

BRITISH COLUMBIA UTILITIES COMMISSION
IN THE MATTER OF THE UTILITIES COMMISSION ACT
S.B.C. 1996, CHAPTER 473

And

RE: British Columbia Hydro and Power Authority -
Application for F2012-2014 Revenue Requirements

VANCOUVER, B.C.
April 20th, 2011

Procedural Conference

BEFORE:

Liisa O'Hara,	Chairperson
Alison Rhodes,	Commissioner
David Morton,	Commissioner

VOLUME 2

APPEARANCES

G.A. FULTON, Q.C.	Commission Counsel
J. CHRISTIAN J. FRASER	British Columbia Hydro and Power Authority
D. PERTTULA	FortisBC Energy Utilities
R. B. WALLACE, Q.C.	Association of Major Power Customers of British Columbia
C, DAL MONTE	Catalyst Paper Corporation
C. WEAVER	Commercial Energy Consumers Association of British Columbia
J. QUAIL	Consumers' Association (B.C. Branch, B.C. Old Age Pensioners' Organization, Counsel Of Senior Citizens' Organizations, Federated Anti- Poverty Groups Of B.C., West End Seniors' Network
W. ANDREWS	B.C. Sustainable Energy Association and Sierra Club of British Columbia
M. OULTON J. HUGHES	Canadian Office and Professional Employees' Union, Local 378
J. SKOSNIK	Line Contractors' Association of British Columbia.
D. AUSTIN	Clean Energy Association of British Columbia
P. CASSIDY	Morgan Stanley Capital Group
I. LEIS	On Her Own Behalf
J. LEWIS	Energy Solutions for Vancouver Island Society

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CAARS

VANCOUVER, B.C.

April 20, 2011

(PROCEEDINGS RESUMED AT 9:01 A.M.)

THE CHAIRPERSON: Please be seated.

Good morning, ladies and gentlemen. My name is Liisa O'Hara and again with me are Commissioners Alison Rhodes and David Morton. Welcome to the second procedural conference to consider the regulatory timetable for the review process for B.C. Hydro's revenue requirements application for fiscal 2012 to fiscal 2014, which was filed on March 1st, 2011.

As you recall, the first procedural conference took place some three and a half weeks ago, on March 25th, when B.C. Hydro sought an adjournment to that session to April 8th, 2011 and one-week extensions to the initial regulatory timetable date set for Information Requests. B.C. Hydro confirmed that there will be a Ministerial review of the rate application and the applied-for rate increases, and that some form of downward adjustment would be made. B.C. Hydro, however, could not confirm the scope, timing and the mechanics of the review, and therefore requested the adjournment.

By Order G-61-11, dated March 28th, 2011,

1 the Commission Panel adjourned that procedural
2 conference until April 8th, 2011. And the Panel also
3 suspended Order G-41-11 regarding interim rate
4 increases for April 1, and extended certain filing
5 dates provided in that initial regulatory timetable.

6 Finally, the Panel also adjourned the COPE
7 -- COPE's application for production of B.C. Hydro's
8 long-term sourcing strategy to April 8th.

9 By letter dated March 31st, B.C. Hydro
10 requested a further one-week extension to our
11 regulatory timetable, established by Order G-61-11,
12 pending further direction regarding the government's
13 review of the proposed increase. This request was
14 also granted by the Commission by letter L-25-11,
15 which established a new date for a procedural
16 conference at April 20, 2011, which is today.

17 Another government initiative was
18 formalized by a letter dated March 3rd, 2011 from the
19 office of the Auditor General to the CEO of B.C.
20 Hydro, advising that it was undertaking an audit of
21 the effectiveness of B.C. Hydro's recovery of the
22 deferral and regulatory accounts. This letter was
23 entered into the record of this proceeding on April
24 8th, 2011 as Commission staff Exhibit A2-9.

25 **Proceeding Time 9:05 a.m. T2**

26 By letter dated April 14th, 2011 the Panel

1 clarified that Order G-61-11 was not intended to
2 affect the continuation of the deferral account rate
3 rider at 2.5 percent on an interim and refundable
4 basis.

5 The Commission has received submissions now
6 from B.C. Hydro and intervenors with emphasis on the
7 appropriate level of interim rate increase for fiscal
8 2012 test year and the process going forward. COPE
9 also addressed its earlier request for production of
10 B.C. Hydro's long-term sourcing strategy and advice.
11 It is now willing to leave the matter to be addressed
12 in the IR process.

13 Please note that the Panel has reviewed all
14 your written submissions. Therefore you need not
15 repeat those submissions this morning. The Panel
16 will, however, consider any further new submissions on
17 the issues the parties may wish to make today.

18 In addition, Mr. Bertsch raised concerns
19 regarding PACA funding for this proceeding, while
20 Morgan Stanley requested a further interim direction
21 regarding the point-to-point transmission charge
22 allocation methodology.

23 As stated in Letter L10-11, dated April
24 18th, 2011, we are here this morning to address
25 primarily only the following issues; first, level of
26 interim rate increase for fiscal 2012 test year,

1 including the impact on the OATT, and OATT of course
2 stands for the Open Access Transmission Tariff. So
3 this is really the Morgan Stanley issue as well.

4 Secondly, the process going forward; third,
5 PACA funding, or Participant Assistant Cost Awards
6 funding, and finally any other matters that need to be
7 addressed under the circumstances.

8 Following this morning's session the
9 Commission Panel will issue an order which will
10 address the interim rate increase for the fiscal 2012
11 test year, as well as other matters raised this
12 morning. Before Mr. Fulton takes over I would still
13 like to make a couple of additional statements.

14 First, in light of the ministerial review
15 of B.C. Hydro and the ongoing separate audit of B.C.
16 Hydro's deferral accounts by the auditor general I
17 must remind you again that B.C. Utilities Commission
18 is an independent tribunal which is reviewing B.C.
19 Hydro's revenue requirements within the mandate of the
20 *Utilities Commission Act*. When considering the
21 process going forward, we must also consider the need
22 for efficiency, which ultimately is in the interests
23 of all the ratepayers.

24 Second, I must also remind you that this
25 proceeding is a revenue-requirement proceeding, not a
26 rate-design proceeding.

Proceeding Time 9:09 a.m. T03

1
2 I am now going to ask Mr. Fulton to call
3 for appearances. As usual, as you enter your
4 appearance, please identify any additional issues that
5 you wish to add to the agenda for consideration. With
6 the exception of the PACA funding issue, the Panel
7 will hear from B.C. Hydro first, followed by
8 submissions from the interveners and a reply
9 submission from B.C. Hydro.

10 On the funding issue, the Panel will hear
11 from Mr. Bertsch first, followed by other interveners
12 and then B.C. Hydro immediately before Mr. Bertsch's
13 reply. We will also follow the reverse order
14 procedure we used at the first procedural conference,
15 so each intervener will have the opportunity to speak
16 to the submissions of other interveners.

17 The Panel would like the topics to be
18 addressed in two rounds. The first round will consist
19 of topics 1 and 2, which is the level of interim rate
20 increases and the process going forward, and any other
21 new matters you may wish to address. And the second
22 round will then be simply about the PACA funding.

23 We ask that you speak to all the round 1
24 topics during your time at the microphone for round 1,
25 and the round 2 topic during your time at the
26 microphone for round 2. Round 1 will end once B.C.

1 Hydro has had an opportunity to reply to the
2 intervener's submissions in that round, and round 2
3 will end with Mr. Bertsch's reply. So this is very
4 straightforward.

5 Mr. Fulton, now, please proceed.

6 MR. FULTON: Thank you, Madam Chair.

7 B.C. Hydro and Power Authority.

8 MR. CHRISTIAN: Jeff Christian, C-H-R-I-S-T-I-A-N, on
9 behalf of B.C. Hydro and Power Authority, and on my
10 right is Ms. Janet Fraser, director of regulatory.

11 THE CHAIRPERSON: Thank you. I think a new title, right?

12 MR. CHRISTIAN: Soon to be a new title, effective May 2nd
13 is my understanding. At that time, Ms. Fraser will be
14 Chief Regulatory Officer with B.C. Hydro.

15 I propose to, in the first round, make
16 reply submissions to Morgan Stanley's request for
17 interim relief, and I have got two other topics that I
18 was asked to address by Commission staff. I don't
19 have any reply submissions on process for the interim
20 rate relief. B.C. Hydro has filed its submissions on
21 those topics. The interveners have responded, and we
22 have no reply on those two areas.

23 THE CHAIRPERSON: Thank you, Mr. Christian.

24 MR. FULTON: FortisBC Energy Utilities.

25 MR. PERTTULA: Good morning, Madam Chair and
26 Commissioners. My name is Dave Perttula, my last name

1 is spelled P-E-R-T-T-U-L-A. And of FortisBC Energy
2 Utilities. And we don't intend to make submissions on
3 the matters before you this morning.

4 THE CHAIRPERSON: Thank you, Mr. Perttula.

5 MR. FULTON: Association of Major Power Customers of
6 British Columbia.

7 MR. WALLACE: Good morning. R. B. Wallace, appearing on
8 behalf of the Association of Major Power Customers of
9 British Columbia.

10 THE CHAIRPERSON: Thank you.

11 MR. WALLACE: And no further issues.

12 MR. FULTON: Catalyst Paper Corporation.

13 MR. DAL MONTE: Good morning. Carlo Dal Monte, last name
14 is spelled D-A-L M-O-N-T-E, and no further submissions
15 at this time. Thank you.

16 THE CHAIRPERSON: Thank you, Mr. Dal Monte.

17 MR. FULTON: Commercial Energy Consumers' Association of
18 British Columbia.

19 MR. WEAVER: Good morning, Madam Chair, members of the
20 Commission. Chris Weaver, W-E-A-F-E-R, appearing for
21 the Commercial Energy Consumers' Association of
22 British Columbia, and I have no issues to add to the
23 agenda. Thank you.

24 THE CHAIRPERSON: Thank you, Mr. Weaver.

25 MR. FULTON: British Columbia Old Age Pensioners'
26 Organization *et al.*

1 MR. QUAIL: Good morning, panel. Nice to see the sun
2 shining out there. Maybe spring has actually come
3 this year, we can all hope.

4 Anyway, appearing for B.C. Old Age
5 Pensioners *et al.*, representing B.C. Hydro's
6 residential ratepayers, and we have no other issues to
7 add to this morning's agenda.

8 THE CHAIRPERSON: Thank you, Mr. Quail.

9 MR. FULTON: B.C. Sustainable Energy Association and
10 Sierra Club of British Columbia.

11 MR. ANDREWS: Good morning, members of the Panel.
12 William Andrews, representing BCSEA and SCBC. I don't
13 have anything to add to the Panel except maybe to
14 clarify that I'll be making my submissions regarding
15 the rate rider under the heading of interim rate
16 increases. If the Panel considers that the rate rider
17 is not contained within the term "rate increase", then
18 I would ask that that be considered an other issue.

19 THE CHAIRPERSON: Thank you, Mr. Andrews.

20 MR. FULTON: Canadian Office and Professional Employees'
21 Union, local 378.

22 **Proceeding Time 9:14 a.m. T4**

23 MR. OULTON: Good morning, Madam Chair, Commissioners.
24 Mark Oulton, O-U-L-T-O-N, appearing on behalf of COPE
25 378, and with me is Ms. Jacqueline Hughes, H-U-G-H-E-
26 S, as well as two representatives from COPE who I can

1 identify for the record if the Commission would like.
2 THE CHAIRPERSON: That's fine, thank you, Mr. Oulton.
3 MR. OULTON: And COPE doesn't have any additional items
4 for the agenda.
5 THE CHAIRPERSON: Thank you.
6 MR. FULTON: Line Contractors' Association of British
7 Columbia?
8 MR. SKOSNIK: Good morning, everyone; Jeff Skosnik for
9 the Line Contractors' Association, and I have nothing
10 to add. Thank you.
11 THE CHAIRPERSON: Thank you.
12 MR. FULTON: Clean Energy Association of British
13 Columbia.
14 MR. AUSTIN: Good morning, panel. David Austin, Clean
15 Energy Association of B.C. I have nothing to add to
16 the agenda.
17 THE CHAIRPERSON: Thank you, Mr. Austin.
18 MR. FULTON: Morgan Stanley Capital Group.
19 MR. CASSIDY: Good morning, Paul Cassidy, C-A-S-S-I-D-Y,
20 appearing for Morgan Stanley Capital Group; no
21 additional issues other than as on the agenda.
22 THE CHAIRPERSON: Thank you, Mr. Cassidy.
23 MR. FULTON: Ilse Leis.
24 MS. LEIS: Good morning, Madam Chair, Commissioners. My
25 name is Ilse Leis, spelled I-L-S-E, Leis, L-E-I-S.
26 I'm not quite sure if I understand what --

1 if this is the only time we can add something to this
2 hearing or whether -- or there is another time.

