

**Sent:** March 4, 2021 3:53 PM  
**To:** Commission, Secretary  
**Subject:** Letter of Comment - Nelson Hydro COSA and RDA - Tracey Fellowes  
**Attachments:** Nelson Hydro COSA Letter of Comment\_Fellowes.docx

**Date Submitted:** March 04, 2021

**Proceeding name:** Nelson Hydro COSA and RDA

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

**Name:** Tracey Fellowes

**City:** Nelson

**Province:** British Columbia

**Email:** [REDACTED]

**Phone number:** [REDACTED]

**Comment:**

I am a rural resident subject to the proposed rate increase and do not support it. the attached letter and supporting documents explain the reasons.

**Has Attachment:**

True

[REDACTED]  
[REDACTED]  
[REDACTED]  
Nelson, BC [REDACTED]

To the BCUC Commission Panel for Nelson Hydro General and COSA/RDA Applications

Dear Panel Members,

I am a resident living east of Nelson on the North Shore in RDCK Area E. I am opposed to the Nelson Hydro (NH) COSA rate increase because of the misleading public messaging provided to rural residents and the proposed creation of two customer classes. The NH messaging is designed to gain acceptance of a rate increase for rural users by creating two residential customer classes: urban (the winners) and rural (the losers). In public messaging from NH the rate increase for rural ratepayers is presented as 18% over 3 years due to increased costs as calculated by NH. The actual impact to rural ratepayers is 28%. The only way a rural resident would know this is by reading the NH General Rate application with its proposed 3.32% for 2021, with forecasted rates (section 6.3 page 18) of 2.5% in 2022, and 2023, **and** reading the 459 page COSA application which proposes 5.72 % in each of 2021, 2022 and 2023, **and** understanding they are combined and compounded. This information is not provided in any of the Messaging that went out to rural residents.

Many other “letter of comment” writers (BCUC Nelson COSA website) have provided analysis of the COSA and the underlying bias toward City users (for example how purchased power cost is allocated, transparency on dividends and where they go etc. - see Letter of Comments from Doyle, Gatto, Zinkan). The focus of this letter is to illustrate the misleading statements, graphs and charts in NH messaging to rural ratepayers to obscure the actual rate of increase of 28% and create a rural customer class for future rate increases to be applied that are many times higher than the City Users (who are forecast to pay 8% more by the end of 2023.)

Most people in Area E and F rely on the NH messaging to understand their power cost since wading through the BCUC documents on BCUC.com is a huge task. Many of our elder seniors and low-income families do not have internet access, nor do not have the tech skills to navigate the site. Currently Seniors make up over 30% of Area E’s population. There are 4 main public messaging vehicles that were provided to rural residents by NH: **The Online Survey**, the **Open Houses**, **The NH Jan 27, 2021 flyer**, and **Media and Social-Media**, activity which are outlined below (information is also available on the NH website but does not differ from the NH messaging to rural ratepayers):

### 1) **The Online Survey**

The Online Survey question “all customer classes should pay for their share of the costs” is generic to many including myself. I answered that question “yes” because “Share” and “Equal” mean the same thing to me. The question was not prefaced with the following statement which is found in the “Presentation of the Results of the Survey” (available on the Nelson Hydro website): “*all utilities review*

cost of service and rate design periodically to make sure rates reflect the fair allocation of costs to **residential and business customers**. This process is called a Cost of Service Analysis (COSA). Nelson Hydro completed a COSA in December 2018 to ensure one group of customers isn't unfairly subsidizing another." At no time did Nelson Hydro indicate in the survey or the survey results that they were looking at costs **between classes of residential customers**. The survey results are invalid and rural residents who replied to the survey feel misled.

**2) The Virtual Open House (Dec 10, 2020).**

**Participation:** I attempted to "register" for the Open House the afternoon of the evening presentation. The process entailed sending an email. I emailed and called NH and the City before the end of the business day and was not able to contact anyone to get an "invitation." I received an email the next day stating that the invitation had gone out by the time I requested one. A few days later the presentation was emailed to me. Only 10 people or so attended the Open House that were not staff members.

**Misleading Slide Deck:** The Open House Slide Deck I received after the Open House was, I later discovered in February, highly misleading. The slides present the chart below which leaves the reader, including myself to believe the total I will pay in 2023 is 18.17% over today's rates, which is incorrect. This information is repeated throughout NH messaging.

