

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
F2017 to F2019 Revenue Requirements Application
Project No. 3698869

Nanaimo, B.C.
June 11, 2016

Community Input Session

BEFORE:

D. Morton,	Chair
K. Keilty,	Commissioner
D. Enns,	Commissioner

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NANAIMO, B.C.

June 11, 2016

(PROCEEDINGS COMMENCED 1:02 P.M.)

THE CHAIRPERSON: Hi and good afternoon. I'm Commissioner David Morton and I'd like to welcome you today to this community input session. With me are Commissioners Karen Keilty on my right and Doug Enns on my left. We are the Commission panel that's been designated to hear the BC Hydro Revenue Requirements Application which was filed on February 26 and it was asking for an increase in its revenue requirement. Now we have some -- we have Yolanda Domingo from the Commission here and she will be explaining exactly what that means for us in just a minute.

Subsequently on March the 22nd by Order G-40-16, the Commission granted an interim rate increase of 4 percent in response to that, as a result of that application.

It's my pleasure then to introduce some people to you today and I'll ask them to stand when I introduce them.

Firstly there is Laurel Ross, and she's the acting Commission secretary. And as I just mentioned, Yolanda Domingo, she's the acting director of our rates department. And Paul Miller is Commission

1 counsel. And Hal Bemister is the hearing officer.
2 And with him is Keith Bemister who currently tied up
3 right now, so I won't ask him to stand up.

4 We're very pleased to be in Nanaimo today
5 to hold this community input session. And we are here
6 to listen to your comments on the application. But
7 before we do so I am going to ask Ms. Ross to give a
8 short presentation that's she's prepared on the
9 Commission and its process and then I'll ask Ms.
10 Domingo to give a short presentation she's prepared on
11 the rate setting process and also on BC Hydro's
12 application.

13 Then I will come back and I'll make a few
14 further remarks before we get to your comments. So
15 I'll just turn it over to Laurel now. Thanks Laurel.

16 **PRESENTATION BY MS. ROSS:**

17 MS. ROSS: Thank you everyone for coming today. My name
18 is Laurel Ross and I'm the acting Commission secretary
19 and I'm here to provide some background information on
20 the Commission and also how you can participate in
21 Commission processes. And I will have some time at
22 the end if anybody has any questions.

23 So what is the B.C. Utilities Commission?
24 The Commission is an independent regulatory agency of
25 the provincial Government and it's comprised of full
26 and part-time commissioners that are appointed by the

1 Lieutenant Governor in Council.

2 The Commission has a mandate to regulate
3 energy utilities as well as ICBC's universal
4 compulsory automobile insurance. The mandate, duties
5 and decision-making powers are governed the *Utilities*
6 *Commission Act* and other Acts, regulations and special
7 directions.

8 I thought it would be helpful to go through
9 some terms that are used frequently in Commission
10 proceedings. These terms may come up throughout the
11 sessions today. So I will provide a bit of an
12 explanation.

13 First is a Commission proceeding. This is
14 the full process beginning to end to decide a matter
15 before the Commission. For example there is currently
16 a proceeding for the revue the BC Hydro F2017-2019
17 revenue requirements application, which is the subject
18 of today's session. And my colleague will give a
19 presentation on that proceeding after mine.

20 Next, the evidentiary record. This refers
21 to all documents that are filed in connection with a
22 proceeding and it forms the evidence that is heard by
23 the Commission panel in making their decision. Items
24 that would be included on the evidentiary record would
25 the application, information requests, any argument,
26 in addition to any transcripts for oral components.

1 So for example the transcript from today's session
2 will be included on the evidentiary record.

3 And last I just wanted to highlight the
4 regulatory timetable. So this is the full schedule
5 for a proceeding that's established by the Commission
6 and it include various dates, and deadlines. So it
7 may include dates for specific hearing components,
8 for example an oral hearing. In addition it will
9 include filing deadlines, certain filing deadlines, so
10 for example for information requests and written
11 argument.

12 Next I just wanted to go through some roles
13 at the Commission that you'll see throughout
14 Commission proceedings. So first of all the
15 Commission panel, you've been introduced to the panel
16 that's assigned to the BC Hydro proceeding that we
17 have before us right now. And the Commission panel is
18 responsible for establishing the regulatory review
19 process and they hear the evidence in order to arrive
20 at the necessary decisions.

21 In addition Commission staff play an
22 important role. They are hired by the Commission and
23 are responsible for ensuring that sufficient
24 information is collected and they will provide
25 technical advice to the panel as well.

26 And lastly, Commission counsel. We have

1 Paul Miller over here. Commission counsel assist the
2 panel on legal issues and in the event of an oral
3 hearing they may cross-examine on behalf of Commission
4 staff.

5 So next I wanted to discuss how members of
6 the public can participate in Commission proceedings.

7 First, Letter of Comment. So letters of
8 comment are intended to provide for any member of the
9 public to contribute views, opinions, impact or
10 potential impact to the public record.

11 In order to file a letter of comment you
12 must use the Letter of Comment Form which you can find
13 on the Commission's website and submit it to the
14 Commission secretary.

15 And as a side note, interveners are
16 typically not permitted to file letters of comment as
17 they are expected to actively participate in
18 accordance with the timetable. And we will chat a bit
19 about interveners in a moment.

20 Interested Party. So for any individuals
21 that don't expect to actively participate but do want
22 to receive e-mail notification of all documents filed
23 on the public record, they may wish to register with
24 the Commission online as an interested party. And
25 interested parties may file a letter of comment but
26 cannot otherwise actively participate in the

1 proceeding. They don't have the same participation
2 rights as interveners.

3 And lastly, intervener status. So for
4 parties that expect to actively participate in a
5 proceeding they should register as an intervener. And
6 interveners are expected to actively participate
7 throughout the proceeding and adhere to the
8 established regulatory timetable. Active
9 participation may include filing information requests,
10 argument, attending any hearings that are scheduled
11 and cross-examining and being cross-examined.

12 In order to request intervener status you
13 must complete and submit the Request to Intervene
14 form, which is available on the Commission's website
15 in accordance with the deadline, and file it in
16 accordance with the deadline set in the regulatory
17 timetable by the Commission panel. That form includes
18 several things that must be provided for the
19 Commission panel to make their decision on whether or
20 not to accept intervener status.

21 So the party must demonstrate to the
22 satisfaction of the Commission that they are directly
23 or sufficiently affected by the decision or that they
24 have experience, information or expertise that will
25 contribute to the Commission's decision-making.

26 In addition, the Request to Intervene form

1 must include a list of key issues that you intend to
2 pursue as part of the proceeding. And the Commission
3 panel will make the final decision on whether or not
4 to accept a party as an intervener in a proceeding.

5 I also wanted to touch a bit on privacy
6 when participating in a Commission proceeding. And to
7 highlight that, when registering to participate in a
8 matter before the Commission the collection and
9 publication of your personal information is authorized
10 under certain sections of the *Freedom of Information*
11 *and Protection of Privacy Act* and I've put the
12 sections up here on the slide.

13 And what this means is, when submitting a
14 request to intervene you are consenting to the use and
15 display of your personal information in a public
16 proceeding and for interested parties and those
17 submitting letters of comment, their name and contact
18 information of the individual will be included on the
19 evidentiary record. However we only publish the name
20 on the Commission's website.

21 And lastly to finish off I thought it would
22 be helpful to provided some links on our website.
23 There's lots of useful information. The Commission
24 website address is there, and on the first page you'll
25 fine a link to the rules of practice and procedure
26 which has some good information on a lot of the things

1 I've touched on today. As well there's a proceeding
2 webpage set up for the BC Hydro F2017-2019 Revenue
3 Requirements Application. We also have a participate
4 in a proceeding webpage, which includes all of the
5 forms and everything that I have referenced today.

6 And there's also the opportunity you have
7 any questions or you can't find any information or
8 you're looking for something more specific on a
9 procedural matter you may wish to contact the
10 Commission Secretary by e-mail or by phone, and I've
11 included the mailing address there, too.

12 And that concludes my presentation. Does
13 anybody have any questions?

14 THE CHAIRPERSON: Before we continue with Yolanda, before
15 we have any questions, I'd just like to point out that
16 there are copies of the slides available. They're on
17 the table just over in the corner there. I don't know
18 if you're aware of it or not. But just to let you
19 know, both Laurel and Yolanda's presentation.