3 THE CHAIRPERSON: I think there will be many more
4 opportunities to come, but today we are only
5 addressing the --

6 MS. LEIS: These three issues.

7 THE CHAIRPERSON: -- specific --

8 MS. LEIS: I have a question.

9 THE CHAIRPERSON: -- procedural issues.

10 MS. LEIS: The procedural issue that I was concerned
11 about, and this may not be appropriate but -- to raise
12 here, so excuse me if I -- I am concerned about the
13 fact that these rate, the application for recovery of
14 the expenses of B.C. Hydro obviously includes a lot of
15 the expenses for the smart metering, the SMI?

16 THE CHAIRPERSON: Ms. Leis, this is only -- you are just
17 introducing yourself right now, so perhaps when it
18 comes back to your turn you can come back.

19 MR. FULTON: Is there anyone else here who has entered an
20 appearance who I have not called at this point?

21 Madam Chair, I would note that Mr. Bertsch
22 is not here today. So when we get to round 2 we can
23 address how we might deal with that issue.

24 On round 1 I do have a suggestion from
25 staff as to filing dates if the regulatory timetable
26 is to be changed at all. So I will speak to that

1 following Ms. Leis in round 1.

2 THE CHAIRPERSON: Thank you, Mr. Fulton.

3 With this one then, we are back to B.C.

4 Hydro and Mr. Christian. Please proceed.

5 **Proceeding Time 9:18 a.m. T05**

6 MR. CHRISTIAN: Thank you, Madam Chair. As I mentioned,
7 I have no reply submissions in regard to process or
8 the interim rate relief that B.C. Hydro has sought. I
9 similarly have no reply submissions with respect to
10 COPE's request. Of course, as Madam Chair noted,
11 COPE's request for an extraordinary discovery process
12 with respect to the LTSS has been abandoned.

13 THE CHAIRPERSON: We have this external disturbance
14 there.

15 MR. CHRISTIAN: How's that? I don't want to be shouting
16 here.

17 THE CHAIRPERSON: Very good.

18 MR. CHRISTIAN: And so, I have reply submissions, though,
19 to Morgan Stanley's request for interim relief,
20 though, and that request is made in Exhibit C14-3.
21 And the request is for an interim direction that, to
22 the extent that the completion of this RRA process is
23 further delayed, that no so-called non-rate terms and
24 conditions sought by B.C. Hydro in this application,
25 that is the F12 to F14 revenue requirement
26 application, are to be implemented, even on an interim

1 basis, prior to the final determination of the
2 application.

3 And a particular example, and a particular
4 focus of interest of Morgan Stanley's motion, is the
5 change in allocation of B.C. Hydro's point-to-point
6 charges under its open access transmission tariff, and
7 in particular the allocation of those charges that it
8 incurs, the allocation between itself and Powerex.

9 The first observation or submission to make
10 is that Morgan Stanley's motion is unsupported by any
11 evidence. It's a bare assertion of harm without any
12 evidence in the form of affidavit or otherwise, with
13 respect to the nature of the harm that Morgan Stanley
14 would suffer if the point-to-point allocation was done
15 at this time. There is no evidence of how that harm
16 might manifest itself. There is no evidence with
17 respect to the extent of the harm. If one assumes,
18 for example, that Morgan Stanley is concerned about
19 financial harm, there is no evidence that suggests
20 that the financial harm is, you know, a small amount,
21 a large amount -- there is no quantitative basis for
22 it at all.

23 And most importantly, while there is a bare
24 assertion that a subsequent Order couldn't unwind any
25 harm that Morgan Stanley might suffer if B.C. Hydro
26 implements the allocation at this time, there is no

1 evidence on why that would be the case. And the
2 nature of the relief sought by Morgan Stanley, in my
3 submission, requires Morgan Stanley to put evidence
4 forward explaining why a later Order of this
5 Commission couldn't reverse the harm it alleges, the
6 bare allegation of a harm.

7 And in my submission, without any evidence
8 on any of those points, simply without that evidence
9 the motion can be dismissed on that basis.

10 I would like to add a few comments about
11 the nature of the relief sought. And it's true, I
12 think, that everybody is aware -- the Commission
13 Panel, certainly, that all of B.C. Hydro's rates, all
14 the pricing and all the so-called non-rate terms and
15 conditions, may not be changed by B.C. Hydro in the
16 absence of a Commission Order. And that's Section
17 61(3) of the *Utilities Commission Act*. That is, B.C.
18 Hydro is simply not free to vary its rates and terms
19 and conditions of service without BCUC approval.

20 And in this case, in this revenue
21 requirement application, B.C. Hydro has applied for
22 interim approval only of average rate increases, and a
23 continuation of the DAR. B.C. Hydro has not asked in
24 this application for any changes to its non-rate terms
25 and conditions in service. It's a pricing
26 application, in effect.

1 More to the point, B.C. Hydro is not
2 proposing any changes to the non-rate terms and
3 conditions of the open access transmission tariff.

4 **Proceeding Time 9:22 a.m. T06**

5 B.C. Hydro is proposing a new allocation of
6 the point-to-point charges, but that is not a
7 condition of service. It doesn't appear anywhere in
8 B.C. Hydro's tariffs, it doesn't appear as a price, it
9 doesn't appear as a condition of service in any of
10 B.C. Hydro's tariff documents under the electric
11 tariff, its rate schedules or the open access
12 transmission tariff. Instead, that allocation and the
13 right of B.C. Hydro to change the allocation arises
14 between -- arises from a contract between B.C. Hydro
15 and Powerex, the transfer pricing agreement.

16 As described in Section 8.15 of the
17 application, the transfer pricing agreement is a
18 mechanism by which B.C. Hydro accesses wholesale
19 electricity markets for the purpose of meeting
20 domestic supply needs, removing surplus
21 hydroelectricity as defined in that agreement from
22 time to time, and enabling trade for revenue
23 generation purposes.

24 And under the transfer pricing agreement,
25 B.C. Hydro -- again, this is all described in Section
26 8.15 of the application. B.C. Hydro has the right to

1 adjust the allocation of the costs it incurs for using
2 B.C. Hydro's own transmission system. That is, the
3 cost it incurs for the purpose of both trade and
4 domestic purposes. It has the right to allocate those
5 charges between itself and Powerex.

6 The proposed allocation is reflected
7 already, right now, in B.C. Hydro's application. The
8 F12-F14 RRA has a set of financial schedules at
9 Appendix A, and those financial schedules reflect the
10 proposed allocation of costs between B.C. Hydro and
11 Powerex on the basis of forecast transmission charges
12 in the next three fiscal periods. If the Commission
13 were to decide -- or if Hydro were to decide to
14 reverse that proposed allocation, the only results
15 would be, in the terms of this application, a revised
16 financial schedule showing some charges higher to B.C.
17 Hydro and some charges lower to Powerex. Sorry, the
18 other way around. Charges lower to Powerex and
19 charges higher to B.C. Hydro. But with no effect on
20 the total revenue requirement for each of the three
21 fiscal periods, and no effect on the pricing
22 whatsoever.

23 And participants who, in this room, were
24 involved in the F11 RRA negotiated settlement will
25 recall that the proposed allocation methodology was in
26 fact the subject of some discussion in that negotiated

1 settlement and, in fact, B.C. Hydro's proposed
2 allocation, F11, was reversed. And the schedule is
3 part of the negotiated settlement that shows that
4 reversal, but that reversal doesn't affect any of the
5 rates that B.C. Hydro ultimately sought approval for
6 and got approval for through the Commission approval
7 of the negotiated settlement. And the situation is
8 exactly the same today. The allocation simply does
9 not change the pricing that Hydro seeks, doesn't
10 change any of the non-rate terms and conditions, it
11 doesn't change the total revenue requirement, and it
12 doesn't change the rates that Hydro would seek from
13 its domestic customers or from its wholesale
14 transmission customers.

15 For these reasons, the relief sought, quite
16 aside from the lack of substantive evidence supporting
17 Morgan Stanley's motion, the relief sought is simply
18 misconceived, in B.C. Hydro's respectful submission.
19 And for all those reasons, the motion ought to be
20 dismissed. And if --

21 THE CHAIRPERSON: Can you still clarify for the record,
22 Mr. Christian, the F11 negotiations when this
23 allocation was reversed, and was it then agreed in the
24 document that in this new application B.C. Hydro can
25 then come back?

26 MR. CHRISTIAN: Indeed. Thank you for reminding me. The

1 negotiated settlement agreement did reverse the
2 allocation, the proposed allocation, for the purposes
3 of the F11 RRA only, but B.C. Hydro is expressly --
4 expressly reserved the right in that agreement to
5 bring that allocation forward again in this current
6 proceeding.

7 THE CHAIRPERSON: Thank you. Thank you, Mr. Christian.

8 MR. CHRISTIAN: Right. And so the two other topics that
9 I'd like to address, as I mentioned at the outset,
10 were both issues that were -- B.C. Hydro was asked to
11 address by staff. And the first issue is in regard to
12 the application of the so-called "pricing principles".

13 Pricing principles are the rules, if I can
14 call them that, by which B.C. Hydro applies average
15 rate changes of the type it seeks in a revenue
16 requirement proceeding, to certain of its rate
17 classes, namely the residential inclining block rates,
18 also called the RIB rates; the large general service
19 rates; and its medium general service rates. And the
20 pricing principles are designed to allocate class
21 average rate changes differentially between the
22 different elements of those rates, with a view to
23 introducing marginal cost pricing and ultimately to
24 introduce -- induce conservation.

25 **Proceeding Time 9:27 a.m. T7**

26

1 B.C. Hydro filed an application immediately
2 after receiving Order G-61-11, which rescinded the
3 previous order G-41-11, increasing the rates on an
4 interim basis. B.C. Hydro filed an application asking
5 for relief from the pricing principles that otherwise
6 would have had to apply on April 1 and it sought that
7 relief on the basis that it assumed that the
8 Commission, in issuing G-61-11, was seeking simply to
9 maintain the status quo, at least until such further
10 time as it could consider whether there should be an
11 interim rate increase at all, or at what level.

12 So, and B.C. Hydro, that application is now
13 on the record as part of Exhibit A2-8. The Commission
14 order approving the suspension of the pricing
15 principles for the time being is also part of Exhibit
16 A-2, or sorry, A2-8, and a letter of support from Mr.
17 Quail on behalf of BCOAP is also part of that exhibit.

18 So B.C. Hydro was asked by staff simply to
19 say what it thought should happen to the pricing
20 principles in the event the Commission does direct a
21 further or direct an interim rate increase after this
22 procedural conference. B.C. Hydro's position is that
23 the pricing principles would be applicable to any
24 interim rate increase going forward. Conversely, if
25 the Commission did not order any interim rate increase
26 B.C. Hydro would assume, really, rather than submit,

1 but assume that they would continue to be suspended as
2 they currently are.

3 THE CHAIRPERSON: Thank you.

4 MR. CHRISTIAN: The other issue that B.C. Hydro was asked
5 to address by staff arises from the timing with
6 respect to any order that the Commission might give
7 with respect to an interim rate increase after this
8 procedural conference.

9 At the March 25th procedural conference I
10 advised the Commission Panel that an order delaying
11 the interim rate increase that was then scheduled for
12 April 1 would need to be given two full days before
13 April 1 for that to take effect. That discussion is
14 set out in the transcript, Volume 1, page 45, line 18
15 to page 46, line 4. I also noted in that discussion
16 with the Commission Panel that there was some
17 uncertainty as to the amount of time that would be
18 required, if instead of simply delaying the rate
19 increase that was scheduled for April 1 or postponing
20 it, a new rate increase was ordered on April 1. There
21 was some concern about how much time that would take.

22 Now, of course, B.C. Hydro has filed
23 Exhibit B-5, saying that if an interim rate increase
24 is to effective on May 1 we would need an order
25 tomorrow. That would be nine full days before May 1.
26 The Commission staff have asked why the difference in

1 the timing; why was two days sufficient back on March
2 25th when I was last before the Commission Panel and
3 why are nine days now required.

4 The difference primarily arises from the
5 different type of relief being discussed. The issue I
6 was particularly addressing on March 25th was whether
7 if there was simply a delay, that is the interim rate
8 increases wouldn't happen and the current rates would
9 have continued from March 25th forward through April 1.
10 The prospect that Hydro is now addressing in Exhibit
11 B-5 is what happens if the Commission sets a new
12 level, interim rate level effective May 1, how much
13 time would it take to do that, to get that in place,
14 and that's nine days.

15 The difference in the two days and the nine
16 days arises because to set a new level of interim rate
17 increases requires a number of processes to happen
18 that don't happen when you're simply delaying or
19 suspending a planned rate increase. The primary issue
20 arises from the complexity of the large general
21 service and the medium general service rates.
22 Calculating those rates requires the use of very large
23 models, models that have virtually all of the customer
24 billing data in those rate classes going back a number
25 of years.

