To: BCUC
Subject: Letter of Comment - Nelson Hydro COSA and RDA - Jay Doyle
Date: Wednesday, February 10, 2021 11:45:38 AM
Attachments: NH Rate Application and COSA 2021.pdf

Date Submitted: February 10, 2021

Proceeding name: Nelson Hydro COSA and RDA

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

Name: Jay Doyle

City: Nelson

Province: British Columbia

Email: [redacted]

Phone number: [redacted]

Comment:
the Nelson Hydro COSA and RDA application is flawed and should be rejected by the BCUC

Has Attachment:
True

2021 Nelson Hydro Rate increase

Information for Rural customers

Comments about relevance to the Survey:

This document is dated 27th January 2021 and received in my mailbox at least a week after that date.

The information should have been provided to Rural customers with the Survey as it provides important contextual information regarding Nelson Hydro plans - but it was not. All the information was known by Nelson Hydro before the survey was sent out to Rural customers and that omission plus the poorly worded questions in the Survey make the Survey conclusions null and void.

It is as if Nelson Hydro did not wish to overtly reveal their plans in an easy to access manner whilst the Survey could still be completed by Rural customers. This information was only sent out following the BCUC message about the Nelson Hydro applications.

Comments about accuracy of content:

I do not feel "Valued" by Nelson Hydro and never have. I only seek an arm's length relationship that provides service within accepted parameters at a price that is reasonable. I consider that the Nelson Hydro actions in recent years is contrary to that basic premise.

General Rate increase:

A General Rate increase is not required as Revenue and Expenses projections result in an adequate profit of 36% of Revenue (information provided by Nelson Hydro) that is more than adequate to cover Allocations to Reserves and Dividends.

On consideration of the information provided by Nelson Hydro the Revenue is understated, Expenses are overstated and the transfers to Dividend and Water Reserve inflated. The effect is an increase is profit that would fund Cash flows to the City of Nelson or be transferred to the Capital Reserve, but the total offsets the proposed Rate increase and makes it unnecessary.

Cost of Service Increase:

The COSA has a fundamental flow – that Generated power is only for Urban customers and Purchased power is mainly for Rural customers. This has not been correct since Rural customers first connected with Nelson Hydro in 1922. The current situation is that generated power supplies both groups - some days surplus energy is sold back to Fortis meaning that no purchases were required that day and on many days, total power consumed by Rural consumers is more than the power purchased.

Since 1922 Rural customers have paid Nelson Hydro for the Power provided at the rates set by Nelson Hydro that included payment for capital infrastructure, generation, purchased power and operational expenses. The infrastructure that currently supplies power to all customers has been paid for over time using both groups of customers Revenue.

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Nelson Hydro can only determine the total cost of generated and purchased power that supplies the grid. Actual consumption is a cost allocation process as the power sources are blended and "electrons cannot be measured to final destination".

Nelson Hydro cannot escape the simple reality that it generates significant profits at the current time.

Increasing Rates supports increase Reliability:

Within the COSA and RDA it is clear that this is not the case. This is the document provided by Nelson Hydro and not the subject of third-party analysis.

Current reliability issues discussion mainly involves the impact of vegetation on power lines or the impact of third-party supply disruption. The power disruption is being discussed with Fortis and is not impacted by any change in Rates.

Whilst the vegetation clearance is an established programme currently adequately funded from Revenue. There is a reduction in spend in 2021 based on the information provided by Nelson Hydro thus no impact on the Rate change application.

Further the documentation supporting the COSA clearly states that reliability with be reduced if tracking of electrons occurs. Increasing Rates does not improve reliability!

Rates for a typical Rural customer:

The **Average** Rural Residential customer pays the following:

Year	Customers	Revenue	Annual Average	Per month
2019	4203	$ 6,435,741	$ 1,531.23	$ 127.60
2020	4296	$ 6,569,380	$ 1,529.19	$ 127.43
2021	4327	$ 6,446,704	$ 1,489.88	$ 124.16

(based on Table 5.2 in the General Rate Application submitted by Nelson Hydro)

These figures do not even resemble the information provided by Nelson Hydro. The use of the word **Typical** is both misleading and disingenuous.

It can also be seen that the forecast Revenue is understated and remember the 2021 figures include the Rate increase that Nelson Hydro requested but does not need.

By 2023 the Average Rural customer, if up to Nelson Hydro, would be paying for the following:

2021	2.30%	General increase	2022	5.72%	COSA increase
2021	5.72%2	COSA increase	2023	5.72%	COSA increase

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The accumulative effect of these increases is 20.88% and does not include any other proposed changes in 2022 or 2023. The average bill will then be $1,760 based on the Nelson Hydro request for General Rate in 2021.

As that figure is understated, I suggest the base in 2021 before any rate changes should be $1,530 and the amount that will be paid by the average Rural consumer by 2023 including the 2021 Rate increase and the COSA increases will be $1530 * 1.2088 = $1850 or $154 per month – an increase of $27 per month or $320 per year.

The information supplied by Nelson Hydro is highly misleading.

Final comments:

Nelson Hydro will collect massive windfall profits unless there is a plan to reduce the Revenue from Urban customers. As no such plan is mentioned in any of the documentation most of the profits will be transferred to the City of Nelson.

I suggest at the very minimum the whole process breaches the Principles that guide BCUC Rate Design.