
From: Val & Don Miller [REDACTED]
Sent: March 12, 2021 7:22 AM
To: Commission, Secretary
Subject: Letter of Comment re: Nelson Hydro Proposed Rural Rate Increase
Attachments: Letter to BCUC re Nelson Hydro proposed rural rate increase 2021.pdf

Attached please find our letter of comment on this issue. We own an additional family property that is also within the Nelson Hydro rural service area that will be affected if this increase is approved ([REDACTED] Nelson, BC).

Sincerely,

Val & Don Miller

[REDACTED]
Nelson, BC [REDACTED]

BC Utilities Commission
Suite 410
900 Howe Street
Vancouver, BC
V6Z 2N3

February 28, 2021

Dear BC Utilities Commission:

Please accept this letter of comment regarding our opposition to the proposed Nelson Hydro rate increase targeting rural customers. What Nelson Hydro has presented as their Cost of Service Analysis is flawed and their flyer out to residents to purportedly help us “understand” why they are pushing for these drastic and targeted increases is both misleading and offensive. The Nelson Hydro circular states that because we live in areas outside of the City of Nelson (which have been serviced by Nelson Hydro since 1922), it costs more to service us with power. They claim that “current rates do not recover the full costs of serving the rural costumers by approximately \$ 1.5 million per year.” That result is only achieved by applying a disproportionate amount of the more expensive power purchased from Fortis to rural residential customers. The power that Nelson Hydro receives from its Bonnington plant is much cheaper than the power purchased from Fortis. If the power costs from both sources were allocated to rural customers in the amount we actually consumed, Nelson Hydro would be recovering 97% of its costs. This is well within the accepted rate of return of between 95-110% of cost accepted as standard for power utilities.

Interesting to note that their generating plant is on the western edge of the rural area serviced by Nelson Hydro, and the City of Nelson is approximately 18 km east. The transmission lines have to pass through a substantive portion of the rural rate-payer area to provide lower cost power to urban residents only?

Nelson Hydro also claims in its circular that the typical rural customer’s electrical bill is \$98.00 per month. In fact, the average bill is \$127.00 per month – why have they put forward this discrepancy? Nelson Hydro is asking for increases of 5.72% per year on Sept. 1st in 2021, 2022 and 2023 that will apply only to rural residential customers. In addition, the circular mentions a 2.5% increase for all residential customers for 2021, but neglects to mentions that the same 2.5% will be sought in 2022 and 2023. The compounded result of all those increases will be **least a 28% increase** in power bills for rural residential customers by 2023.

Nelson Hydro’s rate increase proposal is unfairly discriminating against their rural customers who work, shop and play in the City of Nelson. Rural residents already contribute to the well-being and economic advantage of the citizens of

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the City of Nelson. The amount of Nelson Hydro funding that is used to support the Community Centre as the City of Nelson's contribution to the RDCK bylaw for services and maintenance of the centre includes rural rate-payers money. Rural residents also contribute directly to the maintenance and services of the Community Centre through our rural property taxes. Are we paying for this privilege twice and saving the City of Nelson from contributing their fair share?

The unfair, rural targeted increase is being requested at a time when our service reliability has been getting worse. We believe a major cause for this is that the City of Nelson and Nelson Hydro, in their nearly 100 years of providing power to rural customers, has failed to adequately and consistently maintain their distribution system. The trees have all grown up and matured, many have root rot or beetle issues and are no longer thriving, and limited proactive vegetation management is occurring. It appears they have found it far easier and perhaps cheaper to reactively have to address downed lines and trees and have customers inconvenienced rather than investing in proactive maintenance. Because of the lack of reliability (we experienced at least 35 outages last year and already one major outage this year), many rural residents have purchased generators and many of us have experienced appliance and technical equipment failures as a result of brown outs and power surges. We, the rural customers have to pay for replacement of these items – how are we compensated for that? By Nelson Hydro increasing our rates over 28% in the next three years?

We agree with the BCUC 2019 ruling:

“The Panel does not consider this to be an appropriate allocation methodology for power purchase costs and agrees with Okros that Nelson Hydro’s proposed allocation is disproportionate and disadvantageous to Rural customers. Nelson Hydro has one integrated electrical distribution system which serves all of its customers regardless of their location. Energy from Nelson’s generating facility and energy purchased from FBC is pooled and indistinguishable once it enters that distribution system. All Nelson Hydro customers share all the energy whether it comes from Nelson’s generating facility, from FBC or from other sources. Further, the total energy costs have in the past been pooled and shared equally between Rural and Urban customers. The Panel is not persuaded that it is reasonable for Nelson Hydro to arbitrarily assign the higher cost power purchased from FBC predominately to Rural customers.”

We understand that the rate that Nelson Hydro charges its municipal customers is not regulated by BCUC. The rates are determined politically, i.e. approved by City council. There undoubtedly is political pressure on City of Nelson councilors to keep their municipal hydro rates as low as possible. It is necessary that BCUC considers this and protects rural customers from providing an even greater subsidy to the municipal customers. In regard to NH's claim of major infrastructure upgrades to the rural infrastructure, Nelson Hydro has also done

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major upgrades to the municipal system; these would have been paid for in part by the profits from our rural hydro rates.

Such a large rate increase is unacceptable and unaffordable for many residents in the area, particularly the elderly on fixed incomes who are trying to remain in their homes.

Respectfully submitted,

Val & Don Miller


Nelson, BC 