26 Those models are large and they're also

1 complex, requiring the calculation of rates on the
2 assumption of historic monthly consumption of each of
3 the different customers and the application of certain
4 rules such as the anomaly rule and so on, which all
5 make the calculations quite complex. So it's not
6 simply a matter of typing in a number and pressing the
7 button and a price spits out at the end. The models
8 are large, complex and also, importantly, they have
9 not been used very often.

10 The LGS rate and MGS rate came into effect
11 on January 1. Those models have been run effectively
12 one time for the purpose of setting rates. They were
13 run again for the purpose of setting rates on April 1
14 with an unknown input number, namely what the average
15 class -- class average rate increase would be, they
16 need to be run again and made sure that they're done
17 accurately and checked.

18 **Proceeding Time 9:32 a.m. T08**

19 A secondary reason arises from the -- also
20 from the application of those pricing principles and
21 the establishment of rates under those classes, and
22 that's similarly the program of the billing system.
23 It's a lot easier to reverse a billing system where
24 the billing system is set up to put in a new rate
25 increase in a few days and to simply reverse that and
26 maintain the current rates. The programming of that

1 is relatively simple. The programming involved in the
2 billing system to put in a brand-new rate level is
3 quite a bit more complex.

4 And that explains the difference, I hope,
5 to the Commission Panel's and the Commission staff's
6 satisfaction, about the difference between the timing
7 that B.C. Hydro has requested in Exhibit B-5 and what
8 I advised the Commission panel back on March 25th.

9 THE CHAIRPERSON: Anything else, Mr. Christian?

10 MR. CHRISTIAN: That's all I have, subject to any
11 questions. Thank you.

12 THE CHAIRPERSON: Thank you. No questions from the
13 Panel. Thank you.

14 MR. FULTON: FortisBC Energy Utility. Association of
15 Major Power Customers of B.C.

16 MR. WALLACE: Thank you, Madam Chairman, Panel members.

17 We have a few submissions. I will try not
18 to repeat what we put in in our written submissions.
19 With respect to the first issue on round 1, the level
20 of interims, Madam Chair, as you reminded us, the BCUC
21 is an independent tribunal and we are very respectful
22 of that. At the same time, your duty is to review the
23 application as an independent tribunal, and in doing
24 that you have to know what the application is. And in
25 our submission, we are in a unique time in my
26 experience in terms of uncertainty. There is a higher

1 degree of uncertainty with this application going in,
2 and after it is filed, than I have ever seen before.

3 You are to judge B.C. Hydro's application
4 and yet there is a review being undertaken by the
5 shareholder, the purpose of which is stated to be to
6 inform B.C. Hydro's final rate submission to the BCUC.
7 And I take that final rate submission to be the update
8 that will be coming in late July or August. Until
9 that is filed, you will not know what the application
10 really will be, what B.C. Hydro is really asking for.

11 In our view, interims are a privilege. And
12 we have made this point before. They are granted to a
13 utility when the Commission knows what it is asking
14 for and they are done subject to refund. B.C. is much
15 more generous than some other jurisdictions are with
16 respect to interims. But again, in our submission,
17 it's a privilege.

18 We now know that the interim that B.C.
19 Hydro asked for of 9.73 percent is too high,
20 presumably too high for the shareholder. B.C. Hydro
21 has lowered that request by what appears to be a very
22 arbitrary one and a half percent to 8.23 percent. In
23 our submission, that is still too high and still
24 subject to review by the shareholder.

25 In this case, our submission is that no
26 increase would be -- no interim increase would be the

1 correct action. However, if the Commission feels
2 pressured or -- I won't say "pressured". Feels it
3 needs to do something, then in our submission 50
4 percent would be a generous interim increase. It
5 would be still more than double the rate of inflation,
6 and as I say, would be extremely generous, given the
7 level of uncertainty.

8 With respect to the DAR, and this is an
9 issue raised by Mr. Andrews, our submission is that it
10 should stay at two and a half percent until such time
11 as the Commission undertakes a review. The
12 appropriate level of the DAR is a complex issue. I
13 expect there is going to be evidence from B.C. Hydro
14 and I would anticipate evidence from at least one,
15 probably more, interveners. Furthermore, the deferral
16 accounts are under review by both, I think, the review
17 panel and for sure by the Auditor General. There will
18 be more information forthcoming on those in the
19 July/August timeframe. To change it around now, in
20 our submission, would be totally inappropriate.

21 With respect to the OATT, I'm not quite
22 sure we understand the issues there, but we at least
23 know in principle what we believe should be happening.
24 There should be no changes in allocations or rate
25 design on an interim basis.

26 **Proceeding Time 9:37 a.m. T09**

1 We see that right now, B.C. Hydro refers to
2 the fact the allocation has been -- was reversed in
3 the 2011 RRA. That's correct, but the application had
4 reversed it from the traditional allocation. That has
5 not yet been subject to Commission review, and
6 accordingly our submission is that the reversal just
7 put the allocation -- the reversal in the 2011
8 settlement just put the allocation back where it had
9 been historically. Where it should remain, in our
10 submission, until you hear evidence and argument and
11 make your decision on where that allocation should be.

12 Similarly, there should be no change in
13 rate design with respect to the OATT until the
14 Commission has heard the evidence.

15 With respect to the second subject in round
16 1, process going forward, the AMPC is as concerned as
17 the Commission is with efficiency. We understand that
18 the cost of responding to Information Requests by B.C.
19 Hydro, without considering the cost on the Commission
20 and the interveners of putting them forward, is always
21 substantial. In previous revenue requirements
22 hearings we have understood that the cost of providing
23 the responses run into the hundreds and thousands of
24 dollars, if not millions, or above a million. We, as
25 I have mentioned, are in an unusual period of
26 uncertainty. AMPC is interested in doing what can be

1 done to keep the process moving forward efficiently.
2 We looked at the issues, tried to define the issues
3 and see what we thought could be addressed now and
4 carry on the IR process. We defined, and it's pretty
5 loose, rough, but approximately 38 issues. Of the 38,
6 less than one-third look that they would unlikely be
7 considered and probably, possibly, affected by the
8 review panel or the Auditor General.

9 In these circumstances, we do not see how
10 the information process can be conducted efficiency
11 and in a manner that actually returns benefits. Both
12 reviews, the panel review and the Auditor General, are
13 likely to be public by late July. That's about three
14 to three and a half months from now. And in our
15 submission, in a three-year application, that delay,
16 in order to gain efficiencies, is worth taking.

17 Unless there are any questions, that
18 completes my submissions.

19 COMMISSIONER MORTON: You referred to your submission
20 that 50 percent of the rate increase would be more
21 appropriate. 50 percent of which rate increase? The
22 8.23 or the 9.23?

23 MR. WALLACE: One, I didn't say it would be more
24 appropriate. I said it would be more -- it would be
25 generous.

26 COMMISSIONER MORTON: Okay.

1 MR. WALLACE: And yes, I would say of the 8.23. That is
2 what B.C. Hydro has currently indicated that it is
3 requesting. It is -- 50 percent is an amount used in
4 some other jurisdictions, but -- and in our
5 submission, obviously, it's very generous.

6 THE CHAIRPERSON: Thank you, Mr. Wallace.

7 MR. WALLACE: Thank you.

8 MR. FULTON: Catalyst Paper Corporation. Commercial
9 Energy Consumers' Association of British Columbia.

10 MR. WEAVER: Madam Chair, the Commercial Energy Consumers
11 also filed written comments on the issues raised by
12 the Commission, and we generally, with respect to the
13 first topic of the interim rate application, supported
14 the submissions of the Association of Major Power
15 Producers. That if there is to be an interim rate
16 increase, that it certainly should not be at the level
17 sought by B.C. Hydro. And 50 percent of the increase
18 sought, at a maximum, is something that the CEC could
19 accept. We think there is a role for the Commission
20 to send a signal in the interim rate increase that it
21 is concerned with the level of increase being sought
22 by B.C. Hydro, not only for the purpose of B.C.
23 Hydro's understanding, but also, as the independent
24 tribunal that reviews B.C. Hydro on a regular basis,
25 for the public at large to know the Commission is
26 concerned, and indeed the other governmental reviews

1 that are ongoing to be informed that the Commission is
2 concerned with what it is being faced with, presented
3 by B.C. Hydro in this application.

4 **Proceeding Time 9:42 a.m. T10**

5 With respect to process, the CEC is also
6 obviously concerned about efficiency. The CEC is not
7 a highly resourced entity and participates on a fairly
8 lean basis in these processes. But that said, if we
9 step back for a moment and look at what reviews are
10 occurring, the taxpayer/shareholder is presently
11 funding an auditor general review, a ministerial
12 review, and a B.C. Utilities Commission review.

13 We can inform the Commission that in terms
14 of ratepayers' involvement this is the only forum we
15 have. We are not involved in the other reviews and
16 this is the opportunity for ratepayers to present to
17 the independent tribunal its concerns, both with the
18 IR process and through the submission of argument and
19 participation in hearing, either oral or written.

20 So we do not share the point that there may
21 be efficiency gained in delay. We think there is
22 value gained by proceeding with an IR process in terms
23 of highlighting issues that may contribute to
24 impacting B.C. Hydro's rates. Through a public
25 transparent process of an Information Requests step
26 there may be an ability to highlight concerns around

1 B.C. Hydro that may or may not be taken into account
2 by the ministerial review, but at least it will be
3 public and there will be an opportunity to see the
4 concerns being raised.

5 The present schedule has IRs by staff
6 issued April 28th, a week away. We are assuming a fair
7 bit of that work is done. B.C. Hydro, in its
8 submissions, did not oppose responding to a first set
9 of Information Requests and one assumes they see some
10 value in seeing what issues staff may have. So we
11 recognize that it may be three months before the full
12 application, the complete application is filed and
13 indeed there's two more rounds of IRs to be had at
14 later dates, but we do see a value in a first step of
15 Information Responses.

16 This is a three-year rate application. If
17 we defer and delay the process we're going to be
18 running into a hearing starting in 2012 and we're not
19 sure that's where we want to be in terms of reviewing
20 B.C. Hydro. Those are our submissions.

21 THE CHAIRPERSON: I still have one question, Mr. Weafer.
22 Following the example Mr. Wallace phrased it, if you
23 look at all the issues that are brought forward in the
24 application we received March 1st, did you look at
25 those issues, how many would not be affected by the
26 other reviews?

1 MR. WEAVER: There are certainly issues that should be
2 deferred to the ministerial review and can be
3 referred. I believe the intervenors and staff are
4 sophisticated enough to know what IRs can go in now
5 and add value to the process. There's factual
6 information that needs to be probed in terms of what
7 formed the basis of the B.C. Hydro application. The
8 sooner that type of information is on the record and
9 challenged, the better for all parties involved.

10 So there are certainly areas that would not
11 be, I expect, pursued in the opening rounds, but there
12 are certainly areas that I'm advised by my consultant,
13 there's value in proceeding and getting on the public
14 record now in terms of highlighting where rates may be
15 impacted to the benefit of ratepayers; which is the
16 agenda of the governmental review as well as this
17 process.

18 THE CHAIRPERSON: That's what I'm trying to clarify. So
19 are you proposing that the first IR round would
20 proceed but on a limited basis, focusing on certain
21 areas only?

22 MR. WEAVER: I will expect that B.C. Hydro will respond
23 to IRs with the response which is there's not a value
24 to responding at this time, if intervenors are going
25 beyond the scope of what they can reasonably deal with
26 in the face of the governmental review. There is a

1 challenge there in terms of defining what can be asked
2 and what -- I can see there's a challenge in terms of,
3 we don't know what the ministerial review is truly
4 reviewing. We don't know what the result will be of
5 that.

6 We have some trepidation that it may not be
7 a thorough review and we may be starting from scratch
8 if we delay three months from now. So we believe, in
9 terms of putting the Information Requests on the
10 record, that that may contribute to moving the process
11 forward. The value of that defeats the potential
12 efficiency loss in terms of going through with a first
13 round of Information Requests. It clearly --
14 sophisticated participants will reduce the questions
15 to that which they think there is value in asking now.

16 **Proceeding Time 9:47 a.m. T11**

17 And that will be based more on the factual
18 basis of the B.C. Hydro application, in testing the
19 assumptions they put into the evidence they filed.

20 So, it will not necessarily be a full round
21 of Information Requests from the CEC, but we -- I am
22 advised there are areas worth pursuing today that will
23 bring value to the process.

24 THE CHAIRPERSON: Thank you, Mr. Weafer.

25 MR. WEAFER: Thank you.

26 MR. FULTON: British Columbia Old Age Pensioners'

1 Association *et al.*

2 MR. QUAIL: Yes. In terms of where we're positioned on
3 the issues, you've seen some divergence between the
4 two other customer classes on the issue of process.
5 We are squarely in agreement with Mr. Wallace's
6 analysis of the issues.

