

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

and

RE: British Columbia Hydro and Power Authority
2015 Rate Design Application

Vancouver, B.C.
January 19th, 2016

PROCEDURAL CONFERENCE

BEFORE:

D. Morton,	Panel Chair / Commissioner
K. Keilty,	Commissioner
D. Cote,	Commissioner

VOLUME 1

APPEARANCES

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C. GODSOE	British Columbia Hydro and Power Authority (BCH)
C. WEAVER	Commercial Energy Consumers' Association of British Columbia (CEC)
S. KHAN E. PRITCHARD T. PULLMAN	British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, B.C. Poverty Reduction Coalition, Council of Senior Citizens' Organizations of BC, Disability Alliance BC, Together Against Poverty Society and The Tenant Resource and Advisory Centre (BCOAPO)
W.J. ANDREWS	B.C. Sustainable Energy Association and Sierra Club of British Columbia (BCSEA-SCBC)
D. AUSTIN	Clean Energy Association of BC(CEBC)
M. KEEN R. STOUT	Association of Major Power Customers (AMPC)
F. WEISBERG	Non-Integrated Areas Ratepayers Group (NIARG)
L. DONG L. GUENTHER	Zone II Ratepayers Group (Zonell)
B. EDWARDS	Dewdney Area Improvement District (DAID)
S. CARPENTER	Canadian Association of Petroleum Producers (CAPP)
J. BUCHANAN A. SOPINKA	British Columbia Ministry of Energy and Mines (MEM)
L. HERBST	FortisBC Energy Inc. and FortisBC Inc. (FEI/FBC)
D. SUNDMARK	Simon Fraser University (SFU)
L. WORTH J. QUAIL	Movement Of United Professionals (MoveUP)
D. KLETAS	Vancouver Airport Authority (YVR)

INDEX

PAGE

SUBMISSIONS BY MR. GODSOE20

SUBMISSIONS BY MR. WEAFFER36

SUBMISSIONS BY MS. KHAN48

SUBMISSIONS BY MR. ANDREWS74

SUBMISSIONS BY MR. AUSTIN80

SUBMISSIONS BY MR. KEEN84

SUBMISSIONS BY MR. WEISBERG90

SUBMISSIONS BY Ms. DONG98

SUBMISSIONS BY MR. EDWARDS99, 125

SUBMISSIONS BY MR. CARPENTER103

SUBMISSIONS BY MR. BUCHANAN107

SUBMISSIONS BY MS. HERBST109

SUBMISSIONS BY MS. WORTH114

SUBMISSIONS BY MR. KLETAS118

SUBMISSIONS BY MR. MILLER126

REPLY BY MR. KLETAS130

REPLY BY MR. QUAIL130

REPLY BY MS. HERBST133

REPLY BY MR. CARPENTER135

REPLY BY MS. DONG137

REPLY BY MR. KEEN138

REPLY BY MR. AUSTIN139

REPLY BY MR. ANDREWS139

REPLY BY MS. KHAN142, 144

REPLY BY MR. WEAFFER143

REPLY BY MR. GODSOE144

INDEX OF EXHIBITS

NO.	DESCRIPTION	PAGE
B-9	"BC HYDRO STRAWMAN REGULATORY TIMETABLE FOR RATE DESIGN APPLICATION (RDA) MODULE 1"	23
C20-3	LETTER DATED JANUARY 19, 2016 FROM MR. HANS KAROW	119
A2-1	BCUC STAFF'S PROPOSED SUBMISSIONS AND TIMETABLE	121

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

CAARS

VANCOUVER, B.C.

January 19th, 2016

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

THE CHAIRPERSON: Please be seated. Thank you.

Good morning, ladies and gentlemen. My name is Dave Morton and with me are Commissioners Karen Keilty and Dennis Cote.

Welcome to this morning's proceedings to consider various matters related to BC Hydro's 2015 rate design application.

Before we begin, some background. Exhibit A-6 originally established a Procedural Conference for the application to be held on the afternoon of January 12th. At the request of BC Hydro, this was rescheduled by Exhibit A-10 to this morning. BCUC Order number G-175-15, which is Exhibit A-4, established a written review process for the proposed 100 percent Part I pricing for medium general service, that's "MGS", and large general service, which is "LGS", customers, as well as a streamlined review process, which is an "SRP", on January 19th and 20th for the Freshet rate pilot and review of the pricing principles for existing transmission service rates, including rate schedule 1823.

In Exhibit B-6, BC Hydro proposed that with

1 respect to existing transmission service rates, RS
2 1853, 1852, and 1827, as well as rate schedule 1253,
3 should all proceed to written argument, and they will
4 propose timing for this written argument process
5 today.

6 As the pricing elements of these rate
7 schedules are not linked to the RS 1823 Tier II rate,
8 and there were a limited number of Information
9 Requests on these rate schedules, BC Hydro proposes
10 that the review of the pricing principles for rate
11 schedule 1823 proceed to a second round of IRs and
12 that, given the pricing elements of rate schedule 1825
13 and 1880 are linked to rate schedule 1823 Tier II
14 rate, these rate schedules should also be the subject
15 of A second round of IRs.

16 By Exhibit A-8, Hydro said it would propose
17 timing for this written argument process at this
18 Procedural Conference. So we'll hear BC Hydro's
19 submissions on this matter today.

20 In Exhibit A-10, participants were asked to
21 address the following, and I am not going to read the
22 entire contents of the letter, but just a brief
23 description of each item. Please refer to the letter
24 for further clarification.

25 First is whether the evidentiary record on
26 a number of overarching issues, that is, issues that

1 apply to all rate classes in Module 1, should be
2 expanded.

3 Second, whether the record on a number of
4 jurisdictional issues should be expanded prior to the
5 argument phase of the proceeding.

6 **Proceeding Time 9:03 a.m. T02**

7 We note that although the original wording
8 was "evidentiary record", the Panel invites comment on
9 whether submissions on jurisdictional issues should be
10 provided before final argument.

11 Third, should the Minister's letter to the
12 Commission regarding a residential inclining block
13 rate report be interpreted to mean that the 2015 RDA
14 is required to address higher greenhouse gas emissions
15 from the RIB rate, the residential inclining block
16 rate, and the potential fuel switching as a result of
17 the RIB rate. If so, please address whether the
18 evidentiary record is sufficient, or whether it needs
19 to be expanded.

20 Fourth, regarding the cost of service
21 study, or the COSS, please note that my wording of
22 this item is slightly different from the wording in
23 the letter, for clarification purposes. In reasons
24 attached to Order G-175-15, dated November 3rd, 2015,
25 the Commission indicated that the cost is in scope,
26 subject to first-round IRs, and that the Panel would

1 make a determination on the best process to review the
2 costs following a review of submissions made at this
3 Procedural Conference. Accordingly, parties are asked
4 to provide submissions on process for the costs today.

5 Fifth, is there sufficient evidence on the
6 record for each of the proposed categories of rate
7 class design and proposed terms and conditions?

8 Sixth, please provide submissions on the
9 appropriate review process for subsequent filings, and
10 this includes Exhibit B1-1, which are the proposed
11 amendments to the electric tariffs. Secondly, BC
12 Hydro's assessment of potential low-income terms and
13 conditions, filed as Appendix A to BCOAPO's IR No.
14 1.192.1. And third, any other appropriate review
15 processes.

16 Seventh, please indicate whether you intend
17 to participate in the Freshet SRP, which is now
18 scheduled for the afternoon of January 25th, which is
19 next week.

20 And the last of the points that we asked
21 you for -- or invited submissions on, in the letter,
22 was whether the Panel assigned to hear this
23 application should also make determinations on
24 participant costs incurred during BC Hydro's workshop
25 engagement process, which took place prior to the
26 application filing, or should this matter be addressed

1 in BC Hydro's upcoming revenue requirements
2 application. Should the participant costs accrued
3 during BC Hydro's workshop engagement process be
4 determined in accordance with the Commission's PACA,
5 participant assistance cost award guidelines, which
6 are outlined in Appendix A to Order G-72-07.

7 There is two additional matters on which we
8 invite submissions today. One is that Commissioner
9 Cote's son, Jonathan Cote, is the mayor of the City of
10 New Westminster, and the City of New Westminister's
11 Electric Utility Commission is an intervener in this
12 proceeding. Participants are invited to make
13 submissions on whether there is an apprehension of
14 bias, or if they have any other concerns with regard
15 to this matter.

16 **Proceeding Time 9:05 a.m. T3**

17 The second additional matter that we invite
18 submissions on are the Zone II ratepayer requests
19 which are outlined in Exhibit 36-6 and B.C. Hydro's
20 related response, which is posed as Exhibit B-8. In
21 summary, Zone II ratepayers argue that their issues
22 should be brought into Module 1 and that the
23 Commission should direct BC Hydro to respond to their
24 Zone II IRs, which they declined as it was out of
25 scope. BC Hydro argues that their request should be
26 denied. That's in Exhibit B-8. And the Panel invites

1 further submissions, any further submissions on this
2 issue.

3 After considering all the submissions
4 today, the Panel will issue a new procedural order
5 which will address the matters that are the subject of
6 today's procedural conference.

7 At this stage it's my pleasure to
8 acknowledge and introduce a number of individuals.
9 Eileen Cheng and Yolanda Domingo, sitting at the front
10 seat, are co-lead Staff for the application, and with
11 them is Philip Nakoneshny. He's also seated at the
12 front. We have Commission Counsel for the proceeding,
13 Paul Miller and Leno Bussoli, both from Boughton Law
14 Corporation. And finally is Hal Bemister is the
15 Hearing Officer.

16 Before Mr. Miller takes over I'd like to
17 ask you to please make sure that your submissions are
18 directed to the issues that I've just outlined,
19 together with any other issues that you or any of the
20 other participants identify and that the Panel accepts
21 as appropriate for addition to the agenda. In
22 identifying any additional issues, please bear in mind
23 that it's not the purpose or the goal of this
24 conference to compare or discuss the merits of the
25 application but to address the issues that I've just
26 described.

1 In the view of the Panel, the issues are
2 most efficiently canvassed collectively as opposed to
3 issue by issue, but if anyone disagrees we're prepared
4 to consider any alternative approach you may suggest.
5 However, please address this during your appearance.

6 After appearances the order of submissions
7 will begin with BC Hydro and then follow the Order of
8 Appearances. Once we reach the end of the
9 interveners, beginning with the last intervener to
10 speak, interveners will have a right to reply to other
11 submissions in reverse order. BC Hydro will have the
12 final right of reply.

13 **Proceeding Time 9:09 a.m. T4**

14 I'm now going to ask for Mr. Miller to call
15 for appearances, and as you enter your appearance
16 please state and spell your name for the record, the
17 record the party that you represent, and identify any
18 additional issues at that time, and also advise
19 whether you prefer that the issues be dealt with all
20 together or if you require or recommend a separate
21 round of submissions.

22 Go ahead please, Mr. Miller.

23 MR. MILLER: Thank you, Mr. Chair. The first appearance
24 is by BC Hydro & Power Authority.

25 MR. GODSOE: Good morning, Mr. Chairman, Commissioners.
26 My name is Craig Godsoe, G-O-D-S-O-E, of and for BC

1 Hydro.

2 I do have two items I'd like to address as
3 part of BC Hydro's draft proposed regulatory review,
4 which will be addressing Items 4, 5 and 6 of Exhibit
5 A-10. And the first concerns the dates for some
6 outstanding Round 1 information requests. Those being
7 Commission Staff IR 1.43.1 dealing with Residential E-
8 Plus matters, and the Commercial Energy Consumers IRs
9 1.7 and 1.8 series, which deal with liquefied natural
10 gas load and long-run marginal cost. I'll deal with
11 those as part of the draft regulatory timetable.

12 The second concerns BC Hydro's request in
13 the cover letter to Exhibit B-5 that the Commission
14 make two determinations with respect to the RIB
15 report. The first concerns the definition of low
16 income customer, and the second concerns the
17 definition of customers without access to natural gas.
18 We require these determinations prior to the issuance
19 of Round 2 IRs so we can undertake additional
20 modelling for purposes of responding to the RIB
21 report. And again I can flag that as part of the
22 proposed timetable we will be presenting.

23 THE CHAIRPERSON: Thank you, Mr. Godsoe.

24 MR. MILLER: Commercial Energy Consumers Association of
25 B.C.

26 MR. WEAFFER: Good morning, Mr. Chairman, members of the

1 Panel. My name is Chris Weafer spelled W-E-A-F-E-R,
2 appearing for the Commercial Energy Consumers
3 Association of British Columbia.

4 Mr. Chairman, just so I don't go out of
5 bounds, it's not an additional issue, but I just hope
6 that we have a little leeway to make some textual
7 comments ahead of dealing specifically with the
8 question set out in Exhibit A-10, and we just have
9 some comments on the overall process and then it will
10 set out the framework for response to our questions
11 and I just don't want to be offside if I do that.

12 THE CHAIRPERSON: Sure, please go ahead and we can -- if
13 there are any concerns --

14 MR. WEAVER: I'll deal with that when I come up to make
15 my submissions. I just want to give you a heads up
16 that we would go there. And other than that we have
17 no issues to add to the agenda and we're comfortable
18 dealing with them all in one sitting.

19 THE CHAIRPERSON: Okay.

20 MR. WEAVER: Thank you.

21 THE CHAIRPERSON: Thanks, Mr. Weafer.

22 MR. MILLER: B.C. Old Age Pensioners Organization *et al.*

23 MS. KHAN: My name is Sarah Khan, K-H-A-N, representing
24 Active Support Against Poverty, the B.C. Old Age
25 Pensioners' Organization, B.C. Poverty Reduction
26 Coalition, the Council of Senior Citizens

1 Organizations of B.C., Disability Alliance B.C.,
2 Together Against Poverty Society, and the Tenant
3 Resource and Advisory Centre. And with me today are
4 Erin Pritchard and Tony Pullman.

5 THE CHAIRPERSON: Okay, thank you, Ms. Khan.

6 MR. MILLER: B.C. Sustainable Energy Association and
7 Sierra Club of B.C.

8 MR. ANDREWS: Good morning, Mr. Chairman, members of the
9 Panel. William Andrews representing the B.C.
10 Sustainable Energy Association and the Sierra Club of
11 B.C.

12 I have two additional items to flag. They
13 may already be included by inference. But one is the
14 setting of a deadline for participant assistant cost
15 award budgets, budget estimates, and that should be
16 part of the usual hearing order.

17 **Proceeding Time 9:13 a.m. T05**

18 And the second, which may arise in the
19 discussion of the procedure to deal with the BC Hydro
20 terms and conditions component, is the written
21 dialogue regarding the standing of Ms. Sharon Noble
22 and issues about whether there would be an opportunity
23 for members of the public to intervene regarding those
24 terms and conditions.

25 Those are just points that I flag.

26 THE CHAIRPERSON: So, Mr. Andrews, you're suggesting

1 that you would like to make submissions on Sharon
2 Noble and --

3 MR. ANDREWS: No. Just that when the Panel comes to
4 address the schedule for dealing with the terms and
5 conditions, that is a matter that perhaps needs to be
6 in the back of people's minds.

7 THE CHAIRPERSON: Okay.

8 MR. ANDREWS: Given that the Panel has not made any
9 decision on that.

10 THE CHAIRPERSON: Okay, fair enough, thank you. Thanks,
11 Mr. Andrews.

12 MR. MILLER: Clean Energy Association of British
13 Columbia.

14 MR. AUSTIN: Good morning, panel. David Austin
15 representing the Clean Energy Association of B.C.
16 Dealing with the issues collectively is fine. No
17 additional issues to put on the record. And certainly
18 we want to speak to some additional issues that people
19 have proposed go onto the record, or to be discussed
20 this morning. And we think they all should be
21 discussed in any event. Thank you.

22 THE CHAIRPERSON: Thanks, Mr. Austin.

23 MR. MILLER: The Association of Major Power Customers.

24 MR. KEEN: Good morning, Mr. Chairman, Commissioners. My
25 name is Matthew Keen, spelled K-E-E-N. I appear on
26 behalf of the Association of Major Power Customers of

1 B.C., sometimes known as AMPC.

2 We have no issues to add to the list this
3 morning. We are content to deal with all of the
4 issues that have been expressed collectively in one
5 go. Thank you.

6 THE CHAIRPERSON: Thank you, Mr. Keen.

7 MR. MILLER: Non-Integrated Areas Ratepayers' Group.

8 MR. WEISBERG: Good morning, Mr. Chairman and
9 Commissioners. My name is Weisberg, W-E-I-S-B-E-R-G,
10 initial F. I'm appearing as counsel to our clients,
11 the Heiltsuk Tribal Council, and Shearwater Marine
12 Limited. Together those two entities comprise the BC
13 Hydro customers through the entirety of Zone IB,
14 sometimes referred to in Hydro materials as Bella
15 Bella.

16 We continue to be in discussions with
17 certain Zone II customers, exploring the possibility
18 of them joining our intervention, and in anticipation
19 of that potential development, we've intervened as the
20 Non-integrated Areas Ratepayers' Group.

21 During the entry of appearances I normally
22 would certainly not comment on another party's
23 filings, but I feel compelled to address a particular
24 aspect of Exhibit C36-6, that was filed by Linda Dong
25 Associates, I'll henceforth refer to as LDA.

26 That letter doesn't definitively identify

1 the clients, but rather states, "maps and a brief
2 background of the Zone II ratepayers' group are
3 attached for information". One of the difficulties
4 with that is that, particularly in the short form name
5 that LDA has chosen, Zone II, there is potential
6 confusion between the group and all of Zone II, the
7 physical service territory. Pages 7 and 8 of Exhibit
8 C36-6 presented maps that included Bella Bella,
9 Heiltsuk on one, and Bella Bella on the other. And I
10 want to ensure that there is not an impression left
11 with the Commission or others that LDA has been
12 retained to represent the Heiltsuk Tribal Council or
13 Zone IB, because that is definitely not the case.

14 I do trust that Ms. Dong will confirm that
15 she represents neither the Heiltsuk Tribal Council nor
16 Zone IB, Bella Bella, when she enters her appearance,
17 and perhaps as well clearly identifying specific
18 clients that she currently represents in Zone II
19 rather than leaving it to be inferred from potentially
20 misleading maps.

21 We are content, Mr. Chairman, to deal with
22 all the issues collectively, as you suggested. In
23 terms of other issues, only two to mention at this
24 point. The first being one that Mr. Andrews has
25 already mentioned, PACA budgets.

26 **Proceeding Time 9:18 a.m. T6**

1 The second being the nexus between Module 1
2 and Module 2. As you can understand for the non-
3 integrated area customers, that is of particular
4 concern, as we want to understand and have others
5 understand what will be covered in this module, what
6 will be covered in the second module, and what the
7 rules or understanding will be for revisiting any of
8 the issues that were addressed in the first module.

9 So, I'll leave those comments for now, but
10 just marking that as an issue.

11 THE CHAIRPERSON: Mr. Weisberg, if I could ask a couple
12 of questions, please.

13 MR. WISEBERG: Sure.

14 THE CHAIRPERSON: So, the Heiltsuk Tribal Council, they
15 are located in Zone II, are they? Or they are in --

16 MR. WISEBERG: No, they are in Zone IB, sir.

17 THE CHAIRPERSON: And is Zone IB in Zone II?

18 MR. WISEBERG: No. So in the last BC Hydro Rate Design
19 Application in 2007, one of the outcomes of that was
20 the creation of Zone IB. And Zone IB consists of the
21 community of Bella Bella, which Heiltsuk Tribal
22 Council represents, and the adjacent community of
23 Shearwater, which is across the water from them.

24 THE CHAIRPERSON: And that is in Zone IB also?

25 MR. WISEBERG: Yes, together that comprises all of Zone
26 IB.

1 THE CHAIRPERSON: Right.

2 MR. WISEBERG: The big distinguishing feature of Zone IB
3 is that unlike to my knowledge, all of the rest of
4 Zone II, they obtain almost all of their electricity,
5 almost entirely from Hydro generation that is located
6 at Ocean Falls, and through a transmission line
7 carried over to distribution there. For that reason,
8 the outcome of the 2007 RDA was to create a new zone
9 for them, apply Zone I rates, with a very notable
10 exception of an exemption from the RIB rate. That is
11 something that I will return to in my later remarks.

12 Does that address your questions?

13 THE CHAIRPERSON: I am just trying to understand. You
14 represent these clients in Zone IB then, is that
15 correct?

16 MR. WISEBERG: Yes, I do.

17 THE CHAIRPERSON: And do you represent anyone in Zone II?

18 MR. WISEBERG: I do not currently, no, and I don't want
19 to leave that impression.

20 THE CHAIRPERSON: And you -- as I understood you to say,
21 that LDA, they --

22 MR. WISEBERG: Yeah.

23 THE CHAIRPERSON: And we'll presumably find out from them
24 when they make their appearance, but they represent
25 clients in Zone II?

26 MR. WISEBERG: I understand they represent a client, but

1 I will leave that to Ms. Dong to clarify.

2 THE CHAIRPERSON: Are you concerned they are purporting
3 to represent clients in Zone IB?

4 MR. WISEBERG: I thought that the two maps that were
5 included, and I understand that Ms. Dong has amended
6 the letter this morning.

