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**From:** Frank Odonnell [REDACTED]  
**Sent:** Thursday, January 7, 2016 11:52 AM  
**To:** Commission Secretary BCUC:EX  
**Subject:** BC Hydro 2015 Rate Design Application (2015 RDA)

Ms. Erica Hamilton

Commission Secretary

British Columbia Utilities Commission

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[Commission.Secretary@bcuc.com](mailto:Commission.Secretary@bcuc.com)

Ms Hamilton,

**RE: BC Hydro 2015 Rate Design Application (2015 RDA)**

After a preliminary look at the RDA, there appear to be **two main issues:**

1. The time line for review needs to be **much** longer. 4,900 pages of detailed information (kind of like an "Omnibus Bill?") need to be examined carefully.
2. BCUC needs to immediately implement and enforce the recommendations of the November 2014 Review of the Commission to enhance its ability to deal effectively with these types of applications..

After dealing with the BCUC over the past three years, by letter, Email and Telephone, I have first-hand experience with the challenges that the BCUC faces in developing the rulings regarding these types of applications.

Does the pressure of time result in an apparent inclination toward accepting BC Hydro's data at face value instead of challenging the validity and verifying the integrity of such data, perhaps through independent sources?

This becomes a complicated and enormous task when faced with 4,900 pages of BC Hydro documents containing technical jargon. I only trust that the Commissioners David Morton, Karen Keilty, and Dennis Cote and each of your staff have the skills, qualifications and wisdom to adequately challenge each and every assumption and projection offered by BC Hydro.

After reading the Report of the independent review of the BCUC, there appear to be several areas for improvement.

The following quotes are from the Independent Review of the British Columbia Utilities Commission Final Report, November 2014.

Quote " However, some directions go beyond articulating the policies that the BCUC is obligated to advance, by prescribing detailed instructions to the Commission on matters that would, under normal circumstances, be left to the Commission to determine. In the future, government should delineate policies to the Commission clearly, and in advance of Commission processes, then leave the Commission to act independently within its mandate." Unquote

Quote " Aptly summarized by Malcolm Sparrow in this extract from his book on regulation:

Regulators, under unprecedented pressure, face a range of demands, often contradictory in nature: be less intrusive—but more effective; be kinder and gentler—but don't let the bastards get away with anything; focus your efforts—but be consistent; process things quicker—and be more careful next time; deal with important issues—but do not stray outside your statutory authority; be more responsive to the regulated community—but do not get captured by industry."Unquote

Quote " The existence of an independent expert Commission is more important than ever today. By regulating monopolies the BCUC provides an essential public service. Unfortunately the Government and key stakeholders have less confidence in the BCUC than in the past. Rectifying this requires restoring the Commission's independence within its mandate and increasing the Commission's expertise and credibility. Without these, there is little reason to expect stakeholders will respect or defer to it."Unquote

Quote " Commission review processes should be improved. Where appropriate, the Commission should do more in the early scoping of hearings, vetting who has standing to appear, reviewing the relevance of staff information requests, and using its staff and counsel to help draft decisions. The Commission should also set and publicly report on a number of performance goals including, most importantly, the overall time between receiving an application and issuing the decision, and the time between the close of evidence and issuing the decision."Unquote

Quote "BC Hydro and ICBC are significant corporate entities in the British Columbia economy. Their sole shareholder is the Province. Governments must balance their many responsibilities in this area: owner, policy setter and regulator (through regulatory agencies). While in theory all regulated bodies should be treated the same, the reality is that in many jurisdictions, the regulatory model for Crown corporations is applied differently. If carefully designed, such modifications need not violate the independence of the regulator in carrying out its mandated responsibilities."Unquote

Quote "The 2010 CEA exempted most major projects, programs, contracts and expenditures from Commission oversight and moved approval of BC Hydro's Integrated Resource Plan from the Commission to government. "Unquote.

Comment: Clear examples were the detailed directives to the BCUC using Orders-in-Council, rather than, as the Review states, general guidelines to BCUC regarding smart meter implementation and cost recovery.

Quote " Jurisdictions (e.g. Alberta and Ontario) which have a high number of part-time Commissioners, have commissioners with deeper and more relevant energy-related experience."Unquote

Quote "Solutions to most of the Commission's challenges do not require legislative or regulatory changes. Rather, they involve clarity of the governance model, changes to BCUC management and structure, and regulatory process improvements." Unquote.

Perhaps the BCUC should consider using additional resources such as cost-effective part-time and ad-hoc specialists to assist in their deliberations? Perhaps the BCUC already does that?

Thank you for your attention to this matter.

Frank O'Donnell, P.Eng, (AB)



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