

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

Vancouver, B.C.
September 1st, 2016

PROCEDURAL CONFERENCE

BEFORE:

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

VOLUME 6

APPEARANCES

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J. GHIKAS	Counsel for British Columbia Hydro and Power Authority (BCH)
D. CRAIG	Commercial Energy Consumers' Association of British Columbia (CEC)
S. KHAN	B.C. Old Age Pensioners Organization, Active Support Against Poverty, Council of Senior Citizen's Organizations of B.C., Disability Alliance B.C., Tenent Resource and Advisory Centre, and Together Against Poverty Society (BCOAPO)
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L. HERBST	Counsel for FortisBC Energy Inc. and FortisBC Inc.
J. QUAIL L. WORTH	Counsel for Movement Of United Professionals (MoveUP)
R. LANDALE	Self
L. DONG L. GUENTHER	Zone II Ratepayers Group
D. AUSTIN	Counsel for Clean Energy Association of BC(CEABC)
R. McCANDLESS	Self
J. LITTLE	Self
J. LEAHY	Save Our Northern Seniors
M. KEEN R. STOUT	Association of Major Power Customers of British Columbia (AMPC)

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CAARS

VANCOUVER, B.C.

September 1st, 2016

(PROCEEDINGS RESUMED AT 9:03 A.M.)

THE CHAIRPERSON: Please be seated. Thank you.

Good morning, ladies and gentleman. My name is Dave Morton. With me are Commissioners Karen Keilty and Doug Enns.

Welcome to this morning's proceeding to consider various matters related to BC Hydro's 2017 to 2019 Revenue Requirements Application which was filed on July 28th. Commission Order G-130-16A issued on August 9th established this procedural conference to be held today. In Exhibit A-6 parties were invited to provide submissions on a number of items, and I'm just going to read through what those items were.

First, in consideration of the regulatory framework applicable to the RRA that's set out in Section 3.2 of the application, what are the limitations on the scope of the Commission's review, including consideration of the following matters: Heritage and non-Heritage energy forecast; independent power purchase agreements and other long-term energy purchase contracts; load and revenue forecast; updated load resource balance and the long-run marginal cost as set out in Section 3.4 of the application; the

1 level of net debt and the cost of debt as set out in
2 Appendix A, Schedule 8 of the application; Site C
3 expenditures, Smart Metering and infrastructure
4 matters -- sorry, infrastructure program matters;
5 return on equity; the Meter Choices Program; thermo-
6 mechanical pulping program; the size of the demand-
7 side management spending envelope; and any other
8 matters impacting scope.

9 Secondly, given the Commission's current
10 proceeding for the BC Hydro regulatory oversight of
11 capital expenditures and projects, how should the
12 review of capital expenditures and additions proceed
13 in this RRA.

14 Third, whether there are any matters such
15 as DSM which would be better carved out of the RRA and
16 reviewed as separate processes.

17 Whether it's your intention to file
18 inverter evidence, and if so, relating to what
19 specific matter.

20 Fifth, whether the review of the RRA should
21 proceed by written by written or oral public hearing
22 or some other process.

23 Sixth, steps and timetables associated with
24 the recommended regulatory review process, including
25 submissions on the tentative dates set out for
26 Information Request No. 1 in the regulatory timetable

1 attached to Order G-130-16A.

2 **Proceeding Time 9:05 a.m. T02**

3 If proposing an oral public hearing, what
4 specific matter should be addressed through that
5 process? And then any other matter that will assist
6 the Commission to efficiently review the RRA.

7 The Panel also invites your views on the
8 completeness of the application, and this wasn't
9 mentioned in the letter, but we would welcome any
10 comment about that. And in particular, is there any
11 supplemental information that would be helpful to
12 receive prior to IR 1? In this way, the number of
13 Information Requests in IR 1 could potentially be
14 reduced, if we could identify, let's say, if there
15 were any broad areas that supplemental information
16 would be helpful in.

17 After considering the submissions, the
18 Panel will issue a procedural order early next week,
19 which will address the matters that are the subject of
20 today's Procedural Conference. And also a note on
21 PACA applications. The Commission is currently
22 updating the PACA guidelines and will in all
23 likelihood be publishing the new guidelines during the
24 course of this proceeding. However, the existing PACA
25 guidelines will apply to this proceeding and will
26 govern the Panel's determination in any PACA award

1 that's made in respect of this proceeding, regardless
2 of which guideline is in force at the time of the
3 determination.

4 At this stage, it's a pleasure to
5 acknowledge and introduce a number of individuals who
6 will play an important role in the review of the
7 application. Claudia McMahon, senior regulatory
8 specialist, is lead staff for the application, and
9 with her is Yolanda Domingo, acting director of rates,
10 seated at the front, along with other staff members of
11 the team.

12 And Commission counsel for the proceeding
13 is Paul Miller, and Lino Bussoli, from Boughton Law
14 Corporation. And the Hearing Officer is Mr. Hal
15 Bemister.

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

Proceeding Time 9:07 a.m. T3

1
2 After appearances the order the submissions
3 will begin with BC Hydro and then follow the order of
4 appearances. Once we reach the end of the
5 interveners, beginning with the last intervener to
6 speak, interveners will have a right to reply to other
7 interveners' submissions in reverse order. BC Hydro
8 will have the final right of reply. And if Mr. Miller
9 or Mr. Bussoli have a submission on behalf of
10 Commission Staff, they will make their submission at
11 the end of the interveners' submissions.

12 In the view of the Panel, the issues are
13 most effectively canvassed collectively as opposed to
14 issue by issue, but if anyone disagrees we are
15 prepared to consider any alternative approach you may
16 suggest. Please address this during your appearance.

17 I'm now going to ask Mr. Bussoli to call
18 for appearances. When you enter your appearance
19 please state your name for the record, the party you
20 represent, and identify any additional issues at that
21 time and advise whether you prefer the issues be dealt
22 with all together or if you recommend a separate
23 round.

24 Mr. Bussoli, please go ahead.

25 MR. BUSSELI: Thanks, Mr. Chair. The first in the order
26 of appearances is BC Hydro & Power Authority.

1 MR. GHIKAS: Good morning, Mr. Chairman, Commissioners.
2 Matt Ghikas, G-H-I-K-A-S, appearing on behalf of BC
3 Hydro. With me this morning to my immediate right is
4 Tom Loski, L-O-S-K-I. He is the Chief Regulatory
5 Officer. And seated on his right is Fred James who's
6 the Manager of Rate and Finance in the Regulatory
7 Group. Appearing with me in the proceeding but not
8 present today is Chris Bystrom, my colleague, B-Y-S-T-
9 R-O-M.

10 I have no additional issues to add and I am
11 quite content to deal with all of the issues at once.
12 I think that's the most efficient.

13 THE CHAIRPERSON: Thank you, Mr. Ghikas.

14 MR. GHIKAS: Thank you.

15 MR. MILLER: Next is the Commercial Energy Consumers'
16 Association of B.C.

17 MR. CRAIG: Commission Chair, Commissioners, good
18 morning. Mr. Weafer is not able to be here, so I'm
19 his substitute for today. The CEC has no additional
20 issues and is happy to see all the issues dealt with
21 at once, and have nothing to add to the agenda.

22 THE CHAIRPERSON: Thank you, Mr. Craig.

23 MR. MILLER: Next is B.C. Old Age Pensioners' Association
24 *et al.*

25 THE CHAIRPERSON: Thank you. Ms. Khan.

26 MS. KHAN: Good morning. My name is Sarah Khan, K-H-A-N,

1 and I'm here representing B.C. Old Age Pensioners'
2 Organization, Active Support Against Poverty, Council
3 of Senior Citizens' Organizations of B.C., Disability
4 Alliance B.C., Tenant Resource Advisory Centre, and
5 Together Against Poverty Society. And I actually am
6 here today because my colleagues Erin Pritchard and
7 Tannis Braithwaite were not able to be here, but they
8 will actually be counsel in this proceeding and I will
9 be going off the record on it. And we don't have any
10 issues to add to the issues list.

11 THE CHAIRPERSON: Thank you, Ms. Khan.

12 MR. BUSSOLI: B.C. Sustainable Energy Association and the
13 Sierra Club of B.C.

14 MR. ANDREWS: William Andrews, A-N-D-R-E-W-S, for the
15 B.C. Sustainable Energy Association and the Sierra
16 Club of B.C. I think it is a good idea to deal with
17 all of the scope issues at the same time and I don't
18 have anything to add to the agenda.

19 THE CHAIRPERSON: Thank you, Mr. Andrews.

20 MR. BUSSOLI: FortisBC Energy Inc.

21 MS. HERBST: Good morning. My name is Ludmilla Herbst,
22 H-E-R-B-S-T, and I'm here for both FortisBC Energy
23 Inc. and FortisBC Inc. No additional issues to
24 suggest for the agenda and we are pleased to have all
25 the issues dealt with together. Thank you.

26 THE CHAIRPERSON: Thank you, Ms. Herbst.

1 MR. BUSSOLI: The Canadian Office and Professional
2 Employees' Union, Local 378, MoveUP.

3 MR. QUAIL: Good morning. Jim Quail appearing, and with
4 me is Ms. Leigha Worth who is co-counsel with me in
5 this matter. We agree with the people who have spoken
6 already that it makes sense to deal with all of the
7 scoping issues in one go. And we have no issues to
8 add. The list provided by the Commission seems pretty
9 comprehensive. I think it will give us lots to talk
10 about.

11 **Proceeding Time 9:12 a.m. T04**

12 THE CHAIRPERSON: Thank you, Mr. Quail.

13 MR. BUSSOLI: Richard Landale.

14 MR. LANDALE: Good morning. My name is Richard Landale
15 and I represent myself as a retired citizen. I have
16 no particular issues to add to the agenda, but I have
17 a handout that I'm happy to circulate at the
18 appropriate time, and it is the issues I wish to speak
19 to.

20 THE CHAIRPERSON: Thank you, Mr. Landale, and welcome to
21 the proceeding. I think if you -- after we finish the
22 appearances, we'll be moving on into the submissions
23 and at that time when you rise to give your
24 submissions, that would be the appropriate time to
25 hand out your --

26 MR. LANDALE: Thank you.

1 THE CHAIRPERSON: Thank you.

2 MR. BUSSOLI: Zone II Ratepayers' Group.

3 MS. DONG: Good morning, Mr. Chairman and panel. Linda
4 Dong, D-O-N-G, and Lloyd Guenther, G-U-E-N-T-H-E-R,
5 are here representing the Zone II Ratepayers' Group.
6 We have no additional issues and we are fine with
7 addressing all issues together.

8 THE CHAIRPERSON: Thank you, Ms. Dong.

9 MR. BUSSOLI: Clean Energy Association of B.C.

10 MR. AUSTIN: Good morning, Mr. Chair and members of the
11 panel. David Austin, A-U-S-T-I-N, representing the
12 Clean Energy Association of B.C. We have no issues to
13 add to the agenda and we can deal with all the issues
14 at one time. Thank you very much.

15 THE CHAIRPERSON: Thank you, Mr. Austin.

16 Now, I understand we have -- sorry, go
17 ahead.

18 MR. BUSSOLI: I was just going to say the next is -- the
19 next two, actually, are on the telephone.

20 THE CHAIRPERSON: Right. Is that Mr. Little, is that the
21 next --

22 MR. BUSSOLI: James and Margaret Little.

23 THE CHAIRPERSON: Yes. Mr. Little or Ms. Little, are you
24 on the phone?

25 MR. AUSTIN: Mr. Chair, members of the panel, David
26 Austin, A-U-S-T-I-N, representing Clean Energy

1 Association of B.C. We have no issues to add to the
2 agenda and --

3 THE CHAIRPERSON: What's the -- what are we listening to
4 right now?

5 THE COURT REPORTER: Mr. Austin's --

6 THE CHAIRPERSON: Oh, I see. I'm not sure this is going
7 to be very successful. Can they telephone in?

8 MR. LITTLE: Yes, I am.

9 THE CHAIRPERSON: Okay. Could they listen -- is that Mr.
10 Little?

11 MR. LITTLE: James, J-A-M-E-S, and Margaret, M-A-R-G-A-R-
12 E-T.

13 THE CHAIRPERSON: Okay. Mr. Little, I understand you're
14 listening over the web, are you? Oh, it's going to
15 take a while to hear that. Can you possibly contact
16 him? If he -- can he listen and talk over the
17 telephone? Yes. Okay, thank you, Mr. Little.
18 Mr. Bussoli?

19 MR. BUSSOLI: Richard McCandless, who I believe is also
20 on the telephone.

21 THE CHAIRPERSON: Okay. Mr. McCandless, are you on the
22 phone? Mr. McCandless?

23 MR. McCANDLESS: Yeah, I am listening over the web, but
24 I've got away from the computer, yeah.

25 THE CHAIRPERSON: Is that Mr. McCandless?

26 MR. McCANDLESS: Yeah, I'm on the phone.

1 THE CHAIRPERSON: Okay. Thank you, Mr. McCandless. And
2 you're listening on the phone and talking on the
3 phone, right?

4 MR. McCANDLESS: That's correct.

5 THE CHAIRPERSON: Okay, thank you.

6 MR. LITTLE: Okay, thanks.

7 THE CHAIRPERSON: There's one more --

8 MR. McCANDLESS: Could I mention -- this is McCandless.
9 There's a bit of a feedback happening on the phone.
10 There's about an eight-second delay. I can re-hear
11 what was said, but it's in the background, so as long
12 as you speak into the microphone, I'm okay.