7 I won't say anything about the OATT. I
8 wasn't even aware what the nature of that issue was
9 until things got rolling this morning. We take no
10 position on that issue, except perhaps a general
11 observation that when it comes to issues concerning
12 the transmission tariff, the interests of B.C. Hydro
13 tend to be very closely aligned with its core
14 customers. But other than that general observation,
15 in terms of where these things tend to sit, I won't
16 add anything further.

17 Regarding the issue of the interim rate
18 increases, we agree with the position advanced by Mr.
19 Wallace that any determination should be postponed.
20 And the basis of this -- this might seem like a
21 curious thing coming from us, of all people, is that
22 we should all be taking the Minister at his word. And
23 the Minister has assured the public that all aspects
24 of the application are up for granted [*sic*]. We
25 haven't done a close analysis in sort of tallying all
26 the issues, but it's apparent to us that there are

1 first of all policy issues which will need to be
2 addressed if there's going to be any significant
3 containment of rates, which permeate through many
4 aspects of the application. For example, the whole
5 question of self-sufficiency, its definition and its
6 deadlines, drive a whole lot of expenditures in other
7 various areas. Capital expenditures, all kinds of
8 things that are happening.

9 So, it may be that to some extent the
10 government is going to be undertaking a fairly far-
11 reaching policy review regarding B.C. Hydro. Or it
12 may be that it's going to seek to contain rates by the
13 sort of, you know, thousand cuts process. Or it may
14 be some combination of the two. It would be
15 presumptuous, I submit, for anyone to be proceeding on
16 the basis of any particular -- assuming any particular
17 approach.

18 But we should assume that there will be a
19 meaningful effort by the review process and the
20 Minister to effect a significant reduction in the
21 proposed rates.

22 Given that situation, we submit that it
23 would be presumptuous to implement a small fiddle with
24 the rates, such as the one and a half percent that's
25 been proposed by B.C. Hydro. And further submit that
26 it would not be in the public interest to effectively

1 impose an enforced loan by B.C. Hydro's customers to
2 the utility on the assumption that, in fact, there
3 will be substantial response to the alarming rate
4 increases that the government is faced with.

5 So we say that the Commission should wait
6 for the review, and not pre-judge what that process is
7 going to be. In any event, there is at least an
8 applied-for three-year test period. Whether that is
9 the outcome or not remains to be seen, but certainly a
10 multi-year one. And in my submission, ample
11 opportunity to equitably recoup whatever adjustments
12 are required on either side of the ledger. But we say
13 that it would be a mistake to err on the side of over-
14 compensating the utility at the expense of the
15 households of British Columbia. And that's the risk
16 that we say is being faced.

17 On the related issue of the calibration of
18 the RIB, just to be frank, our assumption is that in
19 the normal course, the RIB tiers would be calibrated
20 in accordance with interim rates. However, I would
21 submit that if the Commission is inclined to grant an
22 interim increase to Hydro at this point, it should be
23 interim until its termination date, or date to revisit
24 it, should be after the filing of the amendments to
25 the application. So that there is an over-shoot of
26 the amount of revenue that's being sought. There is

1 an opportunity to true it up then. And in my
2 submission, that would be the point -- we know we're
3 really into what the interim rates are going to look
4 like for the duration of this process. That's the
5 time to get into adjusting things like the RIB tiers,
6 rather than, you know, being -- fiddling them every
7 three months along the way, in my submission. And in
8 any event, we're hopefully beyond the heating season
9 and not a huge amount is going to turn on that, so we
10 say that in particular should be postponed until we
11 see the revised application this summer.

12 **Proceeding Time 9:52 a.m. T12**

13 On the issue of Information Requests and
14 the information -- the process proceeding, we agree
15 most emphatically with Mr. Wallace that it would be
16 pointless to proceed with IRs at this point, and again
17 to a large extent this is grounded on our position
18 that we should take the Minister at his word and that
19 a large range of issues are up for grabs and we say
20 that it would be pointless, not only for intervenors
21 to be busy coming up with all kinds of questions to
22 throw at B.C. Hydro, but for their resources to be
23 devoted to responding to them, because ultimately the
24 people I represent pay for that effort. We submit
25 that it is not a prudent way to use ratepayer money,
26 to have B.C. Hydro at this stage plowing through and

1 responding to a myriad of questions.

2 The issue posed to my friend Mr. Weafer
3 also sort of hits the nail on the head there. We have
4 no way of knowing what is properly in bounds and out
5 of bounds, so to speak, in relation to what the
6 application will be before the Commission come this
7 summer, and what kind of process we would have to try
8 to determine which Information Requests should
9 properly be responded to. By that point, by the time
10 we're getting the responses, we're almost within reach
11 of the application. I mean, we're really closing in
12 on the date of the revisions to the application.

13 So are we going to devise some contested
14 process to determine what's in bounds and what's not,
15 where we really have no firm guideposts. In my
16 submission it doesn't make sense. If the questions
17 people have prepared now remain relevant after the
18 application is revised, they're still there. They're
19 all on our hard drives. We can pop them in when that
20 time arises. But in my submission it's unlikely that
21 any efficiencies would be gained by proceeding with a
22 preliminary round of Information Requests now.

23 I say that because, in my submission, it is
24 unlikely that that would be dispense with discovery
25 process in relation to the revised application,
26 particularly if there are significant revisions. In

1 my submission we should anticipate there will be two
2 or likely three rounds of Information Requests in the
3 normal course unless this case takes even more sort of
4 twists and turns. It's got a good record as far as
5 that goes so far, that's been the pattern. Nothing is
6 saved by adding yet another round of IRs before we
7 really see the whites of their eyes, so to speak, in
8 terms of what the application is going to be.

9 So in my submission nothing is gained
10 whatsoever and a great deal is lost in terms of
11 squandered resources by plowing ahead with that
12 process until we get the revised application.

13 Subject to any questions you might have,
14 those are my submissions.

15 THE CHAIRPERSON: No questions, thank you, Mr. Quail.

16 MR. QUAIL: Thank you.

17 MR. FULTON: B.C. Sustainable Energy Association and
18 Sierra Club of British Columbia.

19 THE CHAIRPERSON: Mr. Andrews, you can feel free to
20 address the two and a half percent --

21 MR. ANDREWS: Yes, thank you. I'll first address the
22 procedural issue going forward.

23 As I said in BCSEA/SCBC's written
24 submission, from my clients' perspective the major
25 concern is the potential for delay or unnecessary
26 extended delay of this proceeding. That's where the

1 biggest efficiency issues really lie. In terms of our
2 own Information Requests, we're not in a position to
3 say that if there was a delay in my clients making
4 their IRs it would delay the entire proceeding.
5 However, we do recognize that the Commission staff IRs
6 are an enormous chunk of work and the responses are a
7 lot of work for all the parties to go through and
8 understand.

9 So our position is that it's quite possible
10 that it would be desirable to have the first round of
11 staff IRs go ahead with a limitation as to how
12 questions that B.C. Hydro feels will be affected by
13 the results of its shareholders review ought to be
14 handled. Presumably it would be that Hydro would just
15 say these are affected by the review and response will
16 come later. So our position is somewhat nuanced.
17 We're not adamantly opposing it, that is opposing
18 continuation of the proceeding.

19 In relation to the argument that my friend
20 Mr. Quail made to you, that is that the Commission
21 should respect or should in some way pay attention to
22 the Minister's review, in my respectful submission the
23 Commission, as the Chair of the Panel indicated at the
24 very beginning, is an independent tribunal and has to
25 govern its affairs by what is before it on the
26 evidence.

1 **Proceeding Time 9:58 a.m. T13**

2 The Minister's tribunal on the evidence is
3 -- the Minister's review is a matter that is between
4 the Minister, that is the shareholder, and B.C. Hydro.
5 It's not something that directly involves the
6 Commission at all. For interveners, it's only a
7 matter that involves voters and taxpayers and members
8 of the public vis-à-vis the government. So in my
9 submission, limited -- the Commission should be very
10 wary about speculation to do with what might be the
11 outcome of the Minister's review. And the same
12 follows with what might be the outcome of the Auditor
13 General's review. In my submission, the Commission
14 has to focus on what it has before it.

15 In terms of the rates, and including the
16 rate rider, I refer to my written submissions at
17 Exhibit C10-3, and I won't repeat them. I do want to
18 emphasize, first of all, that the Commission has legal
19 authority to set both interim rates and to set a rate
20 rider difference than the *status quo*. So, the next
21 questions are the important ones. What -- you know,
22 should the Commission do so?

23 In terms of the rate increase itself, I
24 would take issue with my friend, Mr. Wallace, who said
25 that because of the announcement of the Minister's
26 review, it is now known that 9.53 percent is too high.

1 I disagree. In my respectful submission, it's known
2 that the Minister, the shareholder, would like the
3 revenue requirement to be lower than it is. There is
4 no evidence whether the Minister will be able to
5 achieve that and, if so, how. And I also want to
6 emphasize that the *status quo* is that the revenue
7 requirement for fiscal 2012 would require a 13.89
8 percent rate increase. That is the evidence that's
9 before the Commission now. It's only because of
10 Hydro's proposed rate smoothing that it got down to
11 9.53 percent in the first place.

12 So, I say that the *status quo* is the
13 revenue requirement supports -- the revenue
14 requirement evidence before the Commission supports a
15 13.89 percent rate -- interim rate increase at this
16 point in time. Hydro is not asking for that, it's
17 asking for the 8.23. In terms of my friend's
18 suggestions for various ways of slicing and dicing
19 rate increases and the concept of 50 percent, and then
20 the question properly put, 50 percent of what? If
21 there is going to be 50 percent of anything, in my
22 submission, it would be 15 [*sic*] percent of 13.89
23 percent. But in our respectful submission, the
24 evidence, as I've said in my argument, to the limited
25 extent that it exists, is from Hydro in the form of
26 its request for an 8.23 percent increase, which is

1 essentially -- can be taken as Hydro's estimate of
2 what the revised rate increase will look like. And
3 presumably that involves an assumption by Hydro that
4 its proposed rate smoothing would also be approved.

5 In terms of the rate rider, my clients have
6 a very serious concern about the state of the net
7 balance of the rate -- of the deferral accounts.
8 \$766.8 million as of September, 2010. The reference
9 is Appendix H, page 1. At the time of the F11
10 negotiated settlement agreement, and the -- excuse me,
11 at the time of the deferral account rate rider chart,
12 which I have attached to my submission, it wasn't even
13 contemplated that the deferral account balances would
14 exceed \$500 million. And at the time, it was -- the
15 mechanism was at \$500 million as of the end of
16 September, the rate rider would be 5 percent.

17 **Proceeding Time 10:03 a.m. T14**

18 So we're now at a situation where the
19 actual balance in September of the year is more than
20 50 percent higher than was even conceived at the time
21 of this table. In my submission that is certainly
22 evidence enough for the Commission to go to the 5
23 percent, which would correspond to a \$500 million net
24 balance.

25 In a sense I think that the -- kind of a
26 more theoretical level, my friend Mr. Wallace

1 described an interim rate increase as a privilege to a
2 utility. In my submission whether or not it should be
3 characterized as a privilege accorded to a utility,
4 the concept has to be balanced with the notion of
5 limiting rate increases because of rate shock. That
6 once you contemplate that rates will not be determined
7 exclusively by the revenue requirement where they
8 result in large increases that are characterized as
9 rate shock, whatever and however that gets defined,
10 then the Commission has to balance in a sense being
11 parsimonious with rate increases on an interim basis
12 and thereby pushing revenue into the future, with the
13 fact that the more you do that, the more you have a
14 problem collecting the full revenue requirement in the
15 future, if you pay attention to a rate shock
16 limitation.

17 So my clients have taken the position that
18 they don't oppose the notion in principle of a rate
19 shock factor being taken into account with the
20 qualification, that doesn't mean that they're agreeing
21 to any given percentage automatically equaling a rate
22 shock, but if -- to use the example, if B.C. Hydro is
23 going to propose 10 percent in this particular
24 instance as being evidence of a bill impact that would
25 be the limit beyond which there would be rate shock,
26 then to have no rate increase at all simply pushes

1 revenue into future periods and then would run afoul
2 of the rate shock principle.

3 And then getting back to the numbers, as it
4 happens with Hydro's proposed 8.23 percent, if one
5 hypothetically establishes a 10 percent bill impact as
6 a feature that is something the Commission ought to
7 use as a cap, raising the rate rider two and a half
8 percentage points, and I appreciate that the
9 arithmetic is not entirely additive, but if you were
10 to add you would go from 8.23 plus 2.5 and you would
11 then relate that 10 percent. And in my submission the
12 differences that you would properly get when B.C.
13 Hydro crunched the numbers would still leave the bill
14 impact roughly around 10 percent.

15 So that granting Hydro's requested 8.235
16 percent, plus increasing the rate rider by 2.5
17 percentage points, would still leave compliance with a
18 10 percent, a roughly 10 percent rate increase cap.

