BRITISH COLUMBIA UTILITIES COMMISSION

IN THE MATTER OF THE UTILITIES COMMISSION ACT
R.S.B.C. 1996, CHAPTER 473

And

British Columbia Hydro and Power Authority - F2020-F2021 Revenue Requirements Application

VANCOUVER, B.C.  
June 24, 2019

PROCEDURAL CONFERENCE

BEFORE:

D.M. Morton, Chair
A. Fung, Q.C., Commissioner
R.I. Mason, Commissioner
E.B. Lockhart Commissioner

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THE CHAIRPERSON: Please be seated. Thank you.

Good morning, ladies and gentlemen. My name is Dave Morton. With me are Commissioners Anna Fung, Blair Lockhart and Richard Mason. Welcome to this morning's proceeding to consider various matters related to BC Hydro's fiscal 2020 to 2021 revenue requirement application filed on February 25th of this year.

Commission order G-45-19 issued March 1st established this procedural conference. Exhibit A-7 issued June 14th parties were invited to provide submissions on a number of items, specifically whether the Peace Region electric supply project meets the requirements to be considered a prescribed undertaking under section 18 of the Clean Energy Act pursuant to section 4(2) of the GGRR Regulation. And we only require preliminary submissions at this time.

And secondly, whether the MIN to LNG Canada Interconnection Project meets the requirements for the Transmission Upgrade Exemption Regulation as amended by B.C. Regulation 160/2018 to exempt the project from Part 3 of the Utilities Commission Act. Again, only preliminary submissions are required at this time.
Third, whether it is the interveners' intention to file intervenor evidence, and if so, relating to what specific matters.

Fourth, whether the review of the F2020 to 21 Revenue Requirement Application should proceed by written or an oral public hearing or some other process.

Fifth, steps and timetable associated with the recommended regulatory review process. If you are proposing an oral public hearing, please identify the specific matter or matters that should be addressed through that process, and also the rationale, or your rationale.

And then any other matter that will assist the BCUC to effectively review the RRA.

Then, on June 19th, BC Hydro filed a letter of comment on procedural matters, and thank you very much for that. It's filed as Exhibit B-8. We also ask that, unless there is a reason to do otherwise, not to repeat the entire submission, just summarize it as you see fit. So this is filed as Exhibit B-8.

**Proceeding Time 9:04 a.m. T02**

And in the letter BC Hydro proposed two alternative regulatory schedules, but also stated that both of these schedules assume that the public accounts are released prior to August 8th, and if not,
Hydro will advise the BCUC and propose an alternative
time line.

The Panel requests that BC Hydro please
provide an estimate of when there is expected to be
more certainty around this date. And what alternative
date could be expected if the August 8\textsuperscript{th} date isn't
met.

Further, we also ask BC Hydro and all
parties to please address the issues of how we can set
a regulatory timetable when there is this uncertainty
around the August 8\textsuperscript{th} date.

After considering your submissions, the
panel will issue a procedural order as soon as
possible which will address the matters that are the
subject of today's procedural conference.

At this stage, it's my pleasure to
acknowledge and introduce a number of individuals who
are playing a role in the review of this application.
Sitting in the front row on my right, Tanya Lai is our
senior regulatory specialist. She is lead staff for
the application. With her is Yolanda Domingo,
executive director and the project manager for the
application, and Sarah Khan, our in-house counsel.

The Commission's external counsel for the
proceeding, Paul Miller from Boughten Law Corporation,
and finally our hearing officer, Mr. Hal Bemister.
Before Mr. Miller takes over, I'd ask you to please make sure your submissions are directed to the issues that I've just outlined, together with any other issues or you or any of the other participants identify and that the panel accepts as appropriate for addition to the agenda. In identifying any additional issues please bear in mind that it's not the purpose or goal of this conference to compare or discuss the merits of the application, but to address the issues I've just described.

After appearances, the order of submissions will begin with BC Hydro first, and then follow the order of appearances. Once we reach the end of the interveners we'll begin with the last intervener to speak and everyone will have a right to reply to other interveners' submissions in reverse order and BC Hydro will then have the final right of reply.

In the view of the Panel we think that the issues are most efficiently canvassed collectively as opposed to issue by issue, but if anyone disagrees and you have a particular issue that you'd like to bring to our attention for -- and single out for treatment by itself, please let us know and address this during your appearance, please.

So I'll ask Mr. Miller to call for
appearances. When you enter your appearance, please state your name for the record, the party you represent and identify the additional issues at that time, and how you prefer the issues to be dealt with, and please also spell your last name for the record.

Mr. Miller, please go ahead. Thank you.

MR. MILER: Thank you, Mr. Chair. The first in the order of appearances is the applicant, BC Hydro and Power Authority.

MR. GHIKAS: Good morning, Mr. Chairman, Commissioners.

THE CHAIRPERSON: Good morning.


I wanted to introduce today a few people who are integral to the process. First of all behind me, immediately behind me, Janet Fraser, who is the executive vice president of people, customer and corporate affairs. Sitting next to Ms. Fraser is David Wong, the executive vice president of finance, technology, supply chain, and chief financial officer. Immediately to my right is Fred James, the chief regulatory officer. And to Mr. James's right, Chris Sandve, who is a senior regulatory manager for the application.

I have no further issues to add at this time. Thank you.
THE CHAIRPERSON: Thank you, Mr. Ghikas.

MR. MILER: Commercial Energy Consumers Association of British Columbia.

MR. WEAFER: Good morning, Mr. Chairman, members of the panel.

THE CHAIRPERSON: Good morning.

MR. WEAFER: My name is Chris Weafer, spelt W-E-A-F-E-R, appearing for the Commercial Energy Consumers Association of British Columbia. And I have no issues to add to the agenda.

THE CHAIRPERSON: Thanks, Mr. Weafer.

MR. WEAFER: Thank you.

MR. MILER: BC Sustainable Energy Association.


THE CHAIRPERSON: Thank you, Mr. Andrews.

MR. MILLER: Association of Major Power Customers of BC.

MR. KEEN: Good morning, Mr. Chairman, commissioners.

THE CHAIRPERSON: Good morning.

MR. KEEN: My name is Matthew Keen, spelled K-E-E-N, appearing for the Association of Major Power Customers of BC, which I refer AMPC. We have no issues to add to the agenda and we're content to deal with all of the items as they come.

THE CHAIRPERSON: Thank you, Mr. Keen.
MR. MILLER: Clean Energy Association of BC.

MR. WEIMER: James Weimer, W-E-I-M-E-R, representing the Clean Energy Association of BC and today on behalf of David Austin, our counsel, who is unfortunately -- had a prior commitment. I have no other issues to add.

THE CHAIRPERSON: Thank you, Mr. Weimer.

MR. MILLER: BC Old Age Pensioners Organization et al.

MS. WORTH: Good morning, Mr. Chair, members of the panel.

THE CHAIRPERSON: Good morning.

MS. WORTH: Leigha Worth, L-E-I-G-H-A W-O-R-T-H, here with Irena Mis, my co-counsel, and that's M-I-S. We are here representing BC Old Age Pensioners Association et al. And I have no issues to identify in addition to what's been put forward. Thank you.

THE CHAIRPERSON: Thank you, Ms. Worth.

MR. MILLER: FortisBC.

MR. HOOGE: Good morning, Mr. Chair. My name is Nicholas Hooge, last name is spelled H-O-O-G-E. I'm appearing as counsel for FortisBC Inc. and FortisBC Energy Inc. Also attending the conference this morning is Dave Perttula, senior manager rate design of projects at FortisBC. We have no additional issues to add to the agenda. Thank you.

THE CHAIRPERSON: Thank you, Mr. Hooge.

MR. MILER: Zone II ratepayers group.
MS. McLEAN: Good morning.

THE CHAIRPERSON: Good morning.

MS. McLEAN: My name is Jana McLean, M-C-L-E-A-N. And with me is Linda Dong, D-O-N-G, who is a consultant. We act for what is referred to as the Zone II Ratepayer’s Group, which consists of Kwadacha First Nation and Tsay Keh Dene First Nation. I have nothing to add to the agenda.

THE CHAIRPERSON: Thank you, Ms. McLean.

MR. MILLER: Ms. Gjoshe?

MS. GJOSHE: Good morning, Mr. Chair, members of the panel, my name is Edlira Gjoshe, last name G-J-O-S-H-E, I am here representing myself, and I have no further issues at this point.

THE CHAIRPERSON: Thank you, Ms. Gjoshe.

MR. MILLER: Mr. Chair, I believe the next two on the list are on the phone. Mr. McCandless?

MR. McCANDLESS: Good morning, it is Richard McCandless, M-C-C-A-N-D-L-E-S-S, and nothing to add to the agenda, thank you.

THE CHAIRPERSON: Thank you, Mr. McCandless. Mr. McCandless, can you hear everyone all right?

MR. McCANDLESS: Yes, very good, thank you.

THE CHAIRPERSON: Thank you.

MR. MILLER: Mr. Ince?
MR. INCE: Yes, this is David Ince, I-N-C-E, on the phone. No more items to add to the agenda, although the audio from the panel is a bit weak.

THE CHAIRPERSON: Okay, I will try to speak closer to the mic. Thank you, Mr. Ince.

MR. INCE: Thank you.

MR. MILLER: Mr. Hackney, are you on the phone yet? Mr. Hackney may be joining us I understand, Mr. Chair.

Is there anyone that I failed to call that wishes to appear? That concludes the order of appearances, Mr. Chair.

THE CHAIRPERSON: Thank you, Mr. Miller. Mr. Ghikas, are you ready to go?

SUBMISSIONS BY MR. GHIKAS:

MR. GHIKAS: Thank you, Mr. Chairman. As you referenced this morning, BC Hydro filed as Exhibit B-8 some written comments in advance. My intent this morning was to highlight and elaborate on a few of the issues --

THE CHAIRPERSON: Thank you.

MR. GHIKAS: -- in that submission. The first two on the list relating to the Peace Region Electric Supply Project, and the LNG Canada Interconnection project. My intent wasn’t to spend any time on those unless you had specific questions that you wanted to put to me on those two projects. In my submission the written
submissions set out are our position in that regard.

THE CHAIRPERSON: Fair enough. I don’t have any questions at this time, but perhaps you could go ahead, and if the panel does have questions when you’re finished then we could --

MR. GHIKAS: Certainly.

THE CHAIRPERSON: Thank you.

MR. GHIKAS: The third matter dealing with intervenor evidence obviously is more aimed at intervenors, so I am going to move specifically to the fourth and fifth issues at this time, Mr. Chairman.

THE CHAIRPERSON: Yes.

MR. GHIKAS: Fourth issue being an oral or written process. And let me emphasize at the outset that BC Hydro is open to an oral hearing on any issue that the Commission considers it would be beneficial for hearing more from BC Hydro. And that perspective is informed by two points, the first of which is that BC Hydro recognizes that it has been some time since there has been an oral hearing. And the second point is that BC Hydro recognizes that coming out of the last proceeding there were some issues that the Commission had either concerns or desired further information about. And what BC Hydro aims to do in this proceeding is to make sure that the Commission has all of the information it needs in order to decide
those issues, and BC Hydro believes there are good stories associated with all of those points and wants to make sure that to the extent possible the Commission can come away from this hearing being able to move past those issues.

**Proceeding Time 9:15 a.m. T5**

Now, when it comes to any oral hearing in this process, what BC Hydro's primary aim is, is to get as much value as we can given the considerable cost and institutional commitment that comes with any oral process, and that hasn't -- both of those items, of course, have direct implications for customers.

We do that, we get that value in my submission by identifying in advance what specific issues we would really benefit from hearing in an oral phase. And what do I mean by specific issues? In my submission, it's more than doing what, for example, something akin to naming the chapter titles of the application. In my submission what we need to do and what I believe the panel's direction is to do in the subjects that have been identified for this proceeding is to really dig down a layer deeper and identify what specific issues within those broader topics are really going to benefit from having further discussion at an oral hearing.

To give a sense of how unwieldy it could
get to identify topics such as operating costs
generically, capital costs generically, BC Hydro is
comprised of 39 key business units and each of which
would potentially have a different witness. BC Hydro
has hundreds of capital projects and programs of
varying sizes, and even the larger ones that are
identified in Appendix J and I, number in the dozens.
And again, there are different people potentially that
speak to different aspects of that capital plan.

