

To: [BCUC](#)
Subject: Letter of Comment - Nelson Hydro COSA and RDA - Neil and Kay Coburn
Date: Tuesday, February 9, 2021 8:43:09 PM
Attachments: [Nelson Hydro Rate Increase.pdf](#)

Date Submitted: February 09, 2021

Proceeding name: Nelson Hydro COSA and RDA

Are you currently registered as an intervener or interested party: No

Name: Neil and Kay Coburn

City: Nelson

Province: British Columbia

Email: [REDACTED]

Phone number: [REDACTED]

Comment:

We are customers in the affected service area. We believe that Nelson Hydro has not adequately justified the need for such a large rate increase to rural customers.

Has Attachment:

True

B.C. Utilities Commission
Suite 410, 900 Howe Street
Vancouver, B.C. V6Z 2N3
February 9, 2021

Dear Commissioners

Thank you for the information your distributed on “Nelson Hydro Cost of Service Analysis and Rate Design Application.” We found it informative and appreciate the opportunity to comment on Nelson Hydro’s Rate Design Application.

We have also received communication directly from Nelson Hydro via a letter dated January 27, 2021. It lays out some background information and a rationale for the proposed increase in rural hydro rates. It also indicates that further information can be found at nelson.ca/hydro. We have looked at that information as well.

From what we have read, we are left with a number of unanswered questions that seem relevant to the rural rate increase application, namely,

- We are told that 86% of vegetation management costs are attributed to service in rural areas. How does this compare to other operational costs? What proportion of operational costs are comprised of vegetation management?
- We are told that the net income (revenues minus expenses) for the rural residential customers is -\$1.5M annually. Is this a recent phenomenon or a long-term pattern?
- If the imbalance is recent, what factors are contributing to it? Can they be mitigated?
- Does Nelson Hydro have an overall (positive) net revenue? If so, how and where is that revenue allocated?
- What process or guidelines does Nelson Hydro use to determine differential fee areas and rates? For example, would it propose differential fees for municipal customers in Uphill versus those in Fairview? In recent years Nelson Hydro executed a major infrastructure upgrade in downtown Nelson. Was that cost borne by higher rates for municipal customers compared to rural customers?

We appreciate that Nelson Hydro needs to be proactive in addressing current and expected operational costs in a thoughtful and timely fashion. However, we are being asked to sustain almost 20% in rate increases over 3 three years with potential general rate increases on top of these. Given the magnitude of this increase we feel that we have too many unanswered questions. Nelson Hydro needs to clearly demonstrate that it has evaluated every alternative and then justify why the proposed differential rate increase is the best option for moving forward.

We appreciate our opportunity to submit this Letter of Comment to the BCUC application review process and look forward to further information as this process unfolds.

Respectfully,

Kay and Neil Coburn

[REDACTED]

[REDACTED]