20 THE CHAIRPERSON: If there's any questions, please go
21 ahead.

22 MS. ROSS: Thank you very much. I'll turn it over to
23 Yolanda to switch over the presentation.

24 **PRESENTATION BY MS. DOMINGO:**

25 MS. DOMINGO: Great, that worked. Thanks again,
26 everyone, for coming out to meet with us today.

1 We are a very small organization and we
2 haven't had a lot of opportunity to do much community
3 engagement and stakeholder engagement. So this is an
4 opportunity for the Commission to engage with the
5 public to hear what you have to say, and a chance for
6 the communities in B.C. to tell us what you are
7 concerned about. So this is your opportunity to voice
8 your concerns to the panel here, and so we're very
9 happy to share this experience with you today.

10 Before we talk specifically about the BC
11 Hydro application, I wanted to give you a little bit
12 of insight into the rate setting processes at the
13 Commission.

14 Previously Laurel has talked about the
15 *Utilities Commission Act*. That's the piece of
16 legislation which governs our jurisdiction. That is,
17 the Commission -- that is it sets the rules in terms
18 of what the Commission is empowered to do.

19 So here are just a few sections of that
20 legislation which are relevant to what we are going to
21 be talking about today.

22 Section 59 governs the rate setting powers
23 of the Commission. Here it says:

24 "The public utility must not make, demand or
25 receive [a rate] that is...unjust,
26 unreasonable, or unduly discriminatory, or

1 unduly preferential."

2 So what that really means, in terms of unjust and
3 unreasonable -- if we flip that around, another way to
4 put it is that a rate that's being charged must be
5 fair and reasonable for the type of service that's
6 being provided.

7 So the definition or interpretation of
8 "fair and reasonable" is quite broad and it sometimes
9 requires a lot of judgment in addition to an
10 evaluation of the detailed evidence that's contained
11 in the application. And in this Section, it says that
12 the Commission is the sole judge as to whether the
13 rate is unreasonable or not.

14 And since that determination lies solely in
15 the hands of the Commission panel, the panel has a
16 duty to hear all the evidence and have a full review
17 of the application and all the submissions and
18 evidence before any determinations are made. So they
19 can't pre-judge any content or interpretations of the
20 application at this time.

21 So while they are here to listen to you
22 today, they may not be able to comment on your
23 questions or submissions at this time. Doing so would
24 make the process biased and may violate procedural
25 fairness at this time.

26 There is another section of the *Utilities*

1 *Commission Act* which is probably important to talk
2 about. It governs the Certificate of Public
3 Convenience and Necessity. That's really a fancy word
4 for capital project pre-approval. The Commission does
5 not specifically grant pre-approvals for every single
6 dollar of spending that a utility spends money on.
7 For example if they were to spend \$100 on office
8 supplies or pencils, or a million on service trucks,
9 well, to do so specifically would be extremely
10 inefficient, and extremely costly for ratepayers.
11 Just because the cost of regulation -- so that is the
12 cost for a Commission panel to be here, Commission
13 staff and counsel, all that becomes a cost to the
14 utility as well and hence a cost to ratepayers.

15 So therefore there's usually a certain
16 dollar limit in terms of the capital projects that
17 require or need to come forward for Commission
18 scrutiny and oversight. And these are generally
19 large, major capital projects, or projects that are
20 unique in nature. Again similar to a rates
21 application, a certificate of public convenience and
22 necessity for pre-approval, those -- the Commission
23 panel needs to also make a fulsome review of all the
24 evidence and all the information, find out if there is
25 any missing information. So they need to review all
26 of that before any decisions are made.

1 Once a certificate is granted, the utility
2 is then allowed to recover the reasonably incurred
3 costs in rates.

4 Another important item to note, that is --
5 even though these are the powers of the Commission,
6 these powers can be truncated by specific directions
7 from our provincial government. So as an example
8 there have previously been a number of BC Hydro
9 capital projects that have been directed by the
10 provincial government which bypasses the Commission's
11 normal review processes. And I will talk more about
12 that piece and I'll give you some examples later on.

13 So hopefully this isn't all too
14 overwhelming at this point. I know it's a lot of
15 legal jargon, but the point of showing you all these
16 relevant pieces of legislation is to let you that the
17 regulatory process is highly complex. It encompasses
18 a large degree of processes and enactments and
19 sometimes even interpretations of the powers that are
20 granted to the Commission.

21 So for example, we do get a lot of calls
22 from concerned citizens of the province to let us know
23 that they just don't want rates to be increased. And
24 we understand that. But, you know, we do respect that
25 there is a fair and transparent process that's in
26 place to look after the public interest. And

1 certainly there are many issues that our panel must
2 take into consideration as they adjudicate that
3 process.

4 So then you might ask, "Well, how do rates
5 actually get established?" So, at a high level
6 utilities need to make an application to the
7 Commission in order for them to make any kind of rate
8 adjustment. Whether it's an increase or a decrease,
9 they simply can't just do this arbitrarily.

10 So by definition, the approved rates, or
11 the posted rates, are the only rates that a utility is
12 allowed to charge for customers.

13 During the rate setting process utilities
14 are allowed to recover their prudently incurred costs
15 of providing safe and reliable service, plus a
16 percentage that's allowed as an earned return for
17 their investments in the utility assets. The concept
18 is relatively simple, but however, the application of
19 that concept is quite complex. Because utilities,
20 especially large utilities such as BC Hydro, they have
21 various line items that add up to their total cost of
22 doing business.

23 So here are some examples. And usually the
24 largest bucket of costs is the cost of energy. So
25 this could include the physical generation of
26 electricity or sometimes the purchase of electricity

1 from various outside sources; the transmission of that
2 electricity from the generating station to a local
3 substation, that's another example. There is also the
4 distribution of the electricity from the substation to
5 your home; the transformation of that electricity,
6 stepped down to a voltage that's safe to be carried
7 into your home. There's also the cost of answering
8 customer calls about their bills; the cost of
9 upgrading dams and other infrastructure and other
10 capital needs. There is also the depreciation of
11 those capital assets. And then of course there is
12 regulatory costs on top of all that as well. So,
13 again, an example is the cost to hold a hearing, for
14 example, and to have Commissioners adjudicate the
15 process, the cost of Commission staff and counsel, as
16 we mentioned previously.

17 So all those costs all add up into what we
18 call the revenue requirement. So essentially the
19 revenue requirement is the total bucket of costs that
20 is required to provide safe and reliable service to
21 utility service -- within the utility service area.

22 Another main component of a revenue
23 requirement application is the load forecast. So for
24 example if there is a forecast increase in the
25 expected demand for electricity within the service
26 area, then there could be an increase in costs

1 associated to meet that demand. But also there is an
2 opportunity to sell more units, so there is additional
3 revenue. And so, if the forecast revenues are smaller
4 then the utility's costs of doing business, then
5 that's what we called a revenue deficiency, and that
6 means that all other rates would have to increase in
7 order to make up for that difference.

8 So just as it is important to understand
9 what a revenue requirement application is, it's
10 probably just as important to understand what it is
11 not.

12 So at this time I could probably note that
13 the rates application – or we'll call it the revenue
14 requirement application – that's coming from BC Hydro,
15 that is not the same thing as a rate design
16 application. Currently there is a rate design
17 application for BC Hydro that the Commission is
18 reviewing, and is underway, and in that application it
19 looks at each customer class; so, for example,
20 residential, commercial or industrial, whether each
21 class of customer is recovering their fair share of
22 the total bucket of costs. That application, that's
23 the rate design application, also looks at the design
24 of the residential rate, for example. So you'll
25 notice that on your residential rate there is a basic
26 charge, and then there is a component for energy, Step

1 1 and possibly Step 2 energy, and then there is a rate
2 rider on top of that. So that's not part of this
3 upcoming revenue requirement application that we're
4 going to be seeing from BC Hydro.

5 So earlier we were talking about this big
6 bucket of costs of doing business, right? And so that
7 cost, that bucket of costs, the Commission must
8 review. But included in there, there is also a number
9 of items that the Commission may not review. These
10 are related to Special Directions, or I believe they
11 are now called just simply Directions, that are passed
12 through Cabinet and ultimately issued to the
13 Commission in terms of our regulatory oversight of BC
14 Hydro. This limits certain powers of the Commission.

