

**Sent:** February 23, 2021 10:50 AM  
**To:** BCUC  
**Subject:** Letter of Comment - Nelson Hydro 2021 General Rate Increase - Max Yanke  
**Attachments:** BCUC letter of comment 2021.pdf

**Date Submitted:** February 23, 2021

**Proceeding name:** Nelson Hydro 2021 General Rate Increase

**Are you currently registered as an intervener or interested party:** Yes, Interested Party

**Name:** Max Yanke

**City:** Nelson

**Province:** British Columbia

**Email:** [REDACTED]

**Phone number:** [REDACTED]

**Comment:**

As a retired Electrical Electronics Engineering Technologist retired Over the years I have been acquainted with Nelson hydro linemen and know a lot more about the technical aspects of a power utility than the general public. I have had difficulty getting answers to questions over the years regarding Nelson hydro and city finances etc.

**Has Attachment:**

True

I appreciate this opportunity to comment.

FOI legislation was created to keep governments accountable, government is supposed to make every effort to answer the information request.

If one feels they were not getting the information they can appeal to the OPIC.

They are over a year behind my appeal remains outstanding.

Mayors and councilors past and present have failed to answer any of my questions.

Some of my FOI requests unanswered.

In 2012 Nelson hydro rates went up 5.8%. One of the reasons given, to raise \$3M for a District Energy project.

Following is a quote from a [newspaper article Jan. 24, 2012.--](#)

( <https://www.nelsonstar.com/news/nelson-hydro-rates-set-for-jump/>)

***If it doesn't go ahead, (DES) \$750,000 per year from 2013 to 2016 will go back into the Nelson Hydro budget***

The DES did not go ahead rates went up 5.8% and I submitted an FOI asking where the money was returned because I could not see it.

I have the city reply letter Ref: 2017-002 their response - ***“they have no records”***.

In 2012 the city also made a windfall of \$500,000 from excess power sales.

Rates still went up 5.8%. There was [letter to the editor](#) regarding the \$500,000.

(<https://www.nelsonstar.com/opinion/nelson-council-living-too-large/>)

At a public hydro budget meeting I asked why rates went up with the \$500,000 windfall.

The hydro GM shook his head saying he didn't know what I was talking about.

Another FOI without information.

There was a hydro budget estimate for payments to a small hydro producer.

My FOI asked for the annual kWh and rate paid per kWh for that estimate.

The city FOI reply.

***“nobody in the city or Nelson hydro knows”***

The reply from the cities recently hired Deputy Corporate Officer who is now doing all the correspondence between the BCUC and the city. My research is he is a law grad of the Univ. of Colorado and practiced in New York with specialty in energy. He authored the story for the RDA.

I submitted a second FOI asking the question in a different way, (something I have had to do in the past) By this time almost 3 months has gone by.

That FOI reply showed a list of payments but still did not answer the rate paid per kWh.

It was clear from the list this is a Run of River project, maximum income occurs with maximum water flow.

I complained that I still did not know the rate paid per kWh. The DCO (city FOI rep) said they don't supply information that is already public, its in Schedule B. Why did it take about 3 months for me to hear this?

Its still confusing. Beginning [around page 29](#) there are several pages headed Schedule B. There is no small commercial rural retail rate shown here, see below. There is another rate found showing small [commercial rural retail](#) of 12.34c/kWh

One can find in item 6.4 Net Metering IPP power paid at Schedule B.

I presume they are being paid 12.34c/kWh.

Why do I have so much difficulty getting a simple answer?

I have asked mayor council and management why they are paying full retail with no replies. I have found one water licence that is likely this producer showing its for residential power.

Nelson hydro sells power to BC Hydro it recently went from .007c/kWh to .008c/kWh. Nelson hydro makes full nameplate 16MW when water is available, Could Nelson hydro be selling to BC Hydro for .008c/kWh while buying this small hydro for 12.34c/kWh?

### **Another FOI request that fails to answer my question.**

I have the engineering installation drawings for the community solar garden from an FOI request.

The installation is different than the engineers drawings.

The solar panel row spacing is reduced such that front rows shade the back rows.

Solar panel tilt angle is reduced from optimum, this would help mitigate shading.

It also states a 1200lb vibratory compactor be used, the only thing seen on the time lapse video is a walk behind plate tamper.

It says a geotech engineer must inspect the ground before the concrete ballast blocks are placed.

Frost is heaving the concrete ballast blocks, this could in

future cause adjacent solar panels to crush against each other and being glass likely explode.

The city response for my FOI request for these notes - *“there are no notes”*

The project was submitted to the BCUC in two consecutive annual rate increase submissions as voluntary and fully funded by those opting in. Completely false, there was a token buy in price for the 25 year contract, all ratepayers pay the rest plus full retail for the power so it can be distributed among those who opted in. As well as all future costs, already stolen solar panels, copper wire, added security cameras and who knows what else.

The BCUC denied a similar Kelowna solar project saying it was of no benefit to anyone. Penticton studied solar and determined it would need huge subsidies.

The Nelson hydro GM brought city council a business case from his consultant. I have explained this in previous years letters of comment.

My concern is the public think this is a good use of public grant money and systems are being installed with grant money. Nelson hydro pays full retail for any of this or any private solar systems excess solar power.

Fortis, Penticton BC Hydro only pay their wholesale cost for anyone's excess solar power.

BC Hydro once were paying a premium this ends shortly. Will Nelson hydro follow their lead so ratepayers are not paying full retail for any excess solar power?

