

# William J. Andrews

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October 14, 2015

British Columbia Utilities Commission  
Sixth Floor, 900 Howe Street, Box 250  
Vancouver, BC, V6Z 2N3  
Attn: Erica Hamilton, Secretary  
By Web Posting

Dear Madam:

Re: British Columbia Hydro and Power Authority 2015 Rate Design Application (RDA);  
Order G-156-15; BC Sustainable Energy Association and Sierra Club BC comments

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I represent the B.C. Sustainable Energy Association (BCSEA) and the Sierra Club of B.C. (SCBC). In Order G-156-15 [Exhibit A-2], section 2, the Commission invites BC Hydro and interveners to make submissions on five topics listed in Appendix A by October 14, 2015. These are BCSEA-SCBC's submissions. BCSEA-SCBC had substantially completed its draft submissions before having the benefit of reviewing BC Hydro's October 13, 2015 submissions on these topics.

### 1. F2016 COS Study

*1. BC Hydro's recommendation that the review process for the F2016 Cost of Service (COS) study, which could consist of a Negotiated Settlement Process (NSP), be addressed at its proposed December 2015 procedural conference.<sup>1</sup> The Commission wishes to hear from all parties their positions on the significance of the F2016 COS study in the 2015 RDA given the recent B.C. Reg 140/2015 Order-in-Council (OIC) 405 dated July 15, 2015. This OIC set out that for F2017, F2018 and F2019, the Commission must not set rates for BC Hydro for the purpose of changing the revenue-cost ratio for a class of customers. The Commission wishes to hear: (a) if this F2016 COS study should be subject to Commission approval, endorsement, or to be limited in its use as a contextual document for rate design; and (b) if there should be a full review whether it should be undertaken as a NSP. [underline added]*

Regarding the significance of the F2016 COS study given 2015 OIC 405, the F2016 COS study remains significant in four ways:

- Several of the orders requested by BC Hydro are calibrated with reference to the F2016 COS study.<sup>1</sup>

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<sup>1</sup> A change in the small general service (SGS) basic charge so that it would recover 45% of BC Hydro's SGS customer-related costs as determined by the F2016 COS study; a change in the medium general service (MGS) demand charge so that it would recover 35% of BC Hydro's MGS demand-related costs as determined by the F2016 COS study; a change in the large general service (LGS) demand charge so that it would recover 65% of BC Hydro's LGS demand-related costs as determined by the F2016 COS study; and dividing the Street Lighting rate class into a BC Hydro-owned Street Lighting rate class and a Customer-owned Street Lighting rate class, based on the results of the F2016 COS study.

- Other aspects of Module 1 of the 2015 RDA are informed by the F2016 COS study, such as BC Hydro's review of the Residential E-Plus Rate, as BC Hydro points out in its October 13, 2015 submission.
- The F2016 COS study provides evidence relevant to orders to be requested in Module 2 of the RDA.
- BC Hydro requests Commission endorsement of certain methodological aspects of the F2016 COS study to be applied in preparing the F2019 COS study.<sup>2</sup>

Regarding (a) if this F2016 COS study should be subject to Commission approval, endorsement, or to be limited in its use as a contextual document for rate design, from BCSEA-SCBC's perspective, BC Hydro relies on the F2016 COS study primarily as evidence in support of certain of its requested orders. However, as stated above, BC Hydro also seeks Commission endorsement of certain methodological aspects of the F2016 COS study to be applied in preparing the F2019 COS study.

Regarding, (b) if there should be a full review whether it should be undertaken as a NSP, in BCSEA-SCBC's view, there should be a "full review" of the F2016 COS study regarding all aspects that are relevant to Module 1, Module 2 and methodological directions regarding production of the F2019 COS study.

BCSEA-SCBC agree with BC Hydro's October 13, 2015 submission that this review of the F2016 COS study should begin with the first round of IRs on the Application.

BCSEA-SCBC also agree with BC Hydro's October 13, 2015 submission that the Commission should wait for the procedural conference (scheduled for January 12, 2016) to determine the format of the further review of the F2016 COS study, including whether such review should be by way of an NSP. One of the benefits of this approach is that by the time of the procedural conference there will be more information on whether an NSP would have reasonable prospects of success.

## **2. LGS and MGS New Customers**

*2. BC Hydro's proposed accelerated process for Large General Service customers and Medium General Service customers who are without historical baseline to take service at 100 percent Part 1 Pricing. The Commission wishes to hear the need, if any, of a final order, separate from the main final order, for the different treatment of accounts who do not have historical baselines, including: (a) an accelerated process to make the proposed 100 percent Part 1 pricing effective January 1, 2016; (b) that it be reviewed by way of a written hearing; and (c) BC Hydro's proposed timetable.*

BCSEA-SCBC respectfully submit that both the LGS/MGS New Customers requested order and the Minimum Reconnection Charges requested order should be dealt with by an accelerated proceeding(s) involving one round of IRs and written argument with a view to an effective pricing date of January 1, 2016. This would mean advancing the effective date for the Minimum Reconnection Charges from April 1 to January 1, 2016.

BCSEA-SCBC support BC Hydro's request for a final order for the LGS and MGS customers who are without historical baselines ("New Customers") separate from the main final order.