15 More recently and probably more significant
16 is Direction No. 7, which was passed and approved by
17 Cabinet on March 5th of 2014. And there are copies on
18 the side table for you as well.

19 There are a number of directives to the
20 Commission in there, and one of the more interesting
21 pieces we refer to as "exempt projects". These are
22 projects that have been mandated by the government to
23 bypass the Commission's normal regulatory review
24 processes.

25 In addition to that Commission has also
26 been ordered that it must allow BC Hydro to fully

1 recover the costs that have been or will be expected
2 to be incurred with respect to these specific
3 projects.

4 What this means is that these and any other
5 specifically identified projects are not within the
6 scope of this rates application. So the Commission
7 does not have discretion to review these costs or
8 disallow any portion of the costs related to these
9 capital projects.

10 I understand that there may be still folks
11 out there that feel very strongly about certain
12 issues, and they feel the need to express their
13 concerns to the panel. And that's why they're here to
14 hear you today, if you would like to speak after this
15 session.

16 So let's now take a look at the BC Hydro
17 application. And the Commission Chair has earlier
18 said that the preliminary application that was filed
19 was on February 26th. And this is a bit of a unique
20 situation here, because we currently don't have a
21 fulsome application from BC Hydro with evidence before
22 the Commission. So under normal circumstances BC
23 Hydro would file an application to the Commission by
24 the end of -- usually by the end of February so that
25 they can implement a rate change starting their next
26 fiscal year, which starts on April 1st. However in

1 this case as of even today, that we only have just a
2 preliminary application. And so why didn't BC Hydro
3 file something more fulsome?

4 Well, what we know is, from the first page
5 of their application we understand that there has been
6 a number of economic and fiscal decisions that have
7 been made or are expected to be made by the provincial
8 government which will impact BC Hydro's costs and also
9 their load forecasts for the upcoming fiscal period.

10 Therefore Hydro has indicated to us that
11 they would like to wait for this additional
12 information before they can complete their full
13 application to us, and we do anticipate a full
14 application by the end of summer, likely the end of
15 July.

16 And here are some examples of some of the
17 anticipated changes.

18 BC Hydro tells us that they are forecasting
19 long-term demand growth in various sectors of the
20 economy and also in different customer classes as
21 well, as folks use more and more electricity. This is
22 also driven by an expected one million increase in
23 people in B.C. over the next 20 years. There is also
24 certain sectors of the economy, such as -- I'm sorry,
25 certain sectors, and also industrial customers. And
26 the government's plan for liquefied natural gas is

1 also an impact on the usage and demand on electricity
2 as well.

3 So at this time we don't have any fulsome
4 information or supporting evidence for these
5 statements that -- and even if we did at this point,
6 the panel will still need to conduct a thorough review
7 of all that information in order to -- before they can
8 decide whether they agree or disagree with those
9 statements.

10 Now, after the application is filed the
11 Commission will then determine the appropriate review
12 process. This is the time that parties can register
13 as interveners or interested parties to participate in
14 the review of that application. And so of course we
15 don't have a process that's been established at this
16 time. That will likely come after the full
17 application is received. But the review process could
18 range from a short written review, possibly even an
19 oral hearing, or some other process that's in between.
20 So that hasn't been decided yet.

21 But during the regulatory process the
22 utility provides the bulk of the evidence. So the
23 onus is on the applicant to provide sufficient
24 evidence to convince the Commission panel that their
25 evidence is thorough, it makes sense, it's complete,
26 fulsome, and it's free of errors. So they need to

1 justify that the applied-for costs and the rate is
2 prudent and reasonable.

3 In addition to the utility providing
4 evidence, registered interveners may also provide
5 their own evidence, counter-evidence. But we just
6 need to note that any evidence that interveners
7 provide will also be cross-examined by other parties
8 and also the Commission staff, during that review
9 process.

10 The general rule for rate applications, in
11 order to make the rates effective, is that they need
12 to apply 30 days in advance of when the rates are
13 meant to be effective. So we have a preliminary
14 application with a filing date of February 26, and the
15 Commission has the discretion at that time to approve
16 that rate increase to be an interim, pending the
17 thorough review that's to come in subsequent months.

18 So ratepayers should know that an interim
19 rate adjustment is subject to refund or re-adjustment
20 after the Commission has gone through the full review
21 of the application and evidence that's going to be
22 presented during that proceeding.

23 So the panel at this point has reviewed the
24 base information that was provided in the preliminary
25 application and they have determined -- oh, and they
26 have also considered the rate cap that's been set for

1 BC Hydro by the provincial government. And as a
2 result, a 4 percent increase was approved for April
3 1st. And again, that's interim and refundable.

4 So when we were talking about rate caps,
5 what does that mean? Well, in Direction No. 7 –
6 again, that's the Direction that's been given from the
7 government – they have established certain rate caps
8 for the next three years.

9 So it is capped at 4 percent increase in
10 fiscal 2017, 3.5 percent increase in fiscal 2018, and
11 a further 3 percent increase in fiscal 2019. In that
12 same Direction, the government also indicated that if
13 BC Hydro's forecast required rate change exceeds the
14 rate caps that are set out here, then the Commission
15 must order BC Hydro to defer those increases to
16 Hydro's rate smoothing regulatory account.

17 So from the preliminary application BC
18 Hydro has indicated to us that if the rate caps were
19 not in place, the forecast increase that's required in
20 order to cover their revenue requirement is closer to
21 9.7 percent.

22 Now, there are other directives also in
23 Direction No. 7. For example, the Commission must
24 ensure that rates do allow BC Hydro to collect
25 sufficient revenue to enable it to provide reliable
26 service and meet all of its debt service, tax, and

1 other financial obligations as well.

2 So in terms of what a 4 percent rate
3 increase might look like, you may notice on your
4 electricity bill, there is several components. Again,
5 we've talked about the basic charge, your Step 1 and
6 Step 2 energy charge, and there is a rate rider on top
7 of that. So how the 4 percent is calculated is
8 basically taking your different components of the rate
9 from last year, and increment that by 4 percent, and
10 you get the numbers that are on the right-hand column
11 here.

12 And this is just a sample bill. And in
13 here, we will see those -- that 4 percent in these
14 components in here. And then there is the 5 percent
15 rate rider that's calculated on top of the total of
16 the basic and energy charges.

17 So in conclusion, I do hope that you do
18 have a greater appreciation for the Commission's
19 regulatory processes, and also the scope of what we
20 might anticipate -- what we expect to review in the
21 upcoming application as well.

22 So if you have any questions at this time
23 we'd be happy to talk to you.

24 MS. BOEHRING: I first have a general question, and that
25 is, is Hydro in any way involved in review of energy?
26 We see, for example, in countries such as Portugal,

1 Spain, Germany and so on the cost of solar panels are
2 getting cheaper and cheaper, and that could be a real
3 reason to change over.

4 MS. DOMINGO: Well, I believe that BC Hydro has a clean
5 power call. So they do have some forms of renewable
6 energy in their supply. The extent of that, I'm not
7 sure of the details of that, but I do anticipate that
8 that will be discussed in part in the upcoming revenue
9 requirement application as part of the cost of energy.

10 And you're absolutely correct, the cost of
11 energy is a large component of the total revenue
12 requirement. But we don't have any further detail at
13 this point.

14 MS. BOEHRING: I'm glad they are working on it? I mean.

15 MS. DOMINGO: What do you mean by "working on it"?

16 MS. BOEHRING: Yeah.

17 MS. DOMINGO: I'm sorry?

18 MS. BOEHRING: Yeah. Well, I'm happy to hear that you
19 are working on it.

20 MS. DOMINGO: Well, we will review the information that
21 we'll get from BC Hydro at that point.

22 MS. BOEHRING: Thanks.

23 MR. BOLIN: Could you indicate what rate increases have
24 been in the last ten years?

25 MS. DOMINGO: Do we have that information, Paul? Last
26 ten years?

1 MR. MILLER: Not off the top of my head.

2 MR. BOLIN: (speaking off microphone) I believe it's been
3 extensive in the last ten years as well, is that not
4 correct?

5 MS. DOMINGO: Well, I do have some information based on
6 the ten-year government plan. I can go back two more
7 years, and that is -- these have also been directed
8 from the government, is in fiscal 2015 the rate
9 increase was 9 percent. That was ordered by the
10 government. And in fiscal 2016, that was a 6 percent
11 increase on top of that.