So, what specifically about the operating
cost? What specific areas of the operating cost? Are
there particular issues or initiatives that BC Hydro
is undertaking that deserve additional attention?
What specific capital projects that potentially aren't
going to be subject to a CPCN but the Commission would
like to hear more from?

And that approach to identifying issues, in
my submission, Mr. Chairman, has the advantage of
producing a more effective and more efficient oral
hearing. And what it does is it allows BC Hydro to
put forward the right people and to ensure that those
people are equipped with the information they need to
anticipate the issues and to be able to speak
intelligently on particular matters of interest to the
Commission and interveners. Ultimately the Commission
gets better evidence, the cost is reduced, and the
areas of the organization that aren't directly
impacted by those areas can turn their minds to
getting back to focussing on the ongoing operation of
the business.

And of course, those people are at all
levels of the business. BC Hydro has put in
significant focus on engaging senior levels of
management and the executive closely in the operations
of this. And so there's -- that, of course, comes
with a significant investment on their part in terms
of time.

So there are benefits all around from
taking that perspective.

On page 7 of the Exhibit B-8 in terms of
scoping, I wanted to highlight two aspects. The first
one is that one page 7 BC Hydro outlined five reasons
why it expects that it will be possible for the
Commission to identify a number of topics that can be
scoped out of an oral hearing and resolved fairly and
efficiently through a written process. And I won't
go through all of those, but the upshot is -- one I
wanted to highlight is that we are today -- where we
sit today there is more evidence on a lot of these
topics than there was throughout the entire previous
proceeding.
It's, of course, not just quantity of evidence but quality of evidence. And in my submission, a cursory examination of the application and the IR responses reveal that BC Hydro has upped its game again in terms of providing quality evidence for the benefit of the Commission.

There are a number of other reasons set out there. And the one that I would note is that the Commission has made a practice of dealing with significant matters in writing in proceedings. Whether it's entirely in writing or through a partially written, partially oral process. The Commission has zeroed in in the past on specifics matters, as I'm suggesting should be done in the current case, in the event that there is an oral phase.

The second aspect that I wanted to emphasize on, in terms of scoping, was on page 9, BC Hydro's provided a list of potential candidates for an oral hearing. When BC Hydro looks at the issues, these were the ones that BC Hydro thought might be candidates given the level of interest and issues that have be identified in the past.

And so the first of those issues, or matters, would be just simply hearing from Mr. O'Riley, BC Hydro's president and chief operating
officer on the company's general approach and
direction. To the extent that that is of interest to
the panel, Mr. O'Riley would indeed appear and speak
to the Commission directly on that.

The rest of the items on that list all have
in common a couple of things. They relate to areas
where the Commission had expressed some desire for
further understanding or it expressed some concern
coming out of the prior proceeding. And this touches
on what I alluded to previously as BC Hydro's strong
desires to make sure the Commission has what it needs
to make an informed decision on those issues. And BC
Hydro believes there are good stories -- good news
stories to tell in terms of those items.

There's also the area where the Commission
has directed further reporting, which is the PBR,
performance based regulation. And also where there
are a notable number of IRs in round one, to which we
sort of took as a general sense of areas of potential
interest from various parties. Now, obviously, with a
lot of those IRs comes a lot of answers, and so it
would be necessary in my submission for the Commission
to look at those responses and see whether the issue
has crystalized, whether the information is there or
whether they're indeed could be further benefit
associated with a witness appearing and discussing
some of those answers.

Now, why a second procedural conference to address scoping? And really, while in my submission it really could be said that the areas of interest are already reasonably clear based on round one, the -- BC Hydro had anticipated based on past experience that some interveners may be reluctant at this point to identify specific issues. And that was really behind BC Hydro's raising the option of having a second procedural conference.

And in essence what BC Hydro is trying to guard against is defaulting to an approach where because of an inability to specify with precision some of these specific issues that could be addressed in an oral phase, to guard against overly -- making an overly broad scoping choice. Scoping in things that really could, through further review and examination, really have them scoped out of an oral phase.

Proceeding Time 9:23 a.m. T07

And that's really what the aim is in terms of putting forward the option of deferring these decisions to a second procedural conference.

Now, the exception would be, of course, is if the Commission, having looked at the record the way it is today is reasonably confident that certain areas of the record would be scoped out of an oral phase.
If that is possible, there may be advantage to the Commission identifying those in advance so that the parties know when they're asking the round two IRs that those areas are going to fall outside the oral hearing, and in fact, you know, focus the discussion of any second procedural conference should there be one.

So after hearing from interveners on their preferred process and scoping, we may have some comments in reply, but I was going to park that issue for now and move to the timetable. Unless you have any questions on that.

THE CHAIRPERSON: Go ahead, please.

MR. GHIKAS: So the fifth item, steps and timetable associated with the review process, BC Hydro has proposed a timetable on page 11 of the written comments. The timetable is presented both with and without intervener evidence, and then on the following page there's also a version in the event the process is entirely written.

And what I wanted to highlight were a couple of points, the considerations that are discussed after that as presented in the comments, the written comments. I wanted to just touch on those three considerations we talked about.

The first is the timing of the evidentiary
update. This is the issue -- ties into the issue that, Mr. Chairman, you asked the parties to speak to, which is the release that the alternative date in the event that the August date doesn't work.

What BC Hydro -- first of all, to deal specifically with your question, the public accounts, by law, have to be released by the end of August. So in terms of the solid date, to be absolutely certain, that would be it.

Now, BC Hydro submits that there is, you know, a good reason to not wait until then. And it is this: In essence, the evidentiary update, although BC Hydro believes it's important to file one, will have a narrow focus. And it's important, in my submission, that the Commission and everybody understands that, that it will be narrow in both size and narrow in scope. It won't involve refileing and updating the entire application, which would be completely unworkable if we were ever to finish this process. Rather it will be focussed on two things. It will be updating the amortization of the regulatory accounts based on fiscal 2019 actuals, and it will be updating the cost of energy forecast.

And in terms of what that looks like in a practical sense, the physical size of the filing will reflect its relatively narrow scope. So what you will
see is appendix A to the application, which is the financial schedules, they will be updated. And then you will have a discussion of a limited number of the more significant developments that are reflected in those schedules or that require some further explanation and discussion.

THE CHAIRPERSON: Excuse me, Mr. Ghikas.

MR. GHIKAS: Yes.

THE CHAIRPERSON: So I see the update for the amortization of the regulatory accounts is pending the 2019 actuals. That's the same case for the cost of energy then? That's also reliant on the 2019 actuals? Is that why we have to wait for the public accounts?

MR. GHIKAS: No, the cost of energy one, there is an actuals component to it, but it's actually forecasting for the -- it's an updated forecast for the test year.

THE CHAIRPERSON: So that one is not linked to the public account state then? Is that correct?

MR. GHIKAS: Looking at my colleagues, that is correct.

THE CHAIRPERSON: So, is Hydro ready to proceed with that part of the update independently then? If we did have to wait in a worst-case scenario to August 31st, would we have to also -- we would have to wait for that for the regulatory account portion, would we also have to wait for that for the cost of energy portion?
MR. GHIKAS: So Mr. Chairman, the challenge with separating those two things, is that if you're going to update the entire financial schedules, they both have an effect, and they both produce an output. So I think that BC Hydro's submission is that you would want to have those together.

THE CHAIRPERSON: Thank you.

MR. GHIKAS: So in terms of -- and people may be curious in terms of what the result of that will be in concrete terms, and the short answer is that the analysis isn’t finalized yet and that it can't release that calculations until that time. So we can't provide any further information at that time. But for our purposes today, what the important point is, is that the timetable that we've put forward accounts for that and provides an opportunity for people to ask questions on it.

COMMISSIONER FUNG: So, before you move on, Mr. Ghikas, why is the evidentiary update only limited to those two elements of the application? Can you explain that to me?

MR. GHIKAS: So, the typical practice with an evidentiary update is to update for actuals, and then update for significant developments. Obviously as soon as you do a financial forecast, it is immediately out of date as soon as you do it. So, there is a
certain amount of practicality that goes with any of these evidentiary updates, where you could in theory just be refiling the entire application or significant parts of it, time in and time again. And the reality is that from a regulatory efficiency and practicality perspective, it's impossible to resolve a process if you are continually chasing the data.

So the practice, and a good practice in my submission, is to use the data as effective at a particular time, and then if there is something that is really material that should be brought to the attention of the Commission, to focus on those things. And so BC Hydro is doing the analysis to determine whether there are things that need to be included in that, and we'll be taking that approach with the evidentiary update.

COMMISSIONER FUNG: So, are you using a materiality threshold in that determination?

MR. GHIKAS: Not a specific materiality threshold, Commissioner Fung. Really what BC Hydro is going to be approaching it as, is, you know, looking at it from the perspective, which I think there was encouragement in the SAP inquiry for example, to be looking at things from the perspective of, is this something that the Commission would want to know? Would this make a difference in their determination? And BC Hydro is
going to be taking the approach of looking at that from a sort of purposive approach from that perspective rather than making some rigid determination on materiality. And the approach is to make sure that the Commission has what it needs to have, and that's the approach they've taken with the application and the IRs, and will continue to take with the evidentiary update.

But there is a point at which there is a *de minimis* at point at which do we need the information? Or is it appropriate -- obviously everything is changing as time goes on. Is this really something where we should just draw a line and move forward from there, you know, and people would understand objectively why that decision was made.

*Proceeding Time 9:32 a.m. T09*

COMMISSIONER FUNG: Okay, thank you.

MR. McCANDLESS: It's Richard McCandless on the phone.

THE CHAIRPERSON: Mr. McCandless, you will have an opportunity to respond to Mr. Ghikas.

MR. McCANDLESS: Just asking a question.

THE CHAIRPERSON: Mr. Ghikas, do you have any -- go ahead, please.

MR. McCANDLESS: This has to do with the evidentiary update. On page 13 of your June 19th it says, "The update will include an updated form of order and
requested rates." Am I reading that to say that you may be requesting a change in the requested rates?

MR. GHIKAS: If that's what the evidentiary update -- if the output of the evidentiary update is that it results in a different number, then that would be the number that BC Hydro would be putting forward.

MR. MCCANDLESS: Okay, thank you for that. I was just wondering, since you have all these regulatory counsel to look after variances, why you'd be requesting a change in the rate request.

MR. GHIKAS: So Mr. Chairman, I mean I won't dwell on this specifically, but obviously there are regulatory accounts and the like, and it's not necessarily the case that there is going to be, from changes in costs, a change to the actual revenue requirements present, you know, with the current year cost given the existence of those accounts. So that will be something that will be explained if need be in the evidentiary update.

THE CHAIRPERSON: Yes, and I would add, Mr. McCandless, that that could be dealt with at a later date if, as and when that request comes forward. The panel would certainly be taking a close look at that and you'd have an opportunity --

MR. MCCANDLESS: Thank you.

THE CHAIRPERSON: Okay, thanks.
MR. GHIKAS: So the second consideration that I just wanted to touch on was one aspect of the evidentiary update which relates to the details on an updated energy study results. The details on that are going to need to stay confidential for a temporary period of time. And this is -- the reasons are consistent with what was done last winter with respect to the winter energy purchases which has just been released publicly.

But the real issue here is that given the magnitude of potential harm to BC Hydro and to customers in the event of inadvertent premature disclosure, this information really should be restricted to the Commission alone at the outset. And that is -- and to give a sense, it is articulated in the written submission, but just to make sure that we're clear is that the premature release of that information would essentially telegraph to the market BC Hydro plans for sales and purchases in the upcoming winter before BC Hydro can act on them. And in my submission, given he significance of the ramifications of that, in my submission it is very important to restrict circulation of that information as much as possible. Because as we know, inadvertent disclosure does occur, and the way to prevent that from occurring is to limit the circulation to as few people as
possible at the outset.

Now, the point from our purposes is that BC Hydro has tried to design a process so that even though that one aspect of the evidentiary update has to remain temporarily confidential, that we've taken advantage of the later time steps to -- procedural timeline steps to provide an additional opportunity for interveners to be able to comment on that aspect of things.

So the Commission would have the ability to ask questions while it was confidential. Then when it became public the interveners would have the ability to ask questions on that. And so in my submission it really is a win-win perspective from customers and BC Hydro and interveners alike.