7 THE CHAIRPERSON: Right.

8 MR. WISEBERG: In my quick review of it, I didn't see any
9 change in the text. What I saw was the omission of
10 one of the maps appended. But one of the maps still
11 indicates Bella Bella, and the reader is left to infer
12 what that means. That's the problem.

13 THE CHAIRPERSON: Okay, thanks for the clarification.
14 We'll follow-up.

15 MR. WISEBERG: Thank you.

16 THE CHAIRPERSON: Thanks, Mr. Weisberg.

17 MR. MILLER: Zone II Ratepayers Group?

18 MS. DONG: Good morning, Mr. Chairman, and Panel. Linda
19 Dong, spelt D-O-N-G, is representing the Zone II
20 Ratepayers Group. The Zone II Ratepayers Group
21 currently consist of Kwadacha Nation, whose interest
22 in rates will be impacted by this proceeding. Our
23 written comments in response to the Commission's
24 letter on the Procedural Conference was submitted on
25 Friday, which has since been amended this morning,
26 Exhibit 36.6. And that was amended to clarify the

1 representation of the Zone II Ratepayers Group.

2 The letter that Fred Weisberg referred to,
3 indicates that only Kwadacha's Nation, in Fort Ware is
4 currently represented by the Zone II Ratepayers'
5 Group. And that we are in current discussions with
6 other Zone II participants to have them join the Zone
7 II Ratepayers Group intervention.

8 In addition with me is Lloyd Guenther,
9 spelled G-U-E-N-T-H-E-R, which is part of our team.
10 Thank you.

11 THE CHAIRPERSON: Thank you.

12 MR. MILLER: Dewdney Area Improvement Group? No
13 appearance, Mr. Chair. Mr. Edwards did let me know
14 that he would be coming, but he may well be late.

15 Canadian Association of Petroleum
16 Producers.

17 MR. CARPENTER: Good morning Mr. Chair, Commissioners.
18 My name is Carpenter, just like it sounds. Initials
19 -- initial S. I represented the Canadian Association
20 of Petroleum Producers.

21 **Proceeding Time 9:24 a.m. T07**

22 We have no additions to the list of issues,
23 and are content to go with what appears to the be flow
24 of dealing with all issues together, although I find
25 it a little boggling how I'm going to wrap my mind
26 around that as submissions go on. But we'll do our

1 best nonetheless. Thank you.

2 THE CHAIRPERSON: Thank you, Mr. Carpenter.

3 MR. MILLER: So, Mr. Chair, Mr. Edwards has just walked
4 in, so he'll enter an appearance now for Dewdney Area
5 Improvement Group.

6 MR. EDWARDS: Okay. Bruce Edwards, Dewdney Area
7 Improvement District. And I have some --

8 MR. MILLER: You can do that when I call you back.

9 MR. EDWARDS: Yeah. Is this all that's needed?

10 MR. MILLER: For right now.

11 MR. EDWARDS: Yeah. Thank you.

12 THE CHAIRPERSON: Thanks, Mr. Edwards.

13 MR. MILLER: B.C. Ministry of Energy and Mines.

14 MR. BUCHANAN: Hello. I'm Jack Buchanan, here for the
15 B.C. Ministry of Energy and Mines. That's J-A-C-K, B-
16 U-C-H-A-N-A-N. My colleague, Amy Sopinka, is also
17 here.

18 We have no additional issues for the
19 agenda, and no problem with addressing issues
20 together.

21 THE CHAIRPERSON: Thank you, Mr. Buchanan.

22 MR. MILLER: FortisBC Energy Inc. and FortisBC Inc.

23 MS. HERBST: Good morning, Mr. Chair and panel. My name
24 is Ludmilla Herbst, H-E-R-B-S-T, here for FortisBC
25 Energy Inc. and FortisBC Inc.

26 We have no additional issues, and are

1 content with having all the issues dealt together --
2 with together. Thank you.

3 THE CHAIRPERSON: Thank you, Ms. Herbst.

4 MR. MILLER: Simon Fraser University.

5 MR. SUNDMARK: Good morning, Mr. Chair and panel. Dana
6 Sundmark, that's S-U-N-D-M-A-R-K. Simon Fraser
7 University. We're one of the entities on rate
8 schedule 1827.

9 We have nothing to add to the agenda.

10 THE CHAIRPERSON: Thank you, Mr. Sundmark.

11 MR. MILLER: Movement of United Professionals.

12 MS. WORTH: Good morning, Commission panel. Leigha
13 Worth, W-O-R-T-H, here as counsel for the Movement of
14 United Professionals, known as MoveUP, and formerly
15 known as COPE 378. I'm here with my co-counsel, Mr.
16 James Quail, Q-U-A-I-L.

17 We have no additional issues to identify,
18 and we are content to address all of the issues
19 together.

20 THE CHAIRPERSON: Thanks, Ms. Worth.

21 MS. WORTH: Thank you.

22 MR. MILLER: YVR.

23 MR. KLETAS: Good morning, Mr. Chairman and
24 Commissioners. My name is Peter Kletas, K-L-E-T-A-S,
25 initial P, legal counsel for the Vancouver Airport
26 Authority, also known as YVR.

1 We are an intervener with respect to 1827
2 -- rate 1827, like Simon Fraser University. And any
3 submissions that we would be making would be only
4 limited to this issue, if they arise. And we are
5 comfortable with all the issues that are to be dealt
6 together in the agenda.

7 THE CHAIRPERSON: Thank you, Mr. Kletas.

8 MR. MILLER: Is there any party who wishes to appear that
9 I have yet to call?

10 That concludes the order of appearances,
11 Mr. Chair.

12 THE CHAIRPERSON: Okay. Sorry, I meant to mention in my
13 opening comments. I'm going to try to take a break
14 around 11 -- sorry, around 10:30. Just to let
15 everyone know.

16 Mr. Godsoe, are you ready to go?

17 **SUBMISSIONS BY MR. GODSOE:**

18 MR. GODSOE: Thank you, Mr. Chairman. I don't have much
19 to say on item 1, and that's -- in conclusion, the
20 examples of the overarching issues listed in item 1 of
21 Exhibit A-10 are clearly in scope. For example, the
22 residential inclining block rate elasticity of Step 1
23 and Step 2 is discussed in Section 5.2.3 of Exhibit B-
24 1, and our draft regulatory review proposal
25 contemplates further review of that issue. In
26 addition, long-run marginal costs will be subject to

1 additional review under our draft proposal.

2 The only issue I have with the wording in
3 item 1 is re-prioritization of the Bonbright criteria.
4 In our view that's not the correct phrase. It's
5 expected that prioritization will change between rate
6 design applications. For example, it's not surprising
7 that Bonbright prioritization has changed between the
8 1991 rate design application and the 2007 rate design
9 application, and the 2015 rate design application. In
10 any event, our view is that all these overarching
11 issues are in scope and should be subject to further
12 review.

13 THE CHAIRPERSON: Thank you, Mr. Godsoe.

14 **Proceeding Time 9:29 a.m. T8**

15 MR. GODSOE: With respect to item 2, BC Hydro does not
16 agree that the Commission's obligation under the *Clean*
17 *Energy Act* as it pertains to the 2015 RDA is really an
18 evidentiary issue. BC Hydro is of the view that the
19 weight to be accorded the *Clean Energy Act* Section 2
20 objectives and the interplay between those objectives
21 and the Sections 59 and 60 *Utilities Commission Act*
22 fair, just and unduly discriminatory legal test are
23 really a matter for legal argument as opposed to
24 evidence.

25 That being said, BC Hydro set out its view
26 on these matters in Exhibit B-5 response to BCUC IR

1 1.2.2 and also in Section 2.2.1.2 of Exhibit B-1.

2 The proposed regulatory process BC Hydro
3 will put forward does contemplate additional process
4 for the second jurisdictional issue raised in Item 2,
5 and that is the Commission's jurisdiction to set a low
6 income rate. So I will address that further as part
7 of Items 4 and 5 and 6 of Exhibit A-10.

8 With respect to Item 3 of Exhibit A-10, my
9 submission is that nothing in the Minister's RIB
10 report letter obligates or requires the Commission to
11 address the potential for higher greenhouse gas
12 emissions from the RIB rate and/or the potential for
13 fuel switching as a result of the RIB rate. Further,
14 our submission is that that should be tested through
15 the rate design application if a decision is made to
16 test that.

17 BC Hydro has provided evidence on this
18 topic, and a summary of that evidence is found at
19 Exhibit B-5, BC Hydro's response to Clean Energy IR
20 1.2.1, which in turn references a discussion BC Hydro
21 had with Commission Staff on this topic at Workshop 9-
22 B. BC Hydro has no further evidence it can provide on
23 this topic. It's provided all the evidence it can and
24 that's where it resides.

25 Okay. Turning to Items 4, 5 and 6, BC
26 Hydro does have a proposed regulatory review process

1 and I would like to have that entered and marked as
2 Exhibit B-9 before I commence my submission. So I ask
3 for permission to approach the Panel to introduce
4 that.

5 THE CHAIRPERSON: Yes please, go ahead.

6 THE HEARING OFFICER: Marked Exhibit B-9.

7 (**"BC HYDRO STRAWMAN REGULATORY TIMETABLE FOR RATE**
8 **DESIGN APPLICATION (RDA) MODULE 1" MARKED EXHIBIT B-9)**

9 THE CHAIRPERSON: Go ahead.

10 MR. GODSOE: BC Hydro circulated a draft of Exhibit B-9
11 to interveners on Wednesday, 13 January, 2016 and
12 discussed the timetable with several interveners on
13 Monday, 18 January, 2016. That discussion, in
14 particular discussion with counsel for British
15 Columbia Old Age Pensioners Organization, did result
16 in some changes which I will highlight as part of Item
17 6.

18 **Proceeding Time 9:35 a.m. T9**

19 In summary, Exhibit B-9 is organized by
20 rate proposal and review process, with the end result
21 that BC Hydro sees four matters proceeding to an oral
22 hearing. Those four matters are, first, the
23 residential default rate. And as you know, BC Hydro's
24 preferred alternative is the existing Residential
25 Inclining Block Rate.

26 THE CHAIRPERSON: Could you just point to what page you

1 are on please?

2 MR. GODSOE: Absolutely. I am just making introductory
3 comments, I am not on the page, but I will make sure
4 that I reference pages when I come to it.

5 THE CHAIRPERSON: Thank you.

6 MR. GODSOE: I am just summarizing.

7 THE CHAIRPERSON: Sure. Thank you.

8 MR. GODSOE: Second is the response to the Minister's RIB
9 report letter, a copy of which can be found at Exhibit
10 B-1, appendix C-1D.

11 Third is the default medium general service
12 and large general service rates, because as noted in
13 Exhibit B-1, pages 1-7 and 1-9, these are perhaps the
14 two most fundamental substantial changes BC Hydro is
15 proposing as part of Module 1.

16 And the fourth matter proceeding to an oral
17 hearing would be the electric tariff amendments filed
18 as Exhibit B-1-1.

19 I am now going to turn to Exhibit B-9 and
20 highlight those parts that I think -- to clarify
21 exactly what we are saying in B-9. I am open to
22 questions at any point during my submissions.

23 I have very little to say on review process
24 number 1, which is the LGS and MGS part 1 pricing,
25 except to note that once the Commission issues its
26 order on or before 10 February, 2016, we would then

1 file, as a compliance filing, updated tariff sheets to
2 reflect the order.

3 I will now turn to review process number 2
4 which concerns the Freshet Rate Pilot. As you know,
5 BC Hydro is seeking approval of a two year rate pilot
6 for rate schedule 1823 customers, and that is found --
7 the summary of that is found at Exhibit B-1, pages 1-
8 12 to 1-13. Time is of the essence for the Freshet
9 rate pilot, and so BC Hydro is requesting that the
10 Commission issue an order on or before 8 February,
11 2016. This is because the Freshet period commences in
12 April, and BC Hydro sees year 1, of the pilot
13 commencing on 1 March, 2016.

14 We would expect to be making oral argument
15 and reply at the streamline review. We anticipate
16 having four witnesses for questions and answers, and
17 we anticipate having an opening statement which might
18 serve actually as BC Hydro's argument, so that we can
19 further streamline the overall process.

20 I am now on pages 1 and 2 of Exhibit B-9,
21 and I am turning to review process proposals 3, 4 and
22 5, which concern three transmission service rates,
23 rate schedule 1827, rate schedule 1852, and rate
24 schedule 1853. One general service rate, which is
25 rate schedule 1253, and the residential E-Plus rate.

26 BC Hydro seeks an order with respect to

1 rate schedule 1852, and that is summarized at pages 1-
2 11 and 1-12, of Exhibit B-1. We are seeking no order
3 with respect to the two other transmission service
4 rates I enumerated. BC Hydro is seeking an order to
5 amend rate schedule 1105, which is the residential E-
6 Plus rate.

7 For the reasons set out at pages 2 and 3 of
8 Exhibit B-9, BC Hydro proposes that these three
9 matters, that is the three transmission service rates,
10 the one general service rate, and the residential E-
11 Plus rate, proceed to written argument. There appear
12 to BC Hydro to be no major evidentiary issues, and
13 this is reflected in the relatively few information
14 requests issued as part of Round 1. For example, with
15 respect to rate schedule 1852, there were six
16 Commission staff IRs, and two intervenor IRs. With
17 respect to rate schedule 1827 and 1853, there were
18 eight commission staff IRs, and five intervenor IRs.
19 With respect to rate schedule 1253, there was one
20 Commission staff IRs, and four intervenor IRs. And
21 finally, with respect to the residential E-Plus rate,
22 there was one Commission IR, and 15 intervenor IRs.

23 In addition, the E-Plus Homeowners Group
24 has communicated to BC Hydro that their strong
25 preference is to proceed to written argument on the
26 residential E-Plus rate, as opposed to being subject

1 to any kind of oral process.

2 **Proceeding Time 9:40 a.m. T10**

3 I said I would come to the schedule in
4 responding to the outstanding staff Commission IR,
5 which is 1.43.1, and we propose to respond to that on
6 Friday, 12 February, 2016. And the reason for that
7 date is to engage in further discussions with the
8 residential E-Plus group concerning notification
9 periods.

10 Filing the outstanding response to that IR
11 on the 12th of February, 2016, would be well in advance
12 of intervener arguments on the residential E-Plus rate
13 on Thursday, 26 February 2016, and then our reply, BC
14 Hydro's reply, on Friday, 11 March 2016.

15 Another reason for proposing that rate
16 schedule 1827 in particular proceed to written
17 argument is that the exempt customers, Vancouver
18 Airport Authority and Simon Fraser University, require
19 some certainty. The reasons for exempting -- for
20 continuing to exempt these two customers is summarized
21 at Exhibit B-5, BC Hydro's response to Old Age
22 Pensioners' IR 1.13.1.

23 If there is no questions, I'm going to
24 proceed to process proposal number 6, concerning cost
25 of service.

26 THE CHAIRPERSON: Go ahead, please.

1 MR. GODSOE: BC Hydro is not seeking an order with
2 respect to the fiscal 2016 cost of service study.
3 Rather, the fiscal cost of service study is evidence
4 informing module 1 and module 2 rate design. BC Hydro
5 is seeking an order to divide the existing street
6 lighting rate class into customer-owned and BC Hydro-
7 owned street lighting rate classes, and a summary of
8 that order is found at page 1-4 of Exhibit B-1.

9 As set out at pages 3 and 4 of Exhibit B-9,
10 BC Hydro is proposing a negotiated settlement process
11 for both the cost of fiscal 2016 cost of service and
12 the street light rate class proposal, for Wednesday,
13 17 February and Thursday, 18 February, 2016. And the
14 reasons for these dates is the availability of BC
15 Hydro's cost of service consultant, Mr. Richard
16 Cuthbert.

17 BC Hydro proposes that any negotiated
18 settlement agreement arising from that NSP would be
19 submitted to the Commission by Thursday, 4 March,
20 2016. The reasons for the NSP proposal are further
21 found in Exhibits B-2 and B-3. In summary, BC Hydro
22 is seeking some changes to the 2007 RDA directives.
23 There was four of them: directive number 6, 8, 4, and
24 perhaps 1. And if there -- if BC Hydro submits that
25 if there is no prospect of a fair degree of consensus
26 on some of these items, then the default would be the

1 2007 RDA cost of service methodology, and there would
2 be no need for further Information Requests or
3 testing.

4 Another issue BC Hydro would like to
5 discuss at the NSP is 2007 RDA directive 2, and that
6 is the annual fully allocated cost of service filings,
7 and whether those should move to bi-annual, and the
8 timing for the fiscal 2015 fully allocated cost of
9 service study.

10 If there is no questions on rate proposal
11 -- or, process proposal number 6, I'm going to turn to
12 proposal 7A, 7B, and 8.

13 THE CHAIRPERSON: Please go ahead, Mr. Godsoe. Thank
14 you.

15 MR. GODSOE: So I'm now at page 5 of Exhibit B-9. BC
16 Hydro seeks an order for rate schedule 1823 pricing
17 principles for fiscal 2017 to fiscal 2019. And a
18 summary of that order is found at page 1-10 of Exhibit
19 B-1. BC Hydro is not seeking any order with respect
20 to either rate schedule 1825 or rate schedule 1880,
21 but as noted by the Chair in his opening remarks, the
22 energy charges found in rate schedule 1825 and rate
23 schedule 1880 are linked to stuff -- to Tier 2 of rate
24 schedule 1823.

25 BC Hydro is seeking an order for one-time
26 increase to the small general service basic charge and

1 an offsetting decrease in the energy charge, and a
2 summary of that order is found at page 1-16 of Exhibit
3 -- sorry, page 1-6 of Exhibit B-1.

4 **Proceeding Time 9:45 a.m. T11**

5 The first item to note on page 5 consists
6 of the load, B.C. Hydro's load resource balance, and
7 the resulting long run marginal cost. As you know,
8 the Energy LRMC is a referent for the five default
9 rates, and in particular, pursuant to subsection 3(1)
10 of Direction No. 7, the Commission must ensure that
11 Rate Schedule 1823, Tier 2, reflects B.C. Hydro's
12 Energy LRMC.

13 For rate stability purposes, B.C. Hydro
14 uses an Energy LRMC based on a 20-year outlook of its
15 energy load resource balance. B.C. Hydro typically
16 develops these energy and capacity load resource
17 balances through its 2013 Integrated Resource Plan,
18 and thus the LRMC set out in Sections 2.3.2.2 and
19 2.3.2.3 of Exhibit B-1 are based on the 2013 IRP. BC
20 Hydro is in the process of updating its energy and
21 capacity load resource balances, and there is the
22 potential that these updated load resource balances
23 will impact the long run marginal cost.

24 Therefore BC Hydro proposes to submit a
25 document setting out the updated LRBs and the
26 resulting impact or non-impact of the LRBs on the

1 Energy LRM in a document to be submitted on 18
2 February, 2016, in advance of Round 2 information
3 requests.

4 By way of background, three factors
5 underpin the changed Energy LRB, and in summary they
6 are a reduced load forecast. The forecast used in the
7 2015 RDA dates from December 2012. Second is an
8 increase in independent power producer energy
9 contributions, largely because more of these are
10 reaching commercial operating dates. And the last is
11 an expected change in demand-side management savings.
12 BC Hydro is forecasting a decrease in savings from
13 rate structures which is somewhat offset by an
14 increase in savings from programs and codes and
15 standards.

16 BC Hydro proposes that Round 2 information
17 requests issue on Rate Schedule 1823, Rate Schedule
18 1825, Rate Schedule 1880, and the Small General
19 Service Rate, on the timeline set out at page 5. This
20 timeline was chosen because, despite one and a half
21 years of stakeholder engagement, BC Hydro received
22 approximately 1,350 Round 1 IRs. In other words, BC
23 Hydro is of the view it requires at least five weeks
24 to properly respond to both Commission Staff and
25 intervener IRs, particularly as there is now new
26 evidence on the record in the form of amendments to

1 the electric tariff, Exhibit B-1-1 and the potential
2 low income terms and conditions.

3 For the reasons set out at page 5 of
4 Exhibit B-9, BC Hydro is of the view that Rate
5 Schedule 1823 pricing principles and the Small General
6 Service Default Rate are good candidates for a
7 streamlined review process. It appeared to BC Hydro
8 that the only intervener with reservations with
9 respect to Rate Schedule 1823 pricing principles being
10 subject to a streamlined review was British Columbia
11 Old Age Pensioners at Exhibit C2-2. In BC Hydro's
12 view, disagreement with the pricing principles and the
13 related issue of forecast versus bill neutrality is
14 not a sufficient basis for proceeding to an oral
15 hearing. That issue can be addressed at an SRP, where
16 BC Hydro's witnesses can answer questions. Recall
17 that this issue has been the subject of a year and
18 half of stakeholder engagement, Round 1 IRs, and again
19 can be questioned at a streamlined review. In our
20 view one day should suffice for the streamlined review
21 dealing with these matters.

