

**Date Submitted:** October 20, 2019

**Proceeding name:** BCUC Municipal Energy Utilities Inquiry

**Are you currently registered as an intervener or interested party:** Yes, Interested Party

**Name (first and last):** Max Yanke

**City:** Nelson

**Province:** British Columbia

**Email:** [REDACTED]

**Phone number:** [REDACTED]

**Comment:**

I would like an unbiased third party review of how Nelson hydro is being managed. Things don't look right to me. I have great difficulty in getting any answers. This city is anything but open and transparent in my experience. Can this inquiry help get the answers?

## BCUC Municipal Energy Utilities Inquiry Submission

I am not sure what the intent of this inquiry is but I would like to tell my story regarding Nelson hydro. Since the BCUC has no jurisdiction in this city, its up to the mayor and council regarding Nelson hydro rates. Possibly this inquiry will get an arms length, unbiased, professional look at how Nelson hydro is managed. I don't like what I see.

As the only city in western Canada with its own hydro electric generation and distribution, Nelson hydro makes huge profits helping to reduce taxes and at one time have cheap electricity.

In the past decade or so, electric rates have climbed, one year 9.6%. Not long ago our residential rate was 6c/kWh we are now approaching 12c/kWh, doubled in a few years.

Yet the dividend to the city remains about the same, one would think the dividend would increase at a similar rate, so where is all the money going?

In my opinion Nelson hydro has become a stealth tax. It doesn't represent the true cost of operating a public electric utility.

Not long ago the BCUC asked Nelson hydro for some financial information during the annual rate increase submission.

The response from Nelson hydro, **the information wasn't available, they were in the process of changing their bookeeping system to one that more properly represents a public electric utility.**

My interest in city politics and budgets began when the city was planning to install a [community solar garden](#) at the dam.

I retired as an Electronics Technologist supervisor from a system with over 120 remote solar sites in the province. I thought I could help, knowing solar had no benefit to this city.

I met with the hydro manager, providing access to years of local solar data showing solar had no value to this city. That first meeting lasted mere minutes, he told me my information was irrelevant, he was an engineer and showed me the door.

I subsequently emailed the mayor councilors, management and consultant years of real data.

The hydro manager emailed me saying I was wasting everyone's time and would block my emails.

I made two submissions to appear before council, hoping to show the economics and benefits of solar to this city. The CAO denied my application to appear.

The hydro manager found a consultant to provide a business case showing solar would pay back, the city council must depend on their expert, the solar garden went ahead.

They hired a contractor with no solar experience. I emailed the CAO asking why they don't hire people with expertise in the discipline of the project. His reply, they don't have to.

Between that person and the hydro manager dozens of false public media articles were published or radio interview statements were made. You [can find a recent item by myself regarding incompetence](#).

The contractor said solar power would reach parity in 7 years. Payback would occur in 10 or 15 years. Coercive news item stating only those who participated would benefit, it was an investment. This was a public investment offering, I think the BC Securities Commission will be next on my list looking for accountability in this city.

In short, this was presented as a project fully funded by those opting in. One could buy a 25 year contract for the power of a solar panel. The inference was this was a volunteer project, fully funded by those opting in. It was clear very early to me this was nothing of the sort.

They created a buy in per panel price without knowing real costs or final costs. It was to be a 200 panel system buy in cost established from an estimate of \$186,000, or \$923/panel.

The cities own website formula states “Customer charges are based on FULL cost recovery”.

Almost immediately costs were being shown as \$224,000, then \$293,00 this kept climbing \$339,000. Final costs exceed \$400,000, its not possible to get the real actual final total.

Nelson hydro's own bylaw says they won't buy anyone's power unless it makes economic sense for the city. Yet solar power is paid full retail so that money can be distributed among the 130 who opted in.

Somewhere along the line 48 more solar panels, 25% more, were added. The city website says the project was fully subscribed, that is false, they still have panels available for contract purchase.

Two years have past, the solar garden data shows what years of known data show. The engineers claim of annual power was exaggerating real known data by about 25%.

## BOARD OF DIRECTORS

The public is beginning to make noises about Nelson hydro management, social media and articles are asking for a board of directors. There is no confidence in city managing Nelson hydro.

Nelson hydro managers have left, at the moment there is only the general manager. Contractors and consultants are being hired, it appears they are unable to fill the management positions.

Nelson hydro is asking for time extensions in recent BCUC reviews because they have no staff to answer the questions.

Years ago there was a city councilor whose portfolio was Nelson hydro, retired old timers said there used to be a councilor involved with hydro who would meet with staff and apparently pay attention to what was going on. Apparently the CAO stopped this years ago.