Proceeding Time 9:37 a.m. T10

And it is worth emphasizing, this process is a little bit unorthodox in the sense that what is happening in the timeline is that this discrete portion of it is being address in parallel with intervener evidence and IRs on intervener evidence and so on. And in my submission, because of the narrowness of this issue and because it really is an additional opportunity for interveners to speak on a matter that may not necessarily even be required to begin with, this is something that, in my submission,
is a creative use of the timeline to try to add in that ability to see every aspect of the evidence in that regard. And so it's worth, in my submission, trying to be a little creative in that regard to try to minimize the length of the proceeding overall.

The third consideration is bringing the proceeding to a close in a reasonable period of time. I wanted to emphasize that of course BC Hydro recognizes that navigating the regulatory process is a key aspect, a fundamental aspect of the business of being a regulated utility. That's not the issue.

I think the reality is that as -- from a practical matter it does -- a revenue requirements proceeding does involve inherently a very significant institutional commitment. And that's particularly true when BC Hydro is putting such an emphasis on providing a transparent look as the business, quality -- high quality evidence and, indeed as I mentioned earlier, trying to engage the executive in that process, taking the benefit of their guidance in a very detailed way in running the application. And so, really resolving the proceeding in a reasonable period of time while still proving people an opportunity to participate in the process meaningfully is in the best interests of the company and the customers who depend on the executive to be managing the company.
The second aspect of things is, of course, while the proceeding is undergoing we're on interim rates. And while that solves a lot of problems, one of the issues that it does create is it -- the longer you sit on interim rates throughout the test period the more challenging it is from a budgeting perspective, because you have that additional uncertainty. And, in my submission, closing the evidentiary record before Christmas time, which is what the timetable contemplates, does increase the odds of getting a decision before the test period is more than half over and, in my submission, that's a good thing from everybody's perspective.

I did want to flag one final thing before I sit down, Mr. Chairman, and that is that in the version of the timetable on page 12 that's all in writing, we inadvertently omitted reference to a round of IRs on rebuttal evidence if they were required. And so I was just going to throw out some dates to you and to the room here as to what it would look like in the event that that was required.

So the IRs -- sorry. The rebuttal evidence would still be on November 29th. The IRs on rebuttal evidence, if necessary, the proposal is December 5th. The responses to those IRs would be December 12th.
And then the final argument of BC Hydro would shift back, instead of being on December 20\textsuperscript{th}, would now be January 17\textsuperscript{th}, and intervenor final argument would be February 7\textsuperscript{th} instead of January 30\textsuperscript{th}. And BC Hydro's reply argument would be February 28\textsuperscript{th}, instead of February 27\textsuperscript{th}. So you will see that just because of the way the Christmas holiday falls, it actually doesn’t extend the process out that much, it just involves some shifting within that time period.

So, unless there are any questions from the Commission at this point, I will sit down and deal with anything else in reply..

COMMISSIONER FUNG: I have one question, Mr. Ghikas, and that’s relating to your confidentiality request, or temporary confidentiality request relating to the cost of energy forecast, which you indicated you would like to be confidential to the BCUC only. I assume, but I would like you to confirm this, that to the extent that the BCUC is using consultants to assess costs of energy updates, that you would have no objection to us disclosing that to them?

MR. GHIKAS: Yes, that’s correct. And obviously the consultants typically operate under confidentiality obligations too, and to the extent the Commission needs to rely on them, that is something that BC Hydro is going to have to accept.
COMMISSIONER FUNG: Thank you.
The CHAIRPERSON: Thank you, Mr. Ghikas.
MR. GHIKAS: Thank you Mr. Chairman, Commissioners.
The CHAIRPERSON: Mr. Weafer.

SUBMISSIONS BY MR. WEAFER:

MR. WEAFER: Thank you, Mr. Chairman, Commissioners.

Chris Weafer, Commercial Energy Consumers.

Just dealing firstly with collectively issues 1 and 2, and these are preliminary submissions as indicated by the panel, preliminary comments. Both are similar in that they are very expensive projects, a lot of investment, a lot of ratepayer money would go into those projects, so we commend the Commission for raising the issues in this proceeding, because fundamentally we would want to be clear that we've got it right that they will be exempt from the regulation of the Commission. And our submission at this time is that the record would be improved by more evidence of the -- particularly with the number 1, that the project is primarily to provide electricity to a producer and natural gas processing plant, just paraphrasing the legislative requirement. We understand the evidence also refers to reliable supply to existing and future customers in the region. And so what is the primary objective of the project, and have the evidence be clear that that is the primary
objective. There are multiple purposes to the project as we see it, and again, that the evidence be persuasive that the primary purpose as is required by the regulations.

The second criteria set out in the legislative scheme is the requirement that it be reasonable that BC Hydro expect it to be in service by December 31st, 2022. And again that the evidence on the record be persuasive that is the case. We would make final submissions based on the record when we see better evidence on those two topics.

THE CHAIRPERSON: Thank you.

MR. WEAFER: With respect to item 2, and similar issue, we are probably more persuaded on item 2 at this point, that the objective there in terms of the regulatory requirement under the transmission of the exemption regulation is that it is needed for construction of the LNG facility. That evidence seems to be there, but again, if the Commission is raising these two issues for this procedural conference, let's be clear that we've got sufficient evidence that the panel is convinced that these are exempt because we need to get this right.

Proceeding Time 9:45 a.m. T12

There are significant expenditures that would otherwise not be reviewed by the Commission. So
again, we appreciate that the issues have been raised
and we certainly can pursue in round 2 IRs to try and
get more evidence to satisfy CEC and more importantly
the panel when we file submissions.

Moving to item three, it is not the CEC's
intention to provide evidence in this proceeding. We
are satisfied with the IR process in terms of
developing the evidence that we need, and/or the oral
portion, which I'll move to now. But the CEC is not
intending to file evidence.

With respect to item 4, we commend Hydro
for Exhibit B-8 on the written submissions prior to
the proceeding. We also agree with their submissions
with respect to why an oral hearing component may make
sense for this proceeding, given some of the history
around the last oral hearing with BC Hydro. More
importantly, given the shift of more responsibility to
the Commission in terms of regulating BC Hydro, an
oral hearing is probably your strongest tool in terms
of an assessment of an application by BC Hydro, so we
think there's some merit to the Commission panel
considering the value of an oral hearing for that
purpose.

And simply the credibility test, that the
oral hearing does add a credibility component in terms
of testimony of witnesses before the eyes of the
panel, not that we're alleging any credibility issues with BC Hydro, but it is part of the benefit of an oral proceeding. So with all that said, we're not the ones asking for an oral hearing. CEC is not pushing for it, but we see the value as identified by Hydro and we understand, obviously, they'd be more supportive of it.

We do see some of the topics -- in fact most of the topics BC Hydro identifies in Exhibit B-8, pages 10 and 11, where they identify their five topics. We do see those as appropriate general that would be within the scope of a hearing. And again, just if I've not been clear, we believe if there's an oral hearing that it should be scoped. Much of the process can be dealt with by written argument, but there is a discrete number of areas that can properly scope. We agree that that scoping would best occur after the second round of IRs. We support the concept of a second procedural conference to scope the oral hearing. We are still going through the thousands of pages of first IR responses. Certainly the time of a second round IRs, focusing the issues through the second round of IRs, determining what may be best carried over to an oral hearing, we support that schedule as before by BC Hydro.

We would also suggest that it may be
appropriate that a streamlined review process for
certain of the areas that Hydro has identified in
their list and possible others may be appropriate.
Some of what's going on in this application, there's
some fairly fundamental changes in terms of how Hydro
is running its business. The IR process, written IRs
don't necessarily lead to a dialogue that may help
with understanding around what they are doing. So
there may be room, and I haven't put it in the
schedule as to dates, but there may be topics -- take
for example, the Commission and Hydro have been having
a bit of a dialogue about performance based
regulation. Hydro I think has been fairly persuasive
in their comments as to why not. But there may be
value in the discussion, in the streamlined review
type process on that topic, to knock it off one way or
the other or build the record around that area.

Proceeding Time 9:50 a.m. T13

And there may be others, and again, I suggest that
that would be better dealt with at the second
procedural conference where topics for scoping of the
back end of the process are done.

With respect to the list, Hydro has put
forward a list. And as I say, it's the CEC's position
that list of issues for the oral hearing, the scoping
of the oral hearing will be best the next round. But
I will -- I'll supplement BC Hydro's list with some topics that we think may lend themselves to the oral hearing proceeding.

And one of the issues that we've got to -- we've just had a significant government review of BC Hydro. A topic for the oral hearing may be all parties in the room getting a better understanding of what BC Hydro's -- the outputs of that review, what will they see going forward in terms of the government's role, in terms of what's been delegated to the Commission to deal with and where the government may stay involved. Now that may a policy panel type discussion for Mr. O'Riley. Just to get clarity for all parties as to what is the new dynamic.

Expectations, a second topic. Bit of a moving target right now, but LNG and electric vehicles, what are -- these are evolving topics with Hydro in investment. That may be something more -- best pursued in an oral process to have the dialogue around the topic. And as opposed to the general IR responses, to be able to pursue those with a little more clarity and definitiveness.

Another topic potentially suitable for the oral hearing is the -- the Commission now having jurisdiction on the integrated resource plan. The integration and the reaction between the RRA process
and the integrated resource plan, how that is
affecting what is going to the RRA, versus what is
being dealt with in the IRP and associated costs
flowing from the IRP, which is yet to be reviewed.

Lastly, in terms of -- and this may evolve
through the IR process, but a topic for the oral
hearing, the adequacy of the service plan and its
targets. Something a bit more difficult to pursue in
written IRs and the ability to cross-examine in terms
of what's in service plan areas and the
appropriateness of targets may be something that lends
itself more to a cross-examination process in an oral
hearing as opposed to written questions.

These are topics which -- and BC Hydro's
topics were a little more general in terms of their
proposal. Some of these fit within the general policy
panel, for example, is another so -- and again we'll
reserve the right to modify the -- to take away or add
that list in terms of the second procedural
conference.

In terms of the schedule, we have one
timing issue. The primary CEC consultant working on
this file is away August 19th to September 14th. That's
compounded by the fact that she is also active on the
-- very active on the capital review project, where
the CEC has been quite immersed in writing arguments.
And so we would ask for one, I think it's a small concession, particularly given that a dialogue around the evidentiary update that the CEC have a right and/or other parties to file their IRs on the evidentiary update on the October 30th date. Which is the date -- that there is a date set for IRs on -- I think it's cost of energy. And that the -- and I think, sometimes there's a logic asking questions on the evidentiary update and the cost of energy at the same time. She can deal with the other IRs, in terms of the existing date, in terms of IR two. But just that topic, because we're waiting for the evidentiary update the timing is difficult. So that's an ask we would have in terms of schedule.

Proceeding Time 9:54 a.m. T14

But other otherwise we are comfortable with the schedules put forward by BC Hydro, including Mr. Ghikas' comments on the rebuttal evidence timing is -- we'd like some dates for IRs on rebuttal evidence, and select shift to argument dates.

And lastly I have no other matters to assist at this time, so I am happy to take any questions?

THE CHAIRPERSON: Thank you, Mr. Weafer.

MR. WEAFER: Thank you.

THE CHAIRPERSON: Mr. Andrews.
SUBMISSIONS BY MR. ANDREWS:

MR. ANDREWS: Thank you, Mr. Chairman, members of the panel. I will go through the items in order.

Item 1 to do with the Peace Region Electric Supply Project. BCSEA's preliminary position at this point is that subject to any counter-arguments that may be presented that we haven't heard yet, it appears that the PRES project does meet the legal criteria for a prescribed undertaking under section 4(2) of the GGRR and section 18 of the Clean Energy Act.

Regarding the MIN to LNG Canada Interconnection Project, subject to hearing any counter-argument that may be presented, it appears to BCSEA that the MIN to LNG Canada Interconnection Project meets the requirements of the Transmission Upgrade Exemption Regulation in terms of exemption from Part 3 of the Utilities Commission Act.

Number 3, BCSEA does not intend to file evidence.

Number 4, BCSEA supports Hydro's suggestion that there be comprehensive final arguments preceded by the possibility of an oral hearing that would address specific topics. BCSEA supports the concept that the topics for an oral hearing would be addressed at a procedural conference after BC Hydro files its responses to the second round of information requests.
And I won't comment at this stage on the topics that could be suitable for an oral hearing. I will only say that certainly that the idea of scoping the topics specifically will add to the efficiency and effectiveness of that procedure.