12 MR. BOLIN: (speaking off microphone) So we're looking
13 at 15 percent already to get where we're at. Now, if
14 I understand. In that time period, also as I
15 understand there has been no real net increase in
16 power usage, over in B.C. in that time period.

17 MS. DOMINGO: Well, we will -- the power usage would be
18 part of the load forecast study, and we do anticipate
19 a detail of that.

20 MR. BOLIN: (speaking off microphone) Well I mean load
21 forecast as I understand it, and I haven't looked at
22 it for a few years. The forecast has always been
23 considerably above actual production of power. And so
24 I'm trying to figure out how we keep compound the
25 things, the product of which is not increasing. The
26 price is increasing at a pretty phenomenal rate.

1 And as far as I know, though, I'm not sure
2 where we get the -- where this load forecast
3 (inaudible) coming either from selling to other
4 governments, or I don't think we have any major
5 industrial projects that require (inaudible)

6 So I'm really bothered on what's happening
7 here. I just fail to be able to come up with a
8 product that represents what's really happening. I
9 mean, in a way it's easy for any business to take its
10 total costs and spend it all, that's easy. But you
11 also have to show the production. I don't see that
12 part of this equation.

13 MS. DOMINGO: When you say "production", you mean the
14 demand?

15 MR. BOLIN: (speaking off microphone) I mean, yes, the
16 demand. As far as I can see, it's not really visible.

17 MS. DOMINGO: Well, the economic situation is changing in
18 the province already.

19 MR. BOLIN: (speaking off microphone) Well I know.
20 That's been going on for ten years already. It's been
21 changing and you saw it last, you know, 15 percent
22 (inaudible) in the last two years. Somehow this -- I
23 just can't make this add up. I don't -- in order to
24 make it add up, we need more information than I've
25 got.

26 MS. DOMINGO: You're absolutely right. We do need more

1 information.

2 MR. BEMISTER: Can you just come up and use the
3 microphone?

4 THE CHAIRPERSON: Sorry, we're having a little trouble
5 hearing the questions. Sorry to interrupt.

6 MR. BOLIN: Well, I don't know whether I need to repeat
7 what I've said already. But I am trying to get a
8 handle on repeated rate increases and projections of
9 additional use that just don't seem to come. And I
10 don't see where they're coming from. This -- I can't
11 put a rational picture around this.

12 And so I am looking for -- you know, it's
13 all right to talk about the next ten years but let's
14 talk about the last ten years as well. And I don't
15 see that happening. And to me, my mind, it needs to
16 happen to make this a rational discussion.

17 THE CHAIRPERSON: Sorry, I think that -- I don't disagree
18 with the way you've phrased your question. But I
19 don't think we're -- we're not really here to answer
20 those questions on BC Hydro's behalf. And we're happy
21 to -- we're happy to hear what you have to say, and
22 put that on the record, and encourage you to
23 participate in the proceeding, where you would be able
24 to get those answers. But those answers really can
25 only come from BC Hydro.

26 MR. BOLIN: Well, I understand that. But as the

1 Commission, it seems to me that you have to have that
2 information in order to make a decision.

3 THE CHAIRPERSON: Correct. We do.

4 MR. BOLIN: So if you have it, please let the rest of us
5 know it, and if you don't have it, I'm not quite sure
6 how the public could rationally discuss the issue, or
7 make a presentation to you on the issue.

8 MS. DOMINGO: And I do agree with you. We will -- and
9 that's why we are anticipating to review the load
10 forecasts that BC Hydro is going to file with us. But
11 at this point we don't have any detailed information
12 to go by.

13 What we do know is that there has been
14 changes -- economic and other fiscal changes that's
15 happening on the provincial level. There is also
16 going to be an influx of population.

17 And -- but that's -- that's all the extent
18 that we do know. But a detailed review of the load
19 forecast will be done.

20 MR. BOLIN: Well, what I'm asking, I suppose is, if that
21 does not exist currently, will it exist before the
22 possibility of public -- public comment be available?
23 Otherwise, we're all just whistling in the dark here.

24 MS. ROSS: So, as Yolanda indicated, we expect to have BC
25 Hydro's complete F2017 to 2019 revenue requirement
26 application at the end of the summer. After that

1 application is received, the Commission panel will
2 likely establish the regulatory timetable and the
3 review process for that application.

4 So, at this point in time, you may wish to
5 register as an interested party if you want to receive
6 notification of the items that are coming up in that
7 proceeding.

8 MR. BOLIN: Well, yes, I certainly would. But it's -- if
9 this passed in April of this year, what are we
10 discussing? Did that passage in April include 2017,
11 2018? Where are we?

12 MS. ROSS: Only the rates for fiscal 2017 were approved
13 on an interim basis.

14 MR. BOLIN: Okay.

15 MS. ROSS: Effective April 1st. And as Yolanda indicated,
16 those rates are subject to refund or recovery,
17 depending on what the final decision is from the
18 Commission, after they've filed a complete
19 application.

20 MR. BOLIN: Yeah, I think most people who have had
21 anything to do with business will understand that
22 getting money back from anybody is a very difficult
23 proposition. Anyway, I'd better let some other folks
24 comment here.

25 THE CHAIRPERSON: Are there any more questions for
26 Yolanda before we move on to -- yes.

1 MS. KING: (speaking off microphone) At the last slide
2 there, I was wondering why -- what a rate rider is,
3 and why there is a rate rider of five percent.

4 You may have mentioned it, I'm sorry if I
5 missed it.

6 MS. DOMINGO: No, that's not a problem. The screen just
7 got turned off. The rate rider has been -- it's the
8 rate rider deferral account.

9 MS. KING: Sorry?

10 MS. DOMINGO: So it's called a rate -- it's called a
11 deferral account rate rider. And that is calculated
12 as 5 percent of the total bill. It's an additional
13 cost recovery that has been approved. I believe -- is
14 it directed from the government, Paul? Yes, it's been
15 directed from the government to remain at five
16 percent. And that's the recovery of portions of BC
17 Hydro's deferral accounts. So that doesn't change.
18 That's still on the bill. So if you notice on your --
19 you know, even if you pull up last year's bill, you
20 will notice that there is a line item that talks about
21 the rate rider. There is an additional charge that's
22 on there.

23 MS. KING: How long has it been there?

24 THE CHAIRPERSON: It has been there for a little over 10
25 years.

26 MS. DOMINGO: A number of years.

1 MR. MILLER: It has been a while.

2 MS. KING: And specifically what again?

3 MS. DOMINGO: It is a recovery of portions of BC Hydro's
4 deferral accounts. And during Direction No. 7, the
5 government has directed that it stays at 5 percent, so
6 it continues on, basically.

7 MR. BOLIN: I wonder if you could give us a percentage of
8 the -- I don't know whether to call it budget or
9 spending, of BC Hydro that is exempt from control
10 under the BC Utilities Commission. That is Site C,
11 smart meters, Rock Bay Settlement, First Nations
12 settlements, costs related to Burrard, and others,
13 whatever they are. What percentage of this discussion
14 is really under the control of BCUC if all of those
15 things are exempted?

16 MR. MILLER: I will try and answer that, Mr. Chair. So,
17 many of those costs are unknown at the present time,
18 because the projects haven't been completed. But you
19 would be able to ask those questions of BC Hydro once
20 they file the application. That information is not
21 before the Commission at this time, because those
22 projects have been exempted from Commission review.
23 So, when the projects are finished, then we get told
24 "We need to recover these costs." Or the Commission
25 gets told, "We need to recover these costs pursuant to
26 that direction." So, the Commission wouldn't be able

1 to tell you at this time. It doesn't have --

2 MR. BOLIN: (speaking off microphone - inaudible)

3 MR. MILLER: Well, when the projects, like for Site C, it

4 will take several years, the final costs won't be

5 known. And some of these other projects are ongoing

6 costs, and we won't know until they report them to us.

7 MR. BOLIN: (speaking off microphone) What -- I suppose

8 you can't give a percentage --

9 MR. MILLER: Can't.

10 MR. BOLIN: (speaking off microphone) -- but, even though

11 you do have estimates I'm sure on these projects, even

12 though they aren't in, maybe there are some estimates.

13 What is it, 8 and a half billion for Site C I believe?

14 MR. MILLER: Well, I'm not sure on Site C, because again,

15 the estimates are preliminary, and -- but we don't

16 have that information.