22 I'll now proceed to process proposals 9a,
23 9b, 10, 11, 12 and 13 enumerated on page 6 of Exhibit
24 B-9. These are the matters that as of now, BC Hydro
25 foresees proceeding to an oral hearing. BC Hydro is
26 requesting an order for residential inclining block

1 rate pricing principles for fiscal 2017 to fiscal
2 2019, and that order was summarized at pages 1-4 and
3 1-5 of Exhibit B-1. BC Hydro is also seeking an order
4 for default medium general service and large general
5 service rates effective fiscal 2018. And that order
6 is summarized at pages 1-7 to 1-8 of Exhibit B-1.

7 **Proceeding Time 9:51 a.m. T12**

8 Finally, BC Hydro is seeking an order
9 approving the electric tariff amendments filed as
10 Exhibit B1-1, and that the date of the order would be
11 effective -- sorry, effective the date of the order.
12 That order is summarized at pages 1-13 to 1-14 of
13 Exhibit B-1. Currently, BC Hydro is not seeking an
14 order with respect to potential low-income terms and
15 conditions, but that could change, subject to the
16 Round 2 IRs and continued discussions with British
17 Columbia Old Age Pensioners and other interested
18 interveners.

19 The Round 2 IR process would follow what I
20 have discussed with respect to the process proposal
21 7a, 7b, and 8.

22 I draw the Panel's attention to two issues
23 with respect to the 9a, 9b, 10, 11, 12, and 13 process
24 proposals. The first is, BC Hydro understands that
25 British Columbia Old Age Pensioners will be submitting
26 intervenor evidence, and accordingly BC Hydro is

1 requesting the opportunity to submit rebuttal
2 evidence.

3 The second concerns the RIB report. As you
4 are aware, BC Hydro has set out its view that this is
5 a two-stage process in Exhibit B-5, response to
6 Commission IR 1.51.1. That is, the first step is
7 whether the RIB rate results in a bill impact of 10
8 percent or greater on low-income customers, or
9 customers without access to natural gas. Currently
10 it's BC Hydro's view that the RIB rate does not result
11 in that bill impact on low-income customers, but we
12 acknowledge there is uncertainty with respect to
13 customers without access to natural gas, and so,
14 subject to the Commission making a determination on
15 that definition, BC Hydro would undertake additional
16 modeling as part of Round 2 Information Requests.

17 We see, then, issue -- the first step, the
18 10 percent bill impact, being subject to Round 2 IRs,
19 perhaps intervenor evidence, perhaps rebuttal
20 evidence, and then proceeding to oral hearing, and
21 that would form part of our direct evidence case.

22 With respect to DSM programs and questions
23 4 and 5 of the Minister's RIB report letter, it is our
24 view that before we undertake a detailed review of
25 whether they can mitigate any impacts, there must be a
26 finding as to whether the RIB rate does result in a 10

1 percent bill impact. And so we propose that DSM
2 program evidence would form part of BC Hydro's
3 rebuttal in written form, and that it would be called
4 upon as part of the rebuttal witness panel.

5 Those conclude my submissions with respect
6 to items 4, 5, and 6.

7 No surprise, BC Hydro, as part of item 7,
8 will be participating at the streamlined review for
9 the Freshet rate.

10 THE CHAIRPERSON: Very glad you could make it.

11 MR. GODSOE: We have little to say with respect to item
12 8. Typically our view would be that the terminations
13 concerning stakeholder engagement costs incurred as a
14 result of an application, in this case the RDA, are
15 more appropriately addressed in the revenue
16 requirement application context, because they really
17 concern cost recovery. That being said, we're
18 flexible if the Panel decides it would like to pursue
19 that issue as part of the 2015 RDA.

20 I would note that BC Hydro used the
21 Commission's PACA guidelines as an input into funding
22 the stakeholder engagement participation process. We
23 believe that those costs were prudent and should be
24 recovered.

25 Subject to any questions, those conclude my
26 submissions.

1 THE CHAIRPERSON: Thank you very much, Mr. Godsoe. Mr.
2 Weafer?

3 **Proceeding Time 9:56 a.m. T13**

4 **SUBMISSIONS BY MR. WEAFER:**

5 MR. WEAFER: Thank you, Mr. Chairman. I mentioned when I
6 made my appearance that -- entered my appearance, I
7 have a couple of contextual comments to make. And
8 firstly, I do want to commend BC Hydro in terms of the
9 efforts they have gone through over the last year and
10 a half with respect to the stakeholder consultation.
11 And I also want to commend them in terms of the work
12 to put the process document to you today, and I'll go
13 through your questions, but I want to make a couple of
14 comments that I hope are of assistance to the Panel,
15 which is in the 20 years I've been appearing before
16 this Commission I don't think I've seen as disjointed
17 a process in terms of the potential at the end of the
18 day, at the end of this rate design process you'll
19 have had Module 1, Module 2, and within Module 1 at
20 least five different processes proposed by BC Hydro in
21 terms of dealing with the issues. And I don't dispute
22 that approach.

23 But one of the principles of a rate design
24 is understanding and acceptance. And I know when we
25 received the process document last week, it was
26 complicated and we've gone through it and it looks

1 fine. But at the end of the day this Panel is going
2 to write a decision which covers all of those
3 processes, and at the end of the day at the end of
4 Module 2, you'll be dealing with a decision which
5 covers a fairly broad scope of issues.

6 And our concern and an overriding concern
7 that we have as a ratepayer group is that through that
8 process, the principles and the discussions and the
9 negotiations and the approaches to issues don't get
10 confused or disjointed such that there isn't a
11 coherent decision at the end of the day.

12 And one of our proposals to try and deal
13 with that, and we can make this proposal through the
14 process in the various individual proceedings, is that
15 there be an opportunity for the stakeholders to
16 comment back on prior decisions or prior resolutions
17 to ensure that they're being dealt with consistently,
18 and at the end of the day if something needs to be
19 revisited because it hasn't been, there's an ability
20 for a stakeholder to raise that topic.

21 And this is, I think, similar to what Mr.
22 Weisberg has raised with respect to Module 1 and
23 Module 2 for his clients, that we don't have
24 determinations made or negotiated that may not be
25 consistent with a principled decision. And so we
26 don't have any particular points we wish to argue on

1 this now, but I just want it on the record that it's a
2 concern that may come up through the process.

3 THE CHAIRPERSON: I just wonder if you could clarify for
4 me please, Mr. Weafer, though, you make reference to
5 it's a single decision at the end of Module 1, or I
6 think you had words to that effect, is that correct?

7 MR. WEAFER: Yes. At the end of Module 1 you'll have
8 dealt with -- the issues are proposed to be dealt with
9 through -- if you go through the Hydro document,
10 basically five different processes. And at the end of
11 the day the Commission is going to be asked to ensure
12 that what we've done in rate design holds together.
13 That there's been consistency in terms of -- Mr.
14 Godsoe spoke to the Bonbright principles. Bonbright
15 principles may have changed in 2001 and 2007 in terms
16 of priority. They may change between 2007 and 2015.
17 But the Bonbright principles shouldn't change between
18 2015 and 2016 in terms of dealing with rate issues.

19 And those are the broader scope issues that
20 we want to ensure consistency on, because the risk
21 that arises is, for lack of a better term, a divide
22 and conquer approach. Where individual issues can be
23 segued off and dealt with and then with another
24 ratepayer interest in a different issue affecting
25 them, a different approach taken.

26 And I'm not saying that's going to happen,

1 but ratepayers need to be able to raise this concern
2 with the Commission and at the end of the day be able
3 to make submissions on it in assisting the Commission
4 in writing a decision which is understandable and
5 acceptable to ratepayers.

6 THE CHAIRPERSON: But that's a clarification that I was
7 looking for from you. As I understand this proposed
8 approach, we're looking at different decisions which
9 would be rendered at different points in the course of
10 the Module 1 proceeding. Not a single decision that's
11 rendered at the end of it. So I was a little confused
12 about what you're suggesting.

13 MR. WEAVER: And we have at the end of the day a proposed
14 oral hearing process. At the end of the day I
15 recognize that certain issues are within the scope of
16 that oral hearing. But if the approach taken on
17 issues at any time in this process is inconsistent
18 with prior approaches -- and again, we're not saying
19 that will happen but we're saying it's an issue we're
20 concerned about in terms of the decision. And these
21 decisions on rate design are to stand for a good
22 period of time. It's almost ten years since the last
23 one.

24 **Proceeding Time 10:01 a.m. T14**

25 We hear there may be one again in 2019, so
26 maybe it will be a shorter period of time.

1 Our concern from the ratepayers'
2 perspective, as well as the Commission's perspective,
3 is that we have something at the end of the day that
4 is principled and consistent, and that can be
5 understood and accepted by those affected by the
6 rates.

7 THE CHAIRPERSON: Okay.

8 MR. WEAVER: So, I've -- I recognize I'm treading on
9 ground that is a little difficult in terms of -- we
10 are trying to silo off the issues. But at the end of
11 the day, we've got to believe that the process has
12 been fair, and that the respective ratepayer interests
13 dealing with different issues are treated fairly
14 consistently. Because if that doesn't happen, I think
15 you end up with a breakdown in effective SRPs,
16 effective NSPs, and it's a concern to us. And I just
17 wanted to record that concern at this time for --

18 THE CHAIRPERSON: Okay, thank you.

19 MR. WEAVER: And hopefully it won't come up again.

20 THE CHAIRPERSON: Thank you.

21 MR. WEAVER: Thank you. With respect to the specific
22 questions in the process, I'll be fairly brief,
23 because as I reflected at the start, Hydro's done a
24 good job both in preparation for the Procedural
25 Conference and Mr. Godsoe was always very clear in his
26 submissions on issues -- on issue 1, we agree that

1 these are in scope and that there should be further
2 expansions of the evidentiary record by Information
3 Requests, and intend to participate in that second
4 round of Information Requests.

5 With respect to issue 2, the point made by
6 the Chair, that this is primarily in relation to legal
7 submissions as opposed to the evidentiary record, we
8 think both are in play. If there are parties that
9 have follow-up Information Requests on the topic that
10 will better inform the record, they should be entitled
11 to make them. And Hydro has proposed a process around
12 legal argument that the CEC doesn't take issue with,
13 and accepts that process as beneficial to the record.

14 With respect to issue number 3, with
15 respect to the Minister's letter, if there is any --
16 and I say this with all respect, if there is any
17 confusion with respect to the Minister's letter, the
18 Ministry is in the room. If there needs to be
19 clarification, it would be efficient and expeditious
20 to get clarification. We otherwise -- the CEC
21 otherwise accepts Hydro's submission that all the
22 evidence they have is on the record, and if that's it,
23 that's it. It should not preclude an IR from a party
24 that may have a follow-up on that evidence. But we at
25 this point are satisfied Hydro has provided what they
26 can provide, but we do share the concern reflected by

1 the question that, if this is something the Commission
2 should be dealing with, then they should deal with it.
3 And I think that the question is ambiguous enough, and
4 it looks like the Minister may be asking you to deal
5 with it and report out on it.

6 With respect to issue 4, the CEC does
7 maintain the position set out in Exhibit C1-2, item 1.
8 And there, just to reiterate the comment, and I think
9 -- I believe Hydro, in its submissions today, is
10 accepting indirectly that the issue that the Panel
11 should also be alive to is that the cost of service
12 study at this point, because rate rebalancing came off
13 the agenda, we certainly did not retain an expert in
14 the workshop process to analyze the cost of service
15 study. And to this point, to my understanding, nobody
16 else has.

17 So, I appreciate that Hydro is not putting
18 as much weight on it as they might, because that cost
19 of service study has not had expert examination nor
20 alternative evidence filed, and we certainly downed
21 tools to a certain extent on it when the Order in
22 Council came down and eliminated the prospect of rate
23 rebalancing. So, we think that that study will have
24 to be reviewed at a subsequent proceeding, and re-
25 filed, and tested, if and when there is an opportunity
26 to revisit rate rebalancing. In terms of the over-

1 payment by the general service class, and the present
2 rate design of BC Hydro.

3 So, at this point, we're prepared to
4 participate in the NSA as proposed by Hydro to try and
5 get the most benefit we can for the Commission in
6 making its Module 1 decisions, and we're not going to
7 be obstructionists, we're going to be cooperative, to
8 try to get the most we can out of what we have,
9 recognizing it's not been tested.

10 Moving on to question 5, we had -- we see
11 on each of the issues that there is issues to the
12 issues listed that round 2 IRs in this Module 1 would
13 be appropriate. And we are generally understanding
14 that these issues are going to the oral hearing,
15 although I understand from Mr. Godsoe that in
16 reviewing his schedule that a couple may go to SRP and
17 we're fine, and that was the small general service, I
18 think, reflected -- they were proposing we go to an
19 SRP, and we are accepting of that, and ultimately
20 there will be written submissions on those that do go
21 to the oral hearing.

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

23 The only two that I am not clear on, or we
24 are not clear on at this point, reviewing the record,
25 is irrigation and street lighting, and whether those
26 are actually in Module 2 or Module 1, and we will get

1 our tackle in order on that topic. But, that's still
2 a bit unclear to us.

3 On your question 6, we accept the BC Hydro
4 approach to dealing with those subsequent filings and
5 6(a)-(b) and don't have any submissions on (c), other.

6 On your question 7, and this is one that
7 does sort of harken back to the open comments around
8 tying processes together. Through the workshop
9 process, the CEC proposed to Hydro an expansion of the
10 concept of the Freshet rate, and I am not here to
11 argue the issue, I am just here to give you the
12 background. And just generally speaking, the -- and
13 particularly one of the client groups that the CEC
14 consults with is the Greenhouse Growers of British
15 Columbia. A pretty important sector, part of the
16 general service category, and there were discussions
17 with them around the utilization of the Freshet rate
18 in terms of their sector.

19 Hydro, in response to our submissions on
20 the Freshet rate, Exhibit B-3 at pages 6 and 7,
21 responded to our suggestion that that Freshet rate
22 pilot include an opportunity for a sub-category
23 general service customers as inappropriate. They
24 rejected our submission that it may be unduly
25 discriminatory not to try and expand the opportunity,
26 and they highlight the administrative complexity in

1 terms of how to do that. And that's fine. We are not
2 here to argue that. That's their submission.

3 The concern that I raise is we are going to
4 have an SRP on the utilization of the Freshet rate for
5 a class of transmission customers, and we are going to
6 participate in that, because it's an important pilot.
7 What we would hope would happen out of it is efforts
8 to try and understand that and make that work may also
9 guide or assist a subsequent approach to try and
10 expand the concept to another group of customers that
11 are saying they hope to utilize. And there is an
12 example of where a resolution in a process, an SRP on
13 a pilot hopefully creates some efficiency to the
14 extent it can be utilized in the subsequent process on
15 a very similar type of initiative, in that we would be
16 able to harken back and utilize potentially what came
17 out of that for efficiency and regulatory value in a
18 subsequent dealing with say the Greenhouse Growers or
19 another group of customers that may wish to pursue
20 this.

21 This is not for argument today, but it is a
22 highlight of where efforts may be undertaken that may
23 have value later on, and we hope not to be precluded
24 from using the use of the result of that regulatory
25 process at later times. So, suffice it to say that
26 we'll participate and that is the perspective we are

1 bringing to it, and also to be informed by Hydro in
2 how it will work.

3 The last issue, issue eight, we don't have
4 a -- it may be this Panel that's best to determine the
5 value of the workshop processes. You have seen the
6 record of it, Hydro has filed a fair bit of it, and so
7 it may be there is a value in this Commission
8 commenting on the effectiveness or usefulness of it,
9 because it was new and it was extensive and it was a
10 fair investment on all parties to participate in it.
11 So we see some value in this Panel commenting on it.
12 But we are also mindful of the revenue requirement is
13 upcoming, and there may be a value in the prudence
14 test there. But this Panel should probably assist
15 that prudence review by commentary on it.

16 And the only other comment I'd make on the
17 PACA guidelines, and it does tie back to the weight to
18 be given to that workshop process, and while the PACA
19 guidelines was utilized, it was one day of attendance
20 for one day of preparation, as opposed to one day of
21 attendance and two days of preparation. So, it wasn't
22 certainly a full-on test of the Hydro proposals. And
23 more importantly, the Panel wasn't there. So, you
24 have to take it for what it was, which was a
25 consultation with ratepayer groups on issues and the
26 generation of an informed application by BC Hydro.

Proceeding Time 10:12 a.m. T16

1
2 So in assessing the effectiveness of it, I
3 think the Commission also needs to be mindful of what
4 actually was in place for that process. And we again
5 appreciate Hydro's efforts on it, but it was not a
6 hearing and it was not utilizing the -- and you'll
7 hear soon that interveners probably have challenges
8 with the two days to one day of hearing. But one day
9 of prep for one day of process is a little tough to
10 really effectively inform the utility, I submit. So
11 just a sideline comment on the PACA Guidelines in
12 terms of using them for workshop processes.

13 The other extra issues, the issue with
14 respect to conflict and the Mayor of the City of New
15 Westminster. Firstly, I do some work for the City of
16 New Westminster so my comments should take that into
17 account. But my instructions from the CEC, from my
18 client on this topic are they have no issue with
19 respect to conflict and the Mayor and Commissioner
20 Cote sitting on the Panel, so -- nor do I as counsel,
21 but I wouldn't give any weight to that given my
22 relationship there.

23 And I've already commented on the other
24 issue raised with respect to Zone II and the issue Mr.
25 -- the counsel for Zone II has raised with respect to
26 the interaction of Module 1 and Module 2.

1 So those are my submissions. I've run
2 through them without asking if you have any questions,
3 but I guess I should ask you now if there's any
4 questions on any of the submissions.

5 THE CHAIRPERSON: We have no questions, Mr. Weafer.
6 Thank you very much.

7 MR. WEAFER: Thank you.

8 THE CHAIRPERSON: Ms. Khan.

9 **SUBMISSIONS BY MS. KHAN:**

10 As I said during the appearances, we're
11 representing seven organizations in this proceeding,
12 and those organizations are collectively known as
13 BCOAPO in proceedings before the Utilities Commission.

14 The groups that we're representing are
15 located in different parts of the province and some of
16 them are based in Vancouver and provide services
17 province wide. In BC Hydro proceedings before the
18 Commission these groups collectively represent the
19 interests of low and fixed income BC Hydro residential
20 ratepayers.

21 And as BC Hydro has acknowledged in the
22 rate design application, about 10 percent of its
23 customer base, residential customer base, or about
24 170,000 of its customers are defined as low income
25 using Statistics Canada's low income cutoff measure,
26 which is actually quite a conservative measure of

1 poverty.

2 So prior to getting into our answers to the
3 -- or our responses to the Commission's Issues List,
4 what I'd like to do if it's okay with you is just to
5 provide a little bit of background context for what
6 we're planning to do in this application, because as
7 you've heard, we are planning to file some evidence
8 about some low income rate design proposals. And so
9 in order to give a bit of context for that I'd like to
10 just explain a little bit about the rationale for why
11 we'd like to do that.

12 THE CHAIRPERSON: Yes, go ahead.

13 MS. KHAN: Thank you. So in BC Hydro's 2008 residential
14 inclining block application which flowed out of the
15 2007 rate design application, this resulted in the
16 implementation of the current two step residential
17 inclining block structure, which is -- and in that
18 proceeding a slightly different configuration of the
19 groups that make up BCOAPO made submissions before the
20 Utilities Commission on establishing a lifeline rate
21 for low income ratepayers, arguing both that the
22 Commission had the jurisdiction to consider a lifeline
23 rate and that it should exercise its jurisdiction to
24 do so.

25 In its decision at that time the Commission
26 Panel held that it did not need to decide whether it

1 had the jurisdiction to implement a lifeline rate
2 because even if it had the jurisdiction to do so, it
3 wouldn't exercise its discretion to implement it at
4 that time. The Commission's primary reason for this
5 was that the vast majority of BC Hydro's low income
6 customers would experience some, even if it was small,
7 but some rate relief from the two block rate
8 structure.

9 Since that time electricity prices for
10 residential customers have increased significantly.
11 We've estimated -- or calculated that the increase has
12 been close to 50 percent over the last ten years and
13 that the rates are projected to increase more than 10
14 percent in the next few years even under the rate
15 caps. After that, rates, as far as we can tell, are
16 only projected to rise, and at the same time there
17 hasn't been a corresponding increase in income for low
18 income residential customers.

19 Over the same period of time, for example,
20 welfare rates have only gone up by about \$100 a month.
21 And so for a single person the amount of income
22 assistance that they would receive is about \$610 a
23 month. Minimum wage has only increased by about \$2.45
24 an hour and it's virtually impossible for people like
25 us who have decent incomes, people like us in this
26 room who have decent incomes, to understand what it's

1 conflicting versions of that savings. We've heard
2 that the Premier, and I think the Minister, also say
3 that the savings are much higher. That's a debatable
4 subject.

5 In more limited cases, energy efficiency
6 home upgrades through BC Hydro's energy conservation
7 assistance program might be available. But the -- to
8 low-income residential ratepayers. But that program
9 is only available -- is not available, as far as we
10 understand it, to Hydro customers living in
11 apartments.

12 While such energy efficiency programs are
13 important, they aren't a standalone response to the
14 rising Hydro rates, and -- for low-income customers.
15 And so these programs are only one element of what we
16 say should be a comprehensive low-income bill
17 affordability strategy.

