking about PROCEDURE and BCUC is asked to rule about PROCEDURE

And as I stated before

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

I 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

I want to amplify further what I said

The substance of regulation and rates is what captive ratepayers should pay is allegedly set by BCUC REGULATORS

i/ Being THE SOLE JUDGE of the allowed rate of return
ii/ based on what the monopoly utility NEEDS for its financing in the CURRENT MARKET
iii to get new funds for serving added customers and service extensions and maintenance of current services
iv/ in full public view IN A PUBLIC HEARING PROCEEDING WHICH CAN BE SEEN AND CHECKED BY EVERY SINGLE CAPTIVE RATEPAYER .

It is simple to understand and no arguments by the best, topmost, highly paid and respected lawyers hired by Rockefeller or BCH monopoly can change it and cannot argue it away . (And I respect BCH lawyers are doing a great job for their client, but the client happens to be dead wrong)

I explained that before but to save you time will reference it below

The proposal by the BCH lawyer amounts to a new method and theory and PROCEDURE of regulating monopoly utilities Forget the old public regulation procedure that BCUC was set up to do. And what the Aug 2011 review of BCH falsely said is not what is going to happen

The BCH monopoly prefers email ping-pong and a followed by a rate settlement show behind closed doors.

The facilitator can then list and count the numbers flashed by the important lawyers for the 5 or 10 lobby groups and get

Internet Responses FOR?

Name	Number of members
AMPC	500?
BCIPAC	5000?
1	
2	
etc	
+or -BCUCstaff?	?

Total 6? 10,000?
, =====

Internet Responses AGAINST

COPE	50,000
CEA	1000?
Ruskin	1
Leis	1
+ or _ BCUC staff	?

Total 5? 51,002?
 =====

Like" animal farm"Is BCUC staff 1 vote more equal than other
1 votes?
So who wins?

"Lets get a referee or facilitator or mediator or toastmaster to
praise or criticise or bash contestant heads on this show
held behind closed doors and settle on some rate by
negotiation quickly with a deadline that suits BCH outside
auditors

Lets get Bill Grant -he's never failed settling before and we
all like him(And personally I also think he is a great mediator,
but mediation is dead wrong for this rate setting show)

Or lets get Simon Cowell,if BCH pr can afford to spend
millions as usual, hes never failed" American Idol". settling
who wins among all the contestants in the show

.
BCH says
We can save time (ours and the outside auditors), time is
money. if we can negotiate and settle rates and rubber
stamp the settlement the facilitators produced?lets bypass
those superfluous BCUC Commissioners . BCUC has outlived
its usefulness on this show,

BCH says, once the facilitator comes up with the negotiated
rates for 2012-14 that's what you unsubstantiated
unimportant Captive ratepayers like Leis and Ruskin must

pay . And BCH has negotiated for them and on behalf of 1.5 million ratepayers and their kids an IOU for about \$1500 each for some “intergenerational” historic 2 billion+ dollar deferred charge rate time bomb for them and their kids

Too bad.you unwashed unimportant unrepresented captive ratepayers & kids will never know how or why it all happened because its all covered by legal non-disclosure to be signed by all the negotiators allowed on the show with no media allowed to report

But you will all be stuck with some decisions on plants and contracts and rates which will impact your “intergenerational” rates for you and your kids not just 1 year or 3 years, but for 25 years

To save you time looking up my previous letter ,why I think it is absolutely wrong to depart from proper PUBLIC regulation PROCEDURES ,I repeat

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/"In2010, BC Hydro's actual net income was 18.38 per cent of actual mid-year total shareholder equity.

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

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

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 no lawyer, and unrepresented , and discounted by BCH lawyer because my comments have no substance, and I am just one single residential ratepayer, 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

Sincerely
Vernon Ruskin