13 THE CHAIRPERSON: Yes, I think, Mr. McCandless, I think
14 that's another participant who's got his phone on but
15 also got the web broadcast on, which is time-delayed.
16 That's what you're listening to. And we're going to
17 try to deal with that now.

18 MR. McCANDLESS: Thank you.

19 THE CHAIRPERSON: Okay.

20 MR. BUSSOLI: The next individual is also on the
21 telephone. Save Our Northern Seniors.

22 THE CHAIRPERSON: Is that Ms. Leahy?

23 MR. BUSSOLI: Ms. Leahy.

24 THE CHAIRPERSON: Ms. Leahy, are you on the telephone?

25 MS. LEAHY: Yes, I am.

26 THE CHAIRPERSON: Great. And can you hear all right?

1 MS. LEAHY: Yes.

2 THE CHAIRPERSON: Pardon me?

3 MS. LEAHY: Except for the back feed.

4 THE CHAIRPERSON: Yes, we're trying to take care of that.
5 Is there anything else you have -- would like to say
6 at this time, Ms. Leahy?

7 MS. LEAHY: Well, just I'm representing a seniors'
8 organization, SONS.

9 THE CHAIRPERSON: Okay. Thank you.

10 MR. BUSSOLI: There has been an addition to the list, Mr.
11 Chair. It's the Association of Major Power Customers
12 of British Columbia.

13 THE CHAIRPERSON: Okay.

14 MR. KEEN: Good morning, Mr. Chairman, Commissioners.
15 Matthew Keen, K-E-E-N, appearing for the Association
16 of Major Power Customers of B.C., known as AMPC. With
17 me today is Mr. Richard Stout, S-T-O-U-T. We have
18 nothing to add, and would prefer to deal with all of
19 the issues all together at once.

20 THE CHAIRPERSON: Sure, thank you very much, Mr. Keen.

21 MR. KEEN: Thank you.

22 THE CHAIRPERSON: Okay.

23 MR. BUSSOLI: Is there anyone or any party that I haven't
24 called who wishes to enter an order of appearance?
25 That concludes the order of appearances,
26 Mr. Chair.

1 THE CHAIRPERSON: Thank you. Mr. Ghikas, are you
2 prepared?

3 **Proceeding Time 9:18 a.m. T5**

4 **SUBMISSIONS BY MR. GHIKAS:**

5 MR. GHIKAS: I am, sir. Thank you. What I'll do this
6 morning is, as you mentioned, BC Hydro had pre-filed
7 on August 29th some pre-filed comments that dealt with
8 the issues on the matters that had been raised. And
9 what I'll do this morning is rather than go through
10 that in specific detail, try to just highlight some
11 key points and then respond as necessary.

12 I'll say at the outset, Mr. Chairman, that
13 it should be evident from the company's pre-filed
14 submissions that BC Hydro is placing particular
15 importance in this proceeding about ensuring that the
16 process affords participants a meaningful opportunity
17 to review the revenue requirements of BC Hydro for the
18 three-year test period. In my comments this morning I
19 will also stress the importance of regulatory
20 efficiency since, as we are all aware, reviewing the
21 application is a considerable undertaking and the
22 costs are ultimately borne by BC Hydro ratepayers.

23 My fundamental submission this morning is
24 that the Commission can achieve both a meaningful
25 review of the application and an efficient review of
26 the application by doing four things, and the first is

1 keeping the process focused on the three-year test
2 period. And secondly, recognizing that there are
3 legislative parameters in place and focusing the
4 review on the aspects of the application that the
5 Commission retains discretion over.

6 The third point is recognizing that some
7 matters are to be addressed in other processes, and
8 reviewing matters of that nature in this process may
9 be inefficient. And finally, generally relying on a
10 written process with two rounds of information
11 requests and intervener evidence and rebuttal evidence
12 is going to provide a significant evidentiary basis to
13 decide issues in this application, and there should be
14 consideration given to the extent to which an oral
15 hearing truly is required on various issues.

16 So I'll turn first to the first matter on
17 the list which is the hearing scope, and rather than
18 go through item by item, which was done in the pre-
19 filed comments, what I'll do is tie my comments back
20 to the themes that I just identified.

21 So the scope of BC Hydro's application is a
22 three-year test period. It's fiscal 2017 to 2019.
23 And it's BC Hydro's submission that the proceeding
24 scope should be limited to that three-year period.
25 Now, the application does include information that
26 relates to periods before and after the three-year

1 test period and certainly there is room to explore
2 that information to the extent that it's contextual
3 for the three-year test period. But ultimately, in BC
4 Hydro's submission, inquiries should be really rooted
5 in the examination of the three-year period, and to
6 the extent that information is brought in beyond that
7 it really should be ultimately tied to that three-year
8 test period and obtaining an understanding of the
9 three years in question in this application. And the
10 link to the test period should, in my submission, be
11 meaningful and not tenuous.

12 Now, there will be future revenue
13 requirements proceedings and rate proceedings to
14 address subsequent test periods, and in addition to
15 that the load resource balance and the load forecasts
16 beyond the test period are going to be the subject of
17 the 2018 Integrated Resource Plan that gets submitted
18 to the province, and following the province's review
19 will be submitted to the Commission for review. And
20 all of that will be done before the next test period.

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

22 Now, with respect to the legislative
23 parameters, in the most general sense, most of the
24 items in the list, in Exhibit A-6, the Commission's
25 agenda, do relate at least in part to this
26 application. And that said, there are a number of

1 items on that list that are significantly impacted by
2 the legislative parameters that are described in
3 Chapter 2 of the application. And I would note there
4 is a good summary table at page 2-20 of Chapter 2 in
5 the application that summarizes a lot of the
6 legislative parameters.

7 I'll just highlight a few of those of
8 particular note, Mr. Chairman, and that is first of
9 all that Section 17 of the *Clean Energy Act* has
10 authorized the Smart Meter and Infrastructure program.
11 The *Clean Energy Act* has also authorized the Site C
12 Clean Energy project. And it exempts -- Section 7
13 exempts that from CPCN review. And so consideration
14 of the need for that project, the justification and
15 the alternatives to it, should be recognized that that
16 has been subject to legislative authorization, and
17 treated as such in the scope of this proceeding.
18 Sorry, as being out of the scope of this proceeding.

19 The *Clean Energy Act* has also authorized
20 the standing offer program, and that's Section 7 and
21 15 of the *Clean Energy Act*. And electricity purchase
22 agreements associated with the standing officer
23 program are not subject to Section 71 of the *Utilities*
24 *Commission Act*.

25 There is also an important Direction to the
26 Commission that provides context in this proceeding,

1 and that is Direction No. 7. And among other things,
2 it mandates the recovery of Smart Meter and
3 Infrastructure Program costs. Although BC Hydro is
4 applying in this case for an amortization period of
5 those costs. But the recovery of the costs themselves
6 is subject to legislative guidance.

7 It also mandates recovery of costs
8 associated with past electricity purchase agreements
9 from IPPs. And that's Section 11(b) of Direction 7.
10 It also mandates recovery of costs related to
11 extensions to the system that entered service prior to
12 fiscal 2017, and that's Section 11.

13 It mandates in Section 7 certain regulatory
14 and deferral accounts and related treatment, and they
15 are summarized in Chapter 2 in the table that I
16 mentioned. But more detail on those is provided in
17 Chapter 7 of the application. And specifically, the
18 Direction 7 speaks to creating a rate smoothing
19 account, a heritage deferral account, a non-heritage
20 deferral account, a demand-side management deferral
21 account, and an account with respect to non-current
22 pension costs.

23 And there is an Order in Council 590, which
24 quantifies BC Hydro's return on equity. And Direction
25 7 provides for recovery of interest and tax expenses,
26 and that's Section 4(b).

1 proceeding, and the rates and revenue requirements in
2 this three year period, are unaffected by the costs,
3 either past costs, current costs, or future costs of
4 the Site C clean energy project. And let me elaborate
5 on why that is the case.

6 First of all, the past operating costs are
7 held in a regulatory account currently. It is called
8 the Site C regulatory account, it's described in
9 Chapter 7 on pages 7-35 and 7-36. And those costs
10 will have to be reviewed when the Commission
11 ultimately sets the amortization period and the
12 recovery of those costs, and in my submission, that
13 should only occur once, and it should be done at the
14 point at which the Site C project is entering service.

15 There are no forecast operating expenses
16 associated with the Site C clean energy project during
17 the test period. And the reason for that is that the
18 costs associated -- that are being incurred on the
19 project during the test period are all capitalized.
20 This is discussed in Chapter 5 of the application on
21 page 5-130.

22 Now, the capital costs, along with the
23 interest during construction, or IDC, are all
24 reflected in work-in-progress. So the costs that are
25 being incurred over the three year period are all
26 reflected and accounted for as work in progress. And

1 they only begin to affect rates when the project
2 itself goes into service. So, right now -- well, let
3 me back up.

4 This is an important point to understand in
5 this context, is that the application describes
6 capital expenditures and capital additions, and it's
7 important to understand the difference between those.
8 What the application presents is capital expenditures
9 associated with the Site C project, but there are no
10 capital additions. And the difference is described on
11 Chapter 6, page 6-3, but essentially a capital
12 expenditure is one that is still in work-in-progress
13 and it does not affect rates until it becomes a
14 capital addition, which occurs when the project is
15 complete and goes into service. The expenditure
16 becomes an addition, effectively the work-in-progress
17 and the IDC then begin to affect rates at that point.
18 So, the information that is presented on Site C all
19 relate to capital expenditures, which don't affect the
20 three year period.

21 BC Hydro is not seeking in this
22 application, Mr. Chairman, approval or endorsement of
23 the costs forecast during the expenditures forecast
24 during the test period. And in the meantime, BC Hydro
25 is submitting quarterly project reports to the
26 Commission, so the Commission is apprised of the

1 process.

2 Now, in my submission, while it is
3 appropriate to -- BC Hydro has presented information
4 on forecast expenditures for the test period, and it
5 is appropriate to ask questions in that regard, and
6 certainly it is possible to do so. My submission is
7 that it is more efficient to have that inquiry being
8 undertaken at the point at which those costs actually
9 begin to affect rates and not midway through the
10 project, but rather when you can examine the costs at
11 the end on a holistic basis, when you have the actual
12 costs and they are all clear and understood and the
13 rationale for them is understood.

14 **Proceeding Time 9:32 a.m. T8**

15 I'll turn now to future electricity
16 purchase agreements with IPPs, and I want to
17 emphasize, and this is stated in the pre-filed
18 comments at page 4, that BC Hydro is not seeking
19 approval in this application for specific electricity
20 purchase agreements. That occurs in separate
21 processes. What is presented in the application is a
22 forecast cost of energy and it's based on assumptions
23 that are described in Chapter 4 about future
24 agreements. In incorporating assumptions it's
25 understood and recognized that they may differ from
26 what actually comes to pass, and the important point

1 is that there are existing regulatory accounts that
2 ensure that BC Hydro customers will pay the actual
3 costs and not the forecast costs.

4 There will ultimately be Commission review
5 of future electricity purchase agreements themselves,
6 and what will happen is BC Hydro will file new or
7 renewed agreements with the Commission for review
8 under Section 71 of the *Act*, the *Utilities Commission*
9 *Act*, and in that context the Commission will consider
10 whether those agreements are in the public interest.
11 And for reference, that is described in Chapter 4 of
12 the application on page 4-22 and 4-23.

13 So before I leave scoping behind, just with
14 a general comment, Mr. Chairman, that this is
15 obviously a major application. It covers many aspects
16 of BC Hydro's business, and there is significant scope
17 for review. Notwithstanding the comments that I've
18 just said, there is a significant amount of
19 information in the application and BC Hydro obviously
20 welcomes the review. But we should be focusing on
21 what is key.

22 Now, in the context of scoping I should
23 emphasize that BC Hydro, when receiving information
24 requests and responding to them, BC Hydro is intending
25 to be pragmatic and practical about this rather than
26 dogmatic in terms of the scoping. And so to the

1 extent that it can answer questions with a reasonable
2 amount of information, it intends to do so. But where
3 it can do so with a reasonable amount of energy and
4 effort. But in my submission it is important at the
5 scoping stage to really clarify the intended focus of
6 the hearing with some degree of precision so as to
7 really keep us on track and ensure that there's a
8 smooth hearing as we go forward.

9 So I'll deal now with the second matter,
10 and things should move a lot quicker now. This is the
11 review of the capital expenditures and additions,
12 given the pending parallel process to address such
13 matters. BC Hydro has set out in the pre-filed
14 comments several reasons why the Commission can
15 consider the capital expenditures and additions in the
16 normal course as part of this application process. I
17 only want to underscore at this point that granting
18 the approvals requested in this application will not
19 constrain the disposition of that application.

20 And as I alluded to previously in the
21 context of talking about Site C, there are regulatory
22 accounts, the first one being the capital additions
23 variance account and the second one being the finance
24 charges regulatory account, and those accounts have
25 been in place for some time, since 2009, and what they
26 do is essentially capture the variances from forecasts

1 for both the capital additions and for the finance
2 charges. And so to the extent that down the road, for
3 example, the Commission were to conclude that
4 particular forecasted projects, forecast expenditures
5 that appear in the application, that those projects
6 should not be granted a CPCN, that they should require
7 a CPCN and that one should not be granted, for
8 example, that variance would then be captured in those
9 accounts and customers would be kept whole.