18 BCOAPO plays an active role in virtually
19 all utilities regulation proceedings before the
20 Utilities Commission, and over the last 35 years BC
21 Hydro has only had -- only filed three rate design
22 applications: in 1980, 1991, and 2007. After the
23 2015 -- after this RDA is completed, it could be
24 another eight to ten years or more before BC Hydro
25 files another one. We understand that there will be a
26 cost of service study completed in 2019, but we are

1 not aware that that's going to result in a rate design
2 application in that same year.

3 Because low-income ratepayers are
4 struggling to pay for their bills, and we won't have
5 the opportunity to explore mitigating rate designs,
6 and terms and conditions again for many years, the
7 primary focus of BCOAPO in this proceeding will be to
8 ask the Commission to order BC Hydro to implement
9 three programs to assist low-income residential
10 customers. We will ask that all BC Hydro residential
11 customers who have incomes under Statistics Canada's
12 LICO would be eligible to participate in these
13 programs.

14 The programs that we will ask the
15 Commission to order BC Hydro to implement include the
16 following. First, implementation of a lifeline rate
17 for low-income customers, which would be providing a
18 basic block of power at a reduced rate, and waiving
19 the basic charge for those customers. We would
20 propose that that program be paid for by either a
21 surcharge on high-consuming customers or by a small
22 additional charge for all non-low-income residential
23 ratepayers.

24 The second component of what we'll be
25 seeking is an emergency bill assistance program for
26 customers facing arrears and disconnection. And so

1 into how BC Hydro customer service operations work,
2 and to modify some of our proposals as a result.

3 We will -- we were also successful in
4 getting -- and BC Hydro, for example, has taken steps
5 to implement strategies with the provincial welfare
6 ministry, the Ministry of Social Development and
7 Social Innovation, to try to improve services for BC
8 Hydro clients who are also MSDSI clients.

9 We will argue in this proceeding that the
10 Commission does have jurisdiction to implement these
11 programs. We will say that the *Utilities Commission*
12 *Act* sets rules for rates that utilities may charge,
13 that's in Section 59, and empowers the Commission to
14 apply and enforce those rules through Sections 58 and
15 60. Section 59(1) establishes the basic restrictions
16 on rates. Rates that the Commission sets must be
17 fair, just and reasonable, and not unduly
18 discriminatory or unduly preferential. Whether or not
19 the Commission has the jurisdiction under the *UCA* to
20 order implementation of a bill affordability program
21 is an open question. It has yet to be ruled on by the
22 B.C. Utilities Commission, and we will ask that the
23 Commission rule on this question after we have
24 tendered our evidence.

25 Our proposals are modest. They will
26 provide some small relief to the most vulnerable

1 ratepayers that are struggling to maintain an
2 essential service.

3 We will be actively participating -- aside
4 from the proposals that we're going to -- that we're
5 hoping to make before you, we will also be actively
6 participating in virtually all other aspects of this
7 proceeding.

8 So with that introduction I'd like to now
9 just turn to answering the questions put into the
10 Commission's letter. And if you'd like to take the
11 break, please just interrupt me at any time.

12 THE CHAIRPERSON: Do you have much further?

13 MS. KHAN: I think about fifteen minutes.

14 THE CHAIRPERSON: Fifteen minutes?

15 MS. KHAN: Yeah.

16 THE CHAIRPERSON: Perhaps we will take a break, then.

17 MS. KHAN: Okay.

18 THE CHAIRPERSON: Thank you. Come back at quarter to
19 eleven. Thank you.

20 **(PROCEEDINGS ADJOURNED AT 10:26 A.M.)**

21 **(PROCEEDINGS RESUMED AT 10:47 A.M.)** **T19/20**

22 THE CHAIRPERSON: Please be seated, thank you.

23 Are you ready to go ahead, Ms. Khan?

24 MS. KHAN: Yes.

25 THE CHAIRPERSON: Okay.

26 MS. KHAN: Turning to the first issue in the Commission's

1 -- the first of the Commission's issues, the question
2 is open-ended and we'll just deal with the point
3 specifically raised. So with respect to the LRMC, BC
4 Hydro has said they're going to be updating the LRMC
5 values and has made provision for a second round of
6 information requests. So we agree that IRs should be
7 permitted on the update and to limit the need for --
8 to limit some of our IRs it would be helpful if BC
9 Hydro was able to provide, along with the update
10 related information that parties sought in the first
11 round of IRs regarding its current LRMC estimates.

12 With respect to tests used to analyze bill
13 impacts, while B.C. Hydro's analysis is focused on a
14 10 percent impact test, in the application it has
15 provided information regarding the range and
16 distribution of bill impacts for the alternate rate
17 designs being considered. And there may be some
18 aspects of this impact analysis that require
19 expansion, and I can certainly speak with BC Hydro
20 about that just to see if there's any way that some of
21 those issues can be dealt with.

22 With respect to the reprioritization of the
23 Bonbright criteria, BC Hydro has addressed this in
24 both the application and the IR responses, and we view
25 their position as clear. There is little to be
26 gained, we feel, from requesting further information

1 from Hydro on this point, but of course, you know,
2 that could be explored by parties through the second
3 round of IRs. We don't plan to ask more questions on
4 that point.

5 With respect to elasticity, Hydro has
6 answered IRs on the assumptions it's used, and
7 provided the sources which goes to the issue of
8 precision. And not sure again that there's much more
9 to be obtained from Hydro, but of course that's still
10 in scope for IR 2.

11 With respect to the second question about
12 the jurisdictional issues, on the first point BCOAPO
13 doesn't believe that the evidentiary record on the
14 Commission's obligations under the *Clean Energy Act*
15 and the energy objectives as it pertains to the 2015
16 RDA needs to be expanded. We do, however, believe
17 that the evidentiary record needs to be expanded
18 regarding the Commission's jurisdiction to order a
19 bill affordability program, and this we say can be
20 accomplished through having one more round of IRs, and
21 we promise that our IRs will be much less extensive in
22 the second round. Really, I do promise that. And
23 through permitting us to file evidence about our
24 proposals as Hydro has already referenced in its straw
25 proposal.

26 The evidence that we would like to file

1 includes the -- well, is the following really. We're
2 not planning to file any additional evidence. An
3 expert report about the ways of designing low income
4 bill affordability programs and setting out our
5 proposals as described already, we intend to retain
6 Roger Colton, who is an economist and lawyer based in
7 the U.S., who has written and testified extensively
8 before regulatory bodies throughout the U.S. and
9 Canada about low income rate design and terms and
10 conditions. In Canada he's provided evidence most
11 recently before the Manitoba Public Utilities Board in
12 the Manitoba Hydro Revenue Requirements Application
13 about low -- specifically, he testified specifically
14 about low income rate design.

15 Mr. Colton is also experienced in low
16 income demand-side measures and so could provide
17 testimony about current and prospective low income DSM
18 programs should you decide that this is in scope
19 within either the RDA or the RIB report proceeding.

20 In terms of -- the second part of our
21 evidence that we'd like to present you with is
22 evidence about socioeconomic conditions in B.C., and
23 the purpose of this evidence would be to set out a
24 report outlining facts relating to poverty levels in
25 B.C. And while we could have simply chosen to
26 inundate you with all kinds of reports that are

1 already prepared about things such as welfare rates
2 and minimum wage rates, food bank usage levels in
3 B.C., rental housing market statistics, child poverty
4 rates, affordable housing waitlist times, we thought
5 it would be more efficient to provide evidence in the
6 form of a report. It would just be a report from
7 someone who specializes in these things. It would
8 just be a more efficient way of putting the evidence
9 before you. Most of this data will be
10 uncontroversial.

11 We also anticipate that this report would
12 also address different low income measures including
13 LICO. The other purpose of -- but not to say -- we
14 have, I think as is outlined in the RDA, we have
15 settled on using pre-tax LICO as a definition for low
16 income customers for the purposes of our low income
17 proposals.

18 **Proceeding Time 10:52 a.m. T21**

19 THE CHAIRPERSON: Ms. Khan?

20 MS. KHAN: Yes?

21 THE CHAIRPERSON: Sorry to interrupt you. I wonder if I
22 could ask you a question, though, please.

23 MS. KHAN: Yes.

24 THE CHAIRPERSON: Could you comment on whether you would
25 see any merit in splitting the process up, so that we
26 would make a decision on jurisdiction before you would

1 move forward with any expert evidence and the rest of
2 your proposal?

3 MS. KHAN: Our preference, by far, is to have the
4 evidence put forward first prior to any decision being
5 made on jurisdiction. The reason we say that is
6 because the evidence is so intrinsic to whether or not
7 you have jurisdiction. So, we think that we would
8 like to -- we think it would be much more helpful for
9 the Commission to hear the evidence that we plan to
10 present, and in particular the evidence of Mr. Colton
11 who is an expert in low income rate design, and would
12 be able to talk about not only our proposals but other
13 ways of designing rate structures, and terms and
14 conditions that address bill affordability. So, in
15 fact we think it is extremely important to have the
16 evidence put before you before you make a finding
17 around whether or not you have jurisdiction.

18 THE CHAIRPERSON: Okay, thank you.

19 MS. KHAN: Back to the evidence about socioeconomic
20 conditions, the other purpose of the report would be
21 to describe whether increasing BC Hydro rates affect
22 bill affordability for LICO and under BC Hydro
23 customers, and if so, to describe some of these
24 effects.

25 The third and final piece of evidence that
26 we'd like to present you with, are some statements

1 from advocates and low income BC Hydro ratepayers that
2 talk about the hardships relating to the increasing
3 bill affordability, and what we anticipate is to
4 present the evidence of about four to five ratepayers,
5 and about four to five advocates. We will provide all
6 of our evidence in writing, in direct, in accordance
7 with the Hydro's proposed timetable, and then we don't
8 know exactly how much time would be required for
9 cross-examination, but all the evidence will be before
10 you in direct in writing.

11 On the third question, with respect to the
12 greenhouse -- I believe this is the one about the
13 greenhouse gas emissions. We don't think that this
14 proceeding is required to address higher GHG from the
15 RIB rate, and the potential fuel switching as a result
16 of the RIB rate. We also don't want to see the issues
17 in the RIB rate report expanded, as we view that
18 proceeding as a bit of a distraction to the main rate
19 design proceeding.

20 And you know, I have some more detailed
21 submissions about why we don't think GHG is in scope,
22 but I also agree with Mr. Weafer's point that in fact
23 the Minister's representative is here, and that's a
24 question that could be put to them direction, rather
25 than us trying to figure out what the Minister's
26 letter means. We could perhaps -- the Minister could

1 provide some clarification directly to the Panel.

2 So, because I do think that would be an
3 appropriate way to go, I perhaps will just skip over
4 my more detailed submissions on GHG, but just suffice
5 it to say that we don't think it is in scope.

6 On issue number 4, this is about the cost
7 of service study, we made the following submissions in
8 October of 2015, and that was in our submissions found
9 at Exhibit C-2-2. We said there that we agree with
10 Hydro that there is value to full review and
11 Commission approval of the F2016 cost of service study
12 as part of the application process, and that there is
13 value to stakeholders having a chance to analyze and
14 ask questions about the study and the fairness or
15 existing rates, despite that there will be no
16 potential rebalancing until 2020. Also as noted in
17 the Commission order, the cost study serves to inform
18 the rate design process. And before it is used for
19 such purposes, it should be subject to review. The
20 last time the stakeholders were involved in a full
21 review of BC Hydro's cost was during the last rate
22 design application in 2007-2008. Therefore, it is our
23 view that there should be a full review of the current
24 costs.

25 We also said that we would be in a better
26 position to determine the further process after

1 getting the responses to IR 1. And it is clear from
2 their response to BCOAPO 1.6.1, that the results of
3 the COSS study proposal are being used to define the
4 proposed street lighting classes, as well as the
5 default rates for residential SGS, MGS, LGS, and TS
6 customers.

7 **Proceeding Time 10:57 a.m. T22**

8 However, with the exception of the
9 definition of street light classes, the focus is not
10 with respect to the revenue of cost ratios that fall
11 out, but rather with regards to the total cost
12 allocated and proportion that is customer and/or
13 demand related.

14 It's also useful to frame the response to
15 this BCUC question within the context of Hydro's straw
16 proposal, which is to hold an NSP regarding the costs.
17 And adopt the F2016 cost proposal if the BCUC agrees
18 to the NSP, and there is an agreement, and revert to
19 the 2007 RDA costs if there is no NSP or NSA.

20 There are a couple of issues with respect
21 to Hydro's proposal that are unclear to us. In
22 particular, does there have to be an all-or-nothing
23 acceptance of the F2016 COSS methodology, or would BC
24 Hydro envision some of the proposal being accepted and
25 used to modify the costs per the 2007 RDA. CEC IR
26 1.11.2 suggests that the answer is the latter. If so,

1 this would make an NSP more productive than something
2 that required all or nothing.

3 So, also we think it's important to confirm
4 the extent to which agreement of those F2016 COSS
5 proposals would create a precedent for the F2019 COSS
6 review, such that it would be the new default, or
7 would the F2019 COSS consider the costs per the 2007
8 RDA as the starting point? CEC IRs 1.11.1 and 1.11.2
9 explored this issue, and the answer is a bit unclear
10 to us. 1.11.1 would suggest that the costs for the
11 2007 RDA would continue to be the default, but the
12 response to 11.2 seems to suggest otherwise. So it's
13 more likely, in our view, for an agreement in any NSP
14 now if the 2007 RDA continues to be the default going
15 forward to the F2019 cost review.

16 And in addition, while some other
17 information has been provided on the results of
18 applying the COSS per the 2007 RDA and to F2016 costs,
19 it's not clear precisely how these revised results
20 would affect the percent of customer costs recovered
21 by basic charges, and the percent of demand costs
22 recovered by demand charges for each class, as used in
23 the RDA process, and whether this would impact Hydro's
24 rationale for its current proposals in these areas.

25 So, if BC Hydro were to revert to the 2007
26 RDA cost methodology, additional evidence and/or IRs

1 may be needed to explore these issues. This is all
2 just a more detailed way of saying that we do support
3 the proposed NSP process for the costs, and for the
4 reasons set out above. The likelihood of success of
5 the NSP will be greater if it's not an all-or-nothing
6 process, and any NSA doesn't create a precedent for
7 the F2019 cost review.

8 Having said that, if the NSP fails, or
9 there is only agreement on some matters, another round
10 of IRs might be necessary, and -- but the timing
11 proposed by Hydro does allow for that.

12 On to question 5. Subject to having some
13 questions in IR 2 on some of these components, and the
14 expert evidence that we plan to propose, we agree that
15 there is sufficient evidence on the record for most of
16 the items listed. A few areas -- there are a few
17 areas that I'll go through where some clarification is
18 needed. We also generally support the timetable as
19 put forward by BC Hydro. Again, subject to a few
20 minor concerns that I'll explain.

21 On the residential side of things, BC Hydro
22 has refused to answer a number of questions relating
23 to DSM, and they have summarized the rationale in
24 their cover letter to the IRs as stating,

25 "In BC Hydro's view it's premature to be
26 undertaking a review of BC Hydro's low-

1 income and other residential DSM programs at
2 this time for the purposes of questions 4
3 and 5, because it hasn't been established
4 that the RIB rate results in bill impacts of
5 10 percent or greater on either BC Hydro's
6 low-income customers or customers without
7 access to natural gas."

8 **Proceeding Time 11:02 a.m. T23**

9 We view two flaws as existing in BC Hydro's
10 rationale. First, in its argument for the RIB rate,
11 in its argument that the RIB rate doesn't result in
12 bill impacts of 10 percent or greater, BC Hydro is
13 relying on the fact that under its current RIB
14 proposals, Option 1 or Option 2, no low-income
15 customer or customer whose primary heating source is
16 electricity will see a bill impact of greater than 10
17 percent. That can be found in BCUC 1.51.1.

18 However, this is the wrong comparison, in
19 our view. The Minister's letter was focusing on the
20 impacts as a result of the adoption of the RIB rate,
21 whereas Hydro's quoted impacts are comparisons that
22 look at the impacts of continuing the RIB rate in
23 various forms.

24 One way of looking at the bill impacts of
25 implementing the RIB rate would be to look at the
26 impacts of adopting a flat rate now. If any customers

1 were to see a bill decrease of 10 percent or more,
2 then these same customers are ones that would have
3 seen a bill increase of 10 percent or more when the
4 RIB rate was adopted.

5 And the response to BCOAPO 1.100.1 and
6 1.100.2 about the RIB rate indicates that there are
7 customers, albeit a small percentage, that meet this
8 criteria. Therefore the evidence on the record
9 indicates that there are likely customers who were
10 impacted by 10 percent or greater with the adoption of
11 the RIB rate.

12 Second, Hydro has chosen to use 10 percent
13 as its measure of the bill impact that would trigger
14 its need to review residential DSM programs. However,
15 in the Minister's letter, the reference to 10 percent
16 is used to define significant bill impact. In
17 contrast, the Minister's second issue reference is
18 made to high bill impacts and not significant bill
19 impacts.

20 So one could argue that the 10 percent
21 doesn't necessarily limit the consideration of this
22 issue, and similarly in framing the next three issues,
23 the Minister's letter defines them as follows. What
24 evidence is available factors -- well, I won't --
25 starting with the question that says, "What evidence
26 is available about factors that lead to high energy

1 use and therefore bill impacts for customers without
2 access to natural gas, including low-income
3 customers," and the following two questions.

4 As can be seen in those questions, there is
5 no reference to either significant or high bill
6 impacts, just bill impacts. Based on these
7 observations, particularly the first one regarding the
8 focus being on the impact of RIB adoption, even if one
9 accepts BC Hydro's 10 percent metric, DSM measures,
10 both existing and potential, are in scope, in our
11 view.

12 Therefore, given our view as to the need
13 for a response to the DSM-related IRs, we suggest that
14 these responses be provided by February 18th or at a
15 time, as -- you know, as soon as possible thereafter.
16 And also subject to a second round of IRs. Also, it
17 appears from Hydro's comments that issues related to
18 the Minister's RIB report would be in scope for the
19 oral hearing. Subject to this clarification and the
20 need for the second round of IRs, therefore, that's
21 the process we propose.

22 You know, I guess another -- the Minister
23 is also here to clarify this, or the Minister's
24 representative is here, and perhaps could be asked to
25 clarify this perspective. But that's the
26 interpretation that we have on that issue, around the

1 10 percent bill impact.

2 So we don't have any comments on the
3 residential E-Plus, or small general service, or
4 medium general service, also for LGS. I will address
5 the transmission service rate. The stepped rate 1823
6 pricing principles.

7 We disagree with BC Hydro that there isn't
8 a policy issue -- that there is a policy issue
9 involved here, namely the definition of "revenue
10 neutrality" to be used. It seems clear from responses
11 to IRs such as BCOAPO 1.160.04, and 1.160.07, that the
12 definition used does impact on the rates for all three
13 years, of F2017, '18, and '19.

14 BCOAPO does have some follow-up questions
15 on the answers, and is not currently convinced that
16 the issues are as simple as portrayed by BC Hydro, and
17 that an SRP is appropriate. But we can address our
18 questions through IR too, and it may be that we would
19 support an SRP. And particularly if Hydro's experts
20 would be available to answer questions, then I think
21 that's a way of addressing it. That was one of our
22 concerns.

23 THE CHAIRPERSON: Ms. Khan?

24 MS. KHAN: Yes.

25 THE CHAIRPERSON: Excuse me. So, are you saying that you
26 do support an SRP if there is an IR 2, and if there is

1 the appropriate people available?

2 MS. KHAN: I think so, yes. That makes sense.

3 THE CHAIRPERSON: Okay.

4 MS. KHAN: Because I just heard this morning that the
5 expert would be available, and I think that would make
6 sense. Because you would be presiding over that SRP.

7 THE CHAIRPERSON: Thank you.

8 **Proceeding Time 11:08 a.m. T24**

9 MS. KHAN: On the RS 1825 time of use and 1880, the
10 standby maintenance rates, BC Hydro is proposing to
11 update its LRMC and we agree with the proposed
12 process.

13 On TSR Rate Schedule 1827 and those other
14 rate schedules, BC Hydro is proposing no further
15 discovery and moving directly to written argument.
16 That seems reasonable to us. We don't have any issues
17 with the proposal for irrigation class.

18 In terms of street lighting, as part of
19 Module 1, the current application, BC Hydro is
20 proposing to divide the street lighting class into BC
21 Hydro owned street lighting and customer owned street
22 lighting, and that rate design for street lighting
23 would be dealt with in Module 2. The proposal is to
24 address this as part of the F2016 cost of service, and
25 so I just wanted to harken back to our comments about
26 cost of service and the NFP. It should be noted that

1 the adoption of the current cost of service proposals
2 is separate, and adoption of the proposal -- proposed
3 two street lighting classes doesn't follow
4 automatically. Having said this, it still would be
5 reasonable to approach this through the NSP.

6 On the terms and conditions for residential
7 service I'll address this as part of our answer to the
8 next question, number 6. So we do think that these
9 filings should be subject to IR 2 and I understand
10 that they will be, and that these issues should be
11 addressed through the oral hearing as they are
12 connected to a certain extent with rates. However --
13 and also another reason is that the evidence we intend
14 to file will address both the rates and terms and
15 conditions. So having an NSP prior to our evidence
16 being filed, in our view, would be premature, could be
17 premature, depending on how it's designed.