Open House Slide Deck:

Date	Rate Adjustment
September 1, 2021	5.72%
September 1, 2022	5.72%
September 1, 2023	5.72%
Compounded	18.17%

It wasn't until I received the NH flyer on Jan 27, 2021 in the mail and started to dig into the numbers in both NH Applications that I realized the total increase is in fact 28% by 2023 from today's rates.

**3) NH Jan 27 Flyer: "2021 NH Rate Increase."**

The two-page flyer mailed to all Rural NH Households is misleading in the extreme and was the catalyst that is driving the anger and fear over the proposed increase, resulting in 71 Letters of Comment to the BCUC on the COSA website as of March 2, 2021. Only two are in favor and one of those letters was written by the Mayor of Nelson's spouse. On the front page of the NH Flyer the two applications are each described on the top half of the page: 1. General and 2. COSA. There is no statement anywhere

on the document that both Applications apply to rural residents. It also does not describe the forecasted increases of 2.5% in 2022 and 2023 in the General Application that would apply to City and Rural customers. Most rural users believed only the COSA applies to them because of the presentation on page 1 and because of the omissions and errors on the charts on the second of page of the flyer. In fact, when I wrote a letter to the Editor of the Nelson Star, I had to take their reporter Bill Metcalfe, after he called me, through the numbers in both Applications to prove to him that the General Rate increase did not apply to only City ratepayers because he did not believe me. Only after I could show him how the two applications work together would he publish my letter (attached, Nelson Star, Feb 25, 2021).

Compounding these errors and omissions is the fact that the bar chart comparison is to Fortis not to other City based rural users. If City users were included, it would show that City customers would pay drastically less than Fortis customers and rural customers in coming years.

Finally, the Vegetation Management section on page 2 states spending was 2.6M for the last 4 years. What is omitted is that prior to 2016 the spending was \$100,000 and was \$2000 per year in 2013 and 2014 (Nelson Star ,page A4 Feb 18, 2021 attached). We do not know what spending was on vegetation prior to 2013. The Nelson Star article quotes the NH Manager “the utility has only recently started budgeting for major storms because they are becoming more frequent.” The predicted increase in storm frequency and intensity due to climate change has been in the public domain since the 2000’s. The fact NH has done little until forced to by storm reality is not fault of rural residents, but is due to lack of planning and budgeting for the inevitable by NH.

#### 4) **Media/Social Media.**

Media: Messaging in the Media have confirmed the view of rural ratepayers that we are second class to City residents. The following comments from the Feb 18 (see attached) Nelson Star newspaper illustrate the perspective of City Councillors with regard to the rural customers of the essential service they provide:

Councillor Keith Page: “private landowners could be held responsible for the costs of their trees that topple hydro lines”

Councillor Rik Logtenberg: “is it worth keeping these customers”? and, “should we get an expression of interest from Fortis?”

City Manager Kevin McCormack: “we are not even recovering our costs out there,” but “council has shown goodwill to go ahead and do the right thing.”

The sum total of these media statements is that rural customers: a) should be removing trees from areas close to hydro lines on their property, even though by law we are not allowed to remove trees on NH right of way or close to any hydro lines ourselves; b) are not worth having ;and c) NH is doing work

in rural areas to ensure we have power as a “favor” by the utility not because they are obligated to as a monopoly provider.

Social Media: On March 2, 2021 a social media post appeared on City Councillor Kevin Page’s personal Facebook page (attached) urging City residents to write to the BCUC in support of the COSA. At the top of the Post is a disingenuous photo of a multimillion-dollar rural home that represents a tiny fraction of the much more modest homes in AREA E and F and is designed to create an image of wealthy rural users taking advantage of City residents.

The thrust of the Post is that rural resident’s questions and complaints are “demands for brand new rights for themselves on the back of City residents.” He does not address any of the concerns rural residents have about the 28% total rate hike or the inconsistencies in the COSA Application or NH Messaging. The position of Councillor Page and most of City Council appears to be that we lucky to have power at all. I encourage the panel to read the post which is attached as it illustrates the disparaging view that Nelson City Council and by extension NH have of their own customers in rural areas.