17 MR. BOLIN: (speaking off microphone) I know, any

18 business has to operate on that. And usually a board

19 has to consider those things whether they are

20 completed or plans.

21 MR. MILLER: But again, the Commission doesn't have that

22 information at this time. Again, you'd be able to ask

23 Hydro that once they file their application.

24 THE CHAIRPERSON: Go ahead.

25 MS. BOEHRING: Who decided to take the smart -- to exempt

26 the smart meters?

1 MR. MILLER: The government directed in Special Direction
2 7, which a copy is right there. Oh, sorry, the smart
3 meters are --

4 MS. DOMINGO: In the *Clean Energy Act*.

5 THE CHAIRPERSON: *Clean Energy Act*.

6 MR. MILLER: *Clean Energy Act*. It is the in the *Clean*
7 *Energy Act*.

8 THE CHAIRPERSON: So you can look at the *Clean Energy Act*
9 and --

10 MS. BOEHRING: But they have nothing to do with clean
11 energy, the smart meters.

12 THE CHAIRPERSON: Sure, but --

13 MS. BOEHRING: They are harmful for our health, and will
14 cause most likely a lot of dementia and Alzheimer's in
15 the future, because after eight minutes exposure to
16 these higher frequencies, these EMF, the blood-brain
17 barrier is open, according to the scientist from
18 England, retired scientist, Barry Tolver.

19 So, I don't see how smart meter can be
20 related to clean energy. Sorry. When we use a zero-
21 point field, what Nikola Tesla started to investigate
22 in, and what is mentioned in the movies (inaudible).
23 This is clean energy in solar panels and windmill.

24 MR. MILLER: So, once again, Mr. Chair, if I may, that
25 was an -- that's a piece of legislation that was
26 passed by the government. The Commission has no

1 ability to change the legislation. If you have a
2 concern, you might want to contact your local MLA and
3 express your concerns there. But the Commission has
4 no jurisdiction over this.

5 MS. BOLIN: I am also very much concerned about issues
6 like smart meters, and the impact on health. And it
7 has been shown that it is actually devastating. I
8 just had one document here, and it is about brain
9 cancer, which is increasing tremendously, and there is
10 just one print out, about 300 cases of brain cancer,
11 and that's among famous people. The others are not
12 even involved. Or not even counted, any place. Yet,
13 brain cancer is now the highest kind of cancer among
14 children and youth. So, all that WIFI, all these
15 electric magnetic radiation is very, very dangerous
16 for the health, as we can see in many countries.

17 Unfortunately in Canada people are not
18 alert enough about it. But I am working
19 internationally. Also in Peru, for example. And the
20 Peruvians are very alert, aware. Really aware. Not
21 only surprised, but very angry about all the cell
22 towers, the smart meters, all these kinds of things.
23 So, why does nothing come from BC Hydro into one to
24 say yes, you know, we have to look into the
25 repercussions of WIFI. WIFI in school is outrageous,
26 and all the health problems.

1 So, there must be much more openness in
2 this country about health and it affects everyone, not
3 only those who are sensitive or hyper-sensitive. But
4 cancer is now all over the place, and also all other
5 kinds of diseases. Is there any hope that this issue
6 will be opened up and the public will be told
7 accordingly?

8 THE CHAIRPERSON: I appreciate your concern. However, as
9 Mr. Miller has indicated, none of these issues are
10 within our jurisdiction. We are not a health
11 regulator, and further, even any non-health issues
12 that have anything to do with smart meters have been
13 legislated to be out of our jurisdiction by the *Clean*
14 *Energy Act*. So, we are simply unable to do anything
15 to address your concerns, and none of this, the
16 hearing, none of the revenue requirement hearing that
17 we are here to talk about can address any part of it,
18 because it's simply out of our jurisdiction.

19 MS. BOLIN: (off microphone) I understand it, but maybe
20 you can inform, you know, you could (inaudible) only
21 these issues, because you know, I mean (inaudible) and
22 maybe they listen to you, you know? They don't listen
23 to common people like us.

24 THE CHAIRPERSON: Well, the way -- my suggestion to you
25 is that your avenue to be heard is through your local
26 MLA, and that would be a far more effective route than

1 any route that we may be able to provide. As I say,
2 and I am sorry to have to keep repeating myself, but
3 we don't have any jurisdiction and we don't have any
4 special ear that we can bend, that you would be far
5 better to discuss it with your MLA.

6 MR. BOLIN: I am curious as well with that, that I notice
7 in here, Direction No. 7, to the BCUC, that
8 definitions here talk about asbestos remediation
9 costs, and that apparently is in your purview, which
10 seems to me to indicate that health is a part of your
11 purview, obliquely at least. Is there something
12 incorrect in that interpretation?

13 THE CHAIRPERSON: Anything -- as Mr. Miller had
14 indicated, anything to do with smart meters, whether
15 it is a health issue to do with smart meters or any
16 other issue to do with smart meters has been
17 legislated to be outside of our jurisdiction.

18 MR. MILLER: And I believe the part of the direction that
19 he is referring to is the requirement that the
20 commission allow Hydro to recover their costs of the
21 asbestos remediation. So, even though we are told
22 that we have to allow these costs, we don't have any
23 jurisdiction over the subject matter. So, the
24 government is telling the Commission that these costs,
25 you have to allow them, even though we don't have
26 direct jurisdiction over them.

1 THE CHAIRPERSON: Thank you, Mr. Miller. One more
2 question please? Yes, thank you.

3 MS. KING: Just to follow up on what you just mentioned,
4 does that mean if Hydro had expenses related to say,
5 what is the word, damages related to a smart meter, is
6 that at a cost that they can legitimately incur? If
7 there is damage because of a smart meter, is that a
8 legitimate cost for Hydro to repair it and fix it?

9 MR. MILLER: So, I believe, Mr. Chair, she is referring
10 to the tariff under which residential customers take
11 power and the smart meters, and I do believe there is
12 a provision in the tariff that -- sorry, BC Hydro is
13 not responsible I believe, absent gross negligence for
14 any damage as a result of smart meters.

15 THE CHAIRPERSON: Mr. Miller, there is another question,
16 please.

17 MS. BOEHRING: Even though health issues are not under
18 your jurisdiction, I wonder if any of you are
19 concerned about the health impacts of smart meters,
20 cell towers, WIFI, and so on? When I was 12 years old
21 I learned about it in school, about radiation, and the
22 impact of it. But it seems that here, you know, very
23 few people actually know about it. So, if you don't
24 mind, are you concerned about radiation? You know
25 what "radiation" means? Are you concerned about the
26 health, especially of children?

1 MR. MILLER: So again, Mr. Chair, just for the
2 participants' knowledge, the Commission has had smart
3 meter issues before it. They have heard evidence on
4 it. The Commissioners and staff's independent
5 opinions are their own, and they are not to be
6 expressed through the Commission body, as it has no
7 jurisdiction. It would be improper, so they can't
8 answer your question even if they wanted to.

9 THE CHAIRPERSON: Okay, so I'd like to say thank you to
10 Yolanda and Laurel for your informative presentations.
11 And I'd just like to take a few minutes then to
12 explain why this session today is important. And I am
13 going to cover some ground that Yolanda and Laurel
14 have already covered, but I think it is important, and
15 that we just discussed a few moments ago too. But I
16 think it is important to repeat it, just to underscore
17 its importance.

18 The Commission must base its decisions on
19 the evidence before it, nothing more, nothing less.
20 And in considering our decision, the Commission must
21 consider, among other things, the sections of the act,
22 and the applicable directions that Yolanda has
23 outlined. So, your input today will form part of the
24 evidence that the Commission will consider in making
25 its decision. And that's why today's session is being
26 transcribed, and it will be posted as a hearing

1 exhibit on the Commission's website. Your submissions
2 will form part of the letters of comment, submission
3 section of the hearing. Some of you will have
4 submitted, or will be submitting, or may submit
5 subsequently letters of comment which will form part
6 of the proceeding record, and Laurel gave you some
7 detail on that a few minutes ago. We feel that for
8 issues of the nature of this application, it's
9 valuable to allow for in-person input as well as
10 written submissions. And I understand that there are
11 -- we've received two individuals that have
12 registered, their intent to present a submission to
13 the panel today, and Mr. Miller, I don't know if --
14 MR. MILLER: Ms. Domingo has the list.
15 THE CHAIRPERSON: Ms. Ross has the information. There
16 were two people that indicated that they had a
17 submission to make in person? One?
18 MS. ROSS: We have --
19 THE CHAIRPERSON: And your -- okay, so we'll be hearing
20 you in just a moment, and if there is anyone else that
21 has a submission, that even if you haven't registered,
22 we're happy to hear that from you today, too. That
23 being said, the questions that you have already have
24 asked, and have been answered will be on the record
25 also. So, you wouldn't need to repeat anything you
26 have already said in this room.