18 Having said that, we do also see the value
19 of having these issues addressed through a negotiated
20 settlement process. They are quite conducive to a
21 process like that and can be a bit more cumbersome to
22 deal with through a formal hearing. So if the
23 Commission is to order an NSP, we ask that the NSP
24 take place after we file their evidence, because the
25 evidence will address rate structures and terms and
26 conditions and in particular issues around low income

1 terms and conditions.

2 With respect to question 7 we do plan to
3 participate in the Freshet SRP.

4 On question number 8, all of our invoices
5 have been paid for the pre-application RDA process,
6 and we think that we participated in a full way and in
7 fact we put in a lot more time than we billed for. In
8 terms of other people's PACAs -- well, I guess
9 addressing the first question, which Panel should deal
10 with it, I think it does make sense. We don't really
11 have a preference, but it seems to make sense that you
12 would address the issue of PACAs for this proceeding.
13 And on the second question about the reasonableness of
14 PACA bills, we don't take a position on that.

15 A couple of other issues. PACA deadlines.
16 We're hoping that there is a date set soon for us to
17 submit our PACA budget so that we can get some
18 certainty about how things are going to proceed on a
19 going forward basis.

20 With respect to Zone II, we actually --
21 BCOAPO supports postage stamp rates, subject of course
22 to having some relief for low income ratepayers across
23 the board. We support postage stamp rates for all
24 residential customers regardless of which zone they
25 live in. In retrospect, I think, through the pre-
26 application workshop process, we should have suggested

1 that there would be an opportunity for questions about
2 what Hydro has put in evidence regarding the
3 relationship between the *Clean Energy Act* and
4 presumably the *Utilities Commission Act*, but I'm also
5 inclined -- and I think it's appropriate if someone
6 wants to ask questions about that, but I do also agree
7 that most of that would be a legal issue, not an
8 evidentiary one.

9 Regarding the second half of that question,
10 certainly we understand that OAPO will be filing
11 evidence to do with low income customers and that
12 Hydro also will be filing evidence, and as I
13 understand it, it would be in two categories. One
14 being the responses to IRs, the second round, to the
15 extent that that is relevant; and the second possibly
16 Hydro exercising or requesting an opportunity to file
17 rebuttal evidence, in which it would address low
18 income issues that were raised by OAPO, and that's
19 satisfactory with my clients.

20 On question 3, my clients' position is that
21 the commission ought not to address the nexus, if any,
22 between greenhouse gas emissions and the RIB rate and
23 the fuel switching topics. In my submission, the
24 letter itself doesn't require that, that is when you
25 actually read the letter itself, but regardless of the
26 interpretation of the letter, I don't think it would

1 be helpful to the Minister for this Commission at this
2 time with the evidence that is available to venture
3 off into that very complex area.

4 And in part that leads to my response to
5 the hypothetical "if". So if the Commission was to
6 address that, there would need to be substantial
7 evidence developed and filed because this gets into
8 the realm of the greenhouse gas emissions of
9 alternatives to both electricity and natural gas,
10 neither of which are manners that either Hydro of
11 FortisBC are primarily focused on. And it also gets
12 into the choices that customers would make between
13 fuel types. Elasticities of demand or whatever
14 methodologies someone would apply to when someone
15 might choose to, say, burn wood instead of use
16 electricity or burn wood instead of using gas. None
17 of that, as far as I know, has been filed to date, and
18 I don't think that this would be the appropriate
19 proceeding to venture into that.

20 On question 4, BCSEA-SCBC have not changed
21 their position as a result of Hydro's responses. And
22 yes, they would support a negotiated settlement
23 process.

24 Regarding section 5 of the brief, we've
25 been through in detail BC Hydro's proposal and we
26 don't disagree with it.

1 Regarding question 6, my clients don't
2 disagree with BC Hydro's proposal regarding both of A
3 and B. I would add that there may be some advantage
4 to the non-contentious portions of revised terms and
5 conditions being dealt with in writing, if that's of
6 interest or if that would save anybody some time, but
7 there would be a round of IRs in any event, as I
8 understand it. And for the record, I understand that
9 the Commission has issued a decision regarding Ms.
10 Noble's request, and it is filed as Exhibit A-12. I
11 won't go into it, but just so that people are aware
12 they can look at that.

13 On question 7, yes, my clients will attend
14 a Freshet rate SRP.

15 Regarding point 9, my clients have no
16 objection to raise regarding Mr. Cote's involvement
17 and the circumstances raised by the Chair.

18 **Proceeding Time 11:19 a.m. T26**

19 Regarding question 10, and Zone II
20 ratepayers, or the Kwadacha First Nation in
21 particular, in my view there are three somewhat
22 separate, albeit interrelated topics here. One is
23 whether the Zone II residential rate ought to be moved
24 into Module 1. The second is, should the Zone II
25 aspects of the Minister's RIB report -- should Zone II
26 be included in the scope of the Zone II RIB report.

1 And let me just deal with that one while I am on it.
2 My position is no, it should not. That that is not
3 what was contemplated in the letter, and that it would
4 unnecessarily complicate the RIB report.

5 And then the third area is information
6 requests that were made by the intervenor to which
7 Hydro didn't respond. And to that point, I would say
8 that there is a procedure for parties to go through
9 when they don't get a response that is satisfactory to
10 them, to an information request, and its -- and it
11 involves a question-by-question exchange of views, and
12 an attempt to resolve it without bringing it to the
13 Commission, and if necessary, unresolved questions can
14 be brought to the Commission for a decision. And of
15 course, that would be informed by whatever the
16 Commission says about the scope of this proceeding.

17 So, coming back to whether Zone II
18 residential should be brought into this proceeding, I
19 am going to await hearing from Ms. Dong as to what her
20 reasons are for wanting that. But, from my clients'
21 perspective, it is fundamentally important that the
22 Zone I residential rates be dealt with in accordance
23 with the existing schedule. And if it is a
24 consequence of bringing Zone II residential rates into
25 this proceeding, then we would be very resistant to
26 that. If it meant that the Zone I residential rates

1 were not resolved in accordance with the current time
2 table. And so that's my submissions on point 10,
3 subject to hearing from Ms. Dong about the rationale
4 for her request.

5 And last but not least, as I mentioned
6 earlier, I think the Commission should clearly
7 establish a deadline for a participant assistant cost
8 award estimated budgets to be filed.

9 Oh, point 8, question 8 I think has been
10 canvassed already, except to say that the Commission
11 doesn't usually provide funding under the PACA
12 guidelines for participation and processes prior to
13 the issuance of a hearing order, and for that reason I
14 understand Hydro provided some form of compensation
15 for intervenors to participate in its consultation
16 regarding this proceeding. It was roughly under the
17 PACA guidelines, somewhat narrow, it was certainly
18 appreciated, and from my perspective, those
19 consultations were extremely effective. Certainly
20 reduced vastly the amount of time and expert evidence
21 that would have had to go into this proceeding.

22 I agree with the sense that one of the
23 counsel previously mentioned that it may be helpful
24 for this Panel to comment on the value of that
25 consultation process to this proceeding. But I would
26 also tend to think that the question of whether Hydro

1 ought to recover those expenses would be subject to a
2 revenue requirement application.

3 Subject to any questions, those are my
4 submissions. Thank you.

5 THE CHAIRPERSON: Thank you, Mr. Andrews. Mr. Austin?

6 **SUBMISSIONS BY MR. AUSTIN:**

7 MR. AUSTIN: With respect to question number 1, provided
8 that additional information requests are allowed with
9 respect to long-run marginal costs, the Bonbright
10 criteria and the elasticity co-efficient related to
11 rate increases, then the Clean Energy Association of
12 BC is fine with what's going on with respect to
13 question number 1.

14 **Proceeding Time 11:24 a.m. T27**

15 With respect to question number 2, the
16 Clean Energy Association agrees that no expansion is
17 required with respect to the relationship between the
18 *Utilities Commission Act* and the *Clean Energy Act*.
19 With respect to the second half of that, the Clean
20 Energy Association agrees with BCOAPO's submissions
21 made with respect to that question.

22 Question number 3, the question is whether
23 the Minister's order -- letter requires consideration
24 of GHGs, and the Minister's letter does require
25 consideration of GHGs. And whether the
26 representatives of the ministry are in this room or

1 not, it doesn't really make any difference in terms of
2 the interpretation. The requirement to consider GHGs
3 is a matter of law because of the *Clean Energy Act*.
4 It's also a matter of law because of the carbon tax
5 that was passed in this province. The federal
6 government has signed the *Paris Accord*. The provinces
7 and the federal government are going to be needing to
8 reduce GHG. So the concept or the idea that somehow
9 GHGs can be conveniently ignored with respect to rate
10 design doesn't make any sense whatsoever.

11 It's reminiscent of positions that were
12 taken with respect to consultation and accommodation
13 by the Commission and interveners with respect to
14 First Nations, and that matter ended up at the B.C.
15 Court of Appeal and the B.C. Court of Appeal said
16 unequivocally that that is something that the
17 Commission and interveners have to consider. So we
18 see it as being no different in that sense. It's not
19 a question of the Minister's letter. It's a question
20 of the law's in existence and the law's coming. If BC
21 Hydro doesn't have enough information with respect to
22 the impact of rates in terms of additional GHGs, then
23 it will have to go out and do that work. I'm not
24 exactly sure how -- whether that will stall the
25 implementation of the residential inclining block
26 rate, but that work has to be done.

1 The Clean Energy Association takes no
2 position with respect to question number 4.

3 With respect to question number 5, it does
4 take a position in relation to the transmission
5 service rate, which essentially is going to be the
6 spring Freshet pilot. And the Clean Energy
7 Association is very concerned about the approach that
8 some of the interveners have taken and BC Hydro has
9 taken with respect to the pilot. The reason you do a
10 pilot is because you're looking to do something
11 permanent. And in terms of information requests, the
12 Clean Energy Association of B.C. requested information
13 about the next ten years in terms of the apparent
14 surplus that BC Hydro might have during the Freshet.

15 The Clean Energy Association of B.C. has
16 gone through this area in detail in previous
17 Commission proceedings and is very familiar with it.
18 If BC Hydro is saying it's got a Freshet surplus for
19 the next two years, then what it should do is go out
20 to potential customers and say, "Here, we have a
21 surplus for two years. This is the price we think we
22 should offer it to you." If there is a willing
23 purchaser then BC Hydro should come back and file
24 those contracts for the sale of that spring Freshet
25 energy with the Utilities Commission for approval.
26 There is a huge difference between that and doing a

1 pilot project for a permanent spring Freshet rate. If
2 there is going to be a pilot, then BC Hydro should at
3 least answer the Clean Energy Association's
4 information requests with respect to the next ten
5 years in terms of the surplus availability during the
6 spring Freshet. There's no evidence of that on the
7 record at all.

8 With respect to question number 6, the
9 Clean Energy Association takes no position.

10 Question number 7, the Clean Energy
11 Association of B.C. will participate in the Freshet
12 SRP.

13 In terms of question number 8, the Clean
14 Energy Association's position is the people that
15 participated in the consultation process should be
16 paid for what they did and they should keep their
17 payments. So it's something that, whether this Panel
18 needs to make a comment or recommendation on it, they
19 should.

20 **Proceeding Time 11:29 a.m. T28**

21 Clean Energy of B.C. participated in the
22 consultation process, but it made no application for
23 any participant assistance cost awards. But for those
24 who did, they should be paid, if they haven't been
25 paid, and they should be allowed to keep that money.

26 With respect to the additional matters, the

1 Clean Energy Association agrees with Mr. Andrews about
2 the comment for PACA, a deadline for applications must
3 be set as soon as possible.

4 And before I sit down, I just want to
5 review my comments to see if there is anything that
6 I've missed.

7 No further submissions. Thank you very
8 much.

9 THE CHAIRPERSON: Thank you, Mr. Austin. Mr. Keen?

10 **SUBMISSIONS BY MR. KEEN:**

11 MR. KEEN: Good morning, again, Mr. Chairman,
12 Commissioners. I was remiss earlier. I should have
13 mentioned that Mr. Richard Stout is here with me also.

14 THE CHAIRPERSON: Okay, thank you.

15 MR. KEEN: For AMPC. My plan, sir, is to walk through
16 the Commission's list of questions in Exhibit A-10,
17 and in doing so I'll also comment on BC Hydro's
18 proposed schedule.

19 THE CHAIRPERSON: Thank you.

20 MR. KEEN: Now assigned Exhibit number B-9.

21 Without further ado, and turning to Exhibit
22 A-10, I'm going to address questions 1 and 2 together.
23 Question 1 asks whether the evidentiary record on a
24 number of overarching issues should be expanded and
25 provides some examples. And likewise question 2 asks
26 whether the evidentiary record on a number of

1 jurisdictional issues should be expanded, and provides
2 examples. And we've heard comments on whether or not
3 question 2 relates to argument or evidence. I can
4 advise that as far as AMPC is concerned, it will not
5 be filing evidence on, nor seeking to file a second
6 round of IRs on, any of the example topics listed in
7 either of questions 1 or 2. And we have no
8 suggestions concerning evidence that any other parties
9 ought to file on those points.

10 And it's important to remember -- I want to
11 reiterate that the government has directed, in an
12 Order in Council, that no rate rebalancing will take
13 place as a result of this proceeding, and that BC
14 Hydro intends to file a rate design application for
15 F2019. So in terms of going out and procuring expert
16 evidence, that's really important context to bear in
17 mind. There is little incentive to invest funds,
18 given that.

19 Turning to question 3, dealing with the RIB
20 report, again, AMPC does not intend to file evidence
21 or argument attempting to interpret the Minister's
22 letter. And again, has no views as to whether any
23 other party ought to file evidence in that area
24 either.

25 Turning to question 4, dealing with the
26 cost of service study, it asks whether parties have

1 changed their positions on BC Hydro's request for
2 endorsement of the 2016 cost of service study. AMPC's
3 position remains unchanged from that that was set out
4 in Exhibit C12-2. The guts of what AMPC said in mid-
5 October was that the study should be treated as a
6 contextual document for rate design, given that the
7 Order in Council prevents any rate rebalancing.

8 AMPC was then and is now open to attempting
9 a negotiated settlement process, and supports BC
10 Hydro's proposal to (1) first seek consensus on items
11 where possible, and (2) default to the 2007 RDA
12 directions where consensus is not possible on discrete
13 items. Given the context we're in, it seems to us
14 that that an efficient way to proceed.

15 Turning to questions 5 and 6, my plan here
16 is again to deal with those questions collectively,
17 and do so by commenting on Exhibit A dash -- or,
18 sorry, Exhibit B-9, which is BC Hydro's proposed
19 schedule. You may wish to have that in front of you
20 briefly.

21 There is basically two points I want to
22 make in response to the schedule. I guess three now.
23 First, at a high level, we support it as proposed.
24 The items of interest to AMPC are obviously the
25 Freshet rate, rate schedule 1892 that has been
26 proposed; the TSR rate, rate schedule 1823; and the

1 LGS, large general service rate. We think the
2 proposed timelines and processes in Exhibit B-10 are
3 appropriate.

4 The second point that I want to comment on
5 -- sorry, was there a question?

6 THE CHAIRPERSON: Did you say B-10?

7 MR. KEEN: I did.

8 THE CHAIRPERSON: Not B-9?

9 MR. KEEN: Sorry, B dash -- I'm conflating A-10 and B-9.

10 THE CHAIRPERSON: Okay.

11 MR. KEEN: So, yes. B-9, thank you.

12 If I can turn you to page 6 of that
13 document, you may recall my friend Mr. Godsoe
14 commenting on the time that BC Hydro needed to file
15 its IR responses. The deadline for that, that's
16 proposed, is April 8th. And if you turn down to the
17 bottom of the page, the BCUC Order that would follow
18 the proposed SRP process is May 6th. If you turn the
19 page you'll see that the rationale for that timing is
20 to provide certainty to rate schedule 1823 customers,
21 many of whom are AMPC members. The point I want to
22 make is that AMPC supports that initiative and that
23 timing, and that certainty is important.

24 The third point I want to make, and this is
25 just in response to what I heard from Ms. Khan, I
26 think I heard her suggest that the timing of an NSP be

1 pushed back, so that it would follow any intervenor
2 evidence that BCOAPO would submit.

3 **Proceeding Time 11:35 a.m. T29**

4 Directionally AMPC isn't opposed to that,
5 but obviously we would have to consider specific
6 dates, and we haven't had a chance to do so. It may
7 well prove to be more convenient, but again, specific
8 dates are necessary.

9 Turning to question 7, and the Freshet SRP,
10 AMPC will attend, AMPC will attend avidly. The
11 Freshet is important to AMPC. In our view it is a
12 win-win-win situation as between industrial customers,
13 BC Hydro and other rate classes. BC Hydro is prepared
14 to implement that program in 2016, and we think it is
15 important the Commission's process be nimble enough
16 to, if appropriate, to take advantage of that
17 opportunity. The concept has been percolating, you
18 may recall, since late 2013, in the October Industrial
19 Electricity Policy Review Report, and we would like to
20 see it happen.

21 Turning to question 8, dealing with PACA
22 questions, there are two questions there. First,
23 whether this Panel should consider PACA -- the
24 workshop engagement process and the PACA funding, or
25 rather whether the RRA Panel ought to. We think that
26 you are close to the issues. This Panel, that is. We

1 are in front of you, you can hear us, and your best
2 place to consider whether or not the engagement
3 process was worthwhile. So, in our view, you had to
4 be making that decision.

5 Second, question 8 asks whether the current
6 PACA guidelines ought to be used. In our view, yes.
7 Parties have -- BC Hydro proceeded in that assumption,
8 and parties participation has been predicated on doing
9 so. The core question for you, I think, is whether
10 the process that BC Hydro administered carried a
11 reasonable cost and produced useful results. In our
12 view, yes. The engagement elicited valuable
13 contributions that affected the content of the
14 application, it was helpful, efficient, and got
15 parties up to speed.

16 Turning to the additional issues, the ninth
17 question, the potential apprehension of bias issue
18 flagged this morning concerning Commissioner Cote,
19 AMPC has no concerns.

20 Next, issue number 10, AMPC -- and this is
21 the request by the Zone II Ratepayers Group. AMPC
22 would oppose delaying Module 1 significantly to import
23 new content into Module 1. As to the IR responses,
24 there may be away to deal with that issue in a timely
25 way, or not. We're not in a position to comment on
26 the merits of that, but we do object to significantly

1 delaying the processes that are underway.

2 And finally, the eleventh issue, at the
3 eleventh hour, dealing with PACA deadlines, AMPC
4 agrees that one should be set quickly. We think that
5 parties have a good sense as to what they are going to
6 do and not do in this proceeding, and budgets can be
7 prepared on that basis.

8 Subject to any questions you have, those
9 are my submissions.

10 THE CHAIRPERSON: Thank you, Mr. Keen.

11 MR. KEEN: Thank you.

12 THE CHAIRPERSON: Mr. Weisberg?

13 **SUBMISSIONS BY MR. WEISBERG:**

14 MR. WISEBERG: Thank you, Mr. Chairman. I'll go through
15 in the same order as others have, beginning with issue
16 1. The NIARG submits that the evidentiary record for
17 those cited examples would best be expanded. The
18 NIARG expects that information regarding Zone IB and
19 Zone II elasticity assumptions for estimates on
20 conservation savings will not be available in time for
21 Module 1. I don't see any prospect to that. And
22 unless BC Hydro confirms that such evidence would be
23 available, we see it as certainly being an issue that
24 would have to be addressed in Module 2.

25 On the second issue identified by the
26 Panel, the NIARG agrees generally that the record

1 integrated system similarly severely limit the
2 availability of potential fuel switching. Nothing
3 within the Commission's jurisdiction can remove those
4 geographical barriers, so energy solutions must be
5 tailored to suit the challenging circumstances in the
6 non-integrated areas.

7 In my view then, the RIB rate and its
8 potential application to NIAs is something that must
9 be considered in Module 2 in a broader context and
10 specific to the NIAs.

11 I'm going to deal with Issues 4, 5 and 6
12 collectively. Generally we appreciate and we would
13 adopt the submissions of Mr. Weafer before me
14 regarding his identification of a concern about a
15 potentially disjointed process and the problems that
16 may arise from that. From our perspective, for the
17 non-integrated area customers and specifically Zone
18 IB, our concern from the outset and through the
19 workshop process was that separating issues in Module
20 1 and Module 2 may result in getting to things in
21 Module 2 that are keyed upon or rely on assumptions or
22 determinations made in Module 1 and there being no
23 opportunity to revisit those. That sort of tension is
24 the primary reason why we are appearing in this Module
25 1 as well, even though we expect that the bulk of the
26 specific information having to do with NIA issues will

1 happen in Module 2.

2 I don't have an easy solution to that, just
3 I think as Mr. Weafer didn't. I think the best that
4 we can do is the Commission, Hydro and interveners be
5 very alive to that potential problem of making
6 determinations or fixing assumptions and then moving
7 forward to a process where those things inform what's
8 going on in Module 2 for example, and there is no
9 chance to -- not to open it up completely, but to
10 revisit specific points that arise out of that.

