

To: [Commission, Secretary](#)
Subject: FW: letter re: Nelson Hydro COSA and rate design application
Date: Monday, February 8, 2021 9:01:25 AM
Attachments: [BCUC letter.pdf](#)

-----Original Message-----

From: William Macpherson [REDACTED]
Sent: Friday, February 5, 2021 10:29 PM
To: Commission, Secretary <Commission.Secretary@bcuc.com>
Subject: letter re: Nelson Hydro COSA and rate design application

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Hello. Please include the attached letter of comment regarding the above.

Thank you.

William Macpherson
[REDACTED]
Harrop, B.C.
[REDACTED]

February 5, 2021

British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, British Columbia V6Z 2N3

Commissioners:

I am writing to you regarding the Nelson Hydro Cost of Service Analysis (COSA) and Rate Design Application (Application).

To say that the proposed Application is outrageous and egregious is understating things. Nelson Hydro's proposal of an **18.17** per cent increase over three years is exorbitantly excessive. It is also untenable for the vast majority of the rural users it will impact.

Please consider the following in your deliberations:

In 2019, Nelson Hydro sales were \$18,681,152. Nelson Hydro operating costs were \$11,910,109. This is a difference of \$6,771,043. Previous years indicate the approximate same net benefit:

	Sales	Expenses	Surplus
2017	\$18,353,665	\$11,328,455	<u>\$7,025,210</u>
2018	\$18,509,343	\$11,427,555	<u>\$7,081,788</u>

The City's annual surplus in 2019 was \$10,086,985. In 2018 it was \$11,351,277. For the same years, the accumulated surplus was \$191,621,464 and \$181,534,479.

These figures are from the City of Nelson's 2019 Statement of Financial Information (SOFI). While I understand the city needs a considerable surplus of funds, the fact that Nelson Hydro makes between 6 and 7 million in profit annually should negate the argument that an 18+ per cent rate increase over three years - borne exclusively by rural homeowners - is necessary or justified.

Statistics Canada shows the population over 65 years of age in the Regional District of Central Kootenay (RDCK) Areas E and F is 22.6 and 18.8 per cent respectively. Collectively, over 40 per cent of residents are 65 years or older. Many are on fixed incomes; often this consists primarily of Old Age Security (OAS) and Canada Pension Plan (CPP) benefits.

OAS benefits increased by approximately one per cent in 2020. CPP benefits increased by 2.3 per cent. A far cry from the proposed 5.72 per cent annually for three consecutive years (cumulatively 18.17 per cent) that Nelson Hydro is seeking. Statistics also indicate seniors spend a disproportionate amount on utilities: approximately 7.1 per cent versus 4.3 per cent for households under 65.

To me, the above statistics indicate that Nelson Hydro's application is not necessary, excessive and, frankly, unacceptable. To saddle already overtaxed rural residents - many on fixed incomes - with increases such as those proposed is unfair, particularly given the high frequency of power outages rural residents deal with regularly.

At best, consideration should be given to granting Nelson Hydro its general rate increase of 3.32 per cent for urban and rural residents alike in 2021. Full stop. Yes, salaries need to be paid and dividends made but not by crippling rural users with rate increases that are completely unrealistic.

I trust you will consider the above - and all input - in your deliberations regarding the application. Thank you for the opportunity to express my thoughts in this matter.

Sincerely,

William Macpherson

Harrop, B.C.