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British Columbia Utilities Commission
Sixth Floor, 900 Howe Street, Box 250
Vancouver, BC V6Z 2N3**Attention: Ms. Erica Hamilton, Commission Secretary**

Dear Mesdames/Sirs:

**RE: British Columbia Hydro and Power Authority 2015 Rate Design Application (RDA)
Commission Invitation to Provide Submissions on Issues in Appendix B of Order G-165-15**

Please be advised that we make the following submissions in response to the BC Utilities Commission's (BCUC) September 30, 2015 invitation to comment on the issues discussed in Appendix B of its Order G-156-15. These submissions are made on behalf of our client, the Canadian Office and Professionals Employees Union, Local 378 (COPE 378).

1. The Review Process for the F2016 Cost of Service (COS) Study

COPE 378 went into the BCH RDA Pre-Filing Workshops anticipating what could euphemistically be characterized as a "spirited discussion" of issues relating to the appropriate COS methodology and inputs preceding an even more spirited process after the RDA was to be filed. Many aspects of COS are normally highly contentious as between rate classes because the methodology, assumptions, priorities, and inputs can all have significant impacts on what portion of BC Hydro's annual revenue requirement each rate class will be required to pay. While the workshop discussion was spirited and clearly delineated each party's concerns there were areas where a consensus or near consensus were reached in the pre-filing process.

Then, in July the provincial government chose to yet again interfere via Section 9 of Direction 7 B.C. Reg 140/2015 Order-in-Council (OIC) 405. This prohibits the BCUC from setting rates that would change the cost allocations for any customer class for F2017, F2018 and F2019. In

effect, government has taken the largest and most controversial issues off the table for political reasons.

That does not, however, mean that there is no value to be gained by subjecting the F2016 COS Study to a BCUC process and, more specifically, that it be subject to a Commission evaluation regarding the appropriateness of its inputs and results. In its October 13, 2015 submission, BC Hydro has clearly enunciated the ways that this Study has been used to inform a number of its Module 1 RDA proposals, indicating, “the Commission must assess those elements of the F2016 COS study that are material to those rate proposals,” while also noting that this same study will be used to inform a number of RDA Module 2 issues. The Union agrees with BC Hydro that the Commission must assess those elements of the COS that are material to these rate proposals.

In addition, the Union views a process examining this COS study to be a good basis upon which to build when the utility undertakes its next COS study as well as a useful exercise for those interveners who will be continuing to pursue their various agendas when that study is underway and then when filed.

Given that the teeth have been pulled from this issue by government for the time being, there certainly seems to be some potential for a relatively streamlined regulatory process as compared to a full oral hearing although the Union submits that it will be in a better position to assess what process is appropriate once the utility’s responses to the first round of information requests are on the record.

2. The Review Process for the Large General Service/Medium General Service Customers without a Historical Baseline

BC Hydro has applied for an accelerated review process for this proposal that the LGS and MGS customers without a historical baseline take service at 100 percent Part 1 pricing instead of the current pricing structure: 85 percent Part 1 pricing with the balance at Part 2 pricing.

Provided the impact of this pricing proposal is indeed contained within the Commercial rate class and there is some ability to probe that issue in IR’s, COPE 378 is not opposed to an expedited written process provided the same accommodation can be made to BCOAPO’s request for an accelerated review of the Minimum Reconnection Charge discussed below.

3. BC Hydro’s Proposed Expedited Process for the Freshet Pilot Project, the Pricing Principles for RS 1823, and Other Existing Transmission Service Rates

While COPE 378 is sceptical of the utility of a freshet rate without significant controls in place to ensure industrial participants are not able to game the system to the detriment of others, the Union is not opposed to accelerated processes to deal with this and each of the other issues outlined above although it is unclear at this point whether an SRP or written process would be best.

Again, the Union sees no reason to proceed with BC Hydro’s accelerated timeline requests unless BCOAPO’s request regarding the MRC is similarly granted.

4. BC Hydro's Proposed Expedited Process for the Minimum Reconnection Charge

Not surprisingly given its client group demographics, their rate of exposure to the MRC and the proportionally more serious financial impacts of that exposure to those client members, BCOAPO has asked for the proposed reduction in the MRC to be implemented no later than December 1, 2015, nearer the beginning of the winter heating season. However, as outlined on page 1-25 of the RDA document, BC Hydro's proposal is to convene an expedited review with one round of IR's followed by an SRP in January of 2016 with an implementation date of April 1, 2016. Apparently, part of the reason for BC Hydro's decision to suggest this later date is the \$950,000 impact on the utility's net income that would result from a December 1, 2015 implementation.

Quite frankly, the Union is not prepared to delay an expedited process where BC Hydro is over collecting on its costs in this one area simply to compensate for general revenue shortfalls. Although there are doubtless some ratepayers who incur this charge due to carelessness, it is fair to say that the majority of people who are disconnected incur this charge because they are having money troubles or because they are low and fixed income ratepayers. The Union does not believe it is appropriate to purposefully delay a process that would properly calibrate this cost because it is convenient to delay relief to our province's most economically and politically vulnerable populations.

Like BCOAPO and BCSEA, COPE 378 submits that a written process calibrated to allow for a December 1, 2015 implementation date if successful on this matter would be appropriate.

5. Other Issues

The Union notes that in the workshops and additional communications with COPE 378, BC Hydro indicated it would engage in a review of its COS methodologies again in F2019. COPE 378 feels there is significant value in addressing the issue of the frequency of future COS studies and RDA filings. In the Union's view, an 8 year lag between RDA filings is too great, particularly in this circumstance when the process undertaken now is in some ways, through no fault of any of the parties at the table, a toothless shadow of its former self. As a result, the Union will be asking that the Commission order BCH to initiate another RDA after it completes its next COS study on the understanding that this study will be done within the time frame discussed during the workshop process.

The Union understands that BCOAPO is seeking to introduce its evidence regarding low income residential rate relief programs like lifeline rates, emergency assistance for those facing disconnection, and terms and conditions for customers with low incomes in this process.

In the 2007 RDA, the BCUC declined to rule on its jurisdiction to order Lifeline rates and it is clear from the pre-filing workshop process that this jurisdictional issue has not disappeared in the interim. It is inevitably going to form part of this RDA process but, in the Union's view, limiting the discussion to a preliminary one of just jurisdiction would be a mistake. This RDA process is, according to the July 2015 letter from Minister Bennett to the Chair and CEO of the BCUC, a means to collect information for the BCUC's RIB Rates Report and the evidence presented will inform the BCUC review and analysis of the data. This is, in the Union's view,

clearly onside with BCOAPO's desire to present its evidence as part of this process and the scope of this hearing should be crafted in such a manner that it is as broad and inclusive as possible on issues relating to the impact of RIB Rates on low and fixed income ratepayers because that will improve the BCUC's ability to answer the Minister's questions. As such, the Union strongly supports BCOAPO's position that this is evidence that needs to be on the record.

Yours truly,

Original on file signed by:

Leigha Worth
Barrister & Solicitor