10 So this is explained in Chapter 7 on pages
11 7-21 and 7-22.

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

13 Now, turning to the third matter, about
14 whether any matters such as demand-side measures
15 expenditures should be reviewed in a separate process.
16 The essence of BC Hydro's submission on this point,
17 Mr. Chairman, is that the Commission is best
18 positioned to make a determination on all of the
19 matters in the application by hearing them as part of
20 a single proceeding. And this relates to DSM as well
21 as all other matters in the application. If I back
22 up, I'll focus on DSM for a moment.

23 As BC Hydro explained in the application in
24 Chapter 10, the DSM plan was informed by changing
25 customer expectations, system needs, and new
26 technologies. But it was also created in the context

1 of the load resource balances, the changes to that in
2 recent months -- and in recent times, I should say,
3 and also the challenge of meeting the ten-year rate
4 plan. And given the reduced demand for electricity,
5 and the flexibility of DSM, BC Hydro had determined
6 that it would be appropriate to modify the DSM plan
7 accordingly. And the DSM obviously has potential to
8 impact the remaining revenue requirements.

9 So really, in a nutshell, the only
10 rationale that there would be for breaking out an
11 issue like DSM would be if there was a material
12 benefit in terms of efficiency or a material benefit
13 in terms of facilitating or expediting a particular
14 matter. And in the context where you have inter-
15 related issues, neither of those benefits is
16 particularly -- is there. And you don't need to break
17 out a particular issue and put it in a separate
18 proceeding to deal with the matter differently.

19 Within the same scope of a proceeding you
20 can have different types of review processes,
21 different timetables for reviewing particular issues,
22 and yet still retain the benefit of a common
23 evidentiary record. And the recent rate design
24 application is an example of how you can deal with
25 particular issues in different matters.

26 And so in my submission at the end of the

1 day you obtain the benefits -- if you are trying to
2 achieve certain benefits, you can obtain those
3 benefits and keep the benefit of the common
4 evidentiary record simply by establishing different
5 hearing processes, rather than excluding issues and
6 moving them to a separate proceeding, in the formal
7 sense.

8 THE CHAIRPERSON: Mr. Ghikas?

9 MR. GHIKAS: Yes.

10 THE CHAIRPERSON: Are you finished with the DSM issue?

11 MR. GHIKAS: I am, yes.

12 THE CHAIRPERSON: Yes. Could I ask you a question?

13 MR. GHIKAS: Certainly.

14 THE CHAIRPERSON: Yes. So, I appreciate what you said,
15 that rather than it being a separate proceeding, it
16 could stay within this proceeding and could be dealt
17 with in a different manner, perhaps, than the rest of
18 the proceeding. So do you have a submission on
19 whether it -- if it does stay in this proceeding,
20 whether it should be dealt with separately, or whether
21 it should be dealt with as part of the overall
22 proceeding, in which case a determination on the DSM
23 would, you know, be sort of next spring or, you know,
24 into next year. Or is there an argument that there
25 should be -- that it should be expedited within this
26 proceeding?

1 MR. GHIKAS: Well, in my submission, Mr. Chairman, the --
2 I mean, we are currently a part of the way through the
3 first year of the three-year test period, and we're on
4 interim rates. And so most aspects of the application
5 are, you know, in a perfect world going to be
6 addressed so that we have operation expense budgets
7 and DSM budgets and the like, sooner rather than
8 later. But obviously we need to have an appropriate
9 length of time for the hearing process.

10 So whether you would accelerate DSM versus
11 another aspect of the application, I think on balance
12 our submission would be simply to proceed with all of
13 the issues in the most efficient manner possible, and
14 ultimately when the final order comes out that it can
15 be a permanent order rather than potentially having
16 further interim orders subject to the final
17 determination of whatever remaining issues are there.

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

19 So, I think if -- we've filed a proposed
20 timeline and, to the extent that one particular issue
21 is written and one is oral, to the extent that they're
22 all within that time frame that's outlined in that
23 application, that's something certainly that BC Hydro
24 is content to work with.

25 THE CHAIRPERSON: Okay. Thank you, Mr. Ghikas.

26 MR. GHIKAS: Turning to the fifth matter, which is the

1 process for reviewing the applications, I've
2 foreshadowed a little bit here in my answer to your
3 question. But really BC Hydro is obviously prepared
4 to proceed in any format that the Commission considers
5 fit. And our primary objective at the Procedural
6 Conference on this topic is simply to ensure that if
7 there is an oral hearing that it's focused on the
8 right things.

9 And BC Hydro's submission is that there is
10 going to be every reason to expect that a lot of
11 issues can be addressed in writing. BC Hydro has
12 spent a good deal of attention providing a lot of
13 information that exceeds the level of information in
14 past applications. And that was done deliberately and
15 two rounds of Information Requests is going to elicit
16 a lot of information and provide for a meaningful
17 review on a lot of matters, if not all of them.

18 And if I can step back for a moment,
19 obviously with an oral hearing -- there is obviously
20 more information that can be obtained by having an
21 oral hearing after two rounds of Information Requests.
22 There is always going to be more information at a
23 greater level of granularity that you can obtain. And
24 the key question is not whether you can obtain more
25 information, but rather whether the benefit of the
26 additional information outweighs the fact that there

1 is a significant cost associated with that, that
2 ultimately gets borne by Hydro ratepayers.

3 And for that reason, the practice of having
4 -- if an oral proceeding is to occur, and it doesn't
5 always on significant applications, but if one is to
6 occur, that it really -- the practice of refining that
7 and having it focused in on particular issues is a
8 good one, and one that should continue with this
9 proceeding as it has been done in the recent rate
10 design application, and other applications. So with
11 that, on that issue, I'll wait to hear what my friends
12 say on the scoping and reply in due course.

13 The last matter that I'll speak to is the
14 process steps and timing. BC Hydro on page 15 and 16
15 of the pre-filed comments provided a draft timetable
16 that provides for an alternative of a fully written
17 process, and it provides for an oral hearing if
18 necessary. The Round 1 IR dates on that timetable are
19 the same as the tentative dates in the Commission's
20 Order G-130-16A. And you'll note that there is a
21 second Procedural Conference on there. The purpose of
22 having a second Procedural Conference would be if the
23 Commission believed that the issue of whether or not
24 something should be oral or written required an
25 initial round of Information Requests to inform that
26 decision, that we have a date that we could deal with

1 it's very helpful for us to have that.

2 With regard to the focus being on the
3 three-year test period, I think that that's
4 appropriate and I want to note just a couple of
5 exceptions. Where we have deferral accounts as part
6 of the process, those affect future years and they get
7 set in -- potentially in this hearing. There may be
8 later things that can be done, but I think there will
9 be exceptions to staying strictly focused on the three
10 years to the extent that we are affecting future
11 years. DSM also by its very nature and intention is
12 aimed at impacting costs over the long term in future
13 years, and it's also part of a deferred expense to the
14 future.

15 In terms of the constraints, BC Hydro has
16 documented those exceptionally well. We see no need
17 to challenge the legislative or regulatory basis of
18 any of those, so I accept Mr. Ghikas's position with
19 regard to that, and it's only going to be in how
20 they're applied through this RRA process that we'll be
21 interested in working within those constraints and
22 focusing on the Commission's jurisdiction.

23 To the extent that other proceedings are
24 dealing with issues, we're quite used to and find it
25 satisfactory that those other proceedings govern a
26 particular issue and we don't need to deal with it in

1 the RRA when there's an identified proceeding
2 otherwise dealing with an issue.

3 With regard to the full evidentiary basis
4 leading to a suggestion that this be dealt with purely
5 as a written proceeding, we will have an exception to
6 that looking for portions of it to be in an oral
7 proceeding.

8 The application itself is quite fulsome and
9 two rounds of IRs will certainly fill out the
10 evidentiary record. So in answer to the Commission's
11 question with regard to do we have any information
12 requests to deal with any deficiencies, we do not. We
13 will be satisfied with two rounds of IRs and various
14 procedural conferences outlined.

15 So with those general comments, I'll turn
16 to Hydro's procedural matter number 1 dealing with
17 what's in scope and the Commission's issues. With
18 regard to the Heritage and non-Heritage energy
19 forecasts being included in scope, we agree with that.
20 Independent power purchase agreements being included
21 in scope, we agree with that. And the focus on what's
22 reviewable, particularly to the extent that any
23 legislative or regulatory constraints remove
24 discussion of particular EPAs and that BC Hydro is not
25 applying for EPAs in this proceeding.

26 We agree that recovery of the costs has

1 impact on revenue requirements. But I leave that as a
2 possible issue with regard to the position put forward
3 by Mr. Ghikas that the impacts on rates don't occur
4 until future periods when it comes into service, but
5 the CapEx itself can be reviewed. So, that may be an
6 issue.

7 With regard to smart meters, we agree those
8 are in scope, and we agree that the need and
9 justification is out of scope. We agree that the
10 return on equity issues are out of scope, having been
11 dealt with in other proceedings. The meter choices
12 program is in scope, we agree. We agree that the
13 thermo-mechanical pulping is in scope, but the program
14 itself and justification is not. That DSM is in
15 scope.

16 And then switching to procedural matter
17 number 2, the review of capital expenditures, we are
18 in agreement that the oversight process going on in
19 another proceeding and the issues being dealt with
20 there do not need to be brought in to the revenue
21 requirements proceeding, and that it is best for us to
22 handle the CapEx in this proceeding here, and we don't
23 need to blend the two processes. So, we see the
24 oversight process remaining independent of the RRA.

25 With regard to matter number 3, whether or
26 not items such as DSM might be carved out, we are in

1 agreement with Hydro that they should not be carved
2 out, that they can best be handled within the RRA
3 process, and we're in agreement that within a process
4 like an RRA there is adequate scope for us to treat
5 different issues differently, and I expect that
6 certainly some of the DSM issues may go that route,
7 and there may be some desire to do that within the
8 proceeding.

9 **Proceeding Time 9:57 a.m. T13**

10 With regard to Hydro's suggestion that it
11 is tied -- the DSM expenditures are tied to rates,
12 that's certainly something that we agree is
13 potentially the case. But we think the Commission has
14 jurisdiction over a number of aspects with regard to
15 how DSM expenditures may impact rates, and so it
16 should not be out of scope for us to consider what
17 those levels of expenditures might be, particularly as
18 they relate to impacting future costs, and what's done
19 in this time period does have potential to have
20 significant impact in the future.

21 With regard to item 4, intervener evidence,
22 the CEC at this point is considering some possible
23 provision of evidence with regard to some DSM issues.
24 And we don't anticipate firming that decision up until
25 we've dealt with a round of IRs and we're into a
26 second procedural conference.

1 For procedural matter number 6, the review
2 of the application, we would prefer that some of the
3 issues go to oral proceeding in order to have the
4 benefit of testing the evidence. And to put this in
5 context, the RRA process has been out of the purview
6 of the Commission for BC Hydro for some time. The
7 government is in the process of phasing that back in,
8 and we think for the openness and transparency with
9 regard to a number of the issues coming back, it will
10 be useful and beneficial for interveners and the
11 public to have certain aspects, key aspects, of the
12 RRA tested in an oral proceeding. And then we agree
13 that the final arguments are best written, dealing
14 with all of the issues.

15 And we would suggest that the timing for
16 deciding what might be in an oral proceeding might be
17 in the second procedural conference proposed after
18 we've had a round of IRs.

19 With regard to timetable, which is the
20 sixth matter, we will be able to work with Hydro's
21 proposed schedule. We are in possession as of this
22 morning of a Commission staff proposed schedule. We
23 believe that we will be able to work with that
24 schedule. And before stating a preference on which of
25 the two, or any other modifications to it, I'll take
26 the opportunity to wait and hear the staff's arguments

1 for that, and then as we go back through the reverse
2 order, provide my preference with regard to that.

3 With regard to any other matters, for the
4 efficiency of the process, we'll certainly be
5 interested in having the Commission staff provide a
6 list of the key issues for the proceeding, so that we
7 all are working on the same structural process, and
8 writing arguments from the same process structurally,
9 and organizing our materials all in the same matter --
10 in the same manner. We think that has, as it's been
11 evolving, been helpful to the efficiency and
12 organization of the process. We certainly appreciate
13 the evolution in terms of how the Commission and the
14 staff are working on that as a process that improves
15 the overall regulatory process.

16 And subject to questions, that's our
17 submissions.

18 THE CHAIRPERSON: Thank you, Mr. Craig. I assume that
19 you will give us your suggested items for the oral
20 portion that you're proposing, you will do that later.
21 You don't -- do you have any comments now at this
22 time?

23 MR. CRAIG: I haven't identified a key set of issues.

24 THE CHAIRPERSON: Right.

25 MR. CRAIG: But I do expect it to be limited.

26 THE CHAIRPERSON: Right.

1 MR. CRAIG: There's quite a few issues in an RRA that are
2 things that we're very used to and there's not a lot
3 of controversy. So I see excluding quite a raft of
4 issues. I'd prefer to wait for identifying the issues
5 until a procedural conference to --

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

7 THE CHAIRPERSON: Fair enough, that's fine, thank you.
8 Thank you, Mr. Craig.

9 MR. CRAIG: Thank you.

10 MR. BUSSOLI: Mr. Chair, if I could just rise to address
11 one issue.

12 THE CHAIRPERSON: Yes.

13 MR. BUSSOLI: Prior to the procedural conference
14 commencing, I did hand out a proposed schedule from
15 staff to all of the interveners in the room. Staff is
16 no longer going to put forward that proposed schedule,
17 so we no longer need to seek comments on that.