11 In terms of the overall schedule, the
12 proposed schedule for dealing with the various issues,
13 we do appreciate the obvious work and effort that B.C.
14 Hydro has put into Exhibit B-9. We have no specific
15 changes or challenges to that. It looks, I think,
16 about as good as it could be given the scope of it and
17 the distance in time or the duration in time that
18 we're looking at.

19 For number 7, Issue number 7, the Freshet
20 SRP, NIARG does intend to participate in that process.
21 Zone IB, as I mentioned, obtains its electricity
22 almost exclusively from hydro generation from Ocean
23 Falls. So Hydro's Freshet policies have bearing, we
24 expect, on Zone IB circumstances that we would like to
25 be informed of and explore.

26 Issue number 8 was regarding costs, whether

1 also enhance procedural efficiency in Module 2 by
2 reducing time and the process needed to come up to
3 speed on issues that have been addressed in module 1,
4 and instead move the focus to NIA specific challenges
5 and problems.

6 We would certainly invite any guidance from
7 the Panel that you're able to give regarding that
8 nexus, and the comments I've made about the challenges
9 of participating in, I guess, a split proceeding.

10 Regarding participant assistance cost
11 awards, in this process, we would suggest that one
12 week from the issuance of a regulatory timetable would
13 be a good target, if that would suit the Panel. On
14 the two other issues that, Mr. Chair, that you noted,
15 the NIARG certainly has no basis to be concerned
16 about, or have an apprehension of bias regarding
17 Commissioner Cote. We certainly appreciate the
18 forthrightness in bringing that forward as it was
19 appropriate to do. No issue for us.

20 On finally the position that we have
21 regarding the Kwadacha Nation request, the NIARG
22 opposes that request and specifically the request to
23 include Zone II rate design in Module 2 -- sorry, in
24 the Module 1 phase of the RDA.

25 Although Zone IB is not specifically
26 mentioned in that request, the degree of overlap of

1 Zone IB and Zone II issues and challenges makes it
2 impractical and inefficient to deal with them in
3 separate modules, which would be the outcome if the
4 request was granted. We are also concerned that with
5 only one Zone II community, the Kwadacha Nation,
6 making the request, that if granted, it seems likely
7 to prejudice the interests of all other Zone II
8 customers that have apparently anticipated their
9 issues will be dealt with at least primarily in module
10 2.

11 Speaking for the NIARG, we participated in
12 this proceeding on the assumption that Zone IB and
13 Zone II rate design and all related issues will be
14 primarily dealt with in Module 2. Undoing that
15 fundamental premise at this stage would significantly
16 and unacceptably prejudice the current and prospective
17 members of the NIARG. For example, the NIARG chose to
18 forego filing Round 1 Information Requests, did so in
19 the absence of guidance on the procedural separation
20 of Module 1 and 2. But also, based on the reasonable
21 expectation that the workshop or consultation process
22 that is expected to occur after Module 1 and before
23 Module 2 would provide a more appropriate and focused
24 opportunity to explore issues that are specific to the
25 NIAs, and that there would then be a full opportunity
26 to follow up that information with Module 2

1 information requests.

2 **Proceeding Time 11:50 a.m. T32**

3 In our view the appropriate time for the
4 Kwadacha Nation's consultants to make that request to
5 include Zone II rate design in the Module 1 phase
6 would have been before the current regulatory process
7 got underway. Having started down the road, we
8 believe it would be neither fair nor efficient to
9 trigger the significant adjournment that BC Hydro has
10 suggested would result, and effectively restart
11 significant aspects of the Module 1 process.

12 Subject to your questions, those are my
13 submissions.

14 THE CHAIRPERSON: Thank you, Mr. Weisberg.

15 MR. WEISBERG: Thank you.

16 THE CHAIRPERSON: Ms. Dong. Ms. Dong, could you just
17 hold on for second please?

18 Okay, Ms. Dong, are you ready? Please.

19 MS. DONG: Thank you.

20 THE CHAIRPERSON: Thank you.

21 **SUBMISSIONS BY MS. DONG:**

22 Kwadacha Nation is part of the Zone II
23 Ratepayers Group and it's located in Fort Ware. It's
24 a First Nations community of approximately 270. It's
25 located 570 kilometres north of Prince George. It's a
26 remote community accessed by air from Prince George,

1 or eight to ten hours' drive on a logging road
2 depending on weather and road conditions. Kwadacha
3 Nation takes electricity service from BC Hydro under
4 Zone II rates and they've been part of the BC Hydro
5 system since March 2013.

6 The Zone II Ratepayers Group submitted
7 written submission which was Exhibit 36-6 as amended,
8 on Friday, addressing the Panel's queries, the eight
9 queries. And in addition we just have a few other
10 comments that we wanted to add.

11 Though I was present for some of the
12 workshops, I was representing another party at the
13 time. We appreciate BC Hydro providing the
14 opportunity for those workshop panels and stakeholder
15 engagement. However, Kwadacha Nation, a Zone II
16 Ratepayers Group, was not present at those workshops.

17 Another thing I want to add that is part of
18 our submission we included, that the Zone II
19 Ratepayers Group has not and is not proposing a delay
20 in the RDA processes, and it's hopeful that the NIA
21 issues can be addressed in a timely manner as part of
22 Module 1 with little or no delay.

23 One of the general comments that we wanted
24 to include, looking at the hearing schedule that was
25 provided by BC Hydro, which is Exhibit B-9, it was
26 just a general comment that we had, is that based on

1 MR. EDWARDS: Yeah. Thank you, Commissioners. I'm
2 representing the Dewdney Area Improvement District,
3 which is a dyking authority in Hatzic Valley near
4 Mission. We have occasional heavy rainfalls that
5 require flood control pumping. Normally water from
6 the -- from Hatzic Lake is drained into the Fraser
7 River. But when there is heavy rainfall in the
8 Interior, the only way to get water into the Fraser is
9 by pumping. After the 1948 floods, there was a
10 pumping station installed, which is inadequate,
11 resulting in 16 major floods.

12 Now, the damage caused by those floods was
13 paid for by the provincial government. We were able
14 to get funding to put in three new pumps, which is now
15 adequate to prevent flooding, but the difficulty is
16 that the high demand charge that is levied makes the
17 cost of pumping prohibitive. And as a result, the
18 Dewdney Area Improvement District is considering
19 either not pumping, because the cost to the taxpayers
20 is so great -- they endured a 35 percent dyking tax
21 increase last year. Or, alternately declaring
22 bankruptcy because the financial position is so
23 desperate.

24 Now, I'm totally unfamiliar with the
25 proceedings of the Commission, so I crave your
26 indulgence and hope that we can get continued

1 guidance. I'm on a learning curve that's very steep,
2 and I'll attempt to, as we go along, to be able to
3 follow your requirements a little better.

4 I've prepared a handout which gives a very
5 brief outline of the difficulty. Because of this
6 minimum charge, the penalty paid was over 16,000
7 percent higher.

8 THE CHAIRPERSON: Mr. Edwards, I'm sorry. I'm going to
9 stop you just for a moment. You asked -- you
10 suggested that perhaps we could provide you with some
11 guidance?

12 MR. EDWARDS: Yes.

13 THE CHAIRPERSON: What you're saying is very interesting,
14 but you may want to leave that until later in the
15 proceeding, when we get a chance to examine these
16 issues a little more closely. What we're trying to do
17 now is come up with a way that we can look at those
18 issues.

19 MR. EDWARDS: Yes.

20 THE CHAIRPERSON: Including your issues, and how we would
21 -- and in what form we're going to do that.

22 MR. EDWARDS: Yes.

23 THE CHAIRPERSON: We have sent out a letter, previously,
24 suggesting what we would -- what we invite you to
25 submit to us today.

26 MR. EDWARDS: Yes.

1 THE CHAIRPERSON: And I went through those in my opening
2 remarks. And I would ask you to please try and limit
3 your comments now to those items, please.

4 MR. EDWARDS: Yes. That can be very brief. We're --
5 what we're seeking is a rate class that is suitable
6 for flood control pumping, and in order to achieve
7 that, I'm suggesting a written argument process,
8 because that will allow us time to adequately prepare
9 responses.

10 **Proceeding Time 12:01 p.m. T34**

11 I'd also request another round of IRs, so
12 we can submit evidence on the impact to other pumping
13 authorities, because this affects maybe half of the
14 municipalities in the Lower Mainland, and therefore
15 about half of the property taxpayers in B.C.

16 And you know, finally, well, we would also
17 appreciate PACA reimbursement. And I intend to
18 participate fully in the proceedings, including in the
19 Freshet SRP.

20 THE CHAIRPERSON: Okay.

21 MR. EDWARDS: Do you have any questions at this stage?

22 THE CHAIRPERSON: Do you have any questions? No, we
23 don't. Thank you very much, Mr. Edwards. Appreciate
24 it.

25 MR. EDWARDS: Thank you, Mr. Chairman.

26 THE CHAIRPERSON: Mr. Carpenter?

1 **SUBMISSIONS BY MR. CARPENTER:**

2 MR. CARPENTER: Mr. Chair, I'll address the questions
3 that you set out in Exhibit A-10 in the order of those
4 questions.

5 With respect to items 1 and 2, CAPP doesn't
6 see anything needed in terms of further information or
7 process, other than what's already proposed by BC
8 Hydro in their Exhibit B-9. And I will come back to
9 that in the response to the further questions
10 addressing that.

11 We do not have any submissions on item
12 number 3. It's not a matter that involves us.

13 With respect to items 4, 5, and 6, as those
14 were addressed together by BC Hydro, we support the
15 proposal in Exhibit B-9, but then just to address
16 those items individually. In item 4, CAPP has not
17 changed its position in response to IR 1 that it set
18 out in its October 14th letter, which was labeled
19 Exhibit C13-1. Like a couple of the other parties who
20 have made submissions, that position was that, given
21 that there is no ability for rate rebalancing, that
22 the cost of service study should be used as a
23 contextual document. We appreciate that that
24 submission wasn't fully adopted, but we also echo the
25 comment, I think it was Mr. Weafer that may have made
26 it, that given that practicality, that a number of the

1 parties, and in fact it appears all the parties have
2 chosen not to bring forward evidence with respect to
3 the cost of service study.

4 So, from my perspective, while there may be
5 some results of the cost of service studies that are
6 going to be used in specific places here, or proposed
7 to be used, a general endorsement of it without that
8 testing back and forth, which I think most parties
9 anticipate will occur now after a 2019 cost of service
10 study is filed, we shouldn't think that there should
11 be too much coming out of this that is going to endure
12 for a long period of time.

13 With respect to item number 5, the only
14 thing beyond what I've already said that I'll make
15 comments on is with respect to the process for rate
16 schedule 1823. And we strongly support the SRP --
17 proposed SRP process for rate schedule 1823. And with
18 respect to item number 6, we also support the proposed
19 process with respect to Exhibit B-1-1.

20 **Proceeding Time 12:06 p.m. T35**

21 My last comments on those points, I'll
22 respond to the comments that Mr. -- again, Mr. Weafer
23 made, and I think Mr. Weisberg repeated, with respect
24 to a concern about the parsing of different issues
25 here, and attempting to deal with those over time. I
26 understand their submissions, but at the same time

1 that is something that this Commission has always
2 tried to do, in my experience, is deal with different
3 issues in an efficient and effective manner. And with
4 respect to Mr. Weafer and Mr. Weisberg, they weren't
5 able to first of all point to any specific examples of
6 where they thought that concern might manifest, and
7 secondly, they weren't pointing to what it was that
8 they were suggesting that the Commission do with
9 respect to that. And in a number of places, BC Hydro
10 has suggested that following certain further
11 processes, this Commission would issue orders as
12 appropriate, at that point in time.

13 CAPP strongly supports that process, and
14 the Commission issuing those orders, for the purposes
15 that are intended and in some cases because of
16 upcoming events. And with respect, I don't think that
17 it's helpful for the parties to think that in some way
18 the Commission is going to keep their finger on that
19 order because at some point in time six months from
20 now -- from then, or a year from then, it may discover
21 something and say, "Oh, well, that order didn't really
22 mean what we said it meant at that point in time."
23 That's an untenable situation, in my respectful
24 submission, to put the Commission in.

25 So, I respectfully submit that we go
26 through the process, as it's been laid out. The

1 Commission makes its orders as appropriate. If nobody
2 is able to point to where it is that it would be
3 necessary to not make that order at that point in
4 time, the Commission go ahead and do so. And if it
5 turns out that something arises further on in the
6 process that looks like it requires reconsideration,
7 there are provisions in the *Utilities Commission Act*
8 that allow the Commission to deal with those issues at
9 that point in time.

10 Item 7, it would appear that we are the odd
11 person out, or odd intervener out, whatever the proper
12 way of describing that is. CAPP does not propose to
13 participate in the Freshet SRP process.

14 With respect to item 8, CAPP did not
15 request funding and did not receive funding during the
16 workshop process, and it's ambivalent in terms of
17 where those issues are addressed. But it would like
18 to say that it found the workshop process to be
19 helpful. It found it to be effective and efficient,
20 and it believes that that process led, as I think all
21 of the parties have submitted so far, to a narrowing
22 of the issues and what is likely to be a far more
23 efficient process from this point forward. So, I did
24 want to put that on the record.

25 With respect to item number 9, or what I'll
26 call item number 9, the question with respect to

1 apprehension of bias, CAPP has no concerns with
2 Commissioner Cote participating in this proceeding.

3 And with respect to what again I'll call
4 item number 10, the Zone II request, I'm not quite
5 sure what Ms. Dong is proposing, and now since she
6 said in her submissions that she wasn't proposing any
7 extension to the timeline as I heard her with respect
8 to Module 1, but I will just say that CAPP does not
9 support any request in terms of the Zone II request
10 that would extend the time period for Module 1.
11 CAPP's primary interests are with respect to Module 2,
12 and we respectfully submit that these are issues that
13 have been canvassed back through the workshop process.
14 We are where we are. There should be a completion of
15 Module 1. That timing is already, with all due
16 respect, extended under BC Hydro's proposed schedule.
17 And we would like to get on with Module 2.

18 With any questions, that completes my
19 submissions.

20 **Proceeding Time 12:11 p.m. T36**

21 THE CHAIRPERSON: Thank you, Mr. Carpenter.

22 MR. CARPENTER: Thank you.

23 THE CHAIRPERSON: Mr. Buchanan?

24 **SUBMISSIONS BY MR. BUCHANAN:**

25 MR. BUCHANAN: Hello, Jack Buchanan with the Ministry of
26 Energy and Mines. I'm just going to keep most of my

1 comments high-level. There's several of these things
2 that I won't be commenting on -- or that we don't have
3 a position on, rather, if that's okay.

4 THE CHAIRPERSON: Okay.

5 MR. BUCHANAN: On the first issue, on the -- we don't
6 have any position on this at this time, on whether
7 it's issues that apply to all rate classes and Module
8 1 should be expanded.

9 On the second issue, we believe the
10 evidentiary record for the jurisdiction to set low-
11 income rates, at least, could be expanded. We
12 anticipate that we'll likely have comments on that in
13 the future, although they're not at this time, beyond
14 that.

15 On question 3, I have heard a few requests
16 for us to clarify what we meant in the Minister's
17 letter. The letter was -- the letter does not require
18 that the RDA cover the fuel switching and GHG
19 emissions issues. We don't really have a position at
20 this time on whether these issues should be examined
21 within the RDA, however. We view that as a discretion
22 of the participants and the Commission.

23 We do not have a position at this time on
24 issue 4, or on issue 5 or issue 6. On issue 7, we do
25 intend to participate in the Freshet SRP on January
26 25th.

1 On issue 8, on the PACA costs, we do not
2 have a position on this issue. Nor do we have an
3 issue on -- a position on the apprehension of bias
4 question.

5 Regarding the Zone II Ratepayers' request,
6 issue 10, we are, I guess, only specifically have a
7 position on whether the Minister's letter contemplated
8 the non-integrated area rates being in scope for the
9 RIB and RCR review. The letter refers specifically to
10 the residential inclining block rate and the
11 residential conservation rate, and it did not
12 contemplate including non-integrated areas rates
13 within that review. I think there have been other
14 comments about that fitting within Module 2, and
15 that's our understanding.

16 And these were all of our comments at this
17 point, unless there are questions that the Commission
18 has for us.

19 THE CHAIRPERSON: Thank you, Mr. Buchanan.

20 MR. BUCHANAN: Thank you. Ms. Herbst? Thank you.

21 **SUBMISSIONS BY MS. HERBST:**

22 MS. HERBST: Thank you, Mr. Chair, Commissioners. I will
23 likewise run through the issues as set out in Exhibit
24 A-10, and on the first question, with respect to the
25 evidentiary record on overarching issues, we're
26 content with such provision as is made in the proposed

1 BC Hydro timetable for dealing with the issues.

2 On item 2, expanding the record, whether
3 evidentiary or other, on jurisdictional issues, we
4 would have thought, as flagged earlier this morning,
5 that the issues on jurisdiction are primarily legal,
6 and wouldn't require an expansion of the evidentiary
7 record. We have heard BCOAPO's position on the point,
8 and its intention to file evidence directed
9 specifically to jurisdiction, I think, as well as the
10 exercise of discretion if there is a jurisdiction
11 that's found. And we're content with how BC Hydro has
12 proposed to deal with it in its proposed -- in its
13 suggested timetable.

14 An earlier version of the BC Hydro
15 timetable had also proposed an approach that had been
16 of some appeal to us, which was to deal with the
17 jurisdictional issue in a legal argument on the
18 jurisdictional issue separately. But having heard
19 BCOAPO's position, and its suggestion that the
20 evidentiary input that it would provide extends beyond
21 the use of discretion to the actual jurisdiction,
22 we're content with that being dealt with together
23 rather than in separate stages.

24 On item 3, I think the Ministry has just
25 answered that question, and certainly we would have
26 read the letter the same way. That it's not required

1 that these issues be dealt with in the RDA.

2 On item 4, our position has not changed
3 from Exhibit C26-1 on the 2016 COSA. We had left open
4 our position on the NSP. So, as to the COSA itself,
5 FortisBC's position had been that it's part of the
6 evidence and informs the RDA on the NSP specifically,
7 as BC Hydro has proposed it. We are content with the
8 issues that are associated with that being dealt with
9 as part of the NSP as long as that's all the NSP deals
10 with.

11 **Proceeding Time 12:17 p.m. T37**

12 We note as well, and I don't think there's
13 a suggestion really otherwise in BC Hydro's proposal,
14 but there's a suggestion that perhaps in the 2019
15 COSA, BC Hydro will deal with splitting out both
16 FortisBC and New Westminster from other transmission
17 service rate customers. And we just want to flag that
18 our expectation would be that that's not dealt with as
19 part of this NSP but is deferred to a later date.

20 As to Items 5 and 6, we have nothing to add
21 to the BC Hydro proposal in terms of timetable, which
22 we find to be satisfactory.

23 Just taking this opportunity to address
24 comments that Mr. Weafer and Mr. Weisberg have raised,
25 and I think that Mr. Carpenter has just somewhat
26 distanced himself from, we believe it's a useful

1 exercise that as Mr. Weafer and Mr. Weisberg have
2 raised, there be some alertness, including on the part
3 of interveners, to the possibility that given the
4 phased nature of the process, there be some alertness
5 to potential unintended consequences that arise from
6 later decisions on earlier ones; likewise earlier
7 decisions on later stages. We don't have any
8 suggestion to remedy that or to change the process.
9 As we said, we're content with proceeding as BC Hydro
10 has outlined. But I believe it was Mr. Weisberg who
11 pointed to a heightened state of alertness that might
12 be required and simply endorsed that point of view.

13 With respect to Item number 7, the SRP on
14 the Freshet Pilot Project, FortisBC will be
15 participating in that SRP. Just as a general point,
16 we support pilot projects for the purpose of exploring
17 whether rates should be put in place, new rates should
18 be put in place, and support specifically this type of
19 rate, but of course want to ensure that it's
20 structured appropriately.

21 On Item 8, the issue of PACA, just as our
22 comment based on FortisBC's experience and otherwise,
23 we think that this Panel would be well positioned to
24 deal with the issue given it is in a position to
25 assess the effectiveness and use of the workshop
26 process and the role of interveners within it. We

1 also think that it would be a useful opportunity to
2 clarify the application of the PACA Guidelines to
3 items that arise prior to the initiation of a process
4 by way of Commission order, and I think Mr. Andrews
5 alluded to this as a potential gap or -- and it likely
6 is part of the reason that the question was brought
7 forward as part of the issues raised by the
8 Commission. In our view it may very well be that the
9 PACA Guidelines should apply by analogy, but it would
10 be useful to have some guidance in terms of other
11 processes going forward as well.

12 In terms of two of the issues raised by the
13 Chair this morning, first of all the question of
14 whether there's a reasonable apprehension of bias in
15 connection with Mr. Cote's son, we have likewise no
16 concerns with that and don't believe that a reasonable
17 apprehension arises.

18 And for Item 10, again my numbering, as to
19 the Zone II Ratepayer Requests, we have no position on
20 that issue. Likewise no position on PACA deadlines or
21 the other issues that have been raised.