In conclusion, the effect of misleading public messaging coming from City Council and NH is that many in our rural areas now wonder if The City can be trusted to direct NH to analyze their own costs without bias. NH promotes the view in their messaging that rural ratepayers should pay all costs in their area as a “given,” and there is no mention of the postage rate pricing method that has been the standard in B.C. for decades. In their 2017 application the BCUC cautioned NH against proposing a separate class for rural residents with higher costs (2017 BCUC Decision page 22 “COSA rate results & implication to non-municipal rate payers). Premier John Horgan recently approved the completion of Site C because cancellation would mean a 26% immediate price hike for BC Hydro customers which is 2% less than the impact to rural ratepayers of the NH proposed increases. As climate changes impacts us all and demand for power increases everyone will pay more, including City residents. I urge the BCUC to direct NH to treat all residential customers equally and follow the postage stamp rate principle, so all ratepayers pay the same rate no matter where they live.

Thank you for reading my submission,

Yours truly, Tracey Fellowes

# Recent windstorm cost Nelson Hydro almost \$400,000

by Bill Metcalfe

Repairs to hydro infrastructure following the January 13 windstorm have cost close to \$400,000, according to Nelson Hydro's general manager.

"It lasted 15 minutes and caused significant damage," Scott Spencer told Nelson council at its Feb. 5 meeting. "People are saying that is one of the worst we have had."

Nelson Hydro's budget for storm repair this year was \$100,000.

Spencer said the utility has only recently started budgeting for major storms because they are becoming more frequent.

"When I look back," Spencer said, "the only year in the last 10 that we exceeded \$100,000 was 2015, which was a major storm that everyone probably remembers, and in that year we incurred over half a million in costs, so we have this trend that is clearly starting to ramp up."

He said in 2013 and 2014 the city spent less than \$2,000 on storm repairs, and in the past 12 months there have been three major storms.

"The science is clear



A tree fell on this Rosemont home during the Jan. 13 wind storm. Photo: City of Nelson

that every year is warming," said Councillor Jesse Woodward, "and the last five years are the warmest as of yet and that trend will continue, and I think it is on us to start preparing for that, getting budgets up to snuff."

Spencer said most of the repair costs are incurred in the rural areas outside the city limits that are served by Nelson Hydro: Highway 6 south to beyond Perrier Road, Taghum, Blewett and the North Shore to Coffee Creek.

That's one of the reasons the city wants to charge those customers more for their hydro than it charges

city residents, and it is applying to the BC Utilities Commission (BCUC) for permission to do so.

This comes after the BCUC refused to accept Nelson Hydro's application in 2019 to raise rates in the rural areas higher than the rates in the city, saying the utility did not provide adequate justification for the increase.

The city is in the process of applying again, asking for permission to increase rural rates by 5.72 per cent on Sept. 1 in 2021, 2022 and 2023, a rate much higher than the urban increase. The application documentation can be found here.

The city says part of this increase would be to cover the cost of rural storm repairs.

Councillor Cal Renwick, who lives in a rural area served by Nelson Hydro, said there is push-back in the rural areas to the proposed increase.

"Power goes out quite frequently," he said, "and in our area people seem to be militant about the increase ... they are asking why are our rates are going up when there are so many outages. People are saying we would have no problem paying if you could provide better service."

City manager Kevin Cormack said council has approved expenses of \$2.5 million over the last three years to do vegetation management, 90 per cent of which was done in rural areas.

"We are not even recovering our costs out there," he said. "But council has shown good will to go ahead and do the right thing."

Spencer said much of the damage in windstorms is caused by downed trees from Crown land or private property, not from

trees on the Nelson Hydro right-of-way.

Councillor Keith Page suggested private landowners could be held responsible for the costs of their trees that topple into hydro lines.

"Is it worth keeping these customers?" asked Councillor Rik Logtenberg. "Should we get expressions of interest from Fortis?"

Mayor John Dooley offered a comparison to wildfire mitigation. Much of the most wildfire-risky forest around Nelson is on private land and it has taken years for local governments to make landowners aware of their responsibility to clean up dry fuel on their properties, for their own sake and their neighbours'.

"In some cases, their power is out because trees came down on their own land and cut off the power," Dooley said. "Sometimes it is not Nelson Hydro but your next door neighbour."

He suggested that Nelson Hydro, FortisBC and BC Hydro could work with private landowners to assess their properties to let them know the potential risk to them, their neighbours and the hydro system.