18 THE CHAIRPERSON: Okay, thank you for that clarification,
19 Mr. Bussoli.

20 Mr. Khan?

21 **SUBMISSIONS BY MS. KHAN:**

22 MS. KHAN: I'd just also like to express our appreciation
23 to BC Hydro for putting together a very comprehensive
24 submission earlier this week. That was really helpful
25 to us.

26 We do agree with Mr. Craig that there are

1 some issues that go beyond the three-year test period.
2 For example, as he pointed out, DSM and deferral
3 accounts.

4 I'd like to just go through the issues in
5 Exhibit A-6 in consecutive order. So first, with
6 respect in terms of the issues and whether or not they
7 should be in scope, with respect to Heritage and non-
8 Heritage, the Heritage and non-Heritage energy
9 forecasts -- the forecast of Heritage and non-Heritage
10 energy underpins the forecast costs for Heritage and
11 non-Heritage energy for 2017 to 2019, and therefore we
12 view it as relevant to the determination of the
13 revenue requirements for those years and hence should
14 be viewed as in scope.

15 On the second issue of IPP agreements and
16 other long-term energy purchase contracts for existing
17 agreements, to the extent that these are used to meet
18 non-Heritage energy needs, the costs are relevant to
19 the determination of the revenue requirement for the
20 test period and therefore should be in scope. If the
21 IPPs and other contracts can provide more energy than
22 needed, then we also view as in scope whether BC Hydro
23 is making the most cost-effective use of these
24 contracts and agreements. If existing agreements are
25 insufficient to meet non-Heritage needs, then the
26 reasonableness of the costs of any new planned

1 contracts should also be in scope.

2 The load forecast is relevant from two
3 perspectives. First it defines the total forecast
4 energy requirement and hence the total combined
5 requirement for Heritage and non-Heritage energy.
6 It'll also define capacity requirements for each year
7 and what additional costs, if any, must be incurred to
8 meet these requirements. The revenue forecast defines
9 the revenue that will be collected at forecast or
10 capped rates, and hence serves in the calculation of
11 the amounts to be deferred to the rates moving
12 account. Therefore both of these forecasts should be
13 viewed as in scope.

14 The load resource balance is critical to
15 defining the extent to which additional resources are
16 needed in 2017 to 2019 to meet projected energy and
17 capacity requirements, and therefore they are
18 fundamental to supporting the project need and
19 subsequent costs for Heritage and non-Heritage
20 resources. The LRMC is used in determining the cost-
21 effectiveness of DSM and also the cost-effectiveness
22 of IPP renewal. If new planned DSM expenditures or
23 IPP renewals are contributing to the costs and revenue
24 requirements to be approved for the test period, then
25 LRMC should also be in scope.

26 With respect to the net debt, both debt

1 levels and the cost of debt will contribute to the
2 costs in the revenue requirement to be approved for
3 the test period and should therefore also be in scope.

4 With respect to Site C expenditures, we
5 view two Site C issues as potentially being in scope.
6 First of all, whether its related costs have all been
7 properly identified and capitalized and therefore
8 excluded from the revenue requirement since it won't
9 be in service until 2024.

10 **Proceeding Time 10:06 a.m. T15**

11 And then also with respect to the quarterly
12 reports to the Commission, we are wondering whether
13 those reports could be made public on a going-forward
14 basis. For example, whether BC Hydro could post them
15 to their website. Since BC Hydro is preparing the
16 reports already, it would be useful to have them
17 posted publicly, since this is obviously such a
18 massive mega-project and will be costing ratepayers
19 billions of dollars. And it would be good to have
20 those costs disclosed on a -- as the project proceeds.

21 With respect to smart metering and
22 infrastructure program matters, the ongoing cost of
23 smart meters will form part of the revenue requirement
24 to be approved, and therefore should be viewed as in
25 scope. Also, to the extent that smart meters were
26 projected to save costs, the issue of whether those

1 cost savings are appropriately reflected in the
2 revenue requirements should also be considered as in
3 scope. In addition, BC Hydro is requesting
4 amortization of costs in the SMI regulatory account.

5 It appears from Special Direction No. 7,
6 Part 11, that the Commission can't disallow the
7 recovery of any costs deferred to this account, so it
8 would be -- it would appear that the prudence of this
9 spending for the dollars in the account is out of
10 scope. However, what should be in scope is, first of
11 all, the appropriateness of any costs deferred to the
12 account, since those reviewed and approved as a part
13 of the last revenue requirements application, for
14 example, were any costs related to SMI meter choices.
15 Sorry, were any costs SMI or meter choices related
16 costs. And secondly, the proposed amortization period
17 for the costs in the regulatory account should be in
18 scope.

19 Next, while the -- with respect to return
20 on equity, while the level of the ROE is prescribed
21 for 2017, what should be in scope is the derivation of
22 the deemed equity value it is applied to, and whether
23 this properly follows the government directions. For
24 2018 and 2019 the formula is prescribed by regulation
25 and the only element to be established is the value
26 for the percentage changes in the B.C. consumer price

1 index. Again, what should be in scope is whether the
2 values proposed by BC Hydro are in accordance with
3 that direction.

4 Next, with respect to meter choices,
5 according to the application, the revenue requirement
6 for 2017 includes \$2 million in costs associated with
7 this program. Since they are in the proposed revenue
8 requirement, the appropriateness of these costs should
9 all be also be in scope.

10 With respect to the thermal mechanical
11 pulping program, there are limitations about costs
12 associated with it, and so -- that are prescribed by
13 OAC. And so given this limitation, what should be in
14 scope is confirming that the dollars that BC Hydro has
15 identified as being thermal-mechanical program costs
16 are costs related to the program, that the costs have
17 been deferred to the DSM account, and that they don't
18 exceed \$100 million.

19 Next, with respect to the size of the DSM
20 spending envelope, BC Hydro is seeking approval of its
21 expenditure schedule and in principle this approval
22 arises from a separate section of the *Utilities*
23 *Commission Act* than the rate approval, and could be
24 reviewed via a separate process. However, to the
25 extent that recovery of associated expenses via
26 amortization of the DSM regulatory account means that

1 dollars show up in the revenue requirement, these
2 amounts should not be allowed unless the expenditure
3 schedule is approved and the consideration of DSM
4 expenditures therefore should be considered in scope.

5 Now, since we've just gone through the rate
6 design application and as you know, we asked a lot --
7 we and some other parties asked a fair number of
8 questions -- well, it was mostly us -- asked a fair
9 number of questions on -- I can't blame anyone else
10 for that -- a fair number of questions on low-income
11 DSM, we think that -- we're hoping that there might be
12 a way to have those -- some of them, the IR responses
13 adopted into this proceeding, so we don't need to re-
14 ask those IRs.

15 **Proceeding Time 10:11 a.m. T16**

16 I have talked to BC Hydro about this
17 proposal, and I think it might work. So, what I
18 propose is to prepare a list of potential IRs and
19 discuss it with BC -- and potentially other evidence,
20 and discuss it with BC Hydro offline, so that we can
21 try to come to some kind of agreement about what could
22 potentially be adopted into this proceeding.

23 And I guess there is two ways that we
24 propose doing that. One could either be that we agree
25 with BC Hydro and then get Commission approval to have
26 that material adopted into this proceeding, in advance

1 of the IRs, or alternatively, we could just set out
2 the list of IRs that we have and evidence that we
3 think should be adopted in this proceeding, put it to
4 BC Hydro through the first round of IRs, and ask them
5 to confirm that those IRs are still accurate. So,
6 just a suggestion of process.

7 THE CHAIRPERSON: So, you will let us know whether it's A
8 or B?

9 MS. KHAN: Well, my preference would be to actually do it
10 in advance of the IR process, so that all parties know
11 what materials are being adopted into this proceeding.

12 THE CHAIRPERSON: I would agree, I think that would be
13 the better approach if you can find agreement with BC
14 Hydro on that.

15 MR. GHIKAS: Yeah, BC Hydro thinks that's a good idea,
16 and we are happy to deal with it in that manner.

17 THE CHAIRPERSON: Okay.

18 MR. GHIKAS: File it first, that is.

19 THE CHAIRPERSON: Before IR 1?

20 MR. GHIKAS: Yes, and we will speak offline again with my
21 friend, and figure out the logistics of it. But, in
22 principle it's a good idea, and there may be,
23 obviously given when the information responses were
24 prepared, there may be some need to update the
25 information in them or what have you. But we can deal
26 with that offline.

1 THE CHAIRPERSON: Sure. Great.

2 MR. GHIKAS: And we should be able to do it efficiently.

3 THE CHAIRPERSON: Thank you, Mr. Ghikas. Go ahead, Ms.
4 Khan.

5 MS. KHAN: In terms of any other matters that could
6 impact scope, the only other issue that comes to mind
7 at this stage is the mining customer payment plan in
8 which a list of mining companies gets to defer paying
9 their electricity bills for a period of time. And
10 from our preliminary review, it doesn't look like any
11 costs related to this program are included in the
12 revenue requirements application. However, we would
13 like to ask an IR or two as part of this, the initial
14 process to confirm that that is the case.

15 With respect to the other issues in the
16 commission's letter, we support -- so first of all,
17 with respect to the capital expenditures review, we
18 support BC Hydro's proposal that the review of this
19 application should proceed in the ordinary course, and
20 that the outcomes from that proceeding would be
21 applied prospectively.

22 With respect to whether all -- issue 3 and
23 whether there are any other matters that would be
24 better carved out of the RRA, we agree with BC Hydro
25 that all matters should be dealt with in a single
26 process.

1 just a request for you to consider.

2 And subject to any questions that you might
3 have, those are our submissions.

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

6 MS. KHAN: Thank you.

7 THE CHAIRPERSON: Mr. Andrews?

8 **SUBMISSIONS BY MR. ANDREWS:**

9 MR. ANDREWS: Thank you. First I'll address the scope
10 topics. And I won't go through them all in detail.
11 I'd observe by way of introduction that my reading of
12 BC Hydro's submissions pre-filed on these topics is
13 that Hydro is generally taking an open approach to
14 where there are lines, and I'm not at all disagreeing
15 that there are going to be lines about what's in
16 scope.

17 In my submission, there may come a point
18 where interveners want to explore areas that Hydro
19 believes are too far outside of the scope to be -- to
20 warrant a response. And in my submission, those types
21 of issues can be dealt with at the time through the
22 regular procedure, and that the Commission Panel in
23 particular doesn't have to try to anticipate at this
24 point all of those possible points of friction within
25 the Procedural Order.

26 While Mr. Ghikas focused on the three-year

1 test period, and I won't disagree with that, the
2 significance of that, I also would echo Mr. Craig and
3 Ms. Khan, that there are many items within the revenue
4 requirement that have implications beyond the three-
5 year test period. And this is especially true where
6 we have rate caps during the three-year test period.
7 So, I think it should be clear that money going into
8 the revenue requirement that will have to be repaid by
9 ratepayers beyond the three-year test period is
10 certainly within scope. And I don't think Hydro is
11 disagreeing with that. And likewise, DSM is intended
12 to provide savings in post-test period years.

13 One specific item in the list of scope
14 topics that I would take a somewhat broader view of
15 scope is to do with the standing offer program.
16 Hydro's response was that the quantities were defined
17 by the approved 2013 IRP. I would note that Hydro is
18 currently engaged in what it calls an "optimization"
19 of the SOP program, and in that sense I think there
20 may be changes to the quantities that were anticipated
21 in the IRP, and if so we would want to explore those.
22 And I'm not suggesting that that would become a major
23 point of contention, but as an informational matter
24 for the context of the rest of the application.

25 Mr. Ghikas suggested that the legislative
26 constraints on the scope should be accepted, and I

1 don't want to make too much of his actual words there.

2 **Proceeding Time 10:20 a.m. T18**

3 But I do think that it should be acknowledged that it
4 would be open for an intervener to disagree with
5 whether a particular apparent legal constraint is
6 valid, or whether the interpretation of that
7 constraint ought to be one thing or another. And
8 there are proper procedures for pursuing those issues.
9 So, I don't think, for my clients, I am in a position
10 to say that I sign off on the legal constraints. We
11 fully recognize that there are many there, and I can
12 say I don't have at this point any intention -- I
13 haven't identified ones that I intend to challenged.
14 But theoretically that could be something that a party
15 would bring up.

16 Generally then, I would agree and endorse
17 the submissions made by Ms. Khan for OAPO on the scope
18 topics. I think she set them out in considerable
19 detail, and I would endorse those.

20 Moving to the second topic, the capital
21 expenditures and additions proceeding, I agree with BC
22 Hydro and the previous interveners that the capital --
23 that those issues should be dealt with in this
24 proceeding as they arise, and that the outcome of that
25 consideration ought not to prejudice the outcome of
26 the separate proceeding regarding the structure of how

1 those matters are dealt with.

2 On the subject of demand-side management,
3 and whether it should be in a separate proceeding, we
4 are willing to have DSM considered as part of a single
5 proceeding. We certainly turned our minds to the pros
6 and cons, and there are some potential advantages, but
7 I can see that there are also advantages of a single
8 proceeding, and particular that the LRMC is an
9 important component of the both the DSM and things
10 like IPP renewals.