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<sup>2</sup> Exhibit B-2, BC Hydro's October 13, 2015 submission.

Regarding point (a), BCSEA-SCBC support a target effective date of January 1, 2016 for the LGS/MGS New Customer rate design if and only if the same target effective date is adopted for the Minimum Reconnection Charge change.

Regarding point (b), BCSEA-SCBC support review of the LGS/MGS New Customers requested order by way of a written hearing.

Regarding point (c), BCSEA-SCBC support in principle BC Hydro's proposed timetable on page 1-26 of Exhibit B-1, with modifications to the deadlines if necessary to make them feasible in relation to the date of the hearing order.<sup>3</sup> BCSEA-SCBC respectfully request that the same timetable apply to the Minimum Reconnection Charges proceeding. BCSEA-SCBC do wish to have the Commission IRs filed prior to the filing of Intervener IRs. However, BCSEA-SCBC could accommodate a reduced period of time between these two steps if necessary to meet a January 1, 2016 effective date.

### **3. Freshet Rate Pilot**

*3. BC Hydro's proposed expedited processes for (i) freshet rate pilot for Transmission Services, requesting approval by February 1, 2016; (ii) Pricing Principles for Rate Schedule 1823; and (iii) other existing Transmission Service rates. The Commission wishes to hear the need for an order for the freshet rate pilot by no later than February 1, 2016, as well as the Streamlined Review Processes (SRP) and timetable proposed for the above three matters.*

Regarding point (i), BCSEA-SCBC do not oppose BC Hydro's request for a Commission decision on the Freshet Rate Pilot by February 1, 2016. BC Hydro proposes that the Freshet Rate Pilot be dealt with by one round of IRs and an SRP in January 2016.<sup>4</sup> BCSEA-SCBC support that proposal.

Regarding point (ii), BC Hydro proposes that the Pricing Principles for Rate Schedule 1823<sup>5</sup> not be the subject of an oral hearing and that they be the subject of one round of IRs followed by an SRP in January 2016 in conjunction with an SRP for the Freshet Rate Pilot. BCSEA-SCBC do not object to these proposals.

Regarding point (iii), BC Hydro suggests that the requested orders regarding "other existing Transmission Service rates" be dealt with by one round of IRs followed by an SRP in January 2016 in conjunction with BC Hydro's proposed SRPs for the Freshet Rate Pilot and the Pricing Principles for RS 1823. BCSEA-SCBC do not object to these proposals.

### **4. Minimum Reconnection Charges**

*4. BC Hydro's proposed expedited process for Minimum Reconnection Charges in the electric tariff terms and conditions, requesting approval for implementation April 1, 2016. The Commission wishes to hear the positions from parties on the SRP expedited process and timetable proposed by BC Hydro.*

BC Old Age Pensioners Organization et al (BCOAPO) had asked BC Hydro to consider an expedited review with a target effective date prior to the 2015/2016 winter season. BCSEA-SCBC supported an expedited review of all the Standard Charges. BC Hydro says that "there

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<sup>3</sup> The BC Hydro proposal has Commission IRs due on October 16, 2015, which is only two days after these submissions on procedures are due.

<sup>4</sup> Exhibit B-1, page 1-24.

<sup>5</sup> The term "pricing principles" refers here to how rate increases approved by the Commission are applied to each of the pricing tiers within the rate. Rate Schedule 1823 is a transmission service rate.

would be a \$950,000 impact to net income in F2016 if the updated default Minimum Reconnection Charge was to be implemented on December 1, 2015.” BC Hydro proposes that the requested order concerning the Minimum Reconnection Charges be the subject of one round of IRs and an SRP in January 2016 for a target effective date of April 1, 2016.<sup>6</sup>

It is not clear whether BC Hydro’s implicit rejection of an earlier target effective date for the Minimum Reconnection Charges is based entirely, or partly, on BC Hydro’s estimate of the impact to net income of implementation on December 1, 2015. In any event, as stated above, BCSEA-SCBC support a target effective date of January 1, 2016 for the Minimum Reconnection Charges. In BCSEA-SCBC’s view, the Minimum Reconnection Charges could, and should, be addressed by a written hearing (rather than an SRP or an oral hearing), like BC Hydro’s proposal for the LGS/MGS New Customers order. There are three reasons for BCSEA-SCBC’s position. First, the proposed new Minimum Reconnection Charges will substantially reduce the hardship endured by low income customers who find themselves required to pay the reconnection charge. The sooner the reduced charge is approved the better. Second, in BCSEA-SCBC’s view there is no need to have an SRP (or oral hearing) on the Minimum Reconnection Charges. One round of IRs and written argument would provide fully adequate regulatory review. Third, customers who must pay the Minimum Reconnection Charges are as deserving of the benefit of an expedited Commission procedure as are the LGS/MGS New Customers. It is important that the Commission show, and be seen to show, due consideration to the needs of both types of customers.

## 5. Other Matters

*5. Finally, any other relevant matters that parties wish to bring to the attention of the Panel before the procedural conference.*

BCSEA-SCBC do not have any other procedural matters to raise at this time.

All the above is respectfully submitted.

Yours truly,

William J. Andrews



Barrister & Solicitor

cc. Distribution List by email

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<sup>6</sup> Exhibit B-1, page 1-25.