In terms of question 5 and the steps and timetable, to be clear, BCSEA's view is that there should be an opportunity for follow-up IRs regarding the Hydro responses to IR 1, and opportunities to make information requests regarding the evidentiary update and the cost of energy studies. And I assume and understand that in that body of new evidence, there will be a new 20 year load forecast, and those two should -- all of that package should be the subject of information requests. We have no objection in principle to the timetable that Hydro set out, and we appreciate the effort that went into producing that document.

I have no other matters to raise at this time under heading 6, and subject to any questions, those are my submissions.

THE CHAIRPERSON: Thank you, Mr. Andrews. I assume though then by your comments about the timetable, that you don’t have any blackout dates or significant dates that you wouldn’t be able to meet in any of these timetables?
MR. ANDREWS: I may have some difficulties in January of 2020, but my sense is that the dates are subject to enough flexibility between now and then that it would be better to deal with those in the event that they do arise.

Proceeding Time 9:59 a.m. T15

THE CHAIRPERSON: Thank you.

MR. ANDREWS: Thank you.

THE CHAIRPERSON: Thank you, sir. Mr. Keen.

SUBMISSIONS BY MR. KEEN:

MR. KEEN: Good morning again, Commissioners, and Mr. Chairman.

THE CHAIRPERSON: Good morning, Mr. Keen.

MR. KEEN: I have to pass up a bit of an outline. I don't propose to mark this, but it may be easier to help folks follow along.

THE CHAIRPERSON: Very well, thank you.

THE HEARING OFFICER: Marked C11-4.

THE CHAIRPERSON: So I'll mark this as C11-4 then, thank you.

MR. KEEN: Sure.

(OUTLINE SUBMITTED BY AMPC MARKED EXHIBIT C11-4)

MR. KEEN: So as I expect you are aware, Commission, AMPC has been an active participant in BC Hydro proceedings since BC Hydro was first regulated in the early 1980s. And I want to provide a little bit of
context and I expect you're aware of this.

It formed, through the cooperation of the Council of Forest Industries and the Mining Association of B.C. It operated under the name of the Joint Industry Electricity Steering Committee, JIESC, until 2011. And I want to say that to frame back that while AMPC is an intervener, it's members are customers and the decisions that this Commission makes about BC Hydro rates impact them and impact their bottom lines. They are directly affected and they need a clear opportunity to participate in the process.

So that said, I've organized my remarks to respond to each issue in term.

THE CHAIRPERSON: Thank you.

MR. KEEN: Concerning items 1 and 2, the powerline exemptions, AMPC has no comments at this time one way or the other.

Turning to item 3, AMPC will be filing intervener evidence, including expert evidence on behalf of Intergroup Consultants. The final scope and content of the evidence will of course be something determined after all of these IRs responses have been adjusted. We're only a few thousand pages in at this stage and hopefully there's a second round of IRs that will help us refine and focus our thinking.
But at this time we can say that we expect its evidence will include the following. First, generally, evidence dealing with the competitiveness of BC Hydro's industrial rates. That ought to come as no surprise to our friends. We were in regular discussions with them about that across these sorts of proceedings.

We expect that to include an assessment of the declining competitiveness of BC Hydro rates across the past 15 years. Current challenges faced by member industries and the need for, and delay in, developing relevant and innovative rate options for industrial customers.

And then on the side of expert evidence, we expect that area to include a comparison of BC Hydro's practices with other provinces in key areas, a regulatory account analysis. It will include the application of BC Hydro's accounting methodology to the status quo, a comparison with approaches taken by other Canadian Crown-owned electricity utilities, and impacts from net analysis on things like the rates moving regulatory account, and in particular the deferral account rate rider, the DARR.

And third, we expect to address specific items that are forecast costs, and so that will extend to the cost of energy, finance charges, as well as
potentially some operating cost and capital cost

issues.

So the corollary to that is that we would
support an oral hearing, and in fact request an oral
hearing, and we do so generally. AMPC disagrees, and
this is consistent with the remarks at the last
revenue requirement application where everybody said
the same thing. We disagreed with the premise that
specific items need to be highlighted early on to be
within the appropriate scope of an oral hearing.

The revenue requirement process is central
and fundamental to the Commission's oversight of BC
Hydro, and the Commission should generally expect BC
Hydro to support such filings by participation in an
oral hearing. It's a standard and accepted practice
across North America for regulated utilities to make
witnesses available to speak to the nature of their
business in the evidence they have prepared.

Proceeding Time 10:03 a.m. T16

That expectation is, or should be well within BC
Hydro's capabilities too. Conversely, it's an unusual
practice to have to justify an oral hearing for a
major utility application. Essentially if not now,
then when?

Now, I recognize that BC Hydro has made
some submissions to the contrary in the footnotes on
page 8 of its recent filing, and we think that if you drill down into the details of those exemptions, we suggest that you wind up comparing apples to oranges. Specifically if you look at the details of what intervenors say in those proceedings at that time.

Now, that is not to say that we have any opposition to scoping the oral hearing to relevant matters. The issue is when do you scope, and how do you scope, and in this sense, we agree with BC Hydro, I agree with my friend Mr. Ghikas, that doing so at or during a second procedural conference is appropriate, and that also occurs in the normal course at any of the other North American utility proceedings that I've alluded to. It's a question of looking at where has there been a clash of evidence? Where is there a clash of issues? Where do parties intend to cross-examine? Where would it be redundant to sit as my friend expressed concern about, a host of witnesses? And so that scoping process can happen, but it's important not to do so too soon. And it's important that you don't do so too soon so the parties have a chance to draft evidence appropriately, plan their cross-examination appropriately, and do so efficiently. If that happens prematurely, you lose efficiency, you lose participation and you lose the benefit of this Commission and the regulatory process.
THE CHAIRPERSON: Mr. Keen? Excuse me. So given what you've just said, I understand you are satisfied with the October 10th date for a procedural conference. But that still leaves additional information coming in, as it were, on IRs on the cost of energy update and the load forecast, in addition to intervenor evidence IRs. So, it would seem to be consistent with what you just said that the procedural conference on scoping of the oral hearing should be when all of the evidence is in, which would include those last few IRs. Would you agree with that?

MR. KEEN: I would suggest -- and you are getting ahead of me.

THE CHAIRPERSON: Sorry, go ahead, please.

MR. KEEN: Not at all. I would suggest October 25th as a deadline for intervenor evidence as opposed to October 18th.

THE CHAIRPERSON: Okay, perhaps I should wait until you get to that part of your --

MR. KEEN: Not at all. I was going to talk about the benefit of oral cross-examination. Essentially that it's not a surrogate for the IR process. It depends on the IR process, it is more precise. Testimony from a witness is more valuable than something that is crafted by counsel.

THE CHAIRPERSON: Right, okay.
MR. KEEN: And it helps us get to the issues better, it helps us do so collective in real time, and in that sense, for a proceeding of this magnitude, it is more efficient and more effective.

So, I am going to move to the point we talked about in terms of October 25\textsuperscript{th} versus October 18\textsuperscript{th}. What is proposed right now is a procedural conference on October 10\textsuperscript{th}, and the intervenor evidence coming on October 18\textsuperscript{th}. Our concern would be that the scoping decision emerging after October 10\textsuperscript{th} does not leave much time to expand and retract the scope of intervenor evidence in relation to cross-examination. That said, we will obviously have something in the works, I have a good sense of what we are going to say. And so adding an extra week to October 18\textsuperscript{th}, going to the 25\textsuperscript{th}, reconciles that tension that you've alluded to.

But to give you a sense as to the things we probably would address in an oral hearing, based on our thinking at this stage, regulatory account treatments and practices, the load forecast including the pending 20-year load forecast, DSM spending, particularly capacity focused DSM, cost of energy, and particularly the pending updated cost of energy following the June Energy Study. And then discrete operating costs and capital product issues that again,
as we hear from my friend Mr. Ghikas, may have some
updates at that stage.

So, as you've gathered, we largely have no
structural concerns with the intervenor evidence
schedule that BC Hydro has proposed. We agree there
ought to be a second procedural conference. We agree
with the second round of IRs. We agree with the
concept of an issues list. But we say that October
18th is too soon for intervenor evidence, and maybe one
adjustment is appropriate.

The problem with that, and I would add as
well, if you are filing intervenor evidence and
receiving the cost of energy update at the same time,
it's difficult to be responsive.

Proceeding Time 10:09 a.m. T17

And likewise, when you cascade down to the
timing of the second IR responses, you have intervener
IR responses are due on the same day that interveners
received IR responses to the cost of energy update.
Again, you're not enabling that direct response in
terms of intervener evidence to the applicant's
evidence. Those dates ought to be sequential and not
parallel.

So as we see it, there's three potential
solutions. You can issue the cost of the energy
update sooner. You can start the hearing later. Or
you can shorten the period for both interveners and BC Hydro to file IR responses. We don't think that they're this tenable.

The upshot is that BC Hydro has, inadvertently or otherwise, manufacturing a squeeze. The combination of the time of its updates and suggesting a calendar year conclusion to hearing. In our submission, procedural fairness should not be compromised by what I think is an artificial sense of urgency. If you dig into the reasons that BC Hydro provides for a calendar year timeline on page 17 of its submission, they amount to wanting a timely delivery process from the perspective of resourcing and rate prospectivity.

And we get that. AMC wants a timely and efficient process as well, including targeting an oral hearing in either December or January. But getting a decision from the Commission, and I quote, "before the test period is half over" as opposed to saying before the test period is two-thirds over, is not worth the harm to the overall process that that squeeze would create.

And so a potential solution that might square the circle in some sense is to provide the cost of energy update earlier to those interveners who submit confidentiality undertakings. In other words,
to follow the BCUC's rules as written. And this is AMPC's next concern with the applicant's submission. That intervener confidentiality undertakings are real and ought to be respected.

BC Hydro has asserted, without real explanation, that the updated forecast is too sensitive to be protected by the process proscribed under the Commission's rules. And as justification its citing its recent filing of forward electricity purchases. Something that was only recently disclosed to BC Hydro customers. That's something that we have real concerns with in and of itself and it ought not to be a precedent, particularly where it's something that customers haven't had any input into. So we reject relying on that practice again. We reject avoiding the BCUC's well established confidentiality procedures, which are already more stringent than those adopted by comparable regulators, in either the Alberta Utilities Commission or National Energy Board. It's too fast too soon.

And we don't really have any evidence of that. We have the assertion, we understand the perspective harm, but that chain between concern and impact has not been laid out of the applicant. Absent that evidence, absent that explanation, you ought not be giving effect to the proposed solution.
And BC Hydro has also avoided any intermediate steps that might also suffice. Providing hard copies only, for example, is one easy solution. Or in the case of the National Energy Board when I dealt with particularly sophisticated and sensitive refinery economics a few years ago, there was a chain of decisions dealing with the Chevron, now Parklander, filing. In that case access was restricted to counsel and consultants only, password protected USBs. That worked out fine. That's a step that possibly would be available here if you had that justification in front of you. We haven't heard anything like that from BC Hydro.

So third, moving back away from the schedule, we do support an issues list in establishing the overall hearing and scope, after the second round of IRs, after the procedural conference. To be clear, though, in our view, a detailed -- an excessively detailed issues list is not something that's required. A general one is standard, a general one is helpful, it focuses parties. But something that's prescriptive and unduly used to move things out of scope that might legitimately be within scope as different moving parts crystalize and help parties understand the nature of the application, that inhibits the value of the process and we would not support an excessively
detailed issues list.

Turning to other matters, we essentially have none. The only issue is the prospect of the evidentiary update coming after August 8\textsuperscript{th}, significantly towards August 30\textsuperscript{th}, and I think my earlier remarks let you know where we stand on those.

So, subject to your questions, those are my submissions.

THE CHAIRPERSON: Thank you Mr. Keen.

Mr. Weimer? Yes, please.

Proceeding Time 10:14 a.m. T18

SUBMISSION BY MR. WEIMER:

MR. WEIMER: Thank you, Commissioners. James Weimer, Clean Energy Association of BC.

With regard to the first two items on your matters for discussion, Mr. Austin has given me his preliminary submission. And that he agrees basically with BC Hydro's view as expressed in Exhibit B-8, that the PRES does qualify as a prescribed undertaking. He says additional research may be required, but he wants to emphasize that while the project might not require a CPCN from the Commission, it should still remain consistent with all the requirements of BC Hydro's tariff.