11 On the fourth topic, yes, BCSEA and Sierra
12 Club intend to provide evidence on the demand-side
13 management expenditure schedule proposed by BC Hydro.

14 Regarding the process issues, I agree with
15 the outline that has emerged to this point and
16 involves two rounds of information requests and the
17 way I would characterize it is that at this stage,
18 that there would be an oral hearing, and I would
19 suggest quite definitely that it would be on selected
20 issues. Issues to be selected presumably at a second
21 procedural conference.

22 In terms of the steps, there needs to be a
23 date on the schedule for interveners to provide
24 budgets for their participant assistant cost award
25 work and that is becoming an increasing difficulty for
26 us, and I note the Chair's information earlier that

1 the revisions to the PACA guidelines won't be in
2 effect for this proceeding.

3 I can say that we have had the experience
4 recently that -- affirm that we were lining up to
5 provide evidence in this proceeding is unable to
6 assist us in the status quo, using the status quo
7 tariff. So, we are at square one, trying to find an
8 expert that will be able to work with the existing
9 PACA guidelines. And so what, from my perspective,
10 what is really needed is that working backward from
11 the deadline for the first intervenor information
12 request, we need to have two weeks after the staff
13 review letter, to be able to engage a consultant and
14 get to work on IR 2, because they are not willing to
15 take the risk of the outcome of a staff review letter
16 before it emerges.

17 **Proceeding Time 10:25 a.m. T19**

18 And so, I'm not sure how long the staff need for -- to
19 turn around the staff review letter, but the deadline
20 for the PACA budgets would be set in accordance with
21 that objective.

22 I would note that in the Hydro proposed
23 time frame, it is probably inadvertent, but in the
24 item for Information Requests on intervenor evidence,
25 it should include IRs by other interveners as well as
26 by staff.

1 In terms of any items in which the
2 application is not complete at this time, I have no
3 points to raise at this point. I think Ms. Khan has
4 identified the low-income DSM evidence issue and that
5 is -- seems like a very sensible approach.

6 I'll just -- so, subject to any questions,
7 those are my submissions.

8 THE CHAIRPERSON: No questions.

9 MR. ANDREWS: Thank you.

10 THE CHAIRPERSON: Thank you, Mr. Andrews.

11 I think we'll take a short break now.
12 We'll come back at 20 to 11. Thanks.

13 **(PROCEEDINGS ADJOURNED AT 10:27 A.M.)**

14 **(PROCEEDINGS RESUMED AT 10:43 A.M.)** **T20/21**

15 THE CHAIRPERSON: Please be seated. Thank you.

16 Ms. Herbst? Thanks.

17 **SUBMISSIONS BY MS. HERBST:**

18 MS. HERBST: Thank you, Mr. Chair, Commissioners. I will
19 run through the items of course on the agenda.

20 On items 1, 2 and 3, the Fortis companies
21 take no position. I just provide a bit of background
22 on item 3. And in particular the question of whether
23 the revenue requirements and DSM processes should be
24 separate or together. Just from Fortis's perspective,
25 it's still considering for the purpose of its own next
26 revenue requirements and DSM proceedings, whether to

1 have them separate or together. Of course, it faces
2 considerations that are different from BC Hydro's, so
3 this is in no way a comment on BC Hydro's choice.
4 Hence, though, no position that we're taking here.

5 THE CHAIRPERSON: Okay.

6 MS. HERBST: On item 4, at this time Fortis does not
7 intend to file intervener evidence, but it will
8 reassess its position as the proceeding moves forward.

9 On item 6 -- sorry, on item 5, in terms of
10 how the process should be -- should unfold, should it
11 be oral, written, or otherwise, Fortis agrees with the
12 considerations and suggestions that BC Hydro made in
13 its August 29th filing, which nicely balance the sort
14 of factors that the Commission should take into
15 account.

16 On item 6, the procedural timeline that BC
17 Hydro has suggested in its August 29th filing, Fortis
18 has no issue with that at all. It does adopt and
19 endorse Mr. Andrews's suggestion that interveners also
20 be permitted to ask IRs on intervener evidence. So
21 that would be a tweak to -- not in terms of timing,
22 but in terms of the possibility of intervener IRs in
23 two of the rows effectively, in BC Hydro's timetable.
24 And Fortis takes no issue with BCOAPO's suggestion
25 that there be a two-day adjustment in one of the
26 intervener filings in October, from the 12th to the

1 14th.

2 On item 7, Fortis has no further matters to
3 raise in terms of how this proceeding unfolds. And
4 finally to the additional matter that was raised at
5 the beginning, whether there should be any
6 supplemental filings before the IRs commence, FortisBC
7 takes no position on that either.

8 So, thank you. Subject to questions,
9 that's --

10 THE CHAIRPERSON: Thank you, Ms. Herbst.

11 MS. HERBST: Thank you.

12 THE CHAIRPERSON: Mr. Quail, just before you start.

13 Mr. Little, Mr. McCandless, and Ms. Leahy,
14 first of all, are you all able to continue to hear all
15 right?

16 MR. McCANDLESS: Yes, it's fine.

17 THE CHAIRPERSON: Okay. There seems to be a little bit
18 of noise from someone, I don't know who it is. We can
19 hear talking. I wonder if I could ask you to put your
20 phone on mute unless you're actually talking, please.

21 Okay, Mr. Little, are you there? Ms.

22 Leahy? Okay, well, let's continue. Go ahead, Mr.

23 Quail.

24 **SUBMISSIONS BY MR. QUAIL:**

25 MR. QUAIL: I just want to start with a few sort of
26 general comments on the issue of scope, but I do want

1 to acknowledge that BC Hydro has taken a relatively --

2 MR. LITTLE: Jim Little. I can still hear.

3 MR. QUAIL: Oh, he's still there.

4 THE CHAIRPERSON: Thank you. Go ahead.

5 MR. QUAIL: Yes, has taken a relatively open position in
6 terms of what it regards as being in scope, and is not
7 being unduly defensive of a number of items of
8 territory.

9 Just want to preface my comments by saying
10 that -- noting that for several years now, BC Hydro
11 has been --

12 THE CHAIRPERSON: Thank you. Sorry.

13 MR. QUAIL: I'm getting somebody on the phone who's
14 cutting in.

15 BC Hydro and the Commission have been
16 constrained from setting rates that recover the real
17 costs of the Authority, and the application is
18 substantially grounded in the context of the ten-year
19 plan. And we're given assurances that the ship will
20 right itself by the end of the tenth year.

21 **Proceeding Time 10:48 a.m. T22**

22 And I suggest that aside from the three-
23 year test period that's been applied for, the
24 Commission needs to maintain a handle on that outlook.
25 Are we heading for a financial cliff or for a soft
26 landing, I think is a question that should be looming

1 in all of our minds. And it goes to the heart of the
2 oversight role of the Commission.

3 The jurisdiction of the Commission is not
4 confined, in my submission, to the three-year test
5 period that happens to be applied for by the utility.
6 And the Commission needs to remain fully cognizant of
7 the overall perspective and the trend in terms of the
8 financial situation of the utility, including capital
9 and other costs in that evolving scenario.

10 I would also say I believe -- I agree with
11 comments that have been made by other interveners that
12 no doubt there will be positions taken and submissions
13 made about the extent of constraints of the
14 jurisdiction of the Commission in view of the Special
15 Direction with respect to a number of costs and
16 capital items in particular. But I do want to note
17 that the only thing that the Commission is constrained
18 from doing on the face of the Special Direction is
19 disallowing certain expenditures, and do note that
20 disallowance of expenditures is far from the only
21 regulatory tool that this Commission has. So just
22 again, these are intended as sort of general comments
23 to frame things, but it should not be assumed that the
24 fact that something doesn't fit neatly into the three-
25 year time frame affects the interest that the
26 Commission ought to take in it, and the fact that a

1 particular project, including retrospective
2 expenditures, are subject to some constraints by
3 Special Direction on jurisdiction of Commission is the
4 end of the story.

5 I might add, as well, that this may be an
6 issue that'll come more into play in the other
7 proceedings dealing with a review of capital projects,
8 but this is the first revenue requirement of BC Hydro
9 post the 2015 decision of the Supreme Court of Canada
10 in *ATCO v. Alberta*, which makes it clear that
11 utilities cannot rely on a presumption of prudence in
12 retrospective review of their expenditures. So we're
13 in kind of a different world in terms of examining all
14 of these issues, and I suspect a lot of things are
15 going to be in play around the margins of the
16 regulatory agenda here. Simply want to register that.
17 And we may be seeking some latitude as things evolve
18 in order to address issues which flow in and out of
19 that.

20 I will abbreviate my comments enormously by
21 adopting Ms. Khan's able submissions in all respects
22 concerning Item 1 on the agenda and the significance
23 of the various issues that are listed under there. So
24 I will not take the time to repeat anything that's
25 already ably been said.

26 Agree that -- with the comments that have

1 been and there seems to be consensus in terms of Item
2 2 having to do with capital expenditures and projects,
3 and I will not repeat what has been said, that we
4 carry on and see what impact on a going forward basis
5 the review might have in future proceedings.

6 We agree that it would be far more
7 efficient and useful to have DSM in particular dealt
8 with as a part of this process and not spun off.

9 At this point my client is unable to say
10 whether it intends to file intervener evidence. It's
11 unlikely, but that's an issue that would be addressed
12 once the information requests have been responded to.

13 On the issue of whether to proceed by
14 written or oral public hearing, agree with the point
15 that's been made that Choice A, the default mode in
16 this process should be assumed to be an oral public
17 hearing. But really the participants are not in a
18 position to comment with greater particularity until
19 we've received responses to information requests,
20 which will inform a great deal what needs to be
21 pursued through cross-examination of Hydro witnesses.

22 And in that respect I have one comment
23 about the proposed schedule. The only other
24 procedural conference and apparent opportunity for
25 parties to have input on the shape of the proceeding
26 is the second procedural conference projected for

1 Monday, November 22nd, shortly after Hydro responds to
2 IR No. 1. Suggest that parties will be in a much
3 better position to sort of fine-tune their positions
4 on what the appropriate way to shape the process is
5 going to be once the second round of IRs has been
6 responded to. That is, it may well be that some
7 issues are appropriately dealt with in writing.
8 That'll be a much more informed assessment once all of
9 the information requests have been responded to.

10 So the one modification that we would
11 suggest is that immediately following Hydro responding
12 to IR No. 2, there be at a minimum, if not a
13 procedural conference, an opportunity for parties to
14 have input on the issue of the nature of the
15 proceedings and whether there are issues that might,
16 greater particularity be identified for our written
17 process.

18 **Proceeding Time 10:54 a.m. T23**

19
20 And subject to that comment and agreement
21 with Ms. Khan's -- here to be very agreeable to Ms.
22 Khan's suggestion about shifting the date for
23 intervener IR 1 to be filed, the proposed schedule
24 appears satisfactory. That week is a very busy week
25 with other processes on the Commission's agenda. And
26 moving that particular item to the Friday would be

1 very much appreciated by counsel and other
2 participants.

3 And I don't have any other matters to speak
4 to at this point. The Union is satisfied that the
5 application is complete, and of course that record
6 will be supplemented with information requests and
7 potentially further evidence. And so subject to any
8 questions, that is what I have to say for now.

9 THE CHAIRPERSON: Mr. Quail, your suggestion about
10 parties having an opportunity to comment after IR 2,
11 is that instead of BC Hydro's proposed procedural
12 conference 2? Or in addition to?

13 MR. QUAIL: Well, one possibility would be to shift the
14 second procedural conference into that slot.

15 THE CHAIRPERSON: Okay.

16 MR. QUAIL: It may be that other people have reasons why
17 that's a terrible idea. But assuming that one of the
18 main purposes of that conference is for people to
19 address the question of how exactly are we going to
20 structure the hearing process itself, that would seem
21 like a much more useful vantage point, because it may
22 well be the parties think after IR 1, well, we are
23 going to want to pursue these issues further. IR 2
24 happens, they get follow-up responses, we're happy.

25 THE CHAIRPERSON: Okay.

26 MR. QUAIL: So, that would be one way to do it, or else

1 as I say, at a minimum, an opportunity to have written
2 input fine-tuning the process.

3 THE CHAIRPERSON: Okay, we'll see what everybody else has
4 to say about that. Thank you.

5 MR. QUAIL: Thank you.

6 THE CHAIRPERSON: Any further questions?

7 COMMISSIONER ENNS: No further questions.

8 THE CHAIRPERSON: No? Okay, thank you, Mr. Quail.

9 Mr. Landale?

10 **SUBMISSIONS BY MR. LANDALE:**

11 MR. LANDALE: Yes, my name is Richard Landale, I have
12 just been informed I am an intervener, C15 -- oh, no,
13 my exhibit.

14 First off, I'd like to thank the Commission
15 Panel for establishing this Procedural Conference.

16 I'd also like to thank BC Hydro for their information
17 page, and I'd also like to thank all the interveners
18 proceeding me. I found it very, very informative.

19 The information I've just given you is what
20 I'll be speaking to. During the course of this
21 hearing I've added a couple of extra items, which
22 won't take a lot of time.

23 THE CHAIRPERSON: Sure, go ahead.

24 MR. LANDALE: Thank you very much.

25 THE CHAIRPERSON: Thank you.

26 MR. LANDALE: Oh, one other word, I have referred to page

1 references. They happen to be the page numbers in the
2 PDF file, not the actual document, so everything is
3 out by four pages.