19 Now, I think those are my submissions.
20 Yes, subject to any questions those are my
21 submissions.

22 THE CHAIRPERSON: Thank you, Mr. Andrews; nobody has
23 questions.

24 **Proceeding Time 10:07 a.m. T15**

25 MR. FULTON: Canadian Office and Professional Employees'
26 Union, local 378.

1 MR. OULTON: Thank you, Madam Chair, Commissioners. I
2 only have a few brief points to make in addition to
3 what COPE has already said in its written submission.

4 Starting with the interim rate increase.
5 As we noted in our submission, COPE takes no position
6 on the actual number. It is a ratepayer, or comprised
7 of ratepayers, obviously, and it has a concern with
8 paying too much up front, if the rate is going to be
9 different. But the only evidence before you is the
10 current application. But we also know that that's
11 undergoing a wholesale review with an aim that's been
12 stated by the Minister of mitigating the rate
13 increases somehow.

14 I anticipate that some interim increase is
15 appropriate. COPE takes no position on what that
16 should be, but only wishes to note what Mr. Quail has
17 already pointed out, which is there is an opportunity
18 for the Commission to revisit this issue of the
19 interim rate and true it up, if a small one is done
20 now, or otherwise, after the update is filed, and we
21 actually know what the rate increases are being sought
22 after the Ministerial review has taken place, and
23 hopefully after the Auditor General's review and
24 comments on the deferral accounts has been undertaken.

25 And so, I just wish to highlight that there
26 is an opportunity there, as Mr. Quail has pointed out,

1 to true up whatever it happens to be. And COPE just
2 wishes to note that this Commission needs to be
3 mindful that there is a tension, of course, between --
4 if you don't increase it now, there is a pressure in
5 the future to increase it even more, if it turns out
6 that whatever is done now is too small or what have
7 you.

8 Turning to process, as COPE noted in its
9 submission on the regulatory timetable, it is
10 interested in moving forward with this process. It
11 doesn't want to see undue delay. But the overriding
12 concern here is the efficiency in moving forward with
13 the regular IR process. And round 1 is usually the
14 largest, not always, but it usually is the largest
15 bank. And in our submission, this question of what's
16 in bounds, what's out of bounds, are we all savvy
17 enough to choose IRs in round 1 that go into areas
18 that are not likely to be subject to change, just
19 highlights the problem. Because who is going to be
20 the arbiter of what's in and what's out? Some of my
21 friends earlier have said, "Well, B.C. Hydro can
22 respond that, 'Oh, well, we think that's going to be
23 subject to change.'" Well, then the effort in
24 preparing the IR request has been wasted, to a certain
25 extent, if B.C. Hydro has the discretion to choose
26 what's in, what's out. And if they don't have that

1 discretion, who does?

2 Really, in our view, it comes down more to
3 do we go forward with the IRs, or don't we? And do we
4 wait three months that it's going to be for the
5 application? And when you look at it in that context,
6 as COPE noted in its original submission, it makes
7 more sense from an efficiency standpoint, particularly
8 if you look at what my friend, Mr. Wallace, has said,
9 and Mr. Quail, the scope of the review and the
10 potential for change touches almost every aspect of
11 the application. Yes, there are factual matters that
12 are unlikely to change, because they're facts. But
13 how those facts feed into the revenue requirements of
14 B.C. Hydro is what's subject to change, and it's
15 subject to the policy issues that have been
16 highlighted by my friends, and there is just, as Mr.
17 Wallace said, an unprecedented level of uncertainty
18 here. And uncertainty typically leads to
19 inefficiencies.

20 And a three-month delay in moving forward
21 with the IR process is unlikely in our submission to
22 be overly prejudicial to anyone, particularly in light
23 of the considerable potential for efficiency and cost
24 savings, not only for B.C. Hydro but the Commission
25 staff and all the interveners.

26 **Proceeding Time 10:12 a.m. T16**

1 As acknowledged, each intervenor has its
2 own area that it focuses on. Commission staff looks
3 at the whole thing and they have a vast task for an
4 application of this magnitude, where you're looking at
5 a three-year test period that covers some significant
6 issues. To move forward at this time may be
7 difficult.

8 I also note if the ministerial review is
9 complete by the end of June, which I believe was what
10 the Minister said was the goal and the report is going
11 to be made public, parties can, looking at that, start
12 to understand and anticipate where B.C. Hydro's update
13 is ultimately going to go, because that, the outcome
14 of the ministerial review, which is two months away
15 now, will give some indication as to what areas of the
16 application are likely to change and what areas are
17 not.

18 I just wish to make one minor point on the
19 LTSS, the long-term sourcing strategy. As, Madam
20 Chair, you noted, COPE has indicated it's prepared to
21 pursue those issues through Information Request
22 process in light of the landscape that is before us
23 here and the significant changes that have happened.
24 My friend, and I appreciate this was before the mike
25 got moved a little bit closer, I thought he said that
26 COPE has essentially abandoned its request. It has

1 not. It wants to pursue this information and, as
2 noted in its original submission -- and I just wish to
3 highlight this because now is the opportunity if my
4 friend disagrees with COPE's understanding of the
5 state of affairs, for him to say so so we can consider
6 our position -- and that's our interest in moving
7 forward with with the LTSS and exploring that through
8 the Information Requests is subject to the two
9 comments made in our submission.

10 First, that B.C. Hydro has already
11 acknowledged that questions relating to that are
12 relevant and we expressly reserved our right to
13 revisit our position if that in fact is not right, and
14 secondly, that we expect that any update that B.C.
15 Hydro has done will include information relating to
16 the LTSS.

17 Those are my submissions.

18 THE CHAIRPERSON: I had one question, Mr. Oulton. With
19 your true-up idea introduced, do I understand
20 correctly that you mean that there could be one
21 interim toll introduced May 1 and then sometime,
22 August or maybe September, one after we have received
23 these consequential arrangements, there would be
24 almost like a tweaking, like a second adjustment
25 within a year?

26 MR. OULTON: I don't think I should take credit for it

1 because I think it flowed from some comments made by
2 my friend Mr. Quail, but that is what I understood him
3 to be saying and COPE simply notes that there is some
4 logic to that. B.C. Hydro wants a rate increase now
5 and it has put forward its position on what that
6 should be and why it's necessary. It has to do with
7 this tension between if we don't do anything we know
8 on the evidence that's before us, regardless of what
9 happens in the ministerial review, there is an
10 increased revenue requirement for the next fiscal
11 period. We're in that fiscal period now. If we don't
12 give some increase now then we're catching up later.
13 That's a tension that this Commission is very alive to
14 and that ratepayers are very alive to.

15 As to what that increase should be now,
16 there's a real uncertainty here because the only
17 evidence is if there was no review and we were
18 proceeding with this application, well what everyone
19 in this room is very aware of is that's not the
20 current landscape. We don't know what the real
21 landscape is going to be and won't know for a few
22 months, and if there is a need for some increase now,
23 and of course COPE says it's a ratepayer, that be as
24 small as possible, both in the end and at the
25 beginning, but there is an opportunity if the
26 Commission finds the submissions of my friends

1 persuasive that perhaps 50 percent of the current
2 application is appropriate or if they accept what B.C.
3 Hydro says, which is more along the lines of a 15
4 percent reduction or whatever, a 1.5 percent reduction
5 from the 9, whichever approach is taken, there is an
6 opportunity after we see the final increase for B.C.
7 Hydro to say, well we either took too much because
8 here's what we're actually looking for, if they're
9 looking for 7 percent in fiscal '12 but they've
10 already been getting 8, well there can be an
11 adjustment at that time to minimize the impact on
12 ratepayers over the long term.

13 THE CHAIRPERSON: Thank you, Mr. Oulton.

14 It's now 10:15 so I suggest we take a brief
15 coffee break and return at 10:30.

16 **(PROCEEDINGS ADJOURNED AT 10:18 A.M.)**

17 **(PROCEEDINGS RESUMED AT 10:32 A.M.)** **T17**

18 THE CHAIRPERSON: Please be seated.

19 And who do we have next, Mr. Fulton?

20 MR. FULTON: Line Contractors' Association of British
21 Columbia.

22 MR. SKOSNIK: No submissions.

23 MR. FULTON: Clean Energy Association of British
24 Columbia.

25 MR. AUSTIN: With respect to the level of the interim
26 rate increases, the Association fully supports B.C.

1 Hydro's position with respect to an application for an
2 8.23 percent interim rate increase.

3 The evidence for this increase is on the
4 record and to date no one has filed any evidence to
5 the contrary. In terms of the rate increase, there is
6 the application, and the Association would like to
7 draw the Panel's particular attention to Section 1.3.5
8 of Exhibit B-1, which is a graph which shows where the
9 increases are coming from. They are primarily coming
10 from capital expenditures that have already been made.
11 And of the projected 32 percent increase, 2.6 percent
12 of this comes from new IPP contracts. And the only
13 reason I wish to draw that to your attention is
14 because all the howling that's occurring about the
15 expensive IPP contracts. But B.C. Hydro has put the
16 evidence on the record. No one else has.

17 And so we've heard suggestions. "Well,
18 let's take half of this, and a quarter of this, and
19 we'll mix it all up, and we'll come up with what we
20 think is a fair increase, or let's not have any rate
21 increases at all." If the Commission wants to go down
22 that route, then there is no evidence on the record,
23 and it's equivalent to throwing some numbers in a hat
24 and drawing one out. If that's going to occur, I'd
25 like to write my own number down so I can participate
26 in that process.

1 With respect to all we've heard about the
2 potential for rate decreases, other than B.C.
3 Sustainable, no one seems to be attuned to the
4 possibility that the rate increases might be higher
5 than those being proposed after all the reviews are
6 complete. If the Auditor General takes into account
7 the impact of self-sufficiency or, more to the point,
8 lack thereof, then there is the possibility that the
9 deferral account rate rider will have to be increased.
10 There is a whole range of possibilities that will put
11 pressure on increasing the rate rider. No one seems
12 to want to talk about that. Everybody seems to be
13 thinking in terms of the rates going down.

14 Sooner or later someone is going to have to
15 pay the bill for the imported electricity that's
16 reflected in those deferral accounts.

17 With respect to the review process going
18 forward, the Association wishes to note that over the
19 years, especially as a result of negotiated settlement
20 processes, there has been enough ducking, dodging,
21 delaying and deferring of the issues that are at the
22 heart of the rate increases. Efficiency means getting
23 on with it. It is difficult to listen to arguments
24 with respect to uncertainty, especially since we've
25 heard them all before in this very room, in the autumn
26 of 2008. The same speeches were being made about the

1 potential negative impacts and uncertainty associated
2 with the severe stress that was being placed on the
3 world financial structure. We're in the very room.
4 The only difference is, I was sitting over at that
5 table at that time instead of this table this time.

6 So here we are again. Don't do anything.
7 There is uncertainty. There is always going to be
8 uncertainty. And let's get on with this. And the
9 Association fully supports what the commercial
10 customers were talking about when they said, "B.C.
11 Hydro can respond to Information Requests in the sense
12 that it can say, 'Can't answer that one at this point
13 in time. Don't know.'" It's been doing that for
14 years anyway. What's the difference? There is no
15 difference this time around. There is no more
16 uncertainty than usual. We don't know where the
17 government's going to come out. We don't know where
18 the Auditor General's going to come out. And there is
19 absolutely no guarantee that the reports will be filed
20 on the timetable that's being talked about in this
21 room.

22 **Proceeding Time 10:38 a.m. T18**

23 As you pointed out in your opening
24 statement, Madam Chair, the B.C. Utilities Commission
25 is a statutory entity. It is independent from all of
26 that. And the Association would encourage you to just

1 let's get on with this process, especially in terms of
2 Information Requests, in accordance with the original
3 timetable. The world is not going to come to an end.
4 The world is not going to get turned upside down. At
5 the end of the day, we're going to be still dealing
6 with the same basic issues and the same basic facts as
7 are in the application now.

8 With respect to Morgan Stanley, the
9 Association would like to hear from Morgan Stanley
10 first before making any comments.

11 Subject to any questions you might have,
12 those are the Association's submissions.

13 THE CHAIRPERSON: No questions from the Panel. Thank
14 you, Mr. Austin.

15 MR. FULTON: Morgan Stanley Capital Group.

16 MR. CASSIDY: Madam Chair, I think I should first give
17 you some background on Morgan Stanley, very briefly,
18 which will then put into context my remarks this
19 morning.

20 Morgan Stanley is an active participant in
21 the Canadian and U.S. power markets. And it believes
22 as a result it can bring a useful perspective to these
23 proceedings, and it very much appreciates the
24 opportunity to provide its views as an intervener in
25 these processes, and the revenue requirement
26 application.

1 Morgan Stanley has recently opened an
2 office in Vancouver, and has the capability and
3 intention to bring capital and external investment
4 dollars to the province. It's currently actively
5 exploring opportunities with IPPs in the industrial
6 community, and is already an active customer of BCTC,
7 now obviously reintegrated with B.C. Hydro. And it's
8 in that context that my remarks will be made today.