Much the same comments apply to the second point, the MIN to LNG Canada Interconnection Project.
It appears to qualify as an exempt project, but again it should remain consistent with any requirements of BC Hydro's tariff.

And those are preliminary submissions. Additional research might be necessary, especially with regard to the tariff.

Does CEABC intend to file evidence? We wish to retain the right and ability to file evidence, but we believe the decision to file it should be deferred until after the filing of the evidentiary update, the responses to round 2 information requests, the filing of the updated 20-year load forecast, and in fact the public release of the cost of energy update.

So it's a little premature at this point to say whether or not we definitely would, but we believe that some limited information requests should also be provided for in order to test and clarify the 20 year load forecast and the cost of energy update. So the timeline, I think as was pointed out by the previous speaker, needs to be sequential allowing for those events to occur. Only when all the pieces of information are tabled, will it be possible to assess what evidence CEABC can contribute to advance the process.

As far as the fourth point, whether the
process should be written, oral, or a combination of both, I think the general consensus seems to be that a combination of both works well. We agree with BC Hydro that some form of oral process will be required in addition to the written process. The exact scope of the oral process will depend on all the things I've listed previously, all the responses to the second round of IRs, the evidentiary updates and the intervenor evidence.

Accordingly, the exact scoping should best be dealt with at a later procedural conference, whether October 10th works, I'm rather skeptical that that's a little too early.

At present, our preliminary list of potential topics is quite broad. And I could give you a list of them, but I think it's fully expected that the list would get a lot narrower after the additional evidence and the IR responses are filed.

However, we do assert that oral questioning can very often take the place of several rounds of written questions and hence can effectively improve the efficiency of the process.

As far as the appropriate steps, number five, in your list of issues. Steps and timetable. The timetable proposed by Hydro is probably a very good starting point but it may need some minor
adjustments, notably the decision point as to what and whether the interveners present evidence should take into account the responses to the IRs, the load forecast and the energy cost update particularly after the public release point.

The proposed October 10th procedural conference, we feel may be a trifle too early to account for all of these points in sequence.

Proceeding Time 10:18 a.m. T19

As far as other matters, I have none at this time. Any questions?

THE CHAIRPERSON: I don’t think so. Thank you, sir.

MR. WEIMER: Thank you.

THE CHAIRPERSON: Ms. Worth?

SUBMISSIONS BY MS. WORTH:

MS. WORTH: Mr. Chair, members of the panel, I will, as everyone else has done here, address the matters in the order in which you presented them in your Exhibit A-7.

While I realize that the panel is asking for a preliminary position in regards to issues 1 and 2, because this is a public oral process and we lawyers tend to be a rather conservative lot, we tend to be uncomfortable with the prospect of taking a position, even on a preliminary basis, when we feel that the record does need further development.
Like Mr. Weafer, we feel that the issues that are being dealt with in these two particular processes -- or these two particular topics, are very important, and we need to ensure that they are being done right. So at this time we are not going to take a position other than the fact that we ask that there be further discovery on these, to ensure that the matter is fully developed and fully explored so that the Commission can make an informed decision and the intervenors can take their positions based on that fulsome record.

Now, in regards to question 3, whether we intend to file evidence in this particular process, I can advise that we do not.

Question 4, whether the review of the revenue requirements should proceed by a written or oral hearing or some other process. As BC Hydro has noted, it has been quite some time since we have been before the Commission in an oral hearing for BC Hydro. Now, we are at a situation where many of us are still sifting through the thousands of pages of IR responses. Obviously we focus in on what we asked first, and what the Commission asked, but there are still questions that we will have, based on just that review, and then the rest that we have been able to do thus far.
I would say that my default position at this point would be that an oral public hearing scoped properly, based on the evidence that will come to our attention after a round of IRs following up, and then also on the evidentiary update, would be appropriate. But, after that particular development of the evidence, it may become a situation where parties don’t have anything substantive, or there is one small area that we can deal with in a very discrete and non-taxing oral hearing.

The steps and timetable associated with the recommended regulatory review process. BC Hydro has proposed what I think are sort of a reasonable basis, a reasonable beginning. Mr. Keen has obviously come forward with some concerns about the timetable, given the fact that he and his clients are going to be filing evidence. I would like to say that we are flexible on our availability. We don’t have too much concern with what has been proposed thus far. We would say that because of the timing of the filing of the evidentiary update, and it falling over what is traditionally known as the holiday period, and there can be some availability issues, that there be sufficient time in order to make sure that all the parties are able to file their IRs there.

But I would like to note for the record
that like Mr. Keen, BCOAPO is profoundly uncomfortable with the prospect of the BCUC's stringent confidentiality undertakings being characterized as insufficient by BC Hydro. Prior to Mr. Ghikas' submissions this morning, I was going to use my submissions to invite he and his clients to confirm that a confidentiality undertaking would be sufficient, and that parties who did execute those properly would be provided with the information sooner than it became public.

Proceeding Time 10:23 a.m. T20

It did not occur to me that BC Hydro would be taking the position that that undertaking would not be sufficient protection to their confidential materials.

I have some significant concerns I would like to put on the record. While I understand that BC Hydro is extremely concerned about inadvertent disclosures, there are ways that we can deal with that. Perhaps if BC Hydro reviews the IRs that are provided on -- the public IRs that are provided just to ensure that they are not inadvertently straying into confidential materials, prior to them being put up on the website, then that would, I think, address any concerns that they might have. Certainly no parties here would intentionally stray into that kind
of disclosure, but you know, BC Hydro is saying that they are worried about inadvertent disclosures. There are certainly ways that, you know, that the Commission panel and BC Hydro can structure things to ensure that that does not happen.

Other than that, I have no further matters to add to the process today, subject to any questions.

THE CHAIRPERSON: Thank you, Ms. Worth.

MS. WORTH: Thank you.

THE CHAIRPERSON: Mr. Hooge.

SUBMISSIONS BY MR. HOOGE:

MR. HOOGE: Thank you, Mr. Chair, members of the panel.

Before I address the six matters as I identified in the Commission's June 14th letter, Exhibit A-7, I have just a few brief remarks on the nature and intent of Fortis BC's intervention in this proceeding. These will be relevant when I do get to the six matters in Exhibit A-7.

FortisBC Inc. and FortisBC Energy are, of course, BCUC regulated public utilities. They are both also customers of BC Hydro and FortisBC Energy's ratepayers are customers of BC Hydro as well. As such, as the Commission knows, FortisBC Utility has regularly participated as interveners in applications by BC Hydro before the Commission.

I'll just pause here to note I'll be
referring to both FortisBC Inc. and FortisBC Energy Inc. collectively as FortisBC as I carry on in my submissions.

FortisBC's interventions in BC Hydro revenue requirements applications tend to be more general in nature and tend to be limited to primarily monitoring the proceedings to understand whether any decisions or regulatory principles that could be established have the potential to affect directly future determinations in FortisBC rate applications.

FortisBC's interventions in other types of BC Hydro applications and proceedings can be more active. For example, in rate design applications, because the issues do often become directly of interest to FortisBC in its own proceedings. That said, occasionally issues raised in revenue requirements applications of BC Hydro can become of more immediate interest to FortisBC and in those kinds of cases FortisBC intervenes more actively as a result. But in doing so, was generally focussed on specific issues of interest.

And at this point in this particular revenue requirements proceeding, FortisBC has not identified any particular regulatory issues to pursue more actively, but obviously we're at an early stage with much evidence, but the companies will be, of
course, continuing to monitor the proceeding and may
become more actively involved if issues or principles
of regulation become of more immediate interest.

That said, turning to issue number one,
based on the evidence currently in the record in the
form of the application and BC Hydro's round 1 IR
responses, FortisBC accepts and supports the position
put forward in Exhibit B-8 that the PRES project meets
the legislative requirements to be considered a
prescribed undertaking pursuant to section 18 of the
Clean Energy Act and Section 4(2) of the Greenhouse
Gas Reduction Regulation. FortisBC also notes that
the Commission recently addressed the GGRR in the
decision accompanying order G-122-19 issued earlier
this month.

Proceeding Time 10:28 a.m. T21

The Commission panel addressed principles
of statutory interpretation applicable to the GGRR in
that decision. The panel agreed that accepted
principles of statutory interpretation require that
the wording of prescribed undertakings and related
conditions as set out in the regulation must be given
a fair, large and liberal interpreter in order to
accomplish the purpose of the GGRR and the Clean
Energy Act. That's, of course, mandated by section 8
of the Interpretation Act.
While that decision dealt with different section of the GGRR in a different form of prescribed undertaking, we submit that those interpretive principles should be applied broadly, including to the provision at issue under issue number 1.

On the second issue, again FortisBC accepts BC Hydro's position as described in its written submissions and based on the evidence in the record that the MIN to LNG Canada Interconnection Project meets the requirements of the Transmission Upgrade Exemption Regulation, and should accordingly be exempt from part 3 of the UCA. Those are our of course preliminary submissions as mandated in the Commission's letter.

On issue number 3, FortisBC does not intend at this point to file intervenor evidence in the proceeding.

On issue 4, FortisBC is essentially neutral regarding whether an oral public hearing process should be adopted in this application given that BC Hydro appears quite open to that form of process, and given a general consensus in the room, FortisBC certainly is not opposed to it, and does intend to participate if the Commission considers that an oral hearing is appropriate. I would add, just for the record, in keeping with my earlier submission,
FortisBC has not identified any issues at this stage of the proceeding that are of specific interest, and that the companies consider would benefit from having an oral hearing. But if the BCUC does ultimately decide to proceed with one, then FortisBC supports BC Hydro's position that there should be a scoping exercise to limit the issues that are involved, particularly in light of the breadth of the application and all of the many issues that could arise.

On issue number 5, the steps in the regulatory timetable, in keeping with my earlier submissions today on FortisBC's expected level of participation in this proceeding, we do not have any specific comments to make on the proposed regulatory timetables being put forward by BC Hydro for consideration. I would like to add that as the panel is no doubt aware, FortisBC itself is in the midst of a regulatory process on its multi-year rate plan application for 2020 to 2024. The next item on the regulatory agenda in that proceeding is a procedural conference on July 9th. FortisBC anticipates that the BCUC's decision on the remaining regulatory process for this proceeding regarding BC Hydro's RRA, could have implications for the proposals that FortisBC puts forward regarding the regulatory timetable in its own
application. And since we understand that two of the
Commissioners on this panel are also on the panel for
FortisBC's application, we would imagine that the
potential for overlap and the timing of procedural
steps will be kept in mind when the Commission panel
in this proceeding makes decisions about the
appropriate timetable.

THE CHAIRPERSON: That's a fair assumption.

MR. HOOGE: On issue 6, I have nothing further to add.
Subject to any questions, those are FortisBC's
submissions.

THE CHAIRPERSON: Thank you sir.

MR. HOOGE: Thank you.

THE CHAIRPERSON: I realize we are not quite down at
the end of the list yet, but I'm going to take a short
break. We'll come back at 20 to. Thank you.

(PROCEEDINGS ADJOURNED AT 10:32 A.M.)

(PROCEEDINGS RESUMED AT 10:44 A.M.)

THE CHAIRPERSON: Thank you, please be seated.

Okay, Mr. McLean? Sorry, Ms. McLean.

SUBMISSIONS BY MS. McLEAN:

MS. McLEAN: Thank you, Mr. Chairman. With respect to
the five items identified in Exhibit A-7, Zone II
ratepayers group takes no position with respect to
items 1 and 2.

Zone II may file some evidence in this
proceeding, as it did in the previous review proceeding for financials 2017 to 2019.

Zone II is supportive of a focused oral hearing in this matter, although we agree with Mr. Keen's submission that it should not be so narrow as to unnecessarily or unfairly limit questioning during the oral hearing. That an issues list would be appropriate, but the breadth of that list ought to be considered. And it should not be decided too soon. And that's been discussed by a number of other interveners before the panel this morning, that there's a timing issue, which I'll get into when I'm talking about the scheduling.

Topics that Zone II anticipates it may wish to address at an oral hearing would include demand side management, as well as the low income programs and including the Indigenous customer offer that's been raised in BC Hydro's materials.