4 THE CHAIRPERSON: That's okay.

5 MR. LANDALE: So, my apologies for that.

6 Item 1, the Heritage and non-Heritage
7 energy forecast. Relating to these energy assets as
8 described in Chapter 4, paragraph 4.1 introduction,
9 page 160 of the RRA. This chapter discusses the
10 components of BC Hydro's energy costs, including
11 Heritage and non-Heritage energy sources, and the
12 detailed forecast of the expected costs of energy
13 during the test period.

14 Heritage energy refers to energy or the
15 capacity associated with BC Hydro's 30 hydroelectric
16 generation facilities, also known as BC Hydro's
17 Heritage resources.

18 **Proceeding Time 10:59 a.m. T24**

19 Non-Heritage energy refers to energy from
20 other sources, such as energy obtained through
21 electricity purchase agreements with independent power
22 producers. The cost of energy does not include
23 operating and maintenance costs associated with the
24 Heritage assets.

25 My question is, how do the components
26 related to energy costs get attributed to the Heritage

1 and non-Heritage deferral accounts? Further, why are
2 these costs deferred in the first place, and for how
3 long? And through this procedural conference I've
4 come to realize that I'm adding them -- do these
5 accounts go beyond the test period? If so, should
6 they be within the scope to explore extent and impact
7 on future rate base?

8 So the real question is, is the true impact
9 of everything within the RRA on the test period. I
10 understand the hearing is related to just three years,
11 but there are many aspects that seem to go along
12 further.

13 Item 5, level of net debt and cost of debt
14 as set out in Appendix A, Schedule 8 of the
15 application. In reference to BCUC G-42-16 I am very
16 confused by the BCUC's decisions and the many noted
17 therein intervener final submissions. Is the BCUC
18 questioning itself for the purposes of this RRA as to
19 whether they have jurisdiction to amend, cancel, or do
20 any -- or do nothing regarding net debt and costs
21 through to 2024? Further, yes, I do have concerns but
22 they may well be trumped by the BCUC general order.

23 Item 6, Site C expenditures. Site C
24 project has already incurred exploratory and capital
25 costs during 2015 and '16. Where are these today
26 dollar costs collected? In what deferred account?

1 See RRA Appendix E, page 793, Table of Contents,
2 Expenditure, Site C, 25 million in 2014-15 and 382
3 million in 2015-16 for examples.

4 Will this or those accounts incur interest
5 charges, surcharges and fees? Have these services
6 been paid for by BC Hydro and was PST collected for
7 these services? And I gathered from Mr. Ghikas that
8 maybe this question is answered because they've
9 already been moved into the regulatory account? So
10 I'm not quite clear where that's going.

11 Item 7, smart metering and infrastructure
12 program matters. I would appreciate further
13 explanation as to the attribution of costs, albeit
14 previously approved by the BCUC. What issues does the
15 BCUC foresee? And then I wrote "underlined text."
16 Well, I didn't bring my computer with me. Anyway.

17 Item 8, return on equity. I am concerned
18 by the BCUC's inclusion in this matter given BC
19 Hydro's explanation. Is the meaning of deemed equity
20 the issue? i.e., the assets BC Hydro has included in
21 the RRA are eligible to earn revenue to achieve the
22 annual rate return to produce the distributal surplus
23 prospectively? I was really confused by the addition
24 of that. Again, I didn't bring my laptop so I can't
25 read.

26 Items 9, 10 and 11, meter choices program,

1 thermal-mechanical pulping program, the size of the
2 demand-side management spending envelope. What issues
3 does the BCUC have with these matters, especially
4 since these matters are addressed in the application
5 in some detail?

6 **Proceeding Time 11:03 a.m. T25**

7 Item 3.2, procedural matters number 2.
8 Review of capital expenditures and additions given
9 pending parallel processes to address such matters. I
10 look forward to hear the BCUC's concerns that brought
11 this matter forward, knowing that another procedural
12 conference will not be completed before October the
13 13th, 2006 [*sic*]. See note 9 on page 15. What aspect
14 -- conflict is the BCUC concerned with?

15 And I kind of -- drawing a bit of a
16 conclusion again from prior interveners today. There
17 is some aspect of the demand-side management costs
18 that go beyond the test period, and if they do, then I
19 do believe it should be in scope for this RRA.

20 Item 3.4, procedural matter number 4,
21 intervener evidence. There exists a strong
22 possibility that I will submit intervener evidence
23 addressing the Burrard Thermal Plant change of
24 operations and related costs, with their impact on the
25 rate increase over the test period. And again, from
26 this procedural conference, I gather those costs will

1 also go beyond the test period. So, I'm including
2 that comment as well.

3 Item 3.5, procedural matter, process for
4 reviewing the application. Regarding fair and
5 efficient proceedings, BC Hydro has cited the 2015
6 ICBC RRA BCUC hearing. This is a poor example of fair
7 and efficient proceedings. As an intervener in that
8 hearing, we had little choice. Having no impact on
9 influence on the Commission Panel's intentions or
10 decisions in establishing the regulatory timetable and
11 content. It had been decided from the get-go to
12 impose a streamlined process, and all that the
13 regulatory timetable established for that hearing.

14 Further, the ICBC 2014 oral portion of that
15 hearing was wide open, and not limited to just
16 auctorial matters. I know. I attended and
17 participated in that oral presentation.

18 Item 3.6, procedural matter number 6,
19 process steps and timeline. On first appearance, the
20 proposed BC Hydro regulatory timetable looks
21 reasonable. Normally, or I should say for ICBC
22 hearings, the regulatory timetable provides for
23 interveners to submit their PACA budget estimates for
24 funding as per filing of Participant Assistance Cost
25 Award budgets. May I suggest the Commission Panel
26 consider a week after the oral hearing commences if

1 oral proceeding, Monday, March the 13th or March the
2 20th.

3 I do wish to show my support for item 1.1,
4 Heritage and non-Heritage energy to be included in
5 scope. I would like to see item 6, Site C
6 expenditures, the BCUC quarterly reports that you
7 receive, be added for the public -- general public to
8 see, and as suggested, on the BC Hydro website.

9 Item 3, whether there are any matters, such
10 as the DCM, which would be better served -- again, I
11 agree with the comments previously made by my -- by
12 the previous interveners, and that they should be
13 included. Oh, yes, and there was a suggestion put to
14 you that the Commission issue a summary of -- sorry,
15 let me start again.

16 **Proceeding Time 11:08 a.m. T26**

17 The Commission -- request the Commission
18 Panel prepare a summary of RRA content and items. I
19 thought that was a very helpful suggestion ahead of
20 the intervener number 1. I like everything that's
21 been said about Procedural Conference No. 2. I think
22 that's brilliant. And generally I congratulate BC
23 Hydro for presenting this regulatory timetable and I
24 thank you for your indulgence.

25 THE CHAIRPERSON: Thank you, Mr. Landale. Just a couple
26 of -- Mr. Bussoli?

1 MR. BUSSOLI: We should probably mark that --

2 THE CHAIRPERSON: Exhibit?

3 MR. BUSSOLI: -- exhibit.

4 THE CHAIRPERSON: Yes.

5 MR. BUSSOLI: It's C15-2.

6 THE CHAIRPERSON: 15-2, thank you.

7 Mr. Landale, I just have a couple of
8 comments on 15 --

9 THE HEARING OFFICER: Marked Exhibit C15-2.

10 **(WRITTEN SUBMISSIONS FROM MR. LANDALE MARKED EXHIBIT**
11 **C15-2)**

12 THE CHAIRPERSON: Okay. I have a couple of comments on
13 your Exhibit 15-2. Some of what you have in here are
14 questions for BC Hydro, so I would encourage you, to
15 the extent that those questions are in scope after
16 we've made our final scoping order, you should ask
17 Hydro those questions directly during the IR process,
18 subject to any comments Mr. Ghikas may have today
19 about those questions. But as I say, if they still
20 remain within scope, I encourage you to ask Hydro
21 directly.

22 And I just want to make a comment on BCUC's
23 concern with these matters. The fact that these were
24 raised as questions that we wanted submissions on,
25 that doesn't necessarily indicate any concern that
26 BCUC has. We just would like -- we're canvassing the

1 opinions of all the parties, the extent to which these
2 items should be within scope or what portions of the
3 items should be in scope.

4 MR. LANDALE: I was seeking (off mic).

5 THE CHAIRPERSON: We're seeking clarification of the
6 scope is what we're doing. So it doesn't necessarily
7 indicate any concern whatsoever. So I just wanted to
8 point that out. Thank you. All right, thank you, Mr.
9 Landale.

10 Ms. Dong?

11 **SUBMISSIONS BY MS. DONG:**

12 MS. DONG: Good morning, Mr. Chairman and Panel. The
13 Zone II Ratepayers Group has reviewed the Commission's
14 Exhibit A-6 letter regarding the procedural conference
15 and BC Hydro's submission Exhibit B-4 in response to
16 the letter. We thank BC Hydro for their comprehensive
17 submission, which was very helpful for this
18 proceeding.

19 Zone II Ratepayers Group is pleased with
20 and in agreement with most of BC Hydro's comments in
21 the submission response and in particular their
22 position on DSM. We agree that DSM should be reviewed
23 in the context of BC Hydro's total revenue
24 requirements and not reviewed as a separate process,
25 as we do not see any efficiencies in doing so and in
26 the absence of timely changes in DSM programs that are

1 appropriate to the Fort Ware community and other like
2 communities.

3 We are hopeful and optimistic that there
4 will be further discussions on DSM programs between BC
5 Hydro and our clients. We anticipate that DSM
6 programs and funding is adaptable to our clients'
7 needs and achieve BC Hydro's objective of meeting
8 energy savings targets.

9 Regarding DSM in a new proceeding, we need
10 some time to consider this with our client and in the
11 context of current discussions with BC Hydro. Also,
12 even if this was done, we would likely miss the
13 upcoming heating season for this year.

14 We are considering the filing of the
15 intervener evidence on DSM and access to BC Hydro's
16 services.

17 We do have some comments on procedural
18 matter number 6 in BC Hydro's submission, process
19 steps and timeline. We, as other interveners have
20 pointed out, that the August -- sorry, the October 12th
21 date for interveners to provide IR No. 1 to BC Hydro,
22 it conflicts with the intervener argument submission
23 date in the BC Hydro RDA, which is October 11th. So we
24 also have resourcing constraints, as I think BCOAPO
25 and COPE and others have mentioned.

26 **Proceeding Time 11:13 a.m. T27**

1 So we are requesting this date move a week
2 forward to October the 19th.

3 Secondly, we also noted that if there was
4 an oral hearing to take place, in the schedule it puts
5 it out as October -- sorry, March the 13th. This date
6 conflicts with spring vacation that starts on that
7 date. So we are requesting moving the commencement of
8 the oral hearing to early April instead, should there
9 be an oral hearing.

10 So, this concludes the Zone II Ratepayers
11 Group comments. Thank you.

12 THE CHAIRPERSON: Ms. Dong, in the RDA, like as did Ms.
13 Khan, your group asked a number of DSM questions also.

14 MS. DONG: Correct.

15 THE CHAIRPERSON: So I'm not sure if your questions would
16 be included in Ms. Khan's discussions with Hydro to
17 have -- I'm seeing a nod there, am I? To have moved
18 into this proceeding?

19 MS. KHAN: Yes, we are looking at the Zone II IRs as
20 having them included and adopted into this proceeding.

21 THE CHAIRPERSON: Okay. Along with yours, yes. Okay.
22 Thank you.

23 MS. KHAN: Okay.

24 THE CHAIRPERSON: That answers my question, thank you.

25 MS. DONG: Okay. Thank you.

26 THE CHAIRPERSON: Thank you. Mr. Austin?

1 **SUBMISSIONS BY MR. AUSTIN:**

2 MR. AUSTIN: I'd like to make some general comments
3 first. We heard from BC Hydro about the cost of these
4 proceedings, and the need to try and keep costs under
5 control. Clean Energy Association of B.C. certainly
6 appreciates the need to keep costs under control. But
7 what utilities often do is use cost control as their
8 lament, or their refrain, for trying to restrict the
9 thoroughness and depth and intensity of regulatory
10 proceedings.

11 You have to go back to why we are here, and
12 I don't mean in terms of the human race, I mean in
13 terms of the regulatory process. We're here because
14 BC Hydro is a monopoly or a monopsony, take your
15 choice. It has no competition. The regulatory
16 process is a substitute for a competitive market. BC
17 Hydro is not fighting for market share every day of
18 the week. It's not fighting to retain its customers.
19 It's not fighting to retain -- or to attract new
20 customers. And it's not bearing the cost of security
21 law compliance.

22 So those are just some of the things that
23 BC Hydro would be facing in a competitive market. So
24 when we talk about the cost of these proceedings, and
25 in particular the cost of oral hearings, it has to be
26 taken in the context of the monopoly situation, or

1 monopsony situation that BC Hydro enjoys, and the fact
2 that we're here because the regulatory proceedings are
3 a substitute for open market competition.

4 And the other thing that we have to
5 appreciate is, we've got some very, very experienced
6 people in this room, who have been involved in
7 regulatory proceedings for a very long time. And they
8 are very efficient at what they do. And they do not
9 go off on long tangents on issues that are not
10 material to proceedings. And I think that's hugely
11 important in terms of regulatory proceedings before
12 the B.C. Utilities Commission. You've got an
13 experienced group of people.

