

BC Hydron2020 – 2021 Revenue Requirement Application
Paul Willis Comments on Hearing Process
August 14, 2020

A Hearing process for a two-year RRA that takes 18 months is obviously too long, not giving the Utility enough time to make rate changes that will be effective.

I have two main suggestions for improving the hearing process: one, use a hearing schedule which would allow a rate decision to be made within six months of a new rate cycle; the other suggestion is a recognition that the provincial government interaction with the hearing process is a reality and there should be an organized method for getting their comments as to how the overall economic conditions impact electric rates.

Suggested Schedule for Revenue Hearing Process

I believe that there is general agreement that the hearing process for a two-year rate decision is too long. Although it is important that intervenors are given adequate time to make comments, the Commission should set out a schedule which controls the total hearing time but still allows intervenors opportunity to provide their input.

It is recommended that the hearing process should be completed within five months of a new rate cycle. A draft schedule which would accommodate such a target, with the 2022, 2023 RRA as an example is provided below.

- BCH submits a recommendation by November 1, 2020, for rates effective April 1, 2021 and April 1, 2022
- Intervenors submit comments by February 1, 2021
- BCH respond in writing by March 1, 2021
- Intervenors would indicate how they would respond in an Oral hearing by April 21 and the length of time for their questions
- BCUC schedule oral hearing by May 15 indicating length of time allowed for each intervenor participant.
- Oral hearing is completed June 15
- BCH responds by July 8
- BCUC would announce verdict by August 8.

In the current hearing the BCUC was too patient in allowing intervenors time to ask questions and make comments. Also, the hearing process should be started, as indicated earlier, so that a decision could be concluded within the first six months of a normal two-year revenue cycle.

Government Involvement in Hearing Process

It is a challenge to deal with the regulatory process and political realities. Rate payers in general realize that the British Columbia Utilities Commission has the authority to set rates but there is also the realization that the government is the ultimate authority and is in charge of the BCUC. The Government selects the Commissioners and can also suspend the authority of the Commission.

In the current COVID situation BCH revenue is going to be diminished and accordingly there is an argument that the rates should be increased to make up for the shortfall. But the political reality is that the populace is under a lot of financial stress and any increase will be opposed

I suggest that political reality is not ignored and in the situation like we are in it is important to consider the overall economic environment and not just the business environment of BC Hydro. The BCUC needs to make a decision and ruling on the rates. However it seems to me that it would be practical for the BCUC to ask the government to make comments on the extenuating circumstances. This would not be asking the government to make a decision on rates. The UCA would still be in play and the Commission would make a decision based on BCH's current revenue forecast and the dividend that the government expects to receive. But the government could make comments on situations like the current high unemployment or poor economic conditions for business operations.

If the government offered comments that there is an unusual economic situation beyond the normal business of BC Hydro, the BCUC could still make a rate ruling based on BCH's revenue and dividend payments to the government. But there would be realization that due to the overall economic situation, the government may need to levy a special rider to deal with the broader economic scenario..

This type of process would maintain the transparency and integrity of the BCUC rate process where the Commission makes a decision according to BCH's revenue forecast, fairness among rate classes and the need to submit a dividend to the government.

I have observed the rate process for close to 50 years and have observed due to political realities the government often intervenes and suspends the hearing process because of factors beyond the current business situation around BCH. I am suggesting that the BCUC process would remain in place but due to the surrounding economic environment the government could transparently add riders or conditions due to existing economic conditions.