Zone II does share the concerns expressed by other interveners regarding BC Hydro's position on confidentiality in this proceeding, and that we agree that it could be limited to counsel and consultants, possibly again with the concept of a USB that's protected by password. Physical documents aren't as manageable in this day and age.

With respect to scheduling, we have a
number of comments. We certainly agree that the second procedural conference needs to occur after the completion of the IRs and after the energy update has been completed, and after there has been some time afforded to interveners to consider that information so they could be prepared to present what they propose to do at an oral hearing.

I'd also note that BC Hydro has suggested that the public release of the cost of energy information would be October 18th and has suggested that IRs would follow less than two weeks later. And I would suggest that at least two weeks are required to consider and respond to that information with IRs. So I think there needs to be a slight extension of that timeline. I think there's only about ten days afforded now.

With respect to the proposal around rebuttal evidence, that's proposed for November 29th, which is a Friday and the hearing is proposed to commence the following Wednesday, December 4th, and that also strikes me as a fairly tight turnaround, especially if there's any requirement to follow up on the rebuttal evidence in writing in advance of the hearing beginning.

So on the current proposed approach it strikes me that we are realistically looking at a
January date for the oral hearing, not a December date for the oral hearing. But of course that is in part taking into account a staged release of the cost of energy information.

Those are my submissions.

THE CHAIRPERSON: Thank you, Ms. McLean. Thank you.

Ms. Gjoshe.

SUBMISSIONS BY MS. GJOSHE:

MS. GJOSHE: First, I'd like to thank you for the opportunity for these comments.

As it concerns issue 1, it occurs to me that in its write-up concerning the business case about the price project in the application, reputational risk to BC Hydro, as it arises from not properly serving customer requests features prominently in the application.

I believe that as a concern, that feature of the business case, reputational risk, we need to understand how that rigour is applied. Not only as it concerns this particular project, but in general as it concerns project drivers paid across customer groups or other geographical regions. And so I intend to further explore that issue in the application, and in the proceedings.

As it concerns issue 2, I have no comments.
at this stage about the MIN to LNG Canada transmission upgrade project.

As things stand at this point in time, I have no intentions of filing any evidence. However, I'd like to reserve the right to, further down the road, do that.

On issue 4 I am personally equally amendable to an oral or a written proceeding as long as -- as stated by other interveners as well, the credibility tests are appropriately applied. As it concerns some of the other comments, I do agree with the AMPC that oral proceedings in the utility sector are fairly widely applied across North America and therefore I would see it as very suitable in this particular case.

As it concerns the schedule overall, I don't have any particular comments as to particular dates in the schedule. Personally I will be amenable to the schedule as it is agreed upon by the Commission, the panel, and the applicant and the interveners. I only have one general comment, that as it concerns smaller interveners such as myself, sufficient time is allowed for the review of the documentation in light of the sheer burden of the paperwork.

Those are my comments, thank you.
THE CHAIRPERSON: Thank you. Thank you very much.

Mr. McCandless, are you still on the line?

MR. McCANDLESS: Yes, I am.

THE CHAIRPERSON: Are you prepared to go ahead, please?

SUBMISSIONS BY MR. McCANDLESS:

MR. McCANDLESS: Yes, thank you. On the first two items I don't have any comment.

On the third item my -- the question has to do with the -- sorry, let me get this straight here. The intervenor evidence, I do not intend to file any and on the oral or written hearing, I agree with the spokesperson from FortisBC who suggested that if there's no major issues that are presenting themselves, there seems to be less need for an oral hearing.

And on the timetable, a general comment. My general view of this is that we seem to be drifting into perhaps Parkinson's law here, where we seem to be having a disproportionate amount of effort going into something that where the rates, for 1.8 percent and .7 percent is what's on the table for the moment, plus some other changes including the rate rider, we seem to be going through a lot of effort to review that request.

I agree that there's probably a need for limited second round of information requests, but I'm
still somewhat confused by BC Hydro’s submission about
perhaps requiring a change in the rate request based
on the evidentiary update, and I presume that relates
to fiscal '21 because it's pretty much too late to do
anything about fiscal '20.

Proceeding Time 10:54 a.m. T25

The evidentiary update and the other 20
year load forecast raises questions to me about how
does that relate, especially the load forecast, to the
longer term rate plan that's in response of -- the end
of comprehensive review phase one, the government said
that that would be coming out a new long term plan.
Probably much later in 2019 if not early 2020. I'm
not sure how those two relate.

And I guess my focus would be -- my
suggestion would be that the Commission would -- and
with the interveners assistance, have a better use of
their time to focus on issues that are part of that
phase two review, comprehensive review. And see where
the Commission can have some input into that process.

Those are my general comments.

THE CHAIRPERSON: Thank you Mr. McCandless.

Mr. Ince? Are you still on the line, Mr.

Ince?

MR. INCE: Hello, this is David Ince.

THE CHAIRPERSON: Are you prepared to go ahead sir?
SUBMISSIONS BY MR. INCE:

MR. INCE: Yes. First of all, I appreciate the opportunity to intervene at this process and hopefully bring some of my expertise towards achievement of lower cost ratepayers. As you know, I've worked for BC Hydro for many years.

So with respect to the five items, and my apologies for not being in person. I realize that we have small grandchildren in daycare, you're going to be picking up a lot more germs. So with respect to the five items, I agree with BC Hydro on the merits of a focused oral hearing. I believe the last one was in 2009 and I testified on behalf of BC Hydro in this process. And I can attest to that it's an interactive process, particularly on some complicated issues such as the load forecast, results in a more efficient and interactive process.

On the issue -- the issues list related to the oral hearing. I agree with Mr. Keen that there should be some reasonably flexibility in terms of the issues. Particularly policy related questions for panel one.

Whether I intend on filing intervener evidence, I don't know yet. I would like to reserve the option. I guess it depends on where the press of prescribed undertaking and my review of the updated 20
year load forecast.

As to the schedule, I can probably set up a schedule as proposed by Hydro, subject to the resolution of time and concerns as the -- for example, Mr. Keen. And subject to an oral hearing issues list is created after the second round of IRs.

With respect to the Peace Region Electricity Supply Project or PRES, I assume that BC Hydro intends that to exempted in every respect. Clearly the provincial government intends PRES as a project to electrify Peace Hill gas production and reduce GHGs. And in that context, I think PRES will be built in cost recovery of rates and exempted from section three of the UCA.

However, I think that the Commission, the ratepayers and the government, the shareholder itself would be interested in a cost effective solution and a fulsome review of the PRES supply options. So for example in Webly IRs, I issued and I received response to my IR at 1.6.8. BC Hydro indicated that they have at least four critical transition options and potentially multiple generation options that are less explored.

So even though the overall PRES project I can accept as being a prescribed undertaking, the most effective option for PRES, I think, needs an overall
review. And I think the government would appreciate that review.

Those are my comments at this time.

THE CHAIRPERSON: Thank you, Mr. Ince, appreciate it.

Mr. Hackney, are you on the line?

Mr. Miller?

SUBMISSIONS BY MR. MILLER:

MR. MILLER: Staff have two brief comments. With respect to the --

THE CHAIRPERSON: Sorry Mr. Miller, just Ms. -- no, okay. Go ahead.

MR. MILLER: With respect to the form of process, staff is neutral on whether we conclude by further IRs or by an oral hearing. We take no position.

Staff's only request is that we be allowed another round of IRs after the evidentiary updates have been filed.

Proceeding Time 10:58 a.m. T26

THE CHAIRPERSON: Thank you, Mr. Miller.

Okay, so now we are going to go back up the list, and I would ask you to restrict your comments to only -- to either addressing a comment that another party has made, or if they have introduced something new that you wish to comment on, go ahead. But we will just start going back up the list.

Mr. Ince? Anything further to add?
MR. INCE: No more comments.

THE CHAIRPERSON: Thank you. Mr. McCandless?

MR. McCANDLESS: No further comment, thank you.

THE CHAIRPERSON: Thank you sir. Ms. Gjoshe, anything further?

MS. GJOSHE: No further comments.

THE CHAIRPERSON: Thank you. Ms. McLean?

MS. McLEAN: No further comments.

THE CHAIRPERSON: Mr. Hooge?

MR. HOOGE: Nothing further.

THE CHAIRPERSON: Thank you. Ms. Worth?

MS. WORTH: I have something very brief to say.

THE CHAIRPERSON: Thank you.

REPLY BY MS. WORTH:

MS. WORTH: Mr. Chair, members of the panel, I wanted to address an idea that Mr. McCandless introduced, which was that given the quantum of the rates that BC Hydro is seeking to increase by, that we are reaching kind of a point where the effort is not worth the amount of work that is going into it.

I would like to put on the record that our clients and others here are not just here for the rates. I mean, obviously as a revenue requirement, that is what first comes to mind, but it is the ability of the utility to provide safe, reliable service, and to provide that with stable, yet
reasonable rates, neither too high, nor too low.

Obviously our clients are in a unique position as the sort of canary in the coal mine, as low and fixed income consumers, so quite often there is a tension when we feel that there is request for a rate increase that is too low. But there have been instances in the past where the Commission has actually come to a decision that was for a higher rate than a regulated party was asking for.

So that is a possibility. It's certainly not something I am advocating for, but there is more to a revenue requirement than just looking at whether the rates are there. And I just want to put that on the record, that we don’t share the view that this is diminishing returns.

THE CHAIRPERSON: Okay, thank you, Ms. Worth.

MS. WORTH: Thank you.

THE CHAIRPERSON: Mr. Weimer?

REPLY BY MR. WEIMER:

MR. WEIMER: Jim Weimer, Clean Energy B.C. Just two comments.

One, we have always had a difficulty with confidentiality arrangements, and the reason is because we need to consult with our membership, and our members are business competitors with each other. So we can't really consult with -- there may be a few
members that are constituted into a regulatory committee. We can't really consult with a few members and not consult with all the members, because they are competing with each other.

And my second comment is, although it appears as a 1.8 percent increase due to -- that's the impact on bills, it is only 1.8 percent because of the removal of the 5 percent rate rider. It's actually a 6.8 percent increase if you don’t consider that, but it doesn't affect the bills by 6.8 percent, only 1.8 percent.

And of course, much of that 6.8 percent is there because it was there last year, but it was shielded by the rate smoothing reduction. Probably close to $300 million was taken out of BC Hydro's operating costs, because of the rate smoothing reduction, and now it turns up in the rates this year, but it's actually a previous year's increases.

That's our only comment at this point. Thanks.

Proceeding Time 11:03 a.m. T27

THE CHAIRPERSON: Thank you, sir.

Mr. Keen.

REPLY BY MR. KEEN:

MR. KEEN: I'm in the happy position of being able to say "Me too" on two instances here. First, with
respect to Ms. Worth's comment. Earlier on she made a
general comment about the need to perhaps be flexible
in relation to the holiday period as folks may have
constraints that arise. It's early days, but we would
echo that comment, to be alive to a need for
flexibility.

And then second, in relation to the two
previous speakers concerning the prospect of
diminishing returns and whether or not this process is
of too great a scale to deal with relatively low
proposed rate increases. AMPC says that the mechanics
matter and that the medium term impacts are at issue
given the content of the application today and it is
important to deal with them here and now.

Thank you.

THE CHAIRPERSON: Thank you, sir.

Mr. Andrews.

REPLY BY MR. ANDREWS:

MR. ANDREWS: First point, I support AMPC's suggestion
for there to be some sequence between the filing of
intervener evidence and the IRs on the evidentiary
update, and the cost of service filing.

Secondly, in response to one of the
comments that was made, I want to clarify that my
understanding of the proposal in terms of oral and
written hearing is that the subjects that are -- if
there is an oral hearing, that are scoped into the
oral hearing, would be addressed in the written final
argument, and that's what I meant when I said a
comprehensive written argument. So that it's not
either/or. It would be, in the case of the topics
that are identified for the oral hearing, they would
also be addressed in the written argument.

THE CHAIRPERSON: Thank you, sir.
MR. ANDREWS: Thank you.
THE CHAIRPERSON: Mr. Weafer.

REPLY BY MR. WEAFER:

MR. WEAFER: Two brief points. I would agree with Mr.
Andrews' approach to final argument, that the
comprehensive final written argument is on the oral
hearing matters as well as those that have been dealt
with through the written process.

And secondly, I'd just like to align with
Mr. Keen and Ms. Worth with respect to the
effectiveness of the confidentiality undertakings,
both for counsel and for consultants. I've been doing
this for almost 30 years, and those issues have not
arisen. Those undertakings do work and I think would
work in this case. Thank you.