9 First of all, with regard to the issues
10 that I indicated we would be dealing with, I do not
11 propose to add anything to the review process comments
12 that I made in our submission to you dated April 13th.
13 The other parties have addressed that at length, and I
14 do not propose to add anything more beyond what's in
15 that letter. I do not propose, obviously, to deal
16 with the participant assistance funding or other
17 matters.

18 So I'm going to turn right to the issue
19 that I believe the Commission characterized as the
20 impact on the OATT. And I'll be responding to Mr.
21 Christian's comments on the issue that I prefer to
22 call the allocation cost issue or the methodology.

23 This is, of course, discussed in the
24 revenue application at Chapter 8.15. It's the
25 principal concern of my client with regard to the non-
26 rate issues. For your convenience, Madam Chair and

1 the Panel, I actually have excerpted a copy of that
2 section which I propose to just provide to you. Just
3 for your convenience.

4 THE CHAIRPERSON: Okay, thank you.

5 MR. CASSIDY: I simply passed out a copy of that part of
6 the application.

7 I should first of all indicate and deal
8 briefly with Mr. Christian's concern about an
9 affidavit. I note, and I was here at the last
10 procedural conference, I read all of the
11 correspondence that flowed from that, I've been here
12 throughout this morning. And with regard to the
13 voluminous discussion about the interim rate increase,
14 I never saw or read or heard a single affidavit filed
15 before this Commission with regard to the effect of
16 that interim rate increase on any party, or any
17 ratepayer, or whatever. In fact, there was indeed a
18 fair amount of discussion that I would characterize as
19 evidence from counsel on certain circumstances. And
20 as a result, I find it incongruous that my client
21 would be expected to provide an affidavit with regard
22 to its request before the Commission that it actually
23 -- that this Commission do something that I believe is
24 entirely within this Commission's purview to do as you
25 indicated as an independent tribunal.

26 Mr. Wallace well stated it when he said

1 that having the ability to do anything on an interim
2 basis before an independent tribunal like the
3 Commission actually rules is a privilege, not a right.
4 And in fact I would believe the onus would be on B.C.
5 Hydro to demonstrate some form of distress such that
6 they could not operate effectively, or carry on their
7 business, without some form of interim relief. And I
8 would regard the cost allocation issue as nowhere near
9 that process, or nowhere near that right and that
10 level where they would have any right to some form of
11 interim relief.

12 The fact is that the cost allocation
13 methodology that I've referred to in Chapter 8.15 is
14 before this Commission. They have asked for it. This
15 is what they want to do. They want to change that
16 methodology. And Mr. Wallace I believe accurately
17 captured the history of how that happened, from the
18 previous RRA and the negotiation exercise.

19 **Proceeding Time 10:44 a.m. T19**

20 So I do not submit -- I do not believe and
21 I submit that B.C. Hydro does not have the right to
22 implement this prior to this Commission having the
23 full opportunity before a full hearing, not a little
24 mini-hearing with affidavits floating around, but
25 before a full hearing, in the ultimate determination
26 with regard to whether or not this proposed

1 methodology change is appropriate. In other words,
2 that should not happen until you have the opportunity
3 to have full evidence before you. In other words, the
4 onus is on B.C. Hydro, not on my client, to
5 demonstrate some form of distress that they -- or need
6 to do this prior to the ultimate determination by this
7 Commission.

8 Indeed, I think it's axiomatic, just as it
9 appears axiomatic with regard to the interim rate
10 increase, that any allocation cost change that would
11 benefit Powerex by reducing its costs, which
12 presumably is what they're doing here, would have a
13 negative impact on any other person who is seeking to
14 acquire transmission capacity. There's only so much
15 transmission capacity in this province, such that
16 Powerex's reduction in costs has an impact on its
17 ability to acquire more transmission capacity, to
18 acquire more of the market, to the detriment, I think
19 obviously, of other users of the transmission
20 capacity, which would be among other people my client.

21 So as a result that's a very basic, I
22 submit, request by Morgan Stanley that the matter be
23 left standstill until you have the benefit of hearing
24 all the evidence, that is when you ultimately rule on
25 this request. It's in their rate revenue application.
26 It has an impact on rate revenues, it's not just rate

1 design. That's presumably why they put it in this
2 application. This is the appropriate proceeding to
3 deal with it and you are the independent tribunal that
4 in my view Morgan Stanley is entitled to have hear
5 this matter, ultimately in the final result hearing
6 all of the evidence.

7 So accordingly I submit that the request
8 for relief by my client is simply to maintain the
9 status quo of the existing methodology such that we
10 have the opportunity to lead evidence at the hearing,
11 you have the opportunity to have a full hearing on it,
12 and as a result you would then rule at that point.
13 Again it's not a right of Hydro to do anything in
14 advance of a hearing, it's a privilege and I don't
15 believe they've demonstrated any distress here such
16 that they should have that privilege.

17 Subject to any questions you have, those
18 would be my very brief submissions.

19 THE CHAIRPERSON: For clarification, Mr. Cassidy, is it
20 Morgan Stanley's intent then to lead some evidence
21 once the proceedings get going?

22 MR. CASSIDY: Well the present intention is to do that.
23 We will be very keen observers of the IR process. So
24 that -- I put that asterisk up there, there may be
25 somebody in the IR process that might impact that
26 intention, but that is our intention, is to produce

1 rate increase, interim, was on a refundable basis.
2 And which implies that there must have been some room
3 for -- that there was more money allocated than
4 perhaps required. Because otherwise the word
5 "refundable" wouldn't have been there. And so I think
6 that's probably why -- I think customers would prefer
7 to have a lower rate and not have to wait for a
8 refund. There would be some suspicion about, "Well,
9 gee, are we really getting all the refund that's due?
10 Are we getting part of it? Is there a cost involved
11 in this?" And so I think that if the rate can be
12 decreased as B.C. Hydro has suggested, to 8.23, then
13 there probably won't be a refund, and I think that the
14 public would be very happy with that solution.

15 So that's my point on the rate increase.
16 My second point, I wrote a submission to the
17 Commission, and I still stand by B.C. -- my letter
18 that I sent to you on April 13th, that I oppose the --
19 continuing the process at this time because of the
20 intervening circumstances that have occurred, you
21 know, with the B.C. government, and regulations. And
22 I'm hoping -- I'm certainly hoping that there will be
23 major changes, because otherwise then the government
24 is wasting a lot of time and money. So I'm hopeful
25 that there will be significant changes and in view of
26 that I think that we should not have -- continue with

1 the process as outlined. And wait until after the
2 government's report has been released. So that would
3 be probably July, and we could continue on in August.

4 That is my submission. Thank you.

5 THE CHAIRPERSON: Thank you, Ms. Leis.

6 Mr. Fulton, now I think we need your
7 assistance here.

8 MR. FULTON: Yes, Madam Chair. Well, I had said that I
9 would have a submission to make on the timetable when
10 it came -- when we came to the end of the first round
11 of submissions before reversing the order.

12 THE CHAIRPERSON: Right.

13 MR. FULTON: And that is this, is that you will have
14 heard now and have read previously that the parties
15 are not in agreement in terms of what the process
16 should be going forward, in terms of timelines.
17 Staff's position is that in the event that there is to
18 continue --

19 THE CHAIRPERSON: Can you speak more closer to the mike,
20 please?

21 MR. FULTON: I'm sorry, yes. Thank you.

22 Staff's position is that if there is to be
23 a regulatory timetable going forward, rather than one
24 that's suspended until the results of the Ministerial
25 review are known, that Exhibit A-7, which is the
26 Commission's letter dated March 31st, 2011, be revised

1 as a second revised amended regulatory timetable to
2 provide the following.

3 Presently, the Commission Information
4 Request number 1 to B.C. Hydro is due on Thursday,
5 April the 28th. That that date be changed to Friday,
6 May the 6th. That the date for the intervener
7 Information Request number 1, which is presently
8 Thursday, May 5th, be changed to Friday, May 13th. That
9 the B.C. Hydro response to Commission and intervener
10 IR number 1, which is due Monday, June 6th, be changed
11 to June the 17th. And that the PACA submissions be
12 changed from Monday, June the 30th to July the 8th.

13 **Proceeding Time 10:53 a.m. T21**

14 Those are the only submissions that I have
15 on the schedule, Madam Chair. So now that then takes
16 us to the reverse order for round 1. Ms. Leis was the
17 last person to speak and I'm assuming that she will
18 not have anything to say further.

19 Mr. Cassidy? Nothing further.

20 Clean Energy Association?

21 **SUBMISSION BY MR. AUSTIN:**

22 MR. AUSTIN: With respect to Morgan Stanley, the
23 Association's position is that unlike B.C. Hydro's
24 request for an interim rate application where B.C.
25 Hydro has proven the need for an 8.3 percent interim
26 rate increase, B.C. Hydro's evidence on the record

1 does not support a change in the status quo with
2 respect to the allocation of a point-to-point
3 transmission charge or charges to Powerex. That is
4 something that there has to be more evidence and more
5 inquiry before that change can be entertained.

6 With respect to the Commission staff
7 proposal in terms of changing the dates that Mr.
8 Fulton read out, the Association supports it but for
9 the change in the participant assistance cost award
10 application date from June 30th to July 8th. There's no
11 need to change it to July 8th from June 30th. As a
12 matter of fact, it should probably be moved up by
13 about a month, so that intervenors have a clear
14 understanding of what their chances are or aren't for
15 participant assistance cost awards.

16 Those are my submissions.

17 THE CHAIRPERSON: Thank you, Mr. Austin.

18 MR. FULTON: Line Contractors Association of B.C.?
19 Canadian Office and Professional Employees' Union,
20 Local 378.

21 MR. OULTON: No submissions.

22 MR. FULTON: B.C. Sustainable Energy Association and
23 Sierra Club of British Columbia?

24 MR. ANDREWS: No submissions.

25 MR. FULTON: British Columbia Old Age Pensioners'
26 Organization et al.

1 MR. QUAIL: Yes, Madam Chair and panel members, I have
2 just a couple of issues to address.

3 First of all, I would not frame the issue,
4 as my friend Mr. Austin has, as a question of the
5 world coming to an end. I understand actually that,
6 you know, physicists tell us that day is coming but
7 it's so far into the future that none of us will have
8 to concern ourselves with it.

9 Concerning the issue of interim rates and
10 the question of you being an independent tribunal, I
11 want to address this squarely because this has sort of
12 been, with all respect, played with a little bit this
13 morning. You are indeed an independent tribunal,
14 which means that within the sphere of your
15 jurisdiction you have a duty to execute that
16 jurisdiction within the parameters of the legislation
17 given to you and without any interference from other
18 sources that are not contemplated in that legislative
19 scheme. That doesn't mean that you operate in some
20 kind of isolation or on a different planet from the
21 various other players that are involved in the energy
22 sector.

23 This is a very policy-driven area of
24 regulation and one also where the government is a
25 significantly active player. They can give directives
26 to B.C. Hydro, they're the shareholder for B.C. Hydro,

1 and they can give directions, of course, to this
2 Commission. That's a different question from the
3 issue of interference, political interference with
4 your decision-making process. In my submission there
5 is no indication or hint of that anywhere, or any
6 taint of that nature.

7 Being an independent tribunal doesn't mean
8 that you wear a set of blinkers. You are required, in
9 order to execute your function properly, to take
10 cognizance of the environment that you are operating
11 in. That includes documents filed by B.C. Hydro
12 indicating that a particular process of review is
13 going on that we are told is going to materially
14 change the application, and as a result we've gone
15 through this whole process of adjourning and halting
16 the process to some extent to see what's going to take
17 place.

18 In my submission this has nothing to do
19 with your independence as a tribunal. This is simply
20 the course of events, the narrative of events that are
21 shaping the issues that are before you to determine in
22 your independent function. So the idea that somehow
23 it would be improper in some way to take account of
24 what is known on the record to be taking place which
25 we expect will have a material impact on the issues
26 before you, does not in any way compromise your

1 independence as a tribunal. In my submission there's
2 absolutely no merit to that analysis.

3 **Proceeding Time 10:59 a.m. T22**

4 Secondly, on the issue of -- with respect
5 to my friend Mr. Austin's comments about the interim
6 rate increase, indicating that there is evidence on
7 record to substantiate the 8.23 percent increase
8 specifically requested by B.C. Hydro. I have looked
9 in vain for any evidence supporting that. I mean, the
10 1.5 percent reduction in the proposed rates that B.C.
11 Hydro has now called for is, in my submission, and I
12 don't mean this disparagingly, is a number pulled out
13 of the hat of the nature that Mr. Austin referred to
14 as well. Because that's the best that can be done if
15 a number is going to be plugged in. Because we're
16 operating in an information vacuum, and it is a
17 vacuum. There is no evidence on record that gives any
18 firmness to that number whatsoever. So I simply
19 wanted to address that particular question.