Feb 14 Nelson Star

*Nelson Star  
Feb 25, 2021*

Cost increases claimed by Nelson Hydro are the result of poor vegetation management leaving it unprepared to deal with increased storms despite repeated warnings, and the decision to allocate purchased power to rural customers. Due to population growth Nelson Hydro can no longer generate enough power and must buy it wholesale. There is no explanation for the reason these costs are allocated only to rural customers, but I note that rural customers cannot vote for city council who set the city rates. We can guess what city voters would do at the ballot box with a 28 per cent increase.

Over four years, Nelson Hydro generated \$6 to \$7 million in net revenue after operating costs versus \$4 to \$5 million previously. Total operating costs increased 1.5 per cent while gross revenue increased three per cent. There are no losses. Profits at Nelson Hydro fund the dividend that pays for city projects. Rural customers have contributed to the Nelson Hydro dividend, water, capital, and operating expenses since 1992.

The city manager likens the hinterland "out there" to a cost centre for which the city and Nelson Hydro have kindly decided to "do the right thing." Charging three times the city rate for unreliable rural service is neither "the right thing," nor is it consistent with the postage stamp concept of one rate for provision of electricity regardless of location throughout BC and Canada.

I urge Nelson Hydro rural customers to express their concerns prior to March 4 via letter to the BC Utilities Commission

*Tracey Fellowes  
Longbeach*

**Proposed rural Nelson Hydro rate increase is not fair**  
 Re: Recent Windstorm cost Nelson Hydro almost \$400,000, Feb. 18  
 City council appears surprised at the cost of climate change induced storms. Rural Nelson Hydro customers certainly are shocked at the proposed 28 per cent rate increase by 2024 (with compound annual interest and increased basic charges) which is three times higher than proposed rate increases for customers in the city.



Tyler Harper Editor / Reporter | Bill Metcalfe Reporter | Lucy Bailey Admin | Sandy Leo-Brown Creative Manager

ar.com | Nelson Office: 1.250.352.1890

Public about the conduct of member newspapers. Directors oversee the mediation of complaints, with input from National NewsMedia Council. Your written concerns, with documentation, should be sent within 45 days to

Your community news team | Black Press Media

Posted March 2 2021 Councilor Keith Page personal page Facebook.



Urgent Action Required - Before Thursday - mail [commission.secretary@bcuc.com](mailto:commission.secretary@bcuc.com)

\*\* edited for diplomacy 😊\*\* *↳ March 4 2021 deadline reference.*

In November of 2020, the City of Nelson submitted a Cost of Service Analysis to the BC Utilities Commission. The report outlined our findings that costs between commercial, residential, rural and urban had over time ( and for a number of reasons ) become quite unbalanced.

Currently, commercial(rural and urban) and urban residential customers are heavily subsidizing the cost of rural electricity prices.

We submitted a new rate design that would rebalance these inequities and passed policies in the spring of 2020 that provided greater transparency, clarity and authenticity to how we make such determinations and calculations.

However, despite that work information has been circulated among the rural residents and RDCK directors that talk right past these policies and applications. Instead, advocates perpetuate a number of misleading talking points in hopes of inflaming the rural tensions towards the city so the BCUC comment period will be stuffed with anger and mistrust.

Rural ratepayers swept up in this are effectively advocating for brand new rights for themselves on the back of city residents.

The right to have their electrical costs subsidized by the City of Nelson Electric Utility while they simultaneously avoid city taxation by being outside our government powers.

These demands are inconsistent with the history of the district or the practices of the province towards private and municipal utility operators like Nelson Hydro, Fortis and other community energy providers.

Nelson has put thought and care towards coming up with a rate structure that is intellectually and historically consistent with its values of fairness, equity and good service. Rates are designed to provide the same rate of return across all ratepayers and costs are contained within the two tax jurisdictions. Nelson and the RDCK.

This approach is consistent with our legislative limits and responsibilities to our residents. And while we meet those obligations and work within those limits we are also still able to provide private power sales to rural customers that are cheaper than any serious comparable. Both before and after the proposed changes.

City residents only have till the end of Thursday to send a letter or email of comment to the BCUC. Please consider letting the commission know your thoughts on subsidizing rural living on your city electric bill.

<https://www.bcuc.com/get-involved/>

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