THE CHAIRPERSON: Thank you, sir.

So that brings us to Mr. Ghikas, again.

And Mr. Ghikas, before you start, I've just got to
say, and I think I speak on behalf of the panel here. I think we're struggling with the whole issue of the timetable and the uncertainty of the beginning of the timetable. And you know, frankly, before we all invest a lot of time and energy in establishing a timetable, I think I'd really like to understand why we're establishing a timetable on a date that may not actually work after all. It would help if we even had some idea of the probability of that date actually working.

But even if it's a reasonable probability, then we might be back here again, or at least back in this kind of process again trying to work out another timetable. And perhaps you could address why we shouldn't be looking at August the 31st as the date on which to base the timetable and just, you know, recognize that that's the date that we're going to use going forward.

MR. GHIKAS: I can address that now.

THE CHAIRPERSON: Thank you.

REPLY BY MR. GHIKAS:

MR. GHIKAS: I'll address that upfront, Mr. Chairman. So I can give you a bit of information. I can't speak to what the odds are as it does depend entirely --

THE CHAIRPERSON: And largely perhaps it doesn't matter what the odds are. The fact is that there's a very
real chance that we will be crafting a new timetable
sometime in early August, and so why don't we just do
that now.

Proceeding Time 11:07 a.m. T28

MR. GHIKAS: Right. No, and I understand that, and in
the past and the dates are all public in terms of when
they have been published in the past, and the public
accounts have been put forward in mid-July in the
past, as well as in August. And so there is no
definitive answer I can give you, I accept that.

BC Hydro's submission really is that the
scope of the evidentiary update timing shouldn’t be
holding up the remainder of the process longer than it
needs to. Obviously we've proposed IR round 2 at the
point in which we believe the information has a
reasonable prospect of being present. And doing that
all together is ideal. But there will come a point
when holding up the proceeding to accommodate what is
in reality a relatively narrow scope evidentiary
update, unnecessarily moves the proceeding out.

So, really my submission is around the
scope of it, and the existence obviously of regulatory
accounts in some instances of what will be covered by
that, ultimately any variances will be picked up. So,
that is the essence of the submission.

THE CHAIRPERSON: Correct me if I am wrong here, but I
think that what I've heard here is the importance of, for example, the cost of energy update, the importance of that to intervenors and the importance of that before we have the next procedural conference. And before they finish their intervenor evidence.

So, I don’t see how you can then say that the evidentiary update has limited effect on the timetable, and we can craft the timetable around it. It seems to me that it is an integral piece of the timetable, and it’s on the critical path.

MR. GHIKAS: Well, to be clear about what it is about the confidential -- what it is that would be confidential, there is going to be information that everybody can see when the evidentiary update is filed, as to what the cost of energy is. What it won’t tell you is the detail about what purchases are going to be made and when. That’s what -- it’s the details, the underlying details are what’s going to be made confidential. There will be topline numbers with respect to the effects on the accounts --

THE CHAIRPERSON: But the topline numbers, that is a weighting -- and perhaps I misunderstand, but the topline numbers, the non-confidential cost of energy update, that is not dependent on the date of the public accounts?

MR. GHIKAS: Oh, the date of the public. Okay, so
there is two separate issues. One of them is on the public accounts you have my answer that it is related, right? So we're going to do one evidentiary update, we believe it's appropriate to do one evidentiary update and not separate that issue.

But with respect to whether people are held up by the delayed publication of the details of the energy study, my point is simply that it's not like people will not know what the cost of energy is when the evidentiary update is filed. What is being withheld?

So BC Hydro believes that it can craft the evidentiary update in a public way that will provide the topline information that won't give away the strategy.

THE CHAIRPERSON: Right, but my question wasn’t on the confidentiality of it.

MR. GHIKAS: Okay.

THE CHAIRPERSON: My question was on the evidentiary update itself, and if that is delayed because the public accounts committee is delayed, then we really can't get on with the rest of the timetable. That's on the critical path as I understand it, based on what we've heard today. We've heard from intervenors that they need the evidentiary update before they can move ahead with the timetable.
MR. GHIKAS: Yeah.

THE CHAIRPERSON: That is maybe my words, not theirs.

But that is what I think I've heard today.

Proceeding Time 11:12 a.m. T29

MR. GHIKAS: Okay, so let me deal with that point squarely. I think what I heard was -- you know, from my friend Mr. Keen on behalf of AMPC, is that the area that they've articulated, they want to have the direct ability to respond to the cost of energy information, but the two points that have been articulated as the potential topics don't turn on the details of that evidentiary update. The industrial rate competitiveness is a rate design issue, not a revenue requirements issue. And the expert evidence comparing practices with other provinces' regulatory accounts analysis forecast costs, including cost of energy, finance charges and certain operating costs and capital projects, that to me, doesn't speak to the need to get the details of what the energy study information is telling you.

So in my submission those two things are absolutely consistent with each other and can proceed without prejudicing anyone. And nobody else has identified a need to speak to the details of the evidentiary update as definitively something that they need in order to provide -- in order to provide
evidence in this proceeding.

THE CHAIRPERSON: Okay, fair enough. So perhaps let me rephrase my question then. It would be helpful if the panel had BC Hydro's proposed timeline with the event that the evidentiary update is delayed, because the accounts committee doesn't meet until August 31st. What would your timeline look like then? I think that would be helpful to the panel.

MR. GHIKAS: And is that something that you're looking for us to file afterwards or to break and provide it?

THE CHAIRPERSON: I'd be happy if you could break and provide that answer.

MR. GHIKAS: All right. I'm getting nodes that we can put that together. Shall I go through my reply points first or do you want to break and --

THE CHAIRPERSON: I'll leave that with you. Whatever you feel would be -- however you would like to do it.

MR. GHIKAS: I think I can deal with a couple of them now and then we can break.

So to go through starting with my friend Mr. Weafer on behalf of CEC, he identified potential topics for an oral hearing, and while I don't want to spend much time dealing with these, there were a couple that caught my attention as to maybe we were taking us down the wrong path.

And the first one was what I understood him
to be saying is looking at the outputs of the B.C. government review and assessing what the continued role of government would be. And in my submission that sounded an awful lot like a policy discussion about what the legislative role of the province is, and that's not something that BC Hydro can meaningfully speak to in an oral proceeding.

One of the other issues that my friend identified was the integration between the IRP and the revenue requirements application and how it would be affecting -- how one would affect the other, and I just wanted to point out that the IRP won't be affecting what's happening in this test period.

And finally, with respect to the adequacy of the service plan and it's targets, I merely wanted to make the point that the determination of what is and what is not an appropriate service plan is one that should be left to management, properly left to management. Obviously the implications of that, to the extent that it has cost implications, service implications and the like would be a fair issue to canvas, but I did think it would be worth mentioning that dichotomy.

With respect to my friend Mr. Keen, on the topics I did want to emphasize, and I have alluded to this already, the first bullet he has identified as a
potential issue for intervener evidence really is one that looks very much like rate design and would not be covered in a revenue requirements proceeding.

Proceeding Time 11:16 a.m. T30

One of the other issues that came up was the load forecast. And a couple of people alluded to the release of the load forecast and what implications that might have. And I believe one of those was Mr. Weimar on behalf of CEABC.

I wanted to just simply point out a few points about what that is. And to be clear, when BC Hydro has indicated that it is filing the 20 year updated load forecast, to be clear what they're doing is they're filing it for informational purposes out of a desire to be transparent. Not because it's necessarily an essential update for the actual test period itself.

In the first round of IRS there were requests asking for an updated load forecast and BC Hydro's response was, "We're working on the 20 year one and we're happy to file that when it's ready."

And that's what the impetus for filing that is. And I don't want the Commission to take from the fact that we've referenced it in the timetable to mean that there's necessarily going to be significant impacts, because, you know, in my submission, what we are
dealing with here is a two year test period, half of which is well underway. There is also a regulatory account in place that deals with variances in the load forecast. So I wanted to make sure that was understood.

The next point I wanted to deal with, Mr. Chairman, was the confidentiality. And let me start off by saying, the Commission has a range of options available to it. It has discretion as to how it receives information, whether public or confidential. BC Hydro uses undertakings when it's appropriate. It's used them in the current proceeding for information that is sensitive, commercially sensitive. And that is its default in most circumstances, and it has been used with success.

But there are also instances when information, whether under undertaking or not, has been disclosed in proceedings. The Site C proceedings where someone under an undertaking disclosed information. And there has been an instance even in this proceeding, where there was inadvertent disclosure of confidential information. So, it does happen despite people's best intentions.

And the point here is that there is a point at which the public interest is served by keeping information confidential and restricting its
circulation. This isn't about BC Hydro's interests, per se, this is about BC Hydro speaking on behalf of the customers in this province. There is a point at which the harm can be so significant to those customers that it is worth keeping information confidential. And in this case confidential temporarily with full process contemplated for people to ask questions and test that.

And in my submission it is really important not to lose sight of the fact that BC Hydro has attempted to deal with this in a pragmatic way that is protecting customers. Because in the event of disclosure, that would result in significant harm to customers. Let there be no question about that.

And I want to articulate just a little bit more about what that harm would look like and how it would arise. Because there was some suggestion that it wasn't clearly articulated, a point which I would disagree with, but let me walk through it because I think it's very important for everybody in the room to understand this.

So BC Hydro, depending on system conditions, needs to purchase energy to satisfy an energy deficit or to sell power to satisfy an energy surplus. And BC Hydro transacts those purchases and sales with Powerex Corp., which in turn determines how
best to procure and sell the energy in the external wholesale markets. The materials we're talking about, that would be delayed. So again, we're providing the high level information right off the bat as part of a public energy evidentiary update.

So the materials we're talking about is essentially, if disclosed, would telegraph to the market how much BC Hydro would be purchasing and when and in what particular period of time. And that would provide insights into Powerex's likely activities. That would allow other market participants in the wholesale markets to act in advance, pre-emptively, to the detriment of BC Hydro and its customers.

And ultimately customers would be affected because they're the ones who bear the cost of energy purchase. And they're the ones who receive the benefit through Powerex's net income and through the trading and deferral account, they're the ones who see the benefits of it.

So for example, the disclosure of this information, in my submission, has entirely predictable outcomes, for example. And let me just go through a couple of simple examples for you.

Proceeding Time 11:22 a.m. T31

First, the market prices would rise in times when BC Hydro was expected to purchase.
Suppliers of energy would know that they have leverage.

Secondly, other purchasers who need to serve their load as well, could step forward, in advance, and make their own purchases to secure that supply first.

And third, traders and marketers could purchase the power first and make arbitrage profits by selling it for BC Hydro's own use. In my submission, those outcomes are entirely predictable as a result of market -- a functioning market.

So in my submission -- and I would point out in addition, that Mr. Weimer pointed out the difficulty he has about sharing information amongst his contingent of individuals because they are competitors. Well, you know, I would also point out that those competitors are perhaps competitors of BC Hydro as well. One of the board members of CEABC is from Morgan Stanley, and that's a significant competitor with Powerex and it is really important that information does not get disclosed to competitors in that environment.

And so I would suggest in my submission that BC Hydro has done what it needs to do in terms of putting forward a practical result. I've heard the suggestions about copies and undertakings for clients.
My submission is that while those make incremental improvements, the risk of harm to the public, to customers is simply too significant in the circumstances to take any other approach other than what BC Hydro is taking.

BC Hydro respects that there is an interest in disclosure and has shown and demonstrated through its disclosure in this application, through the production of their evidence, that they take that very seriously. And so in my submission, the proposal that BC Hydro has put forward is an appropriate one.

Now, from Zone II, my friend Ms. McLean, articulated that there may need to be additional time to ask IRs on rebuttal evidence in the context of an oral submission. If there's an oral hearing, in my submission, it's unnecessary to ask IRs as well as have an oral hearing and so we just simply, if we're going to have an oral hearing, just simply do that.

So the other thing is that -- the only other thing that I had was that staff indicated they wanted another round of IRs after the evidentiary update and BC Hydro's proposal does accommodate that.

So if I can stop there, then, unless you have any questions on those items, and then we can break and discuss a timetable.

THE CHAIRPERSON: Thank you. How much time do you need?
MR. GHIKAS: Fifteen minutes would suffice, Mr. Chairman.