20 Regarding the issue of the timetable going
21 forward, if the Commission does -- and I understand
22 the staff is taking no position on whether or not
23 matters should proceed in the meanwhile, but if it
24 does, in my submission, the timetable proposed by the
25 staff is a very useful adjustment to what's on the
26 record at this point, and those are all of my comments

1 at this juncture.

2 THE CHAIRPERSON: Thank you, Mr. Quail.

3 MR. FULTON: Commercial Energy Consumers' Association of
4 B.C.

5 MR. WEAVER: No further submissions.

6 MR. FULTON: Association of Major Power Customers of B.C.

7 MR. WALLACE: No further submissions.

8 MR. FULTON: That, then, takes us back to B.C. Hydro.

9 MR. CHRISTIAN: The only comments I'd like to make to the
10 Panel are in sur-reply to Morgan Stanley's comments on
11 its interim relief sought. I have three, I think
12 brief, comments to make.

13 THE CHAIRPERSON: Please proceed, Mr. Christian.

14 MR. CHRISTIAN: The first comment my friend made that I
15 need to respond to was the suggestion that it's
16 incongruous to require affidavit evidence from a party
17 making a motion to this Commission Panel. With
18 respect, that's simply not right, that there is a
19 practice before this Commission of parties bringing
20 motions and supporting their motions with evidence,
21 sometimes in the form of affidavit evidence, sometimes
22 in the form of question-and-answer direct testimony-
23 type evidence. I'd be happy, or B.C. Hydro would be
24 happy to file examples with the Commission showing how
25 that has been done in the past. The most recent
26 example I can think of, that I have a close

1 recollection of was actually a dispute regarding the
2 OATT between -- that was then BCTC, B.C. Hydro and
3 Alberta-based users of the transmission system, and a
4 dispute there on a motion was resolved by submissions
5 supported by affidavit evidence that the Commission
6 Panel accepted.

7 The second thing, I, in my submissions,
8 pointed out that B.C. Hydro has the right to change
9 the allocation methodology and referred to the
10 transfer pricing agreement. My friends simply baldly
11 said that there was no right. In fact, the
12 submission, the material he handed out, Section 8.15
13 of the application, on page 821 at the bottom, has the
14 paragraph that describes where that right arises. The
15 transfer pricing agreement has a provision, Section
16 9.2, in it, that allows B.C. Hydro to change that
17 allocation methodology. And I might add that the
18 transfer pricing agreement, as some but perhaps not
19 all, the Commission Panel members will know, was in
20 fact filed with the Utilities Commission already, as a
21 section -- under a Section 70 filing, as an energy
22 supply contract in the course of the Heritage contract
23 inquiry in 2003, it's been filed numerous times with
24 the Commission since then, but in fact was the subject
25 of that original proceeding that led to the
26 establishment of the Heritage contract scheme. So the

1 transfer pricing agreement is not something new. And
2 it's not something this Commission Panel has not
3 looked at previously, and opined on in its
4 recommendations to government that ultimately led to
5 the Heritage contract scheme.

6 And then finally I'd like to address the
7 submission by my friend that the *status quo* favours
8 his position -- his, Morgan Stanley's position. In
9 fact, I think the reverse is true. As I've already
10 alluded in my submissions, the allocation, the cost
11 allocation methodology, is already currently reflected
12 in the fiscal periods for each of the years that are
13 the subject of this revenue requirement application.
14 So Schedule 3.4 shows the cost allocation that Hydro
15 is ultimately seeking Commission approval for. But it
16 is in place right now.

17 And the only thing that would result in
18 terms of a reversal of that would be a new Schedule
19 3.4, with numbers -- cost numbers allocated to Powerex
20 increased and cost numbers to B.C. Hydro reduced. And
21 it does not, as my friends suggested, change the rates
22 in any way.

23 **Proceeding Time 11:03 a.m. T23**

24 One other comment. The idea that pre-
25 approval is required before it's done I think is ill-
26 founded for another reason. Let me explain by

1 analogy. When B.C. Hydro proposes regulatory
2 accounting treatment for some of its expenditures, it
3 doesn't, for the purpose of its quarterly financial
4 statements, assume that those costs that would under
5 GAAP would be expensed in the current year but under
6 its application to the Commission be deferred, it
7 doesn't in its quarterly financial statements in
8 dealings with its auditors assume that it won't get
9 the relief that it sought.

10 It treats its expenditures on the basis of
11 the relief it seeks from the Commission and if the
12 Commission disagrees with the accounting treatment it
13 reverses it after the fact. So in all cases when
14 Hydro proposes accounting treatment, not terms and
15 conditions of service but accounting treatment, it
16 acts as if that's always been the case. As I say,
17 currently the status quo is that Hydro is planning on
18 and is reflecting in its current financials and the
19 financial schedules to the application the allocation
20 methodology it proposed.

21 So the idea that Hydro is changing
22 something and needs permission is just, is wrong. The
23 status quo favours B.C. Hydro.

24 Those are my submissions.

25 THE CHAIRPERSON: Mr. Christian, perhaps you can still
26 help me out. I'm just referring back to the Exhibit

1 C14-3 that was filed by Morgan Stanley, and on page 2
2 specifically Morgan Stanley is requesting that the
3 BCUC issue the following further interim direction;
4 "a) an Order confirming that no "non rate"
5 terms or conditions sought by BC Hydro in
6 the RRA (in particular, the PTP allocation
7 methodology change BC Hydro appears to be
8 seeking in Chapter 8.15.) are to be
9 implemented by BC Hydro on an interim basis
10 prior to the final determination of the
11 RRA..."

12 Because we have not really looked at this
13 too much, but can you try to explain to me, like, you
14 have it in this revenue requirement application but
15 can you say that it's a pure revenue-requirement issue
16 or could it be described as a rate-design issue, or is
17 it some kind of a hybrid?

18 MR. CHRISTIAN: In my respectful submission, it is not at
19 all a rate-design issue. It is a pure allocation-of-
20 costs issue that arises only because, of course, under
21 the regulatory scheme with respect to B.C. Hydro
22 Powerex's net income is consolidated with B.C. Hydro's
23 revenue for the purpose of setting its revenue
24 requirement and therefore whether or not Hydro has
25 some costs allocated to it or back to Powerex, when it
26 comes up to build up the revenue requirement it simply

1 doesn't matter.

2 So it's not a rate-design issue in the
3 sense that a cost allocation might be, you might think
4 of a fully allocated cost-of-service study where costs
5 are allocated between customer classes and that can
6 result in changes to rate design. This is not that
7 type of issue. It's cost allocation but it's cost
8 allocation between two arms of B.C. Hydro whose net
9 income is consolidated for the purpose of the revenue
10 requirement and its establishment.

11 So the answer to your question is it's
12 simply not rate design and it's not about the terms
13 and conditions of service.

14 THE CHAIRPERSON: Thank you.

15 COMMISSIONER RHODES: Mr. Christian, if I might just ask
16 you, you were saying that in the application you have
17 assumed you will get the relief that you seek.

18 MR. CHRISTIAN: That's correct.

19 COMMISSIONER RHODES: So you've assumed that the
20 allocation that you're looking for is what happens?

21 MR. CHRISTIAN: That's correct, and that's the case with
22 all non-rate things that B.C. Hydro proposes. So when
23 B.C. Hydro proposes a change to a rate, including a
24 non-rate term and condition of the service, in other
25 words in the electric tariff or the words in the OATT,
26 before it makes those changes it must get an approval

1 from the Commission. Clearly that's the law. But
2 with respect to accounting changes that B.C. Hydro
3 seeks ultimately Commission acceptance of and
4 reflected in the revenue requirement and then
5 reflected in the rates, B.C. Hydro doesn't seek a pre-
6 approval of those.

7 So I gave the example of, you know, in its
8 dealings with external auditors B.C. Hydro will assume
9 that it's a regulatory accounting treatment that it
10 proposes to the Commission in a revenue requirement
11 application is in fact accepted. So it deals with the
12 world on the basis that its accounting --

13 COMMISSIONER RHODES: And forward looking. So, but is
14 this the situation now? What's happening in real
15 life, how is the cost allocation working?

16 MR. CHRISTIAN: My understanding is that B.C. Hydro is
17 acting completely consistent with the proposal it set
18 out in the application.

19 COMMISSIONER RHODES: And how long has it been doing
20 that?

21 MR. CHRISTIAN: It was doing that all of F11 until it got
22 reversed in the F11 NSA. I understand it's been doing
23 it since it filed this application, or at least since
24 April 1.

25 COMMISSIONER RHODES: Okay, thank you.

26 THE CHAIRPERSON: It sounds like Mr. Cassidy is seeking

1 sur-reply.

2 MR. CHRISTIAN: Or sur-sur-reply.

3 MR. CASSIDY: Well, perhaps not surprising in light of
4 the questions that the Panel posed, which I think are
5 interesting questions, because I submit that in fact
6 -- two points with respect to the question that you
7 posed and that Mr. Christian attempted to answer with
8 regard to, is this revenue rate requirements
9 application or is this rate-design material, or is it
10 a hybrid.

11 First of all, it's in this material. They
12 seek this cost allocation methodology. So again it's
13 incongruous to stand up and suggest that it's not part
14 of this application when they actually seek this
15 relief. I didn't write these words. You didn't.
16 They did.

17 **Proceeding Time 11:09 a.m. T24**

18 Secondly, it is a matter of revenue,
19 because it's -- this is not just a fancy cost
20 allocation accounting foot dance between Hydro and
21 Powerex. If you impact Powerex's costs, you impact
22 their ability to generate revenue for this province.
23 They will do transactions or they will not do
24 transactions, which come right back to the revenue to
25 B.C. Hydro and ultimately this province. That's why
26 it's a revenue matter in part of this application.

1 So in my submission, it clearly is before
2 this Commission in this process. That's why Morgan
3 Stanley is participating in this process. And as a
4 result, I am here before you today, and I think this
5 has been in the facts since April 1st. This is where
6 we have the relief we're requesting right now.
7 Transactions are occurring right now, or not
8 occurring, that have material adverse impact on my
9 client. In other words, my client is either able or
10 unable, and I submit, as a result of this cost
11 allocation, there is a clear case that it's unable to
12 engage in transactions because transmission capacity
13 is being taken up by Powerex. Because it has a lower
14 cost base, it can do so. And that can't be undone by
15 a refund of some form, unlike the rate issue.

16 So, this is before the Commission, it's
17 before the Commission now, that's why I'm here. And I
18 believe that is my sur-reply, or sur-sur-reply. Thank
19 you.

20 THE CHAIRPERSON: Thank you, Mr. Cassidy. Mr. Fulton?

21 MR. FULTON: Thank you, Madam Chair. That then concludes
22 the submissions on round 1. Round 2 relates to the
23 Energy Solutions for Vancouver Island Society
24 application relating to PACA funding. Mr. Bertsch, as
25 I noted earlier this morning, is not here. At the
26 break, Mr. Jay Lewis introduced himself to me and he

1 will speak to this issue on behalf of ESVI.

2 The issue is encapsulated in Exhibit C16-2,
3 which Mr. Bertsch, on behalf of ESVI, referred to in
4 Exhibit C16-3.

5 So, I will ask Mr. Lewis, then, to come to
6 the mike.

7 MR. LEWIS: Madam Chairman, Commission members. I
8 apologize for this. We're sort of pushing the
9 technology a bit. Ludo Bertsch is watching this
10 through the internet, and what he is saying there is
11 to some degree coming out here in front of me. So
12 this is sort of a second-hand thing. Reminds me of
13 the movie, *Broadcast News*.

14 My name is Jay Lewis, and I'm speaking on
15 behalf of Ludo Bertsch. As you know, I'm
16 representing Energy Solutions for Vancouver Island.
17 Mr. Bertsch apologized for not being able to attend
18 the RRA hearing in person today, but is listening
19 through the webcast from Victoria. Mr. Bertsch
20 appreciates the opportunity to address -- sorry, I'll
21 pause here while I stop Bill Gates from taking over my
22 computer.

23 Mr. Bertsch appreciates the opportunity to
24 address PACA funding and RRA, and hopes that myself as
25 a fill-in is appropriate. This is -- has some
26 personal meaning for me, because my wife did her

1 their time and effort in the work.

2 We note that the PACA timing for this RRA
3 is quite different. We look forward to how the PACA
4 timing may be re-done for this schedule as it sits, or
5 how PACA timing will be done should any delays in the
6 schedule occur.

7 In summary, we hope that the budget
8 deadlines will be earlier rather than later, and that
9 the response back to the interveners will be
10 relatively soon afterwards. Although we recognize
11 that this is an RRA hearing, we hope that the
12 underlying issues of PACA funding and the PACA process
13 presented here and in document C16-2 and elsewhere
14 will be addressed perhaps in a special hearing or
15 process.