1 THE CHAIRPERSON: So I just like to make a couple points
2 then about your upcoming submission and that is first
3 of all relevance and again at risk of going over old
4 ground, this application relates to the revenue
5 requirements, as Yolanda has explained, along with the
6 constraints that the Commission operates under in
7 regard to reviewing that proceeding and setting the
8 revenue requirements.

9 So we're happy to hear your comments but we
10 would ask you to keep in mind the scope of this
11 proceeding as we've explained it to you. And because
12 your comments today will be recorded on transcript,
13 before you begin please identify yourself for the
14 record before you begin your presentation. So unless
15 there's anything else please go ahead.

16 MS. ROSS: I understand you're speaking of behalf of Mr.
17 Erik Anderson?

18 MS. KING: Hi. My name is Janet Hicks King.

19 THE CHAIRPERSON: Thank you, Ms. King, please go ahead.

20 MS. KING: Okay. I'm very honoured to read the
21 presentation prepared for this session by Erik
22 Anderson who is unable to be present due to illness.
23 Erik worked as an economist with the Transport
24 Commission of the government of Canada and with the
25 International Civil Aviation Organization and with
26 Pacific Western Airlines and he has worked extensively

1 with private investors. Presently he is the deputy
2 chairman of the Public Interest Advocacy Centre in
3 Vancouver.

4 I'll now begin his presentation. His first
5 title is "Economic Cycles". For the past 100 years or
6 more, various economists have been trying to document
7 and construct descriptions of economic cycles. Early
8 in the last century, Nikolai Kondratiev was a pioneer
9 in the field. Since then, numerous economists have
10 succeeded in validating the concept that about every
11 60 years the planet passes through a four-phase
12 economic cycle. These are described as K-cycles with
13 the last being "winter". Christopher Quigley
14 characterized the "K-Winter" as the period when
15 "excess capacity is worked off by massive debt
16 repudiation, commodity deflation & economic depression,
17 'trough' war breaks the psychology of doom."
18 Contemporary cycle economists consider the current "K-
19 Winter" to be in effect until at least 2020.

20 His next question is: What local evidence
21 supports the contention of our now being in a "K-
22 Winter"?

23 BC Hydro annually posts its volume of
24 electricity sales to domestic customers. Starting in
25 2006 the total domestic GW hours sold were 52,440. By
26 2008 the annual sales total reached a little over

1 53,300 GW hours. Since 2008 there has been a steady
2 slide to 51,213 GW hours in 2015. The best that can
3 be said about this actual record of domestic demand is
4 that it "flat-lined" over the past decade. Coupled
5 with this local reality are the huge decreases in
6 prices for almost all the commodities produced in B.C.
7 for export.

8 What has been BC Hydro's record of
9 forecasting Demand?

10 In September 2006, the service plan showed
11 expected need to be 53,097 GW hours in 2007. This was
12 an error in projected need of nearly 1,000 GW hours –
13 only one year into the future.

14 In 2013, a new service plan showed expected
15 needs to be 53,913 GW hours in 2014. Again, the one
16 year look ahead was about a 1,000 GW hours too large.
17 Also from this 2013 forecast, BC Hydro was expecting
18 to sell 56,886 GW hours in 2015. As matters turned
19 out, that was a planning error of about 5,673 GW
20 hours. So a two year look-ahead was in error by about
21 10 percent of the annual total sales.

22 In 2015, the BC Hydro recorded domestic
23 sales were 51,213 GW hours, yet the corporation
24 expected annual demand in 2016 to be 58,483 GW hours.
25 The year 2016 closed off at the end of March so we are
26 waiting for the actual numbers to be published. With

1 this same service plan, the 2015 service plan, BC
2 Hydro was expecting domestic demand to be 56,692 GW
3 hours in 2017; 57,083 GW hours in 2018 and 57,805 GW
4 hours in 2019. Both of these values are 7-8,000 GW
5 hours greater than consumption in 2015, the last year
6 of a decade of stagnation and decreases in measured
7 demand.

8 In every example given BC Hydro anticipated
9 domestic demand would be greater than what was
10 actually recorded, even when projecting only one year
11 out. Despite the marked change in the demand vector in
12 2009, not unexpected after the 2008/2009 global
13 turning point in dry cargo shipping and financial
14 matters, BC Hydro has nevertheless persisted with the
15 fiction that future demand will always be increasing.
16 The applicable saying is "pushing on a string".

17 Investing on new generation. Concurrent
18 with the generally overly-bullish outlook for
19 "domestic" demand, BC Hydro heavily invested, directly
20 and indirectly, in new and additional electricity
21 generation capacity. For the fiscal year 2006 the
22 corporation showed almost \$11 billion for "Total
23 liabilities". Using the total liabilities per MW hour
24 sold measure, that was \$2,009.7 million in 2006. Over
25 the next 9 years this measure of efficiency, or
26 otherwise, dramatically increased so that by fiscal

1 2015 "Total liabilities" per MW hour reached a
2 staggering \$462 and a half million. That increase in
3 reported "Total liabilities" was a mind-altering 121
4 percent increase per unit of consumption.
5 Unfortunately that is not the end of the "Liabilities"
6 story. Because BC Hydro does not have to report its
7 contractual obligations in its annual reports, we
8 should add in the secret contracts made with
9 "Independent Power Producers". When answering the
10 question as to the size of the indebtedness to the
11 Independent Power Producers, a former BC Hydro
12 president held that it was somewhere around \$50
13 billion. That translates to a current amount of total
14 liabilities for BC Hydro of \$73.7 billion or a
15 whopping \$1.439 billion per MW hour sold. That is 7
16 times the amount actually sold in 2015.

17 In summary, BC Hydro has been ignoring a
18 global economic reality for the past 10 years; that we
19 have entered the "Winter" phase of a long economic
20 cycle, which is when global economic activity slows
21 and/or contracts. This reality is blindingly evident
22 in the 2008/09 collapse of the dry cargo-shipping
23 index, known as the "Baltic Dry", and in the collapse
24 of commodity prices. Evidence of past "cycles"
25 abounds so ignorance should not be an option.

26 It is next to impossible to understand why

1 BC Hydro would wish to commit such huge financial
2 resources for the provision of so much more
3 electricity than is or will be needed in the province
4 for a decade or more, right at the moment of a "K-
5 Winter". This very high-risk business strategy. It's
6 not typically the remit of a public utility.

7 Because BC Hydro has the BC Utilities
8 Commission to hide behind, these kinds of reckless
9 behaviors are never challenged as they would be if the
10 corporation were operating as if it could go insolvent
11 with shareholders losing all their investment.

12 And a suggestion. BC Hydro should not get
13 any rate increases simply because they want them.
14 There is ample evidence that BC Hydro has steered a
15 financially irresponsible course over the past 10 or
16 so years. Continuously fabricating an ever-expanding
17 domestic demand at exactly the time when slowing or
18 even shrinking demand should have been expected, is
19 more than a sin. In all economic affairs there is a
20 place of symmetry where demand and supply are
21 generally in balance. BC Hydro has produced the exact
22 opposite and is now asking its customers to pay more
23 as a cover for its huge financial and economic errors.
24 Rather than give the corporation a reward for its
25 unerringly bad management, the BC Utilities Commission
26 should reject any application for rate increases. It

1 is not clear how the public interest can be served by
2 accommodating financial and economic illiterates with
3 the reward of more money. It is worse than a public
4 insult.

5 And that's the end of Erik's presentation.

6 THE CHAIRPERSON: Thank you, Ms. King. I just have a
7 couple of questions of you, please. As you speaking I
8 was following along with the text that Hal handed out
9 and I just wonder if you could clarify a couple
10 numbers because what I heard you say was not the same
11 as the numbers that was written.

