
Sent: February 8, 2021 10:48 PM

Subject: Letter of Comment - Nelson Hydro 2021 General Rate Increase - Janice Murphy
Attachments: BC Utilities - Nelson Hydro 2021 General Rate Increase Application 20210208.docx

Date Submitted: February 08, 2021

Proceeding name: Nelson Hydro 2021 General Rate Increase

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

Name: Janice Murphy

City: Balfour

Province: British Columbia

Email: [REDACTED]

Phone number: [REDACTED]

Comment:

Please see attached letter of opposition to Nelson Hydro's 2021 General Rate Increase application.

Has Attachment:

True

February 8, 2021

RE: Nelson Hydro 2021 General Rate Increase Application

To: BC Utilities Commission Secretary

I am writing to express my opposition to Nelson Hydro's **2021 General Rate Increase Application** and their proposal to increase all rates both within and outside of the City of Nelson by 3.32 per cent from April to December due to a rise in Fortis power purchase.

First, a 3.32 per cent increase in hydro rates at this time is unconscionable considering the economic strain families and seniors on limited pensions are currently experiencing due to the pandemic and the increasing costs of food, fuel and other necessities.

Furthermore, Nelson Hydro is already charging customers more than BC Hydro. BC Hydro's 2020 base rate is \$0.2056 per day, which over 61 days averages \$12.54 (Source: <https://app.bchydro.com/accounts-billing/rates-energy-use/electricity-rates/residential-rates.html>). In comparison, Nelson Hydro's base rate is **29 per cent higher**, at \$16.22 per bi-monthly period (Source: <https://www.nelson.ca/231/Electrical-Rates>). Moreover, Nelson Hydro's energy charge of \$0.1051 per kWh is **13 per cent more** than BC Hydro's step 1 energy charge rate of \$0.0930 per kWh (for first 1350 kWh). Although Nelson Hydro did not apply for a rate increase in 2020, in comparison, BC Hydro customers were awarded a **1 per cent decrease**, announced in April 2020. Not only did Nelson Hydro not award a decrease due to the pandemic, but they are now applying for a 3.32 per cent increase, which is **23 per cent higher** than BC Hydro's request to the B.C. Utilities Commission for a 2.7 per cent rate increase beginning April 2021.

Second, Nelson Hydro's argument that their plans to increase customer rates are "...just an inflationary increase" (Nelson Hydro General Manager, Scott Spencer, quoted in the *Nelson Star*, Dec 17, 2020) is spurious, as the 3.32 per cent increase is far beyond the current inflation rate. Nelson Hydro's proposed 3.32 per cent is **315 per cent higher** than the 2020 inflation rate of 0.8 per cent, posted by BC Stats on January 2021 (Source: https://www2.gov.bc.ca/assets/gov/data/statistics/economy/cpi/cpi_annual_averages.pdf), and is **161 per cent higher** than the 2021 expected inflation rate of 1.27 per cent (Source: <https://www.statista.com/statistics/271247/inflation-rate-in-canada/>).

Additionally, Nelson Hydro's application is unjustified because the utility has reported record surpluses of over \$6 million per year (i.e., 36 to 37 per cent of hydro sales) over the past four years, and a record high annual surplus of \$8.2 million in 2019 (i.e., 44 per cent of hydro sales were retained as surplus) (Source: City of Nelson Financial Statements Information, <http://www.nelsonhydro.com/Archive.aspx?AMID=36>). Over this time period, Nelson Hydro increased their Hydro Sales revenue from \$15.96 million in 2015 to \$18.68 million in 2019 (Source: City of Nelson <http://www.nelsonhydro.com/Archive.aspx?AMID=36>). Nelson Hydro's rate increase application is unjust and unjustified.

In the January 27, 2021 Nelson Hydro bulletin, Nelson Hydro argues that the costs of vegetation management for the last 4 years are a justification for the rate increase (Nelson Hydro (n.d.), *2021 Nelson Hydro Rate Increase – Information for Rural Customers*). However, the City of Nelson's Financial Statements for 2016 to 2019 suggest that Nelson Hydro has reaped record surpluses by neglecting ongoing maintenance, as evidenced by the reduced total and relative investment in hydro operations over the last 4 years. For example, in 2015, Nelson Hydro was investing \$12 million in hydro operations, which was 75 per cent of its hydro revenue, but in 2016 this dropped 13 per cent to \$10.4 million, or 62.1 per cent of hydro sales revenue. And, in 2019, Nelson Hydro's investment in hydro operations was only \$11.9 million – still less than that invested in 2015 (and this is not including inflation), and only represented 63.8 per cent of hydro revenue.

In summary, Nelson Hydro's **2021 General Rate Increase Application** is unjust and unjustified, and I ask that their application be denied.

Sincerely,

Janice Murphy