THE CHAIRPERSON: So come back at twenty two.

(PROCEEDINGS ADJOURNED AT 11:16 A.M.)

(PROCEEDINGS RESUMED AT 11:43 A.M.)

THE CHAIRPERSON: Please be seated. Thank you.

Mr. Ghikas?

MR. GHIKAS: Okay, Mr. Chairman, so what BC Hydro has done here is first of all delaying the round 2 IRs until after the close of the public accounts, the release of the public accounts. So, the evidentiary update would again be with that, so those two things are together again.

The other thing that BC Hydro has done in this proposal -- well it is not a proposal. The other thing that BC Hydro has done with this schedule is lay everything out in linear fashion, so that there is no parallel process at any time. So that stretches out the process obviously to do that, and to the extent that the Commission is comfortable running things in parallel, that will shrink this. But this essentially lays everything out in parallel. It sort of incorporates some of the submissions that other parties have made.

THE CHAIRPERSON: Thank you, that's helpful.

MR. GHIKAS: So the first date is Tuesday, September
the 3rd, and BC Hydro on that day would file the
evidentiary update. And three weeks later on Tuesday,
September 24th, people would ask round 2 IRs, and the
Commission would ask round 2 IRs to BC Hydro.

Tuesday, October the 29th would be BC Hydro
responds to information requests in round 2, and that
would give five weeks for those responses. And on the
same day, October 29th, BC Hydro would publish the
confidential portion of the evidentiary update, and
file the 20-year load forecast.

And then on Tuesday, November the 12th, so
two weeks later, intervenors and BCUC would ask IRs on
the previously confidential portion of the evidentiary
update, and on the 20-year load forecast to the extent
that it relates to the test period.

COMMISSIONER MASON: Sorry, could you repeat that date
in November?

MR. GHIKAS: Tuesday, November 12th. And then three
weeks later, Tuesday, December 3rd, BC Hydro would
respond to that limited set of IRs. Tuesday, December
10th there would be a procedural conference, and then
allowing for the Commission to have to issue a
procedural order, it essentially pushes it into
January, effectively, for the next steps.

Tuesday, January the 14th would be
intervenor evidence. Thursday, January 23rd, so a week
and a half later, the Commission and BC Hydro asks IRs on intervenor evidence. Thursday, February 6\textsuperscript{th}, just two weeks later, interveners would file responses to those IRs.

\textbf{Proceeding Time 11:47 a.m. T34}

Tuesday February the 18\textsuperscript{th}, which is a week and a half later, BC Hydro would file rebuttal evidence if required. And then on Monday, March the 2\textsuperscript{nd}, there would be the first day of an oral hearing, if any. And I did want to just note that in between Tuesday, February the 18\textsuperscript{th} and Monday, March the 2\textsuperscript{nd} is the budget lock-up which will absorb many of the financial people, including the senior financial people at the Corporation. So they will be fully engaged for a portion of that. So that's why the gap between the rebuttal evidence and the start of the hearing. In addition to allowing more time, as I think my friend Ms. McLean alluded to.

THE CHAIRPERSON: Would there be any way to schedule the hearing so that those people that are involved in the lock-up could be in the lock-up when we did other parts of the oral hearing then?

MR. GHIKAS: It depends. I mean the finance component, typically there's a finance component to each of the other aspects in the proceeding. So operating costs, for example, there's going to be a significant part.
There's usually finance people on the capital side as well, so. So it would be tough.

THE CHAIRPERSON: Yeah, understood. Yeah, fair enough.

COMMISSIONER MASON: Excuse me, Mr. Ghikas, apropos of your comments right at the beginning of this procedural conference, would you anticipate IRs on that rebuttal evidence?

MR. GHIKAS: Not if there's an oral proceeding. We would be proposing that any further questions be posed to witnesses at the proceeding, at the oral hearing.

And then the dates -- obviously this would be subject to how long the hearing is, but you could see taking the -- for arguments, taking the timetable that people generally were comfortable with at the staging of that, the similar spacing of those arguments would take you to April 9 for BC Hydro to file its initial final submissions, final argument. April 30th for interveners to file their argument. And then BC Hydro replies on May 21st.

THE CHAIRPERSON: Sorry, can you repeat those last three dates? April 19th?

MR. GHIKAS: Certainly. April 9th.

THE CHAIRPERSON: 9th, sorry, yeah, okay.

MR. GHIKAS: And then April 30th for interveners and then the reply of BC Hydro on May the 21st.

THE CHAIRPERSON: Okay.
Proceeding Time 11:51 a.m. T35

GHIKAS: So as I indicated, you know, at the outset, we want to make sure that the Commission understands this isn't BC Hydro's proposal, we've put forward what we believe is an appropriate timeline, and I see nodding heads, so that's good.

One of the challenges of a linear process like this obviously is that once the Commission issues its decision, BC Hydro is looking to file its next revenue requirements proceeding very shortly after it gets the decision on this one, which creates a number of complications in and of itself. So it does have the tendency to stack it up into future times as well, future proceedings as well. But that would be if Commission wants to go with the linear approach, we think that the spacing is -- the gaps in between is appropriate and take it at that.

THE CHAIRPERSON: I have a couple of questions then. Your October 29th date, your second October 29th date, where you're publishing the 20-year load forecast, does that have to wait for the public account committee process? Or could the 20-year load forecast be filed on September 3rd? And if so, then perhaps there could be any IRs on that could start earlier?

MR. GHIKAS: Thank you, that is a good question. So the date that was in our original filing was actually
October 3rd. So, I mean, there is no impediment to filing the load forecast on October the 3rd again. The reason we had to wait until October the 3rd is that it is not done and finalized until then. It doesn’t relate to the public accounts, it relates to when it’s done and finalized by the board.

So, if you were to stagger it like that, certainly including an October 3rd or any date thereafter, we would be fine with that.

THE CHAIRPERSON: Okay, and the second question is on the procedural conference. Would you see any merit to waiting until the intervenor evidence, and even the rebuttal evidence before we have the procedural conference?

MR. GHIKAS: I don’t actually think it's necessary to do that. I think it would -- and I say that in part because if an intervenor is filing evidence and we're filing rebuttal evidence, the way we had proposed it is that we would have to have somebody come and speak to any questions on the rebuttal evidence, because we hadn't contemplated IRs. So, our sort of implicit assumption is that if you are going to be going through intervenor evidence process, there may well be -- that may be in the scope, that was the assumption.

THE CHAIRPERSON: Right. Okay, and then final question is you point out this had been laid out in a linear
fashion, and you hadn't taken into account any
parallelism, for want of a better word. Do you have
some suggestions of what could be paralleled in this?

MR. GHIKAS: Well, it would be -- I mean the parallel
process would be what we put forward previously. So
you could try to put those together. We didn’t
actually get that far in terms of meetings.

THE CHAIRPERSON: That's okay.

MR. GHIKAS: So if you would like us to do that, we
could certainly go back, happy to do that.

THE CHAIRPERSON: I don’t think at this point. But
what I would like to -- subject to you being finished?

MR. GHIKAS: Nothing further from me.

THE CHAIRPERSON: I would like to give others an
opportunity to speak to this though, please.

MR. GHIKAS: Thank you Mr. Chairman, and Commissioners.

THE CHAIRPERSON: So we will just, hopefully quickly,
but take your time. Go down the list again? And if
you have any comments on this timetable? Mr. Weafer?

MR. WEAFER: I should have done it from the desk. We
are fine with the proposed timetable, thank you.

THE CHAIRPERSON: Thanks for coming up.

MR. ANDREWS: My only comment for BCSEA is the January
23rd suggestion for the deadline for information
requests from the Commission and BC Hydro on
intervenor evidence. My suggestion is that should be
available to intervenors as well.

THE CHAIRPERSON: Okay.

MR. ANDREWS: That is, it's fairly common for intervenors to ask IRs of other intervenors that have provided evidence.

THE CHAIRPERSON: Of course. Thank you. Mr. Keen?

Proceeding Time 11:56 a.m. T36

MR. KEEN: Three quick comments, Commissioners, Mr. Chairman. First, in terms of the dates and the spacing, those don’t concern us. Those would be acceptable to us. That said, if there is a stacking concern on the part of the Commission and it wanted to avoid this and go back to the original and what we view as flawed proposal, this could be, I think, compressed somewhat in a fair way for interveners and the Commission. There are a couple of weeks in that first sequencing between the end of September and the second procedural conference proposed for December 10th that could be taken out, and I haven't quite looked at the calendar and figured out how that would happen, but my sense is you could have a late December intervenor evidence filing that would accelerate things somewhat.

And likewise the timing of intervener argument and BC Hydro's reply, there's probably a little bit of time that can be shaved there as well.
And so the effect is getting something towards the end of April as opposed to the end of May.

THE CHAIRPERSON: Sorry, you said a late, what month intervener evidence filing?

MR. KEEN: December. Before Christmas. December 20\textsuperscript{th} was the date I had in mind.

THE CHAIRPERSON: Okay, thank you.

MR. KEEN: Thank you.

THE CHAIRPERSON: Thank you, Mr. Keen.

Mr. Weimer?

MR. WEIMER: By and large I think the new proposal sounds much better. I would think that that last suggestion of December 20\textsuperscript{th} for intervener evidence might be a little rushed if it comes down to actually wanting to put something in.

And we're happy with the load forecast coming out October 3\textsuperscript{rd} or 29\textsuperscript{th}. October 3\textsuperscript{rd} if they can do it. Sure. Thanks.

THE CHAIRPERSON: Thank you, sir.

Ms. Worth.

MS. WORTH: Mr. Chair, Members of the Panel, I would like to support the comments in regards to the availability of the intervener IRs on intervener evidence made by my friend.

And then also I've been looking at this and I have -- we have no intention of filing the evidence
that others are concerned about. So we have nothing
to add to what has been here, but we support the
flexibility in order to take in consideration other
people's concerns.

THE CHAIRPERSON: Thank you.
MS. WORTH: Thank you.
THE CHAIRPERSON: Mr. Hooge.
ELECTRONIC VOICE: Please press any key on your
touchtone keypad to remain in conference.
THE CHAIRPERSON: I assume that there's nobody on the
line.
MR. HOoge: FortisBC has no specific comments on the
timetable. Thank you.
THE CHAIRPERSON: Thank you sir.
Ms. McLean?
MS. McLEAN: Thank you. With respect to the procedural
conference, December 10th strikes me as early. I think
the purpose of that conference is really to focus the
oral hearing. And I think it would be advisable to
give parties time to consider the IRs exchanged and
received just one week prior to that proposed date.
So, it wouldn't affect the start of the oral hearing,
in my submission, but could fairly be held even as
late as the first week of January.

So I would suggest later in December or
early in January for the procedural conference to
ensure that parties can be adequately prepared and
ready to plan what they expect to have unfold at the
oral hearing.

We think that we could meet a deadline of
December 20th for intervenor evidence if necessary. So
I think that can be accommodated in response to Mr.
Keen's submission.

And my suggestion would be, with respect to
final argument, that it ought to be determined --

[Electronic voice message]

MS. McLEAN: Timing for written submissions ought to be
determined based on the length, anticipated length of
the hearing itself. So, you know, reasonable
estimates could be two weeks following the conclusion
of the hearing Hydro files their response, three weeks
after that intervenors file their response. But until
we know the length of the hearing it may be premature
to set those deadlines.

Thank you.

THE CHAIRPERSON: Thank you, Ms. McLean.

Ms. Gjoshe?

MS. GJOSHE: I have no further comments on the timetable
or the schedule other than just, probably, whether
there is any consideration to the intervenor funding
or applications for funding concerning the length of
the proceedings. From what I can see, it's about a year from now and I don't need that addressed here. It's just a consideration for myself.

THE CHAIRPERSON: There is funding available. I believe it's in the existing timetable. I'm not certain, but if not--

MS. GJOSHE: Yeah, no. Just whether the changes to time table impact the process as it concerns that. Thank you.

THE CHAIRPERSON: Thank you. If there are no further comments then, from anyone?

I thank you very much for your attendance here today and hope you have a good remainder of the day. Thank you very much.

(PROCEEDINGS ADJOURNED AT 12:01 P.M.)

I HEREBY CERTIFY THAT THE FORGOING is a true and accurate transcript of the proceedings herein, to the best of my skill and ability.

[Signature]

S.B. Lanigan, Court Reporter

June 24th, 2019