12 MS. KING: I may have misread them.

13 THE CHAIRPERSON: So if you look in the section
14 "Investing in New Generation" about the third line
15 down. "Using the total liabilities per megawatt hour
16 sold measure, that was..." and then there's a number
17 that starts with 209. Could you please just clarify
18 what that number is because -- and the reason I ask is
19 that your speech is going to -- your talk will be
20 transcribed so that is what will be on the record.

21 MS. KING: Oh, okay.

22 THE CHAIRPERSON: So I wonder if you could clarify what
23 that number is? The one that starts with 209.

24 MS. KING: You want me start reading from there?

25 THE CHAIRPERSON: You could just tell me --

26 MS. KING: The number is \$209,706,330.

1 THE CHAIRPERSON: Okay, and them similarly just in the
2 next paragraph, the very end of the paragraph.
3 MS. KING: Yeah.
4 THE CHAIRPERSON: There's a number that starts with --
5 MS. KING: 462.
6 THE CHAIRPERSON: Yes.
7 MS. KING: The 462 one?
8 THE CHAIRPERSON: No 1439 something. In the next
9 paragraph. Very last line. Just before the summary.
10 MS. KING: Right. The figure is 1,439,088,000.
11 THE CHAIRPERSON: Thank you. Thank you, Ms. King. Does
12 anyone else have any questions? Okay, thank you.
13 MS. KING: Sorry about that.
14 THE CHAIRPERSON: No problem. Just so there's no
15 confusion when people are reading it.
16 MS. KING: Yeah, it's taken then from what read.
17 THE CHAIRPERSON: I think this will also be put on the
18 record, as I understand it, but then I don't want to
19 have inconsistency between the numbers in here and
20 what you --
21 MS. KING: Okay, thank you.
22 THE CHAIRPERSON: Thanks. Is there anyone else that
23 would like to make a presentation or have anything
24 further that they wish to say that would be put on the
25 record? No?
26 MS. KING: If any body has question for Erik, you have

1 his contact information if the Commission has
2 questions for him. You will contact him, right?

3 THE CHAIRPERSON: If we needed to contact him we would
4 contact him but we would encourage Erik or yourself
5 to, subject to what you heard in Laurel's talk, to
6 participate in the proceeding in the most appropriate
7 way, whether it's an intervener, as an interested
8 party or if you want to have any further comment that
9 you want to make. So we would encourage you both to
10 do that. Okay, thank you.

11 Yes?

12 MS. DOERING: I'm just surprised because electricity is,
13 in my understanding, a public need like to have a
14 living space and it should not be allowed to raise
15 expense for the electricity more and more and more
16 because today they talked about it in the radio that
17 more and more people are disconnected now because it
18 is so much easier with the smart meters. So they
19 should -- as a side, should provision be taken so that
20 people really have their electricity whether they can
21 pay it or not. So this is my personal opinion because
22 electricity is necessary for all of our being. For
23 children, from newborns, for older people. So for
24 people that are sick. There is a part of the
25 population who is really depending -- imagine people
26 on oxygen and suddenly it gets disconnected and by all

1 the raises in the electricity the poorer population,
2 who on average is worse in their health, is affected
3 the most.

4 So I'm really against a rise in the
5 electricity costs.

6 CHAIRMAN: Okay, we appreciate your comment. However I
7 would like to reiterate what you heard Yolanda say
8 earlier and that is we're required by the *Utilities*
9 *Commission Act* to ensure that BC Hydro has sufficient
10 revenue to carry out the activities its required to
11 carry out and we're not -- we don't have the
12 jurisdiction to roll back rates based on the need of
13 people. Again that's something that you would have to
14 talk to your MLA about and perhaps something that
15 could dealt with through the social safety network, or
16 through the social network. But it's not something we
17 have the jurisdiction to be able to help you with.

18 MR. MILLER: Mr. Chair, if I just might say this issue of
19 low income rate is being addressed in the rate design
20 application. The B.C. Old Age Pensioner's
21 Organization is raising the issue. So that's being
22 raised in another proceeding that's going on right
23 now. So not in this proceeding.

24 MS. DOEHRING: It's not only about the people who are
25 older, it is about young families when they have
26 several children. How should they be able to -- the

1 cost for food is going higher and higher. Now the
2 cost for electricity for -- and according to Erik's
3 writings are quite irresponsibly. So in my opinion
4 the smart meters were not necessary to install.
5 Everything was working fine. So this expense was not
6 necessary and therefore it was -- is exempt, that we
7 can't say anything about it. So I'm fully aware of
8 this trick.

9 MR. MILLER: Once again just to reiterate, so even though
10 the B.C. Old Age Pensioner's Organization is the
11 entity that's bringing forward this concept in the
12 rate design application, they're doing it on behalf of
13 all low income people, not just older people.

14 THE CHAIRPERSON: Please go ahead, sir.

15 MR. BOLIN: I was curious. Perhaps you could bring up
16 the slide again of Section 45(1) which deals with a
17 person must get a certificate, a re-requirement for
18 construction or operation. I'd like to know a little
19 bit more, perhaps from your legal authority here,
20 about who that means. A person. This is not clear to
21 me whether if I wanted to set up my own independent
22 electrical system whether I could do that, or couldn't
23 do that and there are all kinds of operations where
24 these kinds of questions can arise.

25 MR. MILLER: If I could just take a minute, Mr. Chair.

26 THE CHAIRPERSON: Sure please go ahead Mr. Miller.

1 MR. MILLER: Under the *Utilities Commission Act* the
2 Commission regulates what are called public utilities.
3 So a public utility is a person, a company,
4 partnership that sells power. Sorry that provides
5 power to another party for compensation for money. So
6 it doesn't regulate people that generate power for
7 themselves or people who give power away. It's people
8 who sell to another party for money. That's what they
9 regulate. So that's what the *Act* is directed to.

10 If you're a public utility you can't build
11 a power plant to server other people without
12 Commission approval. So it captures entities like BC
13 Hydro, Fortis, there's Pacific Northern Gas, some
14 smaller utilities in the interior. Public utilities.

15 MR. BOLIN: Smaller hydro projects.

16 MR. MILLER: The smaller hydro projects generally if
17 you're talking about run of river, they sell to BC
18 Hydro, they're regulated by another section of the
19 *Act*, Energy supply contracts, section 71.

20 MR. BOLIN: (speaking off microphone) And if I were to
21 put solar on my house and resell to BC Hydro would my
22 rates be reduced by (inaudible)

23 MR. MILLER: I believe, I can't remember if BC Hydro
24 still has the feed in program or not.

25 THE CHAIRPERSON: It has a net metering program. Yeah,
26 and that -- if you were to do what you just laid out

1 and use the net metering program, you wouldn't fall
2 under section 45 of the Act. But if you tried to sell
3 it to your neighbour then you, arguably you would fall
4 under that section of the Act.

5 MR. BOLIN: What would be the condition -- sorry, what
6 would be the condition under which the Commission
7 could refuse?

8 THE CHAIRPERSON: Could refuse?

9 MR. BOLIN: Could refuse a project say of a bunch of
10 neighbours who wanted to get together and do a solar
11 project to share amongst themselves. What would be
12 the position, well I don't know if you can answer what
13 your position would be. What would be the questions
14 that would arise out of that for the Commission?

15 MR. MILLER: So in the example you gave if you were
16 selling power to other people, not using it for your
17 own purposes, again it's for compensation. If
18 neighbours got together and just decided we're going
19 to put some solar panels and they're not charging each
20 other then they're not a public utility because you're
21 not receiving compensation for it. You're serving
22 yourself. You're allowed to serve yourself.

23 MR. BOLIN: Okay.

24 MS. DOERING: When BC Hydro precedes with raising and
25 raising their fees more and more people will do this,
26 that they have their own solar panels. So it's kind of

1 a death spiral to a certain degree for BC Hydro. So
2 they should take this into considerations.

3 THE CHAIRPERSON: I'm sure BC Hydro is aware of that and
4 would be taking it into account in their business
5 planning. But it's not really an area that we would
6 really normally comment on.

7 MS. KING: I'm just curious when the Commission is
8 considering expenses of BC Hydro that are legitimate,
9 that, you know, are --

10 THE CHAIRPERSON: That fall under our jurisdiction?

11 MS. KING: Right.

12 THE CHAIRPERSON: Yes.

13 MS. KING: Do you look at whether their expenses are
14 really serving their mandate to serve the people of
15 B.C. and do you ever look at whether some expenses
16 maybe are being incurred because they fancy they are
17 going to be selling to the States or to Alberta or
18 something which isn't really serving the citizens of
19 B.C. Does that come into your thinking ever?