Recently grant money installed solar power systems on public buildings in the Nelson hydro service area. The grant required the project to show a positive economic return. The successful Alberta bidder with creative bookkeeping came up with a positive IRR. Their own calculations make the statement as long as Nelson hydro honors their full retail payment for excess solar power. They even show a link taking one to the city website where it shows the bylaw where it says they won't buy any power unless it makes economic sense for Nelson. There would have been no appearance of a business case if Nelson hydro kept to their own bylaw, where they won't buy any power that doesn't make sense for the city.

The Regional Districts own statement regarding the bidders calculations state:

***IRR's were calculated by the companies with no insight. Discrepancy with lower IRR is likely due to minor O&M costs included by Dandelion, or future forecast of electricity prices.***

The RDCK report also refers to Nelson Hydro's bylaw stating

***Nelson Hydro will pay this credit to the customer. This is the current offering and it is unknown whether Nelson Hydro will continue to offer this credit payment***

It also states ***One of the main stipulations is that projects cannot exceed 25 kW single-phases***

Two of the three systems exceed this maximum, by utilizing two meters on the same building and thus dividing the power, I think this hardly meets the intent for the benefit of Nelson hydro ratepayers to subsidize this power at full retail and never mind buildings installing systems larger than Nelson hydro stipulates.

All of this I have brought to the attention of the mayor, council, management and Nelson hydro, nothing changes.

Two of these public buildings on line public data are deceptive, it would take an expert to determine how this is being done. I have pointed this out more than once to everyone involved. Nothing has changed the deception continues. Anyone using this information for their calculations are being fooled.

At a public meeting I walked up to the hydro manager who was standing with the regional director whose area had the solar systems. I asked him what Nelson hydro was paying for their excess solar power? He motioned to the director, saying "ask her". She didn't know. I am continuously ignored and denied information. I also pointed out to the manager the systems exceeded their 25kW maximum sizes, he said they have two meters. Regardless, any solar credit given by Nelson hydro to anyone's power is a loss of income from their own clean green water power sales.