14 The next general comment that I'd like to
15 make is, this is in relation to this concept of the
16 three-year test period. We all appreciate that there
17 is a three-year test period but, as you've heard from
18 previous speakers, we all appreciate that there are
19 examples and I could stand here for the next day
20 citing examples like Mr. Craig did about DSM, where a
21 decision that is made in the next three years will
22 have 20 year implications.

23 **Proceeding Time 11:18 a.m. T28**

24 So yes, there is the need to be cognizant
25 of the three-year test period, but there's also the
26 need to look at what happens over a 20-year life of --

1 for example, an investment in demand-side management.
2 If that decision is made today or in the next -- for
3 the test period, but BC Hydro will be saying that we
4 made that decision because we expect to have benefits
5 over the next 20 years.

6 So you have to look beyond the three-year
7 period to see if those benefits would be realized
8 because if it's not realistic to think that benefits
9 would be realized, you wouldn't be making that
10 decision today or the next three years, you would be
11 making another decision. There's an analysis that
12 has to be done.

13 With respect to demand-side management,
14 demand-side management should not be split out of
15 these proceedings. It's one of many decisions that
16 BC Hydro can make in terms of allocating its capital.
17 So if you are taking demand-side management and
18 splitting it out into another proceeding, then how are
19 you going to decide whether a particular demand-side
20 management expenditure in the next three years is the
21 right one as compared to the alternatives?

22 I don't think you can do it in isolation,
23 and I think that all of the speakers that have come up
24 so far, I don't think one has been in favour of
25 splitting out DSM, and I agree with that.

26 In relation to Exhibit A-6, I've been

1 involved in a lot of proceedings and there's always
2 this desire to try and scope issues. It's an
3 interesting exercise, but at the end of the day it
4 probably takes more time to try and scope the issues
5 than it does to deal with scope on an individual case
6 by case basis as it comes up.

7 You just went through the rate design
8 application process and that's exactly what you did.
9 Issues were coming up and if there was an objection as
10 to whether they were in scope or out of scope, it was
11 dealt with at the time. That's the most efficient way
12 to do it.

13 In particular, I appreciate all the effort
14 that staff have put in to defining the issues under
15 point number 1. I expect that that is not a bad
16 general guideline, but it won't be terribly efficient
17 to try and scope the issues at this point in time,
18 because we haven't even had one round of information
19 requests. People haven't really gone thoroughly
20 through the application, and it's only when you have
21 to start writing information requests that you go
22 thoroughly through the application.

23 What I see on this list here almost seems
24 as if it were headings taken from the application.
25 But again, I appreciate the effort that goes into
26 this. But in my experience, you're better off just

1 dealing with scoping issues as and when they occur.

2 With respect to point number 2 in Exhibit
3 A-6, the BCUC's regulatory oversight of capital
4 expenditures by BC Hydro deals with form. If you look
5 at Chapter 6 of the application, that's where BC Hydro
6 is dealing with the substance of capital expenditures.
7 So they are two separate concepts, and the review of
8 the substance should occur within the RRA because
9 you've got this competition between where BC Hydro
10 allocates its capital. And so if we're talking about
11 capital expenditures being outside this process and
12 part of the regulatory oversight of capital
13 expenditures and projects that the Utilities
14 Commission is undertaking under a separate process,
15 we'll have to sort out how we're going to deal with
16 the substance if they are to be dealt with in another
17 arena.

18 It's far more efficient to deal with the
19 substance within the context of the revenue
20 requirements application, because of, as I've
21 previously stated, the competition for capital.

22 **Proceeding Time 11:23 a.m. T29**

23 In terms of carving out DSM, I've already
24 commented on that. I don't think that would be
25 terribly useful, and it should stay within the context
26 of this revenue requirements application.

1 In terms of intervener evidence, the Clean
2 Energy Association of B.C. has made no decisions on
3 that. It's too early at this point in time. You need
4 to have some information requests. You need to have a
5 look at the Commission staff's information requests,
6 you need to look at other intervener information
7 requests.

8 In terms of whether the proceedings should
9 be oral or written, the Clean Energy Association's
10 view is there should be emphasis on oral proceedings.
11 The scope of the oral hearings can be discussed at a
12 pre-hearing conference after the second round of the
13 Information Requests. And that was a suggestion that
14 Mr. Quail made, and the Clean Energy Association of
15 B.C. fully supports that.

16 After you've had two rounds of information
17 requests, that's when you should be holding a
18 prehearing conference if one is to be held. A lot of
19 work will have gone into the preparation of the
20 Information Requests, a lot of work will have gone
21 into reviewing the responses to Information Requests.
22 And I respectfully submit that is when interveners
23 will have a fairly good appreciation of what matters
24 should be the subject of an oral hearing, and as other
25 counsel -- one other counsel has said, that's when you
26 can test the strength of the responses. It wasn't a

1 counsel, it was actually David Craig who was faux-
2 counsel for today.

3 I've made the comment about this hearing
4 schedule. I strongly believe on behalf of the Clean
5 Energy Association of B.C. that the pre-hearing
6 conference should be held after the second round of
7 information requests.

8 I have no further submissions unless there
9 is any questions.

10 THE CHAIRPERSON: Thank you, Mr. Austin.

11 MR. BUSSOLI: Mr. Chair, the next three speakers are all
12 on the telephone, so we have two options. One to try
13 and just continue as we are, but it appears there is
14 some feedback that is coming from the web that they
15 are listening too. So, perhaps we could -- the other
16 option is to take maybe a five minute adjournment, try
17 and contact them, and get them to turn the webcast
18 off, and just listen on the telephone?

19 THE CHAIRPERSON: Okay, let me just talk to them first.
20 That's good advice, thank you.

21 Mr. Little? Mr. Little?

22 MR. LITTLE: (inaudible) BC Hydro debt. I don't really
23 feel it is being considered in BC Hydro's application
24 (inaudible) --

25 THE CHAIRPERSON: Mr. Little?

26 MR. LITTLE: Yes, I'm on the phone.

1 THE CHAIRPERSON: Yes, sorry, we just got in contact
2 here. I'm sorry, but could you please start again?
3 We did not get you.

4 **SUBMISSIONS BY MR. LITTLE:**

5 MR. LITTLE: I agree with most of the comments made by a
6 number of the other interveners, particularly Ms.
7 Khan's. My long-term concern is that I don't see BC
8 Hydro surviving their continued debt load and that I
9 can see a necessity for the government will have to
10 hive off BC Hydro to sell it off, because the debt
11 load has already become extreme, and most private
12 companies couldn't exist with the existing debt load.

13 So, in time the rates they propose will not
14 cover their debt, and unfortunately the way it's set
15 up by government, the Commission has to consider the
16 long-term debt and how that's going to be paid over
17 time, so and those rates will have to be considered in
18 this.

19 **Proceeding Time 11:27 a.m. T30**

20 A good example is what has happened in
21 Ontario, which is somewhat comparable to BC Hydro,
22 they've sold off a lot of stuff there because of the
23 inefficiency of their system, similar to what's
24 happening with BC Hydro here. And right now I see BC
25 Hydro having an open cheque book to do what they
26 please going forward.

1 So anyway, I do appreciate the opportunity
2 to participate, and I'd like to listen to the rest of
3 it, and we will be submitting something further.

4 THE CHAIRPERSON: Great. Thank you very much, Mr.
5 Little, thank you.

6 Mr. McCandless, are you there?

7 **SUBMISSIONS BY MR. McCANDLESS:**

8 MR. McCANDLESS: Yes. I just -- turned the mute off. I
9 appreciate the opportunity, but -- and I've learned a
10 fair amount listening to the comments, but in terms of
11 the specific questions, I have no particular comments
12 to make other than to support what Mr. Quail said.

13 THE CHAIRPERSON: Okay, thank you. Okay.

14 And Ms. Leahy? Ms. Leahy, are you there?

15 MS. LEAHY: Hello?

16 THE CHAIRPERSON: Yes, hi. Ms. Leahy?

17 MS. LEAHY: Yes.

18 THE CHAIRPERSON: Yes. Do you have anything you would
19 like to say?

20 **SUBMISSIONS BY MS. LEAHY:**

21 MS. LEAHY: Well, yes. I told you I was here
22 representing a senior organization. And if rates keep
23 going, you know, it's going to hit seniors'
24 pocketbooks. And it doesn't really matter where it
25 comes from, because if hydro's going to cost more for
26 schools, cost more for hospitals, rents are going to

1 go up. And rents here are already very high. And
2 seniors have a very difficult time being able to find
3 accommodation that's affordable.

4 So having more increased rates is not going
5 to help one little bit.

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

7 Mr. Bussoli -- sorry, is there --

8 MR. BUSSOLI: AMPC.

9 THE CHAIRPERSON: Oh, right, I'm sorry, yes, AMPC. I put
10 them on the bottom -- my apologies. Mr. Keen.

11 **SUBMISSIONS BY MR. KEEN:**

12 MR. KEEN: Thank you, Mr. Chairman. Good morning, again,
13 Commissioners.

14 As you may know, AMPC is an industry
15 association that represents many of BC Hydro's largest
16 industrial customers. AMPC's members all take
17 transmission service. They operate in the pulp and
18 paper, forestry, mining, and petrochemical sectors,
19 and collectively represent a significant majority of
20 BC Hydro's large industrial load.

21 As you might not know, AMPC has quite a
22 long history, spanning decades, of active
23 participation in revenue requirement applications. It
24 was formerly known as the Joint Industry Electricity
25 Steering Committee, or JIESC. Before that, it
26 participated under the twin banners of the Council of

1 Forest Industries and the Mining Association of B.C.
2 And so the reason I give you that
3 introduction is to say at the outset, we want to make
4 clear that it expects its participation in this
5 proceeding will be more limited than in the past. And
6 this is due to the effect of government directives
7 that mean practically the Commission's review is
8 unable to limit or reverse BC Hydro rate increases
9 before F2020. Now, AMPC recognizes that future rates
10 will pay for any contribution to the rate smoothing
11 deferral accounts in this proceeding. But due to
12 members' current economic circumstances, AMPC needs to
13 prioritize its resources. It has been an active
14 participant this year in the rate design, and FortisBC
15 return on equity proceedings.

16 And given this proceeding's inability to
17 impact customer rates in the near term, AMPC expects
18 to focus on a limited suite of issues. However, AMPC
19 wishes to make clear that silence on issues in
20 evidence or IRs should not be understood as
21 endorsement of those issues.

22 So with that introduction being complete,
23 I'll turn now to the Commission's exhibit list --
24 issues list, rather, in Exhibit A-6 and address each
25 item in order.

26 We have had a chance to review BC Hydro's

1 submission and we greatly appreciate its early filing;
2 that was efficient and useful.

3 **Proceeding Time 11:32 a.m. T31**

4 For issues 1 and 2, which generally deal
5 with scope and AMPC agrees largely with BC Hydro's
6 submissions. It has presented a fair assessment of
7 which issues can or should be dealt with in this
8 hearing. And we generally support the approaches
9 suggested. And I don't think I need to go into much
10 detail beyond that.

11 I will add, however, that I appreciate the
12 comments of Mr. Austin, and Mr. Andrews and Mr. Quail,
13 that interveners may, and should be able to explore
14 what I think were the sharp edges of the where the
15 Commission's discretion and jurisdiction end.

16 AMPC does not quarrel with those views, and
17 expects that BC Hydro is quite capable of responding
18 to IRs and evidence appropriately, as Mr. Austin
19 alluded to.

20 Turning to issue three, concerning DSM
21 expenditures. AMPC again agrees with BC Hydro. There
22 appears to be some efficiency in having one proceeding
23 instead of two.

24 Turning to issue four, intervener evidence,
25 AMPC does intend to file limited intervener evidence.
26 It likewise plans to file focussed IRs and argument.

1 The areas that AMPC expects to target in evidence at
2 this point are load forecasting methodologies and
3 assumptions.

4 Now, turning to issue 5, whether the RRA
5 should proceed by written or oral public hearing, AMPC
6 does disagree with BC Hydro here. The fundamental
7 differences are onus and timing.

8 Let me explain what I mean by that. What I
9 took from BC Hydro submission is that oral hearings
10 are too hard and too expensive to be permitted in the
11 normal course, and the practical implication of that
12 is a reverse onus, where interveners would have to
13 justify at the outset why each component of the
14 application ought to be subject to cross-examination.
15 AMPC disagrees strongly with that suggestion. In
16 AMPC's view, this process is significant to the
17 regulation of BC Hydro overall, it's important to
18 customers, and it's important to the public. It
19 warrants an oral hearing to provide accountability and
20 procedural fairness by way of proper discovery.

21 And you heard Mr. Austin and Mr. Craig get
22 at the difference between an IR response and cross-
23 examining on an IR response.

24 As a result, the starting point for the
25 Commission should be that in-scope issues arising from
26 the application are in scope for the purpose of an

1 oral hearing. To be clear, the basic premise of
2 applying a cost-to-benefit test to determine the most
3 appropriate form of proceeding is not contentious.
4 It's status quo. What's controversial about BC
5 Hydro's position here is, one, the failure to
6 recognize how much value interveners and the
7 Commission derive from cross-examining upon complex
8 evidence, and two, I think a bit of a failure to
9 recognize the important and central function of a
10 revenue requirement application.

