

Letter of Comment

BC Utilities Commission
Suite 410, 900 Howe St
Vancouver BC
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Mar 3, 2021

Commission Secretary:

Re: Nelson Hydro COSA and RDA

As a rural resident of the Nelson Hydro service area, I am concerned about the proposed compounded rate increases that would raise my electrical rates by more than 28% over three years.

Although communications between Nelson Hydro and the rural ratepayers has been somewhat unclear and possibly misleading, the primary driver for the increase for rural consumers appears to be the costs of vegetation management in the rural environment. Admittedly there are more kilometers of line per connection and probably more trees. However, a larger factor is the intention to allocate the cost of power purchased from Fortis to rural residents while Nelson city consumers are given the benefit of significantly cheaper power generated in the Nelson Hydro Bonnington facility.

The situation for many years has been that all power (generated or purchased) is merged by Nelson Hydro and sold to consumers at the approved rate at a blended cost. Some purchased power is used by Nelson city consumers and Nelson Hydro sells surplus power back to Fortis from time to time. The power is blended and it is an artificial allocation to assume that rural or city consumption is separately purchased.

The documentation shows that if the power costs from both sources were allocated to rural customers proportionally to the amount actually consumed, Nelson Hydro would be recovering 97% of its costs. That is well within the accepted rate of return accepted as standard for power utilities.

As Nelson Hydro routinely shows significant annual surpluses, there is no need to change the current arrangements which provide a generous return to the City of Nelson.

It is also true that rural consumers have been the most affected by the significant outages over the last two years. The lack of reliability and the need to generate supplemental power for freezers and heating is a very real cost for rural consumers. Given the outlook for climate change, significant wind events can be expected to be a factor that will not be easily addressed by any amount of proactive vegetation management. Nelson Hydro claims that increasing rates supports increased reliability. However the documentation shows that there is a proposed reduction in spending on the established vegetation management program in 2021 which implies that no impact on the rate change application.

In conclusion, the proposed rate increases are an unfair burden on rural consumers that is not justified.

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