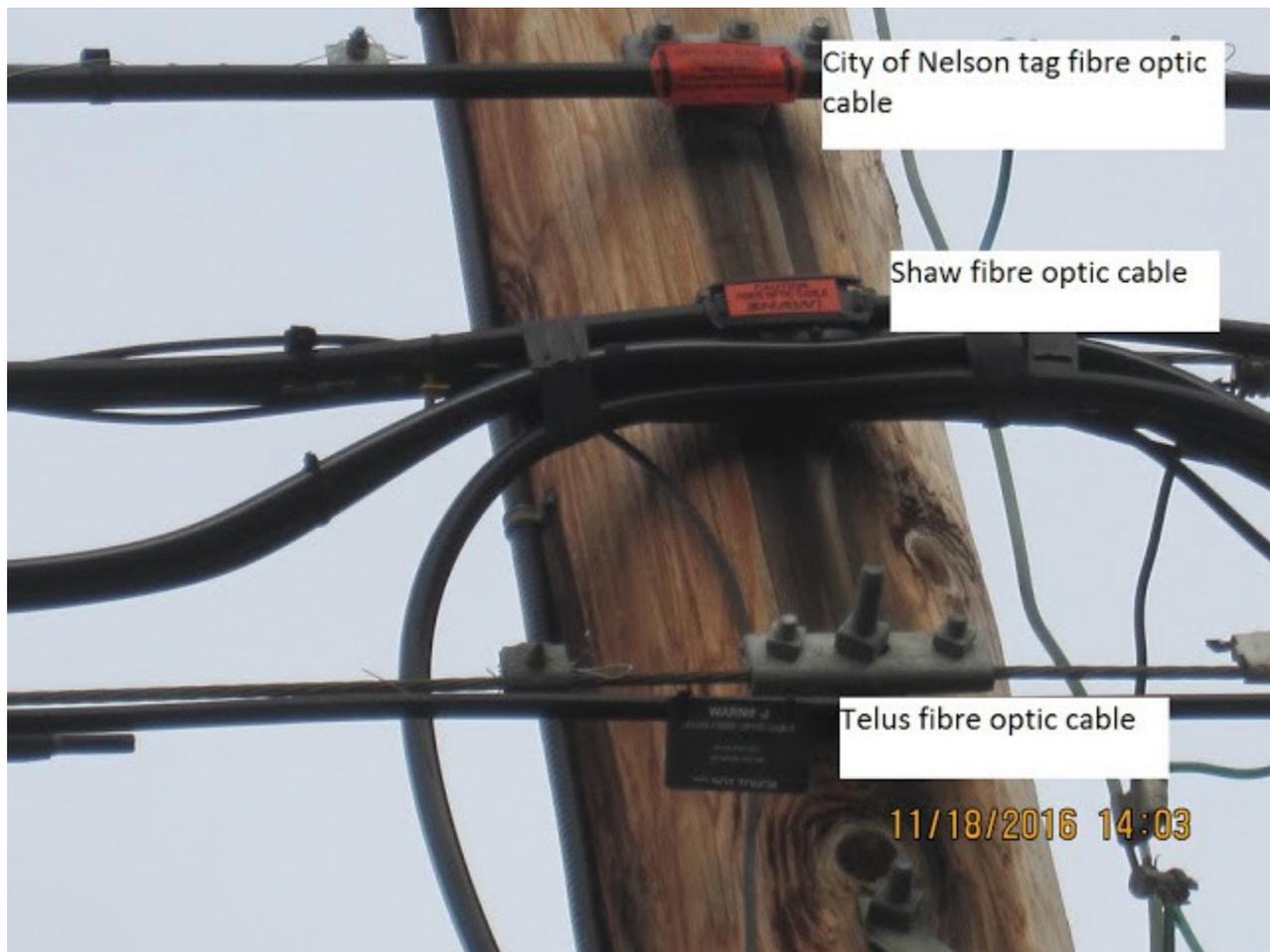
## Nelson Hydro and Nelson Fibre

Nelson hydro was involved in the cities fibre optic system NelsonFibre.

This seems to have started when Nelson hydro was burying overhead alley power lines, they included conduits for optical fibre.

Why did the city do this? I could go on about that here, point is its a huge waste of public money. The city can't play in the same sandbox as the big boys of the internet, changing technology, competitive pricing etc.

After several years they have virtually no customers and 10km of fibre optic cable paralleling the big boys fibreoptic cables.



I am sure Telus and Shaw will have 99.9% of city customers. The city can't compete.

What are the \$97K/yr manager and two full time IT persons doing? NelsonFibre is dark fibre, anyone hooked up still has to get service from an ISP. The big boys are the ISP's, with technology, service, competitive pricing. Nelson fibre is a dinosaur of wasted public money.

Recently the city advertised for a Director of Technology to be the supervisor for the NelsonFibre manager, who previously was under the Nelson hydro manager. The insiders say this was to distance Nelson hydro's manager from NelsonFibre and the BCUC beginning to possibly start making the connection between Nelson hydro and NelsonFibre. The job description was asking for union negotiator skills. No public applicants applied. The job went to the city HR manager. Now the HR manager, previously Manager of HR and Corporate Safety is now Manager of HR, Corporate Safety and Technology. All coming with raises.

In a rate review the BCUC asked about Nelson Hydro's involvement with Nelson Fibre.

The response from the manager, "that was a different budget". A non answer. Nelson hydro was doing lots of Nelson Fibre work there are newspaper items regarding that. Linemen told me they were doing lots of NelsonFibre work. One lineman was sent off to a course of Fibreoptics.

So what budget? Nelson hydro ratepayers? This information is unknown.

Recently Nelson hydro installed a 288 strand fibreoptic underwater cable to the north shore.

The BCUC asked about this, the Nelson hydro reply, this was for Nelson hydro purposes.

The CAO tells a different story when asked, it was for strategic partners, city sewage pump station monitoring. Exactly what would Nelson hydro do with 288 fibre optic strands? One strand bandwidth is 10GB, enough for the entire city to simultaneously watch live streaming movies.

There is a fibre optic cable in the main lake installed by Columbia Basin Broadband Corp. (a take off from the Columbia Basin Trust). Looking to hook up to the world, could it be via this Nelson hydro underwater cable paid for by Nelson hydro ratepayers?

A recent BCUC submission from Nelson hydro states they employ two full time IT persons and pay 13% of the IT managers salary (\$97K/yr).

The city has 4 full time IT persons. In a recent video presentation to council the NelsonFibre manager stated they employ two full time IT persons.

If the city has 4 full time IT persons, and from above none work for the city, who is doing the cities IT work, easily the majority of city IT work.

Nelson hydro also submits they pay 10% of city admin costs.

This years Nelson hydro rate increase submission shows a higher rate for rural customers major reasons being vegetation management costs. Two RFT's for vegetation management were cancelled this year. Reason given, bids were too high. Will they be less next year? Trees will be taller and bushier.