22 Subject to questions, those are my
23 submissions on the points.

24 THE CHAIRPERSON: Thank you, Ms. Herbst.

25 MS. HERBST: Thank you.

26 MR. MILLER: Mr. Chair, Mr. Sundmark had to leave but he

1 module. And I wanted to identify that because there
2 are any number of issues that trickle down, and that
3 are built on issues that we will be dealing with in
4 this module, and I am hopeful that this Panel will
5 recognize and that BC Hydro will recognize that being
6 open to answering those information requests or those
7 questions in an SRP or anything else, is required or
8 at least an examination of whether that is appropriate
9 should take place rather than just ruling it out of
10 scope.

11 Getting back to the document that you had
12 circulated, in regards to issue one, we have reviewed
13 BC Hydro's proposed schedule, and we see that it does
14 allow for IRs regarding many of the overarching issues
15 that you've identified, and we do see the need for
16 further examination and we do intend to pursue IRs on
17 certain issues.

18 In regards to the evidentiary record on the
19 jurisdictional issues, MoveUP supports BCOAPO's
20 position on the importance of having the opportunity
21 to put in its case prior to engaging the
22 jurisdictional argument. Particularly in light of the
23 2007 decision in the RDA where the Commission declined
24 to actually make a ruling, citing at that time the
25 lack of need.

26 MoveUP believes that the evidentiary record

1 also needs greater development in general before the
2 parties can engage in an informed consideration of the
3 jurisdictional issues.

4 Now, I have got the benefit of something
5 that many of our fellow interveners do not, the
6 Minister's representative has provided some guidance,
7 and that was in line with my interpretation of what
8 the letter was actually asking us to do. And for
9 number four, our clients have not changed their
10 position in regards to the cost of service. We have a
11 somewhat different perspective on the cost of service
12 than many parties here. We still do believe that BC
13 Hydro should examine marginal costs as part of its
14 planning, and should provide that modeling if it
15 decides to proceed with a status-quo in future
16 applications.

17 But we don't see that this is the place to
18 actually deal with this. This, in our review too, in
19 line with what Mr. Keen said, is a contextual
20 document, because of the Order in Council that we are
21 operating under. So our willingness to deal with this
22 issue as BC Hydro proposes in this process is based on
23 our understanding that it is an issue that will be
24 examined afresh in 2019.

25 In regards to 2, 5 and 6, MoveUP has
26 reviewed BC Hydro's proposed schedule as I have

1 alluded to, and agrees that it appropriately addresses
2 the union's assessment of the processes for each of
3 the subject matters addressed. In regards to the
4 Freshet, which is item 7, we do intend to participate
5 in this SRP.

6 Item 8, which is the PACA, we agree with BC
7 Hydro's evaluation of the prudence of its costs, and
8 with Mr. Weafer's suggestion that this Panel provide
9 comment for the RRA Panel as to the value of that
10 workshop process in this particular process. There
11 are different parties that attend the RDAs as opposed
12 to the RRA, so there may be parties that would
13 actually have input as to whether these should be
14 recovered in rates, that aren't at the table at this
15 time.

16 We have no concerns regarding any perceived
17 conflict regarding Mr. Cote's son being the Mayor of
18 New Westminster, so that is number 9.

19 And number 10, I have been instructed to
20 take no position in regards to the Zone II groups'
21 application for a modification to the schedule.

22 Subject to any questions, those are my
23 submissions.

24 THE CHAIRPERSON: No questions, thanks, Ms. Worth.

25 MS. WORTH: Thank you.

26 THE CHAIRPERSON: Mr. Kletas?

1 **SUBMISSIONS BY MR. KLETAS:**

2 MR. KLETAS: Mr. Chairman, Commissioners, my submissions
3 are going to be quite brief. YVR's response will be
4 limited to Rate 1827 and the proposed schedule as
5 outlined by BC Hydro in Exhibit B-9. YVR, and it's my
6 understanding from my colleague from SFU that we're in
7 agreement with the proposed schedule to deal with
8 1827.

9 **Proceeding Time 12:21 p.m. T39**

10 Both YVR and SFU wish to have certainty
11 regarding their rate structure, given the nature of
12 their operations, and have the Commission issue such
13 an order as contemplated in B-9.

14 With respect to the other items in the
15 Commission's letter, outlined in Exhibit A-10, YVR
16 takes no position with respect to these matters as
17 outlined in this letter. A lot of the issues that
18 have been raised in the Commission's letter don't
19 apply to the rate 1827 TSR customers.

20 And those are my submissions, if you have
21 any further questions.

22 THE CHAIRPERSON: Thank you, Mr. Kletas.

23 Mr. Miller, you have a staff submission?

24 MR. MILLER: I have two things to address, Mr. Chair.

25 THE CHAIRPERSON: Yes.

26 MR. MILLER: First of all, this morning Mr. Karow sent in

1 an e-mail, and he asked for his submission to be
2 distributed. He asked me to read it, but I won't do
3 that. We printed it out.
4 THE CHAIRPERSON: Okay.
5 MR. MILLER: And we'll submit it now.
6 THE CHAIRPERSON: Okay.
7 MR. MILLER: So that will be Exhibit C20-3, and I'll ask
8 Mr. Bussoli to hand it out.
9 THE HEARING OFFICER: C20-3.
10 **(LETTER DATED JANUARY 19, 2016 FROM MR. HANS KAROW**
11 **MARKED EXHIBIT C20-3)**
12 THE CHAIRPERSON: Right. And your second item, Mr.
13 Miller?
14 MR. MILLER: Sorry?
15 THE CHAIRPERSON: Is there a staff submission that you --
16 MR. MILLER: Yes, as well.
17 THE CHAIRPERSON: Do you have a time estimate of how long
18 you will be, please?
19 MR. MILLER: Approximately ten minutes or so.
20 THE CHAIRPERSON: Ten minutes? And --
21 MR. MILLER: I've just handed it to Hydro, so they may
22 want a chance to digest it.
23 THE CHAIRPERSON: Yes.
24 MR. GODSOE: Mr. Chairman, we will need considerable time
25 to digest it. I note that we circulated the strawman
26 proposal to Staff on 13 January, and we're now just

1 receiving a very significantly different timetable
2 from Staff. I wanted to register my objection to
3 that. I mean, we should have been served with this
4 earlier.

5 At any rate, we're going to need a
6 significant break to digest it. There is parts of it,
7 on a quick glance, that simply are not going to work
8 for us.

9 THE CHAIRPERSON: Okay. So, it sounds like a lunch break
10 may be appropriate. Can we take it now, Mr. Miller?
11 Or do you need to read this out first? Or --

12 MR. MILLER: I don't need to read it out, I can address
13 it very succinctly when I come back, the rationale
14 behind some of it.

15 THE CHAIRPERSON: Okay. Okay.

16 MR. MILLER: So -- but I think it would be fair to let
17 the parties digest it, because that way the responses
18 will be more effective. Thank you.

19 THE CHAIRPERSON: Right. Okay. So, Mr. Godsoe? Your
20 objection is noted, but I'm wondering if you could let
21 me know if an hour would be sufficient, or do you need
22 an hour and a half? Or some other period?

23 MR. GODSOE: I believe an hour will be sufficient, but it
24 may be that we can't address every single item in
25 here. I'm just going to give you an example. We
26 cannot commit to a negotiated settlement process in

1 mid-March for the cost of service until we contact our
2 consultant, for example.

3 THE CHAIRPERSON: Right.

4 MR. GODSOE: So I will do my best within an hour, but it
5 may be that we're going to have to submit something in
6 writing, if that would be appropriate.

7 THE CHAIRPERSON: Okay.

8 MR. MILLER: Mr. Chair, it might be useful to hand out
9 this document now, so that the staff's proposed
10 submissions and a timetable would be Exhibit A2-1.

11 THE HEARING OFFICER: Marked A2-1.

12 **(BCUC STAFF'S PROPOSED SUBMISSIONS AND A TIMETABLE**
13 **MARKED EXHIBIT A2-1)**

14 THE CHAIRPERSON: Okay, so we'll take our lunch break,
15 then. It's 12:30 now, so we'll come back at 1:30,
16 please. Thanks.

17 **(PROCEEDINGS ADJOURNED AT 12:31 P.M.)**

18 **(PROCEEDINGS RESUMED AT 1:32 P.M.)** **T40/41**

19 THE CHAIRPERSON: Please be seated. Thank you.

20 Mr. Miller.

21 MR. MILLER: Mr. Chair, I believe Mr. Godsoe would like
22 to make a comment on behalf of Hydro.

23 THE CHAIRPERSON: Thank you. Please go ahead.

24 MR. GODSOE: Mr. Chairman, Commissioners, I canvassed
25 several interveners and it might be of assistance to
26 the Panel and to interveners if BC Hydro gave its

1 overview comments on Exhibit A2-1 but reserved its
2 right to reply to all subsequent submissions,
3 including this morning, in accordance with what your
4 statements early in the morning.

5 THE CHAIRPERSON: Okay, fine, thank you. Please go
6 ahead.

7 MR. GODSOE: We believe there are several problems with
8 Exhibit A2-1, and we'll highlight five or six of them.
9 It is unclear to B.C. Hydro in Items 2 and Items 5
10 whether there is provision for intervener evidence,
11 particularly on the topic of low income rates, prior
12 to the jurisdictional argument laid out in Item 2 and
13 the oral hearing laid out in Item 5. We strongly
14 support the position of British Columbia Old Age
15 Pensioners, that is there must be evidence on the low
16 income rate in front of this Commission before it
17 rules on whether that rate is unduly discriminatory.
18 That is a question of mixed fact and law, in our view.

19 It does not appear from Item 5 that there
20 is adequate time to submit intervener evidence, BC
21 Hydro rebuttal, and proceed to an oral hearing in mid-
22 May on the residential default rate and low income
23 rates and tariffs. So we strongly oppose the
24 timetable put forward in Item 5 of Exhibit A2-1.

25 We are also strongly opposed to the date
26 for submitting a utility report on the RIB rate on or

1 before 22 January, 2016. In my statements this
2 morning I outlined for you in the cover letter to
3 Exhibit B-5, the Commission must make determinations
4 on the definitions of low income customer and
5 customers without access to natural gas before we can
6 undertake additional modelling. This timetable does
7 not permit that. To submit a report after one round
8 of IRs will be of limited utility to the Commission,
9 in our view. There simply isn't adequate time to
10 prepare that report.

11 Moving to the transmission service rates
12 and subject to the comments of AMPC and CAPP, our view
13 is that this is a late schedule for determining the
14 pricing principles for Rate Schedule 1823 in
15 particular. In addition, it leaves a lot of
16 uncertainty for the Rate Schedule 1827 customers as to
17 whether their exemption will continue or not. We're
18 now saying mid-August 2016. We have concerns on their
19 behalf, but we'll let them speak to that. We strongly
20 prefer our timetable set out in Exhibit B-9.

21 Irrigation and street lighting rate design
22 are clearly Module 2 issues, and the reference for
23 that is Exhibit B-1, Section 1.5.1. And so we don't
24 understand why there is provision here for a timetable
25 on irrigation and street lighting rate design.

26 Another issue is the schedule for Round 2

1 Mr. Miller, before you begin, I assume that
2 you're going to present the staff's submission in a
3 few minutes?

4 MR. MILLER: Yes, I do have a submission on the
5 timetable, and Mr. Edwards has asked for a chance to
6 come back and address the issues list. And I believe
7 he's ready to go now.

8 THE CHAIRPERSON: I understand you didn't have the -- you
9 didn't have the letter when you were up before, is
10 that correct?

11 MR. EDWARDS: Yes, that's correct.

12 THE CHAIRPERSON: And you've had a chance to look at it
13 now?

14 MR. EDWARDS: Yes.

15 THE CHAIRPERSON: And would you like to come and give us
16 your submissions on it, please?

17 **SUBMISSIONS BY MR. EDWARDS (Continues):**

18 MR. EDWARDS: Yes, I'd be pleased to. Thank you, Mr.
19 Chairman.

20 With respect to question 1, yes, we believe
21 there is more evidentiary evidence required. And on
22 question 2, yes, to address the adverse impacts to
23 pumping authorities, for example, the municipalities
24 that are impacted.

25 Three, we have no position on this at the
26 moment. Four, no position on this. Number five, we

1 feel that there -- again, there is inadequate evidence
2 to address the concerns of the impacted
3 municipalities, and there are many.

4 For large general service, we feel a
5 written review is in order and also for irrigation
6 rate class, which may -- which could be modified to
7 encompass flood control, pumping, I would suggest a
8 written review.

9 Again, question 6, I suggest a written
10 review. Question 7, we'd be pleased to participate
11 fully in the Freshet SRP process. And number 8, we
12 feel that the Panel should make a determination on
13 participant costs from the inception of intervener
14 engagement.

15 And I have nothing more at present, so.

16 THE CHAIRPERSON: Thank you, Mr. Edwards.

17 MR. EDWARDS: Thank you, Mr. Chairman.

18 THE CHAIRPERSON: Mr. Miller?

19 **SUBMISSIONS BY MR. MILLER:**

20 MR. MILLER: Thank you, Mr. Chair.

21 Addressing the staff proposed timetable, I
22 have a few preliminary comments. Staff had two broad
23 concerns with respect to the timetable proposed by BC
24 Hydro. The first relates to what I would call a
25 series of decisions required by the Commission
26 sequentially in relatively short order. The Staff are

1 concerned that -- I guess there's a burn-out factor
2 involved. Well, partly a burn-out factor involved,
3 both on Staff and Commission on the short turnaround
4 of these decisions, and also concerned with the tight
5 schedule taking away from time both on this
6 application, in terms of writing a decision or
7 assisting the Panel in understanding the evidence, and
8 also attending to the next step in the process,
9 getting ready for both at the same time. So, that's
10 one of the concerns.

11 **Proceeding Time 1:43 p.m. T43**

12 The other broad concerns is similar to some
13 of the expressions you've heard from the interveners
14 about possible disjointed decisions, or decisions that
15 may not encompass all aspects of the application to
16 the extent that is possible. So they were bringing
17 forward this proposal. We're not stuck hard on the
18 dates. But we do think maybe fewer decisions coming
19 -- or being required in short order would be helpful,
20 if that's possible, and of course it's up to the
21 Panel. And secondly, a little more time between
22 decisions so that they can attend thoughtfully to the
23 upcoming work that they also have to prepare for.

24 So with that in mind I'm going to go
25 through some of the items in a very summary fashion.
26 So we believe, on number 1, we believe the record is

1 fine. We don't require any more IRs. We're prepared
2 -- whatever outstanding questions there are can be
3 dealt with in an oral hearing.

4 On number 2, we don't believe that further
5 evidence is required, and Staff has set forward its
6 proposal with regard to -- this is one of the
7 attempts, you'll see the sequence of dates there.
8 Throughout the letter or the Staff's submission you'll
9 see those dates being used often. So that's the
10 attempt to get all the issues together for a more
11 fulsome and holistic look at the evidence and the
12 submissions. But again, if the Panel feels that we
13 shouldn't have just one big round at the end, that's
14 fair enough too. But this was an attempt to address
15 that issue.

16 On number 3, the Staff believes that the
17 issues highlighted in that question can be considered
18 but they are not mandated, and to some extent I think
19 Mr. Godsoe's submissions were correct. They're
20 factors to be considered, but just and reasonable
21 rates govern all.

22 On number 4, Staff does not believe that
23 the Panel should be endorsing the cost of service
24 study. It needs alternate evidence. So we're
25 suggesting that an NSP occur now, and then a more
26 fulsome look at the cost of service at a later date

1 where there's alternate evidence would be appropriate.
2 So on number 5, again we're going into --
3 maybe this is the proper time to address what I
4 understand was a concern with respect to the
5 jurisdictional argument raised by BCOAPO and supported
6 by Hydro in terms of having evidence before you.
7 Staff was proposing, although maybe not expressly,
8 that that issue be dealt with at the end, after all
9 the evidence is in. And again, Staff has its
10 timetable there.

11 On the RIB report, I understand that Staff
12 has no problem with the latest suggestion with respect
13 to what Hydro was doing, but Staff thinks it can be
14 done maybe in a little bit shorter time frame than
15 that suggested by Hydro. How much shorter I'll let
16 Mr. Godsoe address that if it's possible.

17 Number 7, of course Staff will be at the
18 Freshet SRP and Staff has no position on the PACA.

19 So there is a timeline set out at the end
20 here. There was a slot for intervener evidence and
21 that was to address the BCOAPO concern. It was
22 Wednesday, April 6th. But again, these dates are not
23 set in stone by Staff. They are being put forward as
24 an alternate proposal to give a little more time --
25 Sorry, March 23rd, I misspoke, I'm sorry.

26 Just let me check with Staff. I believe

1 those are my submissions.

2 Those are my submissions, Mr. Chairman,
3 unless you have any questions.

4 THE CHAIRPERSON: Questions? No questions, Mr. Miller.
5 Thank you very much.

6 Okay, Mr. Kletas, do you have any reply?

7 **REPLY BY MR. KLETAS:**

8 Mr. Chairman and Commissioners, the only
9 concern that YVR has, and I presume the other 1827
10 rate holders will have, is there's no certainty until
11 almost eight months from today's hearing that we would
12 have some decision that 1827 customers are still
13 exempt. I realize and understand the Staff's position
14 to streamline the process, but given that 1827, during
15 the various workshops, there was very little
16 opposition. BC Hydro is not requesting any changes to
17 Rate 1827. That that be carved out, so that the Rate
18 1827 customers have some certainty with respect to
19 their rate. As you can appreciate, the Vancouver
20 International Airport is a 24/7 operation and we need
21 to ensure that we have some certainty with respect to
22 this rate.

23 Those are my submissions.

24 THE CHAIRPERSON: Thank you, Mr. Kletas. Ms. Worth? Mr.
25 Quail, do you have some reply?

26 **REPLY BY MR. QUAIL:**

1 discriminatory. But it is appropriate discrimination.
2 The subdivision of general service into the different
3 tranches is discriminatory, literally speaking, but it
4 is due discrimination.

5 Whether or not singling out for separate
6 treatment low-income households, whether that is
7 appropriate is a socioeconomic question. And the
8 jurisdictional issue rests entirely on that. And that
9 goes back to my colleague Ms. Worth's comment that in
10 the last pass, several years ago, the Commission
11 basically said, things weren't dire enough to require
12 it to address that issue. We're saying not only is it
13 dire enough, but that information is necessary to
14 determine whether or not this is undue discrimination.
15 So we see that as being absolutely essential, and it
16 would be a serious error of law to forge into a
17 jurisdictional determination without having that body
18 of evidence properly developed. That's the main point
19 that we want to address.

20 As to shuffling around some of the dates, I
21 look at some of these and it causes me some alarm,
22 looking at my calendar. But I'm not used to the
23 Commission designing its process around my calendar,
24 so we'll see how I deal with that.

25 And also potentially consolidating some of
26 the sort of decision-node points on the calendar.

1 We're not really in a position to comment on that.
2 And it appears to us from what we've heard and seen
3 that much of the distinction between the two proposals
4 sort of represents some of that shuffling around of
5 dates and decision-making nodes. But the parties are
6 entitled to have due proper consideration of their
7 issues and we really don't feel in a position to
8 comment in any detail on the alternative that the
9 Commission Staff were presented.

10 That's all we have to say, thank you.

11 THE CHAIRPERSON: Thank you, Mr. Quail. Mr. Sundmark.

12 Oh, he's not here, is he? No.

13 Ms. Herbst.

14 **REPLY BY MS. HERBST:**

15 MS. HERBST: Thank you, Mr. Chair, Commissioners. I will
16 just address my remarks to one point in the Staff's
17 proposed timeline. And that is on the second page, in
18 relation to the residential inclining block report,
19 toward the bottom of the page. And the suggestion is
20 made here that -- and Mr. Godsoe addressed this as
21 well in his submissions, one of his overview
22 submissions. A proposed date of February 22nd, 2016
23 for the utilities, in plural, to submit RIB rate
24 reports to the Commission.

25 Now, FortisBC's submission on the timing of
26 its report is due tomorrow, in the RIB process, and

1 we'll use that opportunity. But I just flag that that
2 date seems to us to be too early, and I think that
3 echoes what Mr. Godsoe had been saying as well.

4 In BC Hydro's proposed timetable in this
5 process, where it does deal with certain residential
6 inclining block issues, I believe it identified a date
7 in August, in B -- Exhibit B-9, for submitting its
8 report. And generally speaking, FortisBC was
9 intending to follow that lead and work toward the same
10 timeline. That's not to say that necessarily August
11 need be the date, but it certainly wouldn't
12 realistically, in our view, be February 22nd.

13 Our view of timing may be impacted in part
14 by -- there is a decision pending from the Commission
15 on the methodologies that should be used by the
16 utilities in putting together their reports. If by
17 chance it comes out before FortisBC's submission on
18 timing is due tomorrow, that may inform our view of
19 timing, or it may be that it gets -- that the two
20 proceed in parallel. But that is the main thing that
21 I wanted to flag here, and I thank you.