16 Thank you. Now, you may also have some
17 additional questions for me. But so far they haven't
18 come through.

19 THE CHAIRPERSON: The Panel has no further questions.

20 MR. LEWIS: Okay.

21 THE CHAIRPERSON: Thank you, Mr. Lewis.

22 MR. LEWIS: Thank you.

23 MR. FULTON: Association of Major Power Customers of B.C.

24 MR. WALLACE: Madam Chair, Commissioners, PACA in this
25 case is obviously maybe a little more difficult than
26 usual. No matter what happens, we will have an

1 extended process as a result of the uncertainty, I
2 think. Even B.C. Hydro would acknowledge that there
3 are likely to be further questions that will be issued
4 after the review and the Auditor General's review are
5 complete.

6 Given that we have an extended process,
7 AMPC would, I think, support interim PACA funding if
8 necessary. And so far we don't see that it is
9 necessary.

10 As part of your PACA review, we'd like to
11 throw out one other issue for your consideration also.
12 And that is the eligibility of parties for customer-
13 funded PACA awards in a revenue requirements process.
14 Some time ago the Commission decided that
15 Commissioner-funded PACA should be available only to
16 customer groups in a revenue requirements application,
17 and I don't have that order with me. But we seem to
18 have slipped away from that in recent years. And I
19 would submit that you should take another look at it,
20 and come back to it as part of your PACA review
21 process.

22 It's absurd that customers should be
23 funding non-customer groups that sanctimoniously argue
24 they know what is best for customers, higher rates,
25 when the customer groups clearly don't agree. The
26 splits probably been never more obvious than it was

1 It really is not helpful. It might seem useful but it
2 really isn't. What you wind up with is a budget which
3 is really a piece of guesswork. The amount of work,
4 the number of rounds of Information Requests, whether
5 it will be necessary to file our own evidence, all of
6 these things we really can't be certain of until
7 things have progressed to at least a certain extent.

8 So I would caution against generally trying
9 to seek these budgets too early. And while we find it
10 very useful to have the process that's in place where
11 staff provides some guidance to intervenors, we're all
12 aware that ultimately it's the Commissioners and not
13 the staff who determine whether or not the intervenor
14 is going to receive the cost award, whether they're
15 entitled and what the amount will be.

16 So it can be a bit of a false sense of
17 security for some intervenors who think that obtaining
18 some kind of a green light from staff, that overstates
19 what they're getting from staff. Our view is it's
20 helpful guidance. Sometimes they'll point out to us
21 things that we should be taking into account, for
22 example, in keeping ourselves on a sound footing, and
23 that's useful, but that's the extent of it.

24 On the issue of interim cost awards in this
25 matter, I agree generally with the comments of my
26 friend Mr. Wallace, that in what may well turn out

1 into a prolonged and somewhat convoluted process this
2 may be one of those cases where interim costs may be
3 appropriate. In my submission the appropriate point
4 to visit that would likely be after we see the amended
5 application. Once that happens, we see the scope of
6 the revisions and really what the case is that's going
7 forward, we'll be all in a much better position to
8 gauge how long is this going to be, what's going to be
9 involved, and whether or not it would be an
10 appropriate case for interim cost awards, which in
11 rare cases have been provided for by the Commission.

12 More generally in my submission the time, I
13 submit, is getting ripe for a review and an updating
14 of the cost-award guidelines. For example, the scale
15 of costs hasn't been changed in about six or seven
16 years. It is quite out of kilter with what the
17 Ontario Energy Board provides for. The CRTC,
18 telecommunications costs, this is not an issue for
19 this proceeding, but I'll just sort of put a marker
20 there that this might be an item at some point for the
21 Commission's agenda.

22 On the issue that my friend Mr. Wallace
23 raised about non-customers' entitlement to cost awards
24 in revenue requirements, it's tempting to side with
25 him on that point in that it's true that customers
26 ultimately bear the freight, but in my submission for

1 -- you know, in terms of the robustness of the
2 regulatory process, in my submission, in view of the
3 full scope of the public interest that you are
4 required to take into account, there are many kinds of
5 proceedings where environmental concerns are an
6 appropriate part of the mix. I say that knowing that
7 very often we find ourselves at odds with Mr. Andrews
8 and his clients, depending on the nature of the issue.

9 Well that's the nature of this work, who's
10 your friend and who's your ally depends on the issue
11 on the table. But I would urge caution on the part
12 of the Commission that arbitrarily drawing lines of
13 that nature could well be erroneous in law. It could
14 well be vulnerable in terms of potential challenge
15 before the Court of Appeal, because there are limits
16 to the scope of discretion that can be applied by a
17 tribunal such as this in making determinations of that
18 nature.

19 **Proceeding Time 11:23 a.m. T27**

20 I just sort of leave that as a general
21 comment. I don't imagine that the Commission in this
22 particular proceeding is contemplating making an Order
23 that confines cost award entitlement to the -- to
24 ourselves and the other customer groups.

25 So, anyway, in terms of perhaps immediate
26 -- you know, immediately may not appear as a matter of

1 self-interest but more broadly in the public interest,
2 we urge that there not be unduly restrictive
3 approaches adopted by the Commission regarding them or
4 other legitimate interests, especially those which are
5 not backed up by profits which can fund their presence
6 here before the Commission. Those are my submissions.

7 THE CHAIRPERSON: Thank you, Mr. Quail.

8 MR. FULTON: B.C. Sustainable Energy Association and
9 Sierra Club of British Columbia.

10 MR. ANDREWS: BCSEA and SCBC support the concept of early
11 determination in this particular case of the -- at
12 least the staff response to PACA budgets, which is
13 driven by the deadline.

14 And I would also express agreement with Mr.
15 Weafer and Mr. Quail on the suggestion regarding --
16 that it may be appropriate to have an interim PACA
17 decision in this particular proceeding because of the
18 somewhat unusual nature of the -- we're all expecting
19 a grand revision to the application, and so until we
20 see that, to put a budget forward as to how we're
21 proposing to be involved in the review of a yet-unseen
22 revised application is a bit awkward.

23 In terms of Mr. Wallace's comments, I am
24 not sure which parties he was referring to as being
25 sanctimonious, but since it clearly wasn't my clients,
26 I'll leave it to Mr. Austin to respond to that.

1 In terms of who is a customer, Mr. Wallace
2 evidently believes that his client represents
3 customers. I believe my clients represent customers
4 -- more customers, in fact, numerically than does his
5 client. Although I grant that his clients purchase
6 more power than do my clients in total.

7 It's been a sore point with BCSEA and SCBC
8 for years that the PACA guidelines for revenue
9 requirement applications refer to customer groups in a
10 different way than others. And the -- they call them
11 "ratepayer groups". And the point of contention is
12 that there is no definition of "ratepayer groups", and
13 there has been no process for the Commission to make a
14 decision about whether a group is a ratepayer group or
15 not.

16 So BCSEA and Sierra Club of British
17 Columbia see themselves as ratepayer groups. They
18 represent members who are ratepayers of B.C. Hydro
19 and/or Fortis and/or FortisBC Gas, that used to be
20 Terasen. The fact that their interests are not
21 limited to least cost at -- least-cost energy at any
22 consequence doesn't make them any less ratepayers of
23 these utilities. But that's not, I think, a matter
24 that is at issue directly before the Commission at
25 this point in time. But if there is an opportunity to
26 review the PACA guidelines, I would certainly be

1 saying that is an issue that should be addressed.

2 Subject to any questions, those are my
3 submissions.

4 THE CHAIRPERSON: Thank you, Mr. Andrews. No further
5 questions.

6 MR. FULTON: Canadian Office and Professional Employees'
7 Union, Local 378.

8 MR. OULTON: We have no submissions at this time.

9 MR. FULTON: Line Contractors' Association of B.C.

10 MR. SKOSNIK: No submissions.

11 MR. FULTON: Clean Energy Association of B.C.

12 **Proceeding Time 11:27 a.m. T28**

13 MR. AUSTIN: As Mr. Andrews left the issue of
14 sanctimoniousness to me, I will be happy to deal with
15 it. The only people in this room who are
16 sanctimonious on this are the industrials who just
17 raised that argument. They are not the only ones in
18 this room who have a stake or interest in the outcome
19 of these proceedings.

20 If one closely reads the *Utilities*
21 *Commission Act* and the *Clean Energy Act*, there are a
22 lot of issues that will directly impact my clients'
23 interests through the rate application process. This
24 is really not the time and place to go through those,
25 but there is an impact. And as I mentioned
26 previously, a good example is the social licence that

1 IPPs have to do business in this province.

2 We've got this rate application before the
3 Utilities Commission. There was a proposed 32 percent
4 increase. There was a lot of howling going on about
5 how this is all caused by IPPs and high-priced IPP
6 contracts between B.C. Hydro and IPPs. The reality
7 is, the application itself clearly shows that 2.6
8 percent of that 32 percent is directly attributable to
9 IPPs. So if IPPs are not in this process trying to
10 dig out that type of information, the impression can
11 be easily left with the public that it's all an IPP
12 problem. That's just the very start of the issues
13 that IPPs have to deal with.

14 There is a need for them to be in this
15 process. Their interests are directly affected by it,
16 and it's not just a question of ratepayers. That was
17 something that was historically left over from the
18 last Commission attempt at writing guidelines. It's
19 not appropriate now, and it wasn't appropriate then.

20 And the other thing is that, if that was
21 such a burning issue, why wasn't it brought up by the
22 industrials during the course of the review of the
23 Commission participant assistance cost award
24 guidelines? I didn't -- I don't remember hearing
25 anything about it.

26 With respect to the early date, you heard

1 my submission previously. Sure, it should be moved
2 up. There is no reason for it to be so late. I
3 proposed moving it up by -- to May the 30th. I think
4 now listening to the submissions of ESVI, make it May
5 the 15th. It's not going to cause anybody any grief or
6 any harm to move the date up.

7 With respect to interim funding, the
8 Association supports the comments of others who say,
9 if it's needed, let's do it.

10 And I just wanted to add one other thing to
11 this idea about who's in and who's out in this revenue
12 requirement proceeding. If I were appearing on behalf
13 of First Nations, and said, "We would like to
14 participate in the revenue requirements," would I be
15 turned down because I happen to be First Nations? And
16 don't necessarily represent a ratepayer group? I
17 hardly think so. And those are my submissions.

18 THE CHAIRPERSON: Thank you, Mr. Austin.

19 MR. FULTON: Mr. Cassidy indicated that Morgan Stanley
20 did not have any submissions on this point. So I will
21 then move to Ilsa Leis. No submissions.

22 So, then, we will adopt the reverse order.
23 And Mr. Austin, who was the last one up, I am assuming
24 has nothing further to add to what he has to say.

25 Mr. Skosnik?

26 MR. SKOSNIK: Nothing.

1 MR. FULTON: Mr. Oulton?

2 MR. OULTON: Nothing.

3 MR. FULTON: Association of -- pardon me. B.C.
4 Sustainable Energy Association, Mr. Andrews?

5 MR. ANDREWS: Nothing further.

6 MR. FULTON: BCOAPO?

7 MR. QUAIL: Nothing further.

8 MR. FULTON: Commercial Energy Consumers? Mr. Weafer?

9 MR. WEAFER: Nothing.

10 MR. FULTON: Association of Major Power Customers of
11 B.C.?

12 MR. WALLACE: Nothing further.

13 MR. FULTON: So that leaves us, then, Madam Chair, with
14 B.C. Hydro to be followed by ESVI.

15 **Proceeding Time 11:32 a.m. T29**

16 MR. CHRISTIAN: Thank you. B.C. Hydro has no submissions
17 with respect to the particulars of PACA awards and
18 potential for interim PACA awards in this proceeding,
19 but would be willing to participate in any more
20 general review of the PACA guidelines, but again on
21 the understanding that that would not be part of this
22 revenue requirements hearing.

23 MR. FULTON: That takes us back to Mr. Lewis and ESVI.

24 MR. LEWIS: Madam Chairman, Commission. This is a
25 Blackberry submission.

26 We agree that interim funding is helpful,

1 but again we suggest it should be with an early budget
2 deadline and the response back, we suggest, before the
3 IR deadline. We agree with Mr. Andrews' comments
4 regarding the ratepayer groups. That's it, thank you.

5 THE CHAIRPERSON: Thank you, Mr. Lewis.

6 MR. FULTON: Madam Chair, that then concludes that
7 matters that were the agenda for today. So it would
8 be appropriate now to adjourn.

9 THE CHAIRPERSON: Thank you, Mr. Fulton, and just to
10 confirm again that the Panel is fully aware of this
11 pressing deadline B.C. Hydro has regarding these rate
12 increases in that April 21st, which is tomorrow, so we
13 will do our best but I already put you on notice that
14 there is quite a likelihood that we will issue the
15 order with reasons to follow. It might be -- because
16 we have had very good substantive arguments in the
17 room this morning and we want to really go through
18 them carefully as well.

19 So that will take thinking time first to
20 arrive at the determinations, but then write it out
21 will take even further, so, but we'll do our best that
22 the order will be out tomorrow.

23 Thank you very much for everybody and the
24 meeting is adjourned.

25 **(PROCEEDINGS ADJOURNED AT 11:35 A.M.)**

26