The cities 2019 budget shows an estimate for paying a small microhydro producer. I had no idea the city was buying power from a small micro hydro producer.

I submitted an FOI requesting annual total kWh and price paid per kWh from 2015 to present. I copy their FOI response below in italics

***Please find attached the records that are responsive to your request, which is a two page document evidencing the total dollar amount spent on independent power purchasing by Nelson Hydro from 2015 through 2018. Neither the City nor Nelson Hydro maintain records showing the kWh purchased and the price per kWh for these purchases.***

How is it possible they would not know amounts purchased or rates paid?

I contacted two city councilors asking them if they could get the information' Haven't heard a thing. I am not surprised.

### Water Licence Reserve Fund

#### I am getting nowhere with my request for this information either

The city negotiated 256 cfs more water around the start of the BC Hydro Kootenay Canal Project. This water goes through the more efficient BC Hydro Kootenay Canal Generators. The city receives the income directly.

Why isn't this attributed to Nelson hydro income?

In 2018 it was \$694,000 and similar amounts in previous years.

The Community Charter says there must be a defined use for a reserve fund, I asked for that definition, and the financial information. Nothing yet.

The CAO said he would refer it to the CFO.

After a month with no replies I sent a reminder email to the CAO.

He replied I could contact his secretary and arrange a meeting with the CFO.

I responded to the executive secretary stating I would prefer to have the financial information first so I could review it and possibly then have questions and we could meet.

I prefer any communication with the city to be in writing, my past experience with the Nelson hydro manager is he has denied statements he has made verbally to me.

Another month has gone by and no response. I believe this is another delay tactic and I will be forced to submit an FOI more delay and who knows what information I will receive.

This city is anything but open and transparent.

My option if I don't feel my request is answered is to ask the Privacy Commissioner to review my request.

I presently have an outstanding request for review from a previous FOI made some time ago, the Privacy Commissioner stated they were six months behind.

That is still outstanding.

I am aware of another citizens FOI request and he has gone to the Privacy Commissioner because the city was redacting information he believes should be public. He was also advised they were months behind.

The system isn't working. The city or Nelson hydro don't answer questions, create huge delays, city councilors are unresponsive, there is nowhere to go for answers.

There is a social media campaign and letters to the editor requesting a Board of Governors to oversee Nelson hydro. I could go on.

WHY ARE OVER 400 HYDRO POLES BEING REPLACED WITH SOME URGENCY?

Telus is back in town with their Project Falcon fibre optic to the home. Contracts have been let announcing some urgency these are installed by fall. Several contractors are now busy replacing poles.

Telus left the city a few years ago when the city got in the internet business. Now they are back, the city has fallen on its face with their darkfibre optical network. (dark fibre, like water pipe with no water, anyone using this must still go get service from an ISP) The city can never compete, the big boys have competition, free installs, perks, technical know how, the city nothing.

It seems odd to me a city with about 4000 hydro poles that should be changing about 100 annually if poles last 40 years, has Telus arriving to spend \$1.4M installing new poles.

Is this a result of Nelson hydro not doing the work in past years? Does the law require Nelson hydro supply the infrastructure Telus requires? The city spin is this is a windfall for the city.

Could this be short term gain for long term pain? Will the city lose 40 years of pole rental income, I understand others pay to be on Nelson hydro poles. What ownership has been lost to the city with Telus now funding this capital investment?

Below are some of the comments from various letters submitted to this years Nelson hydro rate review, still without a decision.

***I suggest the BCUC consider how this quality of information can be received from a public entity***

***It is difficult to follow the detailed workings of the models used by Nelson Hydro and it does not help that figures change without explanation between the different documents provided.***

***Customer engagement None. So many errors and inconsistencies***

***How a member of the public can become informed given the quality of the information provided is a challenge that the BCUC needs to address.***

If things don't look right they probably aren't. Things don't look right in this city.

My hope is this inquiry will get a look behind the curtain of just how Nelson hydro operates.

The city is a corporation, a corporations legally obligated to manage the shareholders assets properly for the benefit of the shareholders. I see problems in this city. I am stonewalled, blocked, denied, discredited and seem to have become the enemy of the city management. My desire is to help this city.

Can this inquiry help uncover whether Nelson hydro is properly managed?  
If this don't look right they probably aren't. I don't think things look right.  
City council are either complicit, or incompetent, certainly unavailable to me.

There is an item in the Community Charter that says city councilors can be held personally financially responsible for losses, I think the shoe might fit.

Norm Yanke  
Electronics Technologist supv. Ret'd  
Nelson BC