I would like those who opted in for their 25 year contracts for the power from a solar panel to be reassessed so they actually are fully funding the project. Also, they should only receive Nelson hydro's wholesale cost of power generation like elsewhere.

## **OVER ONE THOUSAND HYDRO POLES REPLACED**

I subscribe to the city bid opportunities. Beginning early 2019 bids were coming out in small quantities for new hydro poles, it was for Telus's project Falcon AMR (aerial make ready) their fibre optic installation through out the city.

These bid opportunities kept coming out I lost count at about 800 poles.

I am puzzled by the small quantities, its as though Nelson hydro was unaware.

It was suggested to me the reason these kept coming out was Telus would not use stubbed poles or any that were dangerous. (stubs extend the life of poles rotten at the ground BC Hydro policy is to never stub a pole)

A news item stated Telus were paying for the majority of these hundreds of pole changes.

I was always under the impression Nelson hydro rented pole space to telcos and cable vision and others for a revenue stream.

Nelson hydro has about 4000 poles, life expectancy about 40 years that presumes 100 pole changes annually why were a thousand poles being changed?

I questioned city mayor council and management asking why Telus was paying for the majority of the cost of these pole changes and did this mean the city would lose pole rental income for the life of these poles? I have never had an answer.

Bid opportunities are still coming out for poles, not involving Telus.

I suspect it could be up to 1500 poles or more.

Was Nelson hydro budgeting for pole replacements in the past decade? If not why?

## **VEGETATION MANAGEMENT**

Nelson hydro cancelled two North Shore Vegetation RFT's in 2019. This January 13<sup>th</sup> a major wind event caused massive damage mostly on the north shore. The CAO says they have spent \$2.5M on vegetation management in the past couple of years. My research in city accounts payables can only come up with \$1.5M. I could have easily missed something.

Nelson hydro information is they operate a 3 year vegetation management cycle, south shore(rural) city and north shore (rural).

At the recent budget meeting the new hydro GM said the January wind event costs were \$400,000 and the bills were still coming in. Some were without power for days, crews came in from other areas. Information is trees were not only dropping power lines but rotten poles were coming down. Were there pole change budgets this past decade? If so, was the money spent? If not where did it go?

The mayor asked the hydro GM if all ratepayers were funding this damage, he said yes. The CAO said it should be rural ratepayers.

The city says they are losing money selling power rurally, \$1.5M this past year apparently. Nelson hydro buys half it annual power from Fortis for far more than their cost of generation. They now want to attribute all this excess power to rural ratepayers costs.

The recent COSA study wants fair and equitable rates, but came up with one rural cost.

Could the COSA study be skewed because so much money has been spent on pole changes and vegetation management recently?

There are two distinct rural areas, South shore and North shore. The financials show North shore costs far greater than south shore. To be fair and equitable there should be different rural area rates.

It will be some challenge to north shore ratepayers to pay for these planned increases and wind event damages.

Reading the archives Nelson hydro has had great difficulty in meeting the Commissions timelines or supplying quality information. When did the city realize they were losing money selling power rurally? The COSA study graph shows this back to 2013.

Prior to 2017 Nelson hydro rate increases were accepted by proxy. Since then they seem to have gone into overdrive with vegetation management and pole replacements.

One of the first commission IR requests for financials they were unable to provide stating Nelson hydro accounting was mixed in with the city.

I think there is a big blur between what is Nelson hydro and city finances.

The city has had different rate areas in the past, at a time when the advantages of computers and accounting software didn't exist. With today's modern advantages of computers and data collection and billing software why would they even need a COSA study?

## COMPARISONS

Every year the city uses comparisons.

I would like to offer a comparison with Penticton.

Nelson hydro total annual load 170,000MWh

Nelson hydro generation 90,000MWh x 1c/kWh = \$.9M

Excess Fortis power purchased 80,000MWh x 4c/kWh = \$3.2M(excluding demand chg)

In a 2017 IR submission asking for Nelson hydro's wholesale cost of power generation the hydro general manager gave .00087c/kWh. I used 1c/kWh above.

Nelson hydro total annual wholesale cost for 170,000MWh = \$4.1M (excluding Fortis demand chg)

That same 170,000MWh would cost Penticton about \$7M (excluding demand chg)

Nelson advantage \$3M.

Nelson receives the \$.674M Water Licence reserve income, Penticton \$0.

Nelson sells power varies year to year Penticton \$0.

Nelson hydro manager \$186K/yr,

Penticton \$152K/yr.

Nelson hydro employees often half of the cities highest annual paid, not in Penticton.

Nelson free power for all the city buildings, pumps streetlights etc.

Penticton must buy all that power.

Fortis wholesale is going up 4.36%, Nelson is adding that

Penticton is absorbing that, 0% increase.

What is the business case for Nelson hydro installing a 288 strand submarine fiber optic cable to the north shore?

There are two different stories, the hydro GM reply to the UC is it was for Nelson hydro purposes.

The city CAO, it was for strategic partners, the north shore sewage pump station, future growth and security.

Nelson hydro linemen retired told me they were involved installing NelsonFibre, a slide from a public budget meeting shows a Nelson hydro lineman sent for fiber optic training.

There was a \$90,000 Nelson fiber colo reno paid from the water licence reserve because Nelson Fiber had no money.

Where did the money come from to pay for [this Nelson Fiber](#) reno that surely was in the hundreds of thousands.

A Commission IR request regarding this received the hydro GM response, “that was a different budget”. That was never pursued, what does that mean?

Does Nelson hydro represent a reasonable return for equity from a well managed electric utility?

Submitted respectfully

Norm Yanke

Electronics Electrical Engineering Technologist supv/ retired.