22 Subject to questions those are my
23 submissions.

24 **Proceeding Time 1:54 p.m. T45**

25 THE CHAIRPERSON: Thank you. I think we're okay. Thank
26 you.

1 MS. HERBST: Thank you.

2 THE CHAIRPERSON: Mr. Buchanan, do you have anything? Do
3 you have anything you wish to say? No?

4 MR. BUCHANAN: No, nothing to add on behalf of MEM at
5 this point, thank you.

6 THE CHAIRPERSON: Thank you, Mr. Buchanan.

7 Mr. Carpenter.

8 **REPLY BY MR. CARPENTER:**

9 MR. CARPENTER: Thank you, Mr. Chair. I think just two
10 points. The first dealing with Staff's proposal with
11 respect to the cost of service study. It's addressed
12 in Item Number 4 of their Exhibit A2-1. I don't
13 think, as I read it, there's any quarrel with the
14 principles that are expressed there, and in fact I
15 think that those are similar to the submissions that I
16 made on the point. It's simply the timeline where
17 there seems to be a difference between the Staff
18 proposal and Hydro's proposal under B-9, and I guess
19 Mr. Godsoe will probably address this point further.

20 But given that part of Hydro's proposal
21 stems from the availability of their expert, that
22 seems like a reasonable date to focus on. As well
23 there doesn't seem, when I look through the rest of
24 the timeline, that there's anything that suggests that
25 it's conflicting with those, that timing, so as to
26 push the proposal in B-9 from mid-February back to

1 mid-March. And if anything I would have thought that
2 the parties generally would appreciate being better
3 informed coming out of a discussion around the cost of
4 service study and a resolution of that as they move
5 forward through the rest of the process regardless of
6 what that looks like.

7 The other issue that I'll address is with
8 respect to the transmission service rate Rate Schedule
9 1823. That's addressed under Item 5, but over the
10 page in the Staff proposal and on page 5 of BC Hydro's
11 proposal, it seems like the primary difference there
12 is that BC Hydro has built in the IRs into that
13 process, and those aren't explicitly captured in the
14 Staff proposal. But again there doesn't seem to be a
15 lot other than that ability to flesh things out around
16 the updated load resource balance and the LRMC, to
17 differ between the proposals in the sense that in
18 general after that, it seems that Staff was of the
19 view that the record would be complete. But then they
20 fold it into the rest of the process.

21 And I hear the comment with respect to
22 that, but I would have thought that there were some
23 things that we'd be able to move forward, given the
24 other interests that are involved, and as a result we
25 continued to support Hydro's timeline around that and
26 that it go to an SRP process. And similar to the

1 submissions around Rate Schedule 1827 of getting the
2 TSR rate moved forward and getting it locked down,
3 there is enough uncertainty out there for members of
4 CAPP and people in the oil and gas industry. The
5 sooner those principles are established the better
6 from our perspective.

7 Thank you.

8 THE CHAIRPERSON: Thank you, Mr. Carpenter. Mr. Edwards,
9 do you have anything further you'd like to add?

10 MR. EDWARDS: Thank you, Mr. Chairman. At this stage I
11 think the best thing for me to do would be to answer
12 any questions if you have them.

13 THE CHAIRPERSON: Okay. We don't have any questions, Mr.
14 Edwards, thank you very much.

15 MR. EDWARDS: Thank you, Mr. Chair.

16 THE CHAIRPERSON: Ms. Dong?

17 **Proceeding Time 2:00 p.m. T46**

18 **REPLY BY MS. DONG:**

19 Mr. Chairman, Panel, based on our initial
20 look at the timetable prepared by Staff, our general
21 comment was that the timelines are rather tight,
22 particularly directed to IR number 2, due on February
23 the 5th. Our client, particularly due to client
24 availability. They have key members of their --
25 Kwadacha's staff that are away to the end of January.
26 So it would provide difficult with respect to getting

1 client direction and input into IR number 2.

2 Our second thought was that we also agree
3 with BC Hydro with respect to the availability of the
4 load resource balance and the long-run marginal cost.
5 And those are our initial thoughts. Thank you.

6 THE CHAIRPERSON: Thank you, Ms. Dong.

7 Mr. Weisberg?

8 MR. WEISBERG: No thank you, Mr. Chair.

9 THE CHAIRPERSON: Thank you, Mr. Weisberg.

10 Mr. Keen?

11 **REPLY BY MR. KEEN:**

12 MR. KEEN: Thank you, Mr. Chairman, Commissioners. Just
13 two quick points in response to the schedule that
14 Staff has proposed. And this is largely going to be
15 echoing Mr. Carpenter's comments.

16 When it comes to Item 4, if you look at the
17 last page of Exhibit A2-1, what is described earlier
18 as Mid-March for the NSP, is specified as March 16th
19 for the NSP. Personally I have some apprehension
20 about that date. I am not in a position to provide
21 anything more than that general statement. My
22 colleagues may be able to fill the breach.

23 When it comes to Item 5, this is I think a
24 more serious concern, I spoke earlier this morning
25 about the importance of getting a decision on the TSR
26 rate by May 6th or earlier, and I'll repeat that

1 comment now. That timing is important to AMPC
2 members. I have been trying to get instructions about
3 the hows and the whys of that, but what I can say is
4 that they are very reticent to have a billing
5 adjustment happen after the fact if interim rates
6 differ from final rates. And an additional two and a
7 half months of uncertainty as to what the Tier 2
8 pricing and TSR pricing is going to be is undesirable.
9 So, we would oppose this as laid out.

10 That said, the prospect of a written
11 proceeding relative to an SRP doesn't cause concern,
12 it is strictly that final decision time and date that
13 we are concerned about. Thank you.

14 THE CHAIRPERSON: Thank you, Mr. Keen.

15 Mr. Austin?

16 **REPLY BY MR. AUSTIN:**

17 MR. AUSTIN: Mr. Chair and Panel, we appreciate the
18 Commission's staff desire to control the decision
19 process, and it is very important to take into account
20 their considerations and the considerations in the
21 Panel in setting the timetable. No further comments,
22 thank you very much.

23 THE CHAIRPERSON: Thank you, Mr. Austin.

24 Mr. Andrews?

25 **REPLY BY MR. ANDREWS:**

26 MR. ANDREWS: First, I have no comments in reply to

1 submissions made by other intervenors on the A-10 and
2 extended issues list.

3 My comments in response to the Staff's
4 proposed timeframe A2-1, I guess are threefold. First
5 of all, I think it is important to include in the
6 schedule of the evidence to be filed by the OAPO
7 regarding low income rates and associated issues, and
8 that there be time in the schedule for the usual
9 information requests on that evidence. And I think
10 that simply needs to be built into the schedule, and
11 it wasn't clear to me that the Staff's proposal
12 contemplated sufficiently the role, the importance of
13 OAPO's evidence in that respect.

14 Secondly, I agree with the submissions that
15 the load resource balance update really should be
16 provided prior to the deadline for the second round of
17 IRs. That, I think, will simplify things, or put the
18 other way, having a round of IRs prior to the updated
19 load resource balance, will contemplate matters
20 because there will inevitably be questions arising to
21 do with the load resource balance.

22 I support the desire of Mr. Carpenter and
23 Mr. Keen to get resolution of that transmission
24 service rates as soon as is reasonably possible, and I
25 am not suggesting that that be accelerated to such a
26 degree that it causes insurmountable problems. On the

1 other hand, I think that does seem to what Hydro had
2 proposed in that regard was workable. And so I'd be
3 inclined to support a sooner rather than a later
4 approach there.

5 **Proceeding Time 2:05 p.m. T47**

6 Last but not least, on the Minister's RIB
7 report, it is -- I think it has to say, a somewhat
8 unusual procedural situation in which we have another
9 proceeding, the Commission's report and the exact
10 status of whether or not there are interveners in that
11 proceeding is not all that -- it's not being dealt
12 with in the way that it normally is, which is not a
13 problem. But I do think that the date that Staff have
14 presented for the reports from the utilities is too
15 early and that they certainly need to take into
16 account the methodology decision that the Panel will
17 issue. And following that, it does seem to me that
18 it's critical that there be some opportunity for
19 interveners to comment or raise questions or make
20 argument in some fashion regarding the reports that
21 are being prepared by the utilities to the Commission
22 so the Commission can take into account those comments
23 or questions when the Commission makes its report to
24 the government.

25 So with that, unless there's any questions,
26 those are my submissions.

1 THE CHAIRPERSON: Okay, thank you, Mr. Andrews.

2 Ms. Khan.

3 **REPLY BY MS. KHAN:**

4 MS. KHAN: First of all, we provided detailed submissions
5 this morning about the reasons why we think that the
6 scope of IR 2 shouldn't be limited to specific issues
7 and should include all issues which you find to be in
8 scope for this proceeding. I won't repeat those
9 comments but just say that in our view they apply
10 equally to the Commission Staff proposal.

11 We think that IR 2 should include the
12 updated LRMC and load resource balance, and it would,
13 you know, while it's obviously possible for those to
14 be dealt with separately after they've been filed by
15 BC Hydro, it would be more efficient, in our view, to
16 have them -- have the IR 2 encompass all matters that
17 are in scope.

18 Now, we assume that the terms and
19 conditions would be dealt with at the hearing as well.
20 It wasn't explicitly stated in the Staff proposal as
21 far as I can tell. But if perhaps we'd like some
22 clarification from Staff on that point. We assume
23 that it would be dealt with as part of a hearing or an
24 NSP. An oral hearing, yeah, that's right, through an
25 oral hearing process.

26 We do also support what Mr. Andrews just

1 said about interveners being able to provide feedback
2 on the RIB report methodology.

3 And finally, subject to those concerns and
4 the ones we expressed this morning, the timetable is
5 workable for us as proposed by Staff.

6 THE CHAIRPERSON: Okay. Thank you, Ms. Khan.

7 Mr. Weafer.

8 **REPLY BY MR. WEAFER:**

9 MR. WEAFER: Thank you, Mr. Chairman, and I apologize to
10 the Reporter for that. I woke you up.

11 The CEC having just received the Staff's
12 proposals before lunch, as everyone else has gone
13 through it and hearing the comments of Mr. Miller, we
14 certainly support the objective in terms of shortening
15 the timeline a little bit and the comments around
16 concerns we raised in our earlier comments, less
17 decisions and therefore an ability to kind of have a
18 cohesiveness to the principled approach, we support
19 that as well. But hearing Mr. Godsoe's comments in
20 terms of BC Hydro's availability and BC Hydro's
21 concerns around dealing with the Staff proposal, we
22 tend to lean towards making sure they can get the
23 people available and the material available as is
24 required to fulfill the record. So we support Hydro
25 in their concerns.

26 We have a couple of other comments on the

1 Staff proposal. Staff is more confident the record is
2 complete and we tend to support Ms. Khan's comments
3 around the IR 2 should be open to everything that's in
4 scope to make sure that if there are any outstanding
5 issues on the overarching issues in the proceeding,
6 that those IRs can be asked so the record is complete.

7 So aside from that, we're still generally
8 satisfied with the proposal that Hydro put forward in
9 terms of the process. Thank you.

10 THE CHAIRPERSON: Thank you, Mr. Weafer.

11 Mr. Godsoe?

12 MR. MILLER: Mr. Chair, I believe Mr. Khan just has one
13 submission she forgot to make she'd like to address.

14 MS. KHAN: I do.

15 THE CHAIRPERSON: Please go ahead.

16 **REPLY BY MS. KHAN (CONTINUED):**

17 MS. KHAN: We are making the assumption that our expert
18 witness, Roger Colton, is available for the hearing
19 dates proposed. I would have to just check with him
20 to confirm.

21 THE CHAIRPERSON: Okay.

22 MS. KHAN: But I can do that right away.

23 THE CHAIRPERSON: Fair enough, thank you.

24 MS. KHAN: Okay.

25 THE CHAIRPERSON: Okay, Mr. --

26 **REPLY BY MR. GODSOE:**

1 MR. GODSOE: Mr. Chairman, I neglected to address Item
2 number 9 which concerns reasonable apprehension of
3 bias in Commissioner Cote and the City of New
4 Westminster, and BC Hydro has no concerns.

5 THE CHAIRPERSON: Thank you.

6 MR. GODSOE: Our reply to -- I'm going to move next to
7 Zone II Ratepayers Group. Our reply is found largely
8 in Exhibit B-8. However, several items were raised in
9 Exhibit C36-6 to which I wish to respond.

10 **Proceeding Time 2:11 p.m. T48**

11 The first is the assertion that Zone II
12 rates could be accommodated even within the timetable
13 put forward by BC Hydro in Exhibit B-9, and we
14 strongly disagree with that. We believe an
15 adjournment of at least eight months would be
16 required, and the reason for that is, there would be a
17 different stakeholder engagement process structured.
18 There would be regional sessions, and we would have to
19 go out to Zone II ratepayers, including First Nations,
20 to first develop what that regional session looked
21 like. And there would be at least two rounds of
22 regional sessions. One to acquaint folks with the
23 options on the table, and the second for detailed rate
24 design proposals. We would also envision at least
25 one, but probably two workshops in the Lower Mainland.
26 So, eight months is extremely conservative.

1 I personally believe it's between eight and twelve
2 months. So the very earliest we could file a detailed
3 rate design proposal on Zone II would be September or
4 October of 2016. And I think it's probably later than
5 that.

6 Zone II ratepayers also raised in item
7 number 4 of Exhibit C36-6 issues with respect to the
8 cost of service study. We believe those issues can be
9 discussed in a negotiated settlement process, and
10 frankly the allocation of NIA costs is immaterial in
11 the large scheme of things, in the fiscal 2016 cost of
12 service. But at any rate, we can address that in an
13 NSP.

14 Finally, we adopt the submissions of
15 counsel for NIARG with respect to the significant
16 prejudice to Zone II ratepayers in particular, but
17 also other ratepayers, if the Commission grants Zone
18 II ratepayers' request, as outlined in Exhibit C36-4
19 and C36-6.

20 There's a couple of issues I want to just
21 respond to for British Columbia Old Age Pensioners'
22 counsel. She had some questions and perhaps I can
23 shed some clarity on those. The first is the load
24 resource balance, LRMC document, would compare the
25 updated LRBs to the 2013 integrated resource plan
26 LRBs. And in particular, those LRBs we're

1 contemplating would be a 10-year forecast. So they
2 would look at the same resources that were looked at
3 in the integrated resource plan. So it should be very
4 clear from that document how the load resource balance
5 has changed between 2013 and the submission on 18
6 February, 2016.

7 We've already talked about the importance
8 of intervener evidence on the low income rate and the
9 jurisdictional argument. It is true that our original
10 proposal, which we circulated to interveners, had
11 contemplated legal argument after the submission of
12 intervener evidence, but before the oral hearing. And
13 we changed exhibit -- we changed our proposal as
14 reflected in Exhibit B-9 to reflect the concerns of
15 British Columbia Old Age Pensioners' Organization. As
16 long as we're clear in the oral hearing itself what is
17 legal argument and what is not, I think that it's
18 workable. In other words, I contemplate a policy
19 panel that may address some issues, but when somebody
20 puts a legal question to a witness panel, I will
21 object and take that into account for argument.

22 The RIB report's been raised by British
23 Columbia Old Age Pensioners' Organization, but other
24 intervenors as well. I think it is imperative upon
25 the Commission in its methodological determination,
26 which Staff in Exhibit A2-1 contemplate for 22

1 January, to decide not only on the definitions of a
2 low-income customer and customers without access to
3 natural gas, but perhaps some comments on the scope of
4 the demand-side management aspect of questions 4 and
5 5.

6 To give you an example, if you look to
7 British Columbia Old Age Pensioners' Exhibit C2-4-1,
8 Information Request 1.113.1, BCOAPO has essentially
9 asked BC Hydro to submit a Section 44.2 filing on its
10 residential DSM programs to respond to the RIB report.
11 That is inappropriate. The *Clean Energy Act* clearly
12 makes a distinction in Section 1 under demand-side
13 measure between a rate and program. The 2015 RDA is
14 not a Section 44.2 filing, and in our view it would be
15 inappropriate to use the RIB report to launch into
16 effectively a Section 44.2 filing.

17 **Proceeding Time 2:16 p.m. T49**

18 We acknowledge that further modeling needs
19 to be done once the Commission has determined the
20 definitions of low income customer and customers
21 without natural gas. For the benefit of my friends,
22 figure 5-14 of Exhibit B-1 does show the impact of a
23 flat rate on low income. And there is almost no low
24 income segment that has a 10 percent bill impact under
25 a counterfactual flat rate. I think most of the
26 modeling really concerns customers without natural

1 gas, but we are open to doing additional modeling on
2 low income customers.

3 Turning now to the submissions of counsel
4 for Commercial Energy Consumers, with respect to the
5 overriding concern that if the Commission issues
6 orders in sequence, there might be an overarching
7 issue that's missed. I adopt and hold the submission
8 of counsel for CAPP. I think he is correct. Namely,
9 it is incumbent on all of us, for example, with rate
10 schedule 18.23 to ensure the Bonbright weighting for
11 that rate is tested, in either the streamline review
12 or through written argument. However, once the
13 Commission issues an order, it is final, and the
14 avenues provided for reopening are either 1) a section
15 58 *Utilities Commission Act* complaint, or 2) a
16 reconsideration. We cannot be in the position where
17 once the Commission issues an order, intervenors
18 attempt to reopen it through argument. That does not
19 accord with the Bonbright rates stability criterion.
20 We have significant concerns with that approach.

21 We can confirm for counsel for Commercial
22 Energy Consumers what is included in Module 2. And
23 again the reference for that is Section 1.5.1 of
24 Exhibit B-1, and it includes transmission extension,
25 distribution extension, electric vehicle rate, general
26 service rate options, residential service rate

1 options, farm service, irrigation rate design, and
2 street lining rate design.

3 With respect to Clean Energy B.C., we will
4 have as one of our witnesses at the Freshet streamline
5 review, Mr. Randy Reiman who is director of Energy
6 Planning. We believe the Freshet problem is long-
7 term. However, that can be put to Mr. Reiman. I
8 note, however, though, some of the information
9 requests submitted by Clean Energy B.C. went way
10 beyond that, included a 40 year to 50 year timeframe,
11 and the potential impact of climate change on Freshet.
12 And we believe those are out of scope for a two-year
13 rate design pilot.

14 Several intervenors wanted to question --
15 or questioned whether it was an all or nothing
16 approach in the Cost of Service NSP, and it is not.
17 We believe it is likely going to be hybrid of 2007 RDA
18 default, and some fiscal 2016 Cost of Service
19 methodological proposals.

20 To give you an example, the 2007 RDA
21 direction 6 DSM functionalization, we are
22 contemplating only small changes through the fiscal
23 2016 Cost of Service. We think we can get consensus
24 on that. Directive 8 and IPP cost classification, we
25 believe similarly. And on Directive 4, customer cost
26 classification is another issue.

1 through the process we set out in Exhibit B-9.

2 I'll return now to Exhibit A2-1. So in our
3 view the timetable is not workable. A good example is
4 Commission Staff would have IRs issue on 5 February
5 and BC Hydro responding on 24 February. That is just
6 not feasible. I can virtually guarantee you we'll
7 request an extension. We set out five weeks in
8 Exhibit B-9 based on our experience in Round 1 IRs,
9 and while it's true that Round 2 usually are less
10 numerous, 19 days is not possible to respond to IRs on
11 an application of this scope.

12 We also don't believe that the proposed
13 timetable for examination of residential default rates
14 is workable in terms of responses to Round 2,
15 intervener evidence including low income, our
16 rebuttal, and then proceeding to argument, to oral
17 hearing in May. We don't think that mid-May is in any
18 way feasible for an oral hearing on those subject
19 matters. I think our timetable in Exhibit B-9 is
20 practical.

21 And lastly I just want to just reemphasize,
22 we're really strongly opposed to having Round 2 IRs
23 split pre and post our LRMC document. And so we
24 reiterate, we cannot have that document in before the
25 18th of February 2016, and IRs should follow that.

26 Finally I think I misspoke when I was

1 covering the RIB report earlier this afternoon. I see
2 now that the Commission is to issue its methodology on
3 22 January and that BC Hydro and Fortis are to submit
4 their reports on 22 February. I am going to repeat
5 that that isn't feasible. We think that there's a
6 significant amount more modelling to do, particularly
7 on customers without access to natural gas, and
8 therefore we wouldn't be in a position to submit that
9 report on 22 February. We also think that some of the
10 issues are so intertwined with the residential
11 inclining block rate that it makes sense that some of
12 the RIB report issues do go to an oral hearing. It's
13 going to be very difficult to parse out the RIB report
14 from the underlying residential inclining block rate.

15 **Proceeding Time 2:21 p.m. T51**

16 So in conclusion, we reject the Staff
17 proposal of Exhibit A2-1, and we continue to believe
18 that the proposed timetable in Exhibit B-9 is
19 preferable.

20 And subject to any questions, those are my
21 reply submissions.

22 THE CHAIRPERSON: Okay, thank you, Mr. Godsoe.

23 Mr. Miller, is there anything further?

24 MR. MILLER: There is nothing further of which I am
25 aware, Mr. Chair.

26 THE CHAIRPERSON: Okay. Thank you, thanks very much to

1 everyone who attended and provided your submissions.
2 The Panel will consider them all, and we will issue a
3 procedural order as soon as possible. I can't, at
4 this point, commit to a date, but we will turn our
5 attention to it right away, and do it as soon as
6 possible.

7 So once again, thank you and we're
8 adjourned.

9 **(PROCEEDINGS ADJOURNED AT 2:26 P.M.)**

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