20 THE CHAIRPERSON: Yolanda, do you want to -- Yolanda can
21 speak on behalf of our rates department which normally
22 conducts those reviews.

23 MS. DOMINGO: I might need Mr. Miller's assistance on
24 this. I believe there was a piece that in directive
25 number 7, that --. There's section 12 in there that
26 talks about expenditures for export. So there is some

1 direction from the government, it's directed that the
2 Commission must refrain from performing its duties
3 when setting rates in various years. And that related
4 to expenditures for export. So there is some
5 indication from the government that there might be
6 some expenditures related to deal with the export of
7 the energy, but at this point we don't have any
8 further detail than that. We don't have the numbers
9 or whether or not BC Hydro has conducted any
10 activities.

11 MS. KING: Is the government telling you that it's not
12 part of your mandate to -- is that what I heard you
13 say?

14 MS. DOMINGO: There is a section that's in the directive
15 number 7, but how that's going to be interpreted from
16 BC Hydro and what they're going to present to us,
17 we're not sure. Yeah, we don't have that information
18 at this point. So we might, we might get some further
19 insight from them in the application.

20 THE CHAIRPERSON: Is there another question?

21 MS. BOLIN: A few years ago I met a senior officer of BC
22 Hydro and he was actually very concerned about the
23 costs and he said they will be going up through the
24 roof, and the poor people will be sitting in the cold.
25 He talked to me for about an hour and he was very
26 honest about how he sees the situation. Now as we

1 heard from you it probably won't be this way. But do
2 you think that there is some truth in his forecast?

3 MR. MILLER: Mr. Chair, I don't think this panel can
4 comment on a conversation from a utility officer that
5 they're unaware of.

6 THE CHAIRPERSON: Yeah, I agree Mr. Miller, and further
7 as far as a truth in a forecast goes, it's the
8 Commission's role that once BC Hydro files a load
9 forecast or a forecast of any kind at all to ensure
10 that there is an open and transparent process that
11 takes place to the extent that it's within our
12 jurisdiction. That the open and transparent process
13 reviews that forecast and one of the reasons that
14 we're here today is to invite you all to participate
15 in that process. And at that time if you have
16 comments or submissions that you wish to make on that
17 forecast of BC Hydro that would be the time to make
18 it. And as we discussed earlier, the panel can't
19 prejudge any forecast that's going to be coming in
20 from BC Hydro. All we can do is review the evidence
21 that arises out of that review, and then we can make a
22 determination on whether that forecast is an adequate
23 forecast or not.

24 MR. BOLIN: In looking at section 59(5)(a) it states
25 that:

26 "A rate is "unjust" or "unreasonable" if the

1 rate is
2 (a) more than a fair and reasonable charge
3 for service of the nature and quality
4 provided by the utility."

5 I ask this question in view of the, what I
6 find to be an exorbitant amount charged to electric
7 users who do not have Smart Meters or who refuse Smart
8 Meters. And this indicates to me that there must have
9 been a process by which the Commission reached a
10 decision about a just and fair and reasonable. Could
11 you comment on how that process evolved and what it
12 entailed?

13 THE CHAIRPERSON: You're talking about a process, a
14 particular process or just generally?

15 MR. BOLIN: Well, it says here that a rate.

16 THE CHAIRPERSON: Yes.

17 MR. BOLIN: And a rate was set.

18 THE CHAIRPERSON: Right.

19 MR. BOLIN: (speaking off microphone) For those who do
20 not have or do not want a Smart Meter. And I believe
21 it was set at something like \$35 and it's now maybe
22 down to \$31 a month. To have that ability to not have
23 an active radio device on your home.

24 THE CHAIRPERSON: Right.

25 MR. BOLIN: (speaking off microphone) But this indicates
26 that there must have been some decision making process

1 by which a fair and reasonable --

2 THE CHAIRPERSON: Right.

3 MR. BOLIN: (speaking off microphone) -- that that rate
4 was reached by the BCUC. Could you comment on what
5 that entailed?

6 THE CHAIRPERSON: Yes. First of all I would just like to
7 comment on those terms "fair" and "reasonable". The
8 notion of "fair" and "reasonableness" is -- it's a
9 two-sided notion. It relates to you as a customer but
10 it also relates to the utility too. And the utility
11 had the obligation to provide service but it also has
12 the right to receive compensation for the cost that it
13 incurs providing that service. So a rate that doesn't
14 provide for the utility to be reimbursed for its costs
15 is not a fair or a reasonable rate.

16 And that has to be part of our
17 consideration as much as your side of the
18 consideration of that rate. So in the particular
19 proceeding that you're talking about which was to
20 determine a rate for customers that were not going to
21 be taking service from a Smart Meter, the utility
22 provided evidence that it would cost additional
23 amounts of money to service people that were no longer
24 taking Smart Meter service. And the Commission
25 considered those costs, and that was the consideration
26 that went into that determination.

1 MR. BOLIN: (speaking off microphone) Well, (inaudible)
2 really understand what you're saying. My question is
3 what evidence did they provide that it was really
4 costing them that much money to provide that service
5 and that allows you to make a decision that it was
6 fair and that was fair and reasonable compensation?

7 THE CHAIRPERSON: Well, as I recall the nature of the
8 evidence was based on things like the amount of money
9 that -- or sorry, the amount of time that would go
10 into providing meters with the radio off or the
11 incremental costs of ensuring that there was
12 sufficient analogue meter inventory. And then there
13 was additional costs of providing meter readers to go
14 and manually read the meters. And I'm sorry I can't
15 provide more details simply because I don't -- I
16 either don't know or don't recall, but it was evidence
17 of that nature that BC Hydro provided.

18 MR. BOLIN: (speaking off microphone) (inaudible). You
19 can always come up with costs. It's easy. My
20 question really is how does the Commission handle
21 questions of that nature in general, and is the
22 evidence that they use in their decision and the
23 decision itself available to the public?

24 THE CHAIRPERSON: Yes, it is. In fact the evidence that
25 the Commission considers in cases like this is not
26 only the evidence that the Utility provides but it's

1 also evidence that parties that register in a
2 proceedings as interveners, and that was the case in
3 that proceeding also. And it was an open proceeding.
4 You can go to our website and you could look at all of
5 the evidence that was filed in that proceeding. And
6 you could look at the Commission's decision, and you
7 could look at the reason for the decision. And that
8 is how the Commission came to its decision.

9 MR. BOLIN: (speaking off microphone) It's just curious
10 to me that looking at other jurisdictions faced with
11 the same problem (inaudible).

12 THE CHAIRPERSON: I can't really comment on other
13 jurisdictions. Their cost structures may be different
14 in other jurisdictions. But I would encourage you
15 though to go to the website and --

16 MR. BOLIN: (speaking off microphone) We're involved in
17 the suite that's still ongoing. So you can understand
18 my interest in this issue. But of course BC Hydro
19 (inaudible) by taking the line that comes into my
20 house and putting a meter out there at the line and I
21 wouldn't have had a leg to stand on. But that's not
22 what they did.

23 THE CHAIRPERSON: Mr. Miller, I'm sorry, did you have a
24 comment on that?

25 MR. MILLER: I was just going to say, Mr. Chair, that if
26 this gentleman wishes to provide his contact

1 particulars to Mr. Ross, she will refer him to the
2 particular decision where that evidence was discussed
3 so you'll have it readily available.

4 MR. BOLIN: (speaking off microphone) (inaudible) on the
5 website.

6 MR. MILLER: Mr. Ross, if you talk to her she will point
7 you to the particular decision.

8 THE CHAIRPERSON: Thank you, Mr. Miller. Are there any
9 additional or further questions?

10 Okay, well, thank you very much for coming
11 out, we really appreciate it. And again thank you and
12 your information, all the information that you've
13 provided us will appear on the record. And again I
14 would encourage you to become involved in this
15 proceeding and even if just as an observer so you can
16 see how the evidence unfolds and how it's presented,
17 how questions are asked of the utility and ultimately
18 of how the panel makes its decision in the end.

19 Thank you.

20 (PROCEEDINGS ADJOURNED AT 2:30 P.M.)

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