11 Now, bluntly put, we get better adverse
12 admissions from witnesses under cross-examination than
13 we do from IR responses that have been polished by
14 counsel. I'm not trying to be funny, I'm quite
15 serious. That difference between a live response and
16 an IR response is extremely important. It is an extra
17 layer of information. It is an extra layer of
18 accountability.

19 It is important for interveners and for the
20 Commission to see the whites of the eyes of company
21 witnesses in a revenue requirements application, and
22 vice versa. What the company is suggesting is
23 particularly surprising within the context of current
24 events. This week alone, Mr. Chairman, there have
25 been two editorials in the *Globe and Mail* that have
26 been critical of the National Energy Board's

1 quote/unquote "credibility" with the public, and in my
2 view, many of the challenges that body faces currently
3 vis-à-vis the public arise from the fallout of
4 eliminating cross-examination in the Kinder Morgan
5 proceeding, and I'm sure we're all familiar with how
6 that proceeding went.

7 Further, this Commission has two more
8 proceedings related to BC Hydro under way dealing with
9 SAP matters and capital project review standards.
10 Both proceedings have their origins in what a BC Hydro
11 executive said on the stand during a revenue
12 requirement application. The value and importance of
13 cross-examination in key proceedings could not be more
14 clear.

15 **Proceeding Time 11:37 a.m. T32**

16 Now, we have no objection to BC Hydro
17 proposing at a later date, and based on the record,
18 that elements of the application can be dealt with by
19 way of written process, due to the way that things
20 have evolved. That happens all the time, and often
21 with some degree of consensus. As my friend
22 mentioned, the RDA is one such example.

23 Fundamentally, though, the onus has to
24 remain with BC Hydro to demonstrate that certain
25 aspects of its application are not contentious, or are
26 otherwise amenable to a written proceeding. And we

1 don't think that any such issues should be addressed
2 until at least after the first round of IRs. Unless
3 robust consensus emerges, making written hearing
4 determinations before any initial testing of the
5 application would be premature.

6 So AMPC therefore submits that the second
7 procedural conference is an appropriate time and place
8 for BC Hydro to make its case. The particular aspects
9 of the application, if any, are best dealt with in
10 writing.

11 And to reply a bit to my friend's
12 additional remarks this morning, we entirely agree
13 that any oral hearing needs to be focused. But the
14 way to get there is not to assume a written hearing
15 structure at a premature stage. It bears mentioning
16 as well, and again, Mr. Austin got to this, that focus
17 can be achieved and maintained during an oral hearing
18 and in the steps immediately preceding an oral
19 hearing. You can do that as you go. There are many
20 ways to skin that cat, in other words.

21 So I'll end my remarks about issue 5 here
22 and move on to issue 6, and that's the procedural
23 schedule. Here, again, we are in broad agreement with
24 BC Hydro's proposed schedule subject to four comments.

25 First, for the reasons you've heard earlier
26 this morning, changing October 12th to October 14th for

1 intervener IRs makes sense, given the congestion
2 present in that week. Second, we support moving the
3 procedural conference until after the second round of
4 IR responses, for the reasons that have been ably set
5 out by my friends.

6 Third, AMPC proposes moving the date for BC
7 Hydro's responses to the second round of IRs forward
8 by one week, from January 20th to January 13th. And I
9 want to focus on this change; it's important. As it
10 stands, BC Hydro's proposed schedule leaves only a
11 week for interveners to review BC Hydro's responses
12 and make changes to their draft evidence, taking into
13 account those responses. In AMPC's submission, that
14 may not be sufficient. It unnecessarily erodes the
15 usefulness of having a second round of IRs in the
16 first place.

17 Now, AMPC's proposal would give interveners
18 two weeks instead, while still providing BC Hydro with
19 more than five weeks to prepare and file its responses
20 to intervener IRs. Even taking into account the
21 holiday period, AMPC considers that timing fair and
22 reasonable.

23 Finally, assuming that the second
24 procedural conference stays where it is in the
25 procedural schedule, AMPC suggests that providing BC
26 Hydro, Commission staff, and other interveners more

1 time to submit IRs on intervener evidence, moving the
2 date for submitting IRs to February 10th to February 6th
3 instead makes good sense. That provides two weeks to
4 draft IRs and February 10th would leave interveners two
5 weeks plus a weekend to respond instead of three
6 weeks, which is not unreasonable.

7 And finally, Mr. Chairman, to address your
8 request about the completeness of the application,
9 AMPC is content to move forward into the IR stage now.

10 Subject to any questions you have, those
11 are my submissions. Thank you.

12 THE CHAIRPERSON: Okay. Thank you, Mr. Keen.

13 Mr. Miller?

14 **SUBMISSIONS BY MR. MILLER:**

15 MR. MILLER: Thank you, Mr. Chair. The first item staff
16 would like to address is number 2 from item -- or
17 Exhibit A-6. So, staff agrees with BC Hydro that the
18 determinations from the BC Hydro regulatory oversight
19 of capital expenditures proceeding should be effective
20 on a go-forward basis only.

21 **Proceeding Time 11:41 a.m. T33**

22 Staff also does not have any concerns
23 regarding the review of capital additions and agree
24 that that review should proceed as part of the review
25 of this application in the ordinary course.

26 We believe we may part company with respect

1 to capital expenditures. Now, staff agrees with BC
2 Hydro that capital expenditures on projects such as
3 Site C that are exempt from the CPCN review are not
4 within the scope of this review in this application.
5 However, staff does believe that capital expenditures
6 for non-exempt projects and projects that haven't been
7 reviewed, either under a CPCN or a section 44(2)
8 proceeding, should be included within the scope of
9 this application on a high level, not on a detail
10 level like we would do under a CPCN or on a 44(2).
11 And the reason for that is, there should be some
12 preliminary assessment for the need for the project
13 before large sums of money are expended on the
14 project.

15 Then, assuming that the Panel rules that
16 way, we have a suggestion for process. And with
17 regard to process, it would be helpful if BC Hydro
18 could provide, in advance of IR 1, a list of the
19 capital expenditures that it plans on making during
20 the test period that are in dollar amount over \$20
21 million, so that IRs could efficiently be asked on IR
22 number 1, about the high level need for those
23 projects. And they may be able to do it in a format
24 -- or provide the information by project and fiscal
25 year, F17 to F19, as new columns to appendix 1,
26 including the key dates that would be used to forecast

1 actual start of construction dates.

2 Next -- Appendix I, I'm sorry, not Appendix
3 1, Appendix I.

4 Staff also are of the view that the review
5 of recent capital additions, F16-F16 [*sic*] for a non-
6 extension, should proceed as part of this proceeding,
7 because recent capital additions that are not exempt
8 due to Direction No. 7, and Mr. Ghikas gave us the
9 subsection, 11(a), that is extensions to Hydro's plant
10 or system that come into service before F2017, may not
11 have been reviewed by the Commission through any
12 process and that these capital additions do have an
13 effect on the rates for F17 to F19.

14 The next issue, Mr. Chair, relates to DSM.
15 Staff may be the lone party that is suggesting that
16 there should be an acceleration of the DSM part of
17 this application. Staff has no position whether that
18 should be a separate proceeding or within an expedited
19 portion of this proceeding, but staff does note that
20 large dollars -- money is being expended at this point
21 in time that will not have a final determination on it
22 until likely some time into earlier, or mid-next year.
23 And staff would prefer that some guidance being given
24 on those expenditures by the Panel prior to that time.

25 The last comments, Mr. Chair, relate to
26 timing. Staff has only a couple of comments with

1 regard to the time table. Staff submit that the two
2 and a half weeks proposed by BC Hydro for staff to
3 review IR number 1 and IR number 2 is not sufficient.
4 There should be an additional week provided. As noted
5 by another intervener, and I'm sorry I forgot which
6 one it was, we do need a slot in the proposed
7 timetable for interveners to ask IRs on intervener
8 evidence, so that could be slotted in at the same time
9 as the BC Hydro and BCUC IRs are in the timetable.

10 **Proceeding Time 11:46 a.m. T34**

11 And if intervener evidence is filed, staff
12 will require an additional week to review the
13 intervener evidence and issue an IR.

14 One last comment, Mr. Chair. Staff is in
15 agreement that a second procedural conference would be
16 a very good idea. After IR 2.

17 THE CHAIRPERSON: After IR 2?

18 MR. MILLER: After IR 2.

19 THE CHAIRPERSON: Okay.

20 MR. MILLER: So unless there are any questions, those are
21 our submissions.

22 THE CHAIRPERSON: Thank you, Mr. Miller. Okay. So, now
23 we'll go back up the list, and if anyone has any
24 further comment in response to anything you've heard,
25 we'd be happy to hear that now.

26 Mr. Keen?

1 MR. KEEN: Thank you, Mr. Chairman. No further comments
2 at our end. I think staff's comments on schedule
3 largely dovetail with our own. Thank you.

4 THE CHAIRPERSON: Okay, thank you.

5 Ms. Leahy, do you have anything further
6 you'd like to add? Okay.

7 Mr. McCandless, anything further you would
8 like to add? All gone.

9 Mr. Little? Okay.

10 Mr. Austin? No.

11 Ms. Dong? Anything further? No? Thank
12 you.

13 Mr. Langdale, do you have anything further?
14 No? Thank you.

15 Mr. Quail.

16 **REPLY BY MR. QUAIL:**

17 MR. QUAIL: Just a couple of items. On scheduling, on
18 reflection, we do agree with Ms. Dong's suggestion to
19 shift the date a little bit later for intervener IR 1
20 to October 19th. As I said earlier, it's a busy week.

21 THE CHAIRPERSON: Right.

22 MR. QUAIL: For everybody. And agree with the suggested
23 further shuffles in the dates that have been suggested
24 on behalf of AMPC and by Commission staff.

25 Certainly agree with the staff submission
26 regarding non-exempt capital expenditures. We see

1 that as an important matter to be noted.

2 And finally on the issue -- response to
3 Commission staff regarding acceleration of the DSM
4 issue, in view of the context of that, which we regard
5 as BC Hydro significantly reducing spending in that
6 area, we don't see any pressing need to accelerate
7 that. It's not -- money is being shoveled off the
8 back of a truck, it needs to be more closely examined.

9 Those are my comments.

10 THE CHAIRPERSON: Very well. Thank you, Mr. Quail.

11 Ms. Herbst, do you have anything to add?

12 No? Thank you.

13 Mr. Andrews?

14 **REPLY BY MR. ANDREWS:**

15 MR. ANDREWS: I support the suggestions regarding
16 alterations to the timing of the steps in the
17 procedure, and specifically the procedural conference
18 following Hydro's response to IR 2.

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

20 Ms. Khan?

21 **REPLY BY MS. KHAN:**

22 MS. KHAN: Mr. Andrews just said what I was going to say,
23 so we adopt his comments.

24 THE CHAIRPERSON: Very well. Thank you.

25 Mr. Craig?

26 **REPLY BY MR. CRAIG:**

1 MR. CRAIG: Just a couple of comments. No reason to
2 quarrel with almost all the presentations that have
3 been made.

4 With regard to BCUC staff comments with
5 regard to exempt projects being excluded, I think
6 there are two types of exempt projects. Exempt
7 projects that are exempt on certain things, but BC
8 Hydro and the government have committed that they
9 would be open to prudence review. I think that
10 element should be in scope. There are others where
11 the full cost recovery and review is not available to
12 the Commission, so I just make that distinction in
13 that regard.

14 With regard to accelerating DSM, I do not
15 agree that that needs to be accelerated. An awful lot
16 of the DSM issues are going to be integrated with the
17 rest of the application, and it would be very hard to
18 have the Commission separate them out, make a
19 decision, and then make subsequent decisions that
20 don't integrate well with the early part. So, I think
21 the context in which we are in is the timing of the
22 application has brought with it relative timing to
23 existing expenditures that are going to happen in the
24 course, and we're comfortable with that. We think the
25 Commission should keep the process integrated.

26 With regard to the schedule, I'll deal with

1 just a few issues and then a comment with regard to
2 how to handle things from here.

3 **Proceeding Time 11:52 a.m. T35**

4 We would agree that moving the second
5 procedural conference to after IR No. 2 would be
6 productive and that we may not need two procedural
7 conferences in the process. By Hydro has adopted a
8 fairly open and consultative approach to working with
9 interveners, and I think after the first round of IRs
10 most of what we may end up being concerned with can be
11 sorted out in consultation with BC Hydro and we remain
12 having the access to make a written submission to the
13 Commission if we have a problem. And I think that may
14 be sufficient as opposed to a full proceeding and the
15 cost of it.

16 So I would say moving the second procedural
17 conference to after IR 2 would enable us to have a
18 full review and govern the process that follows after
19 that.

20 Most of the comments with regard to
21 allowing additional time in the schedule we would
22 agree with, and that leaves us with quite an array of
23 changes in here. And the usual practice has been to
24 invite BC Hydro and the interveners to caucus and try
25 and set out a schedule that incorporates most of the
26 parties' agreements, and it sounds like there is

1 agreement, so the commission might want to consider
2 providing a break and allowing that to happen and see
3 if an agreed on schedule can emerge.

4 And that would be the extent of my
5 comments.

6 THE CHAIRPERSON: Thank you, Mr. Craig.

7 Mr. Ghikas, do you have any further
8 comments for us? I imagine you do.

9 MR. GHIKAS: I do, and I'm prepared to go now and we'll
10 try to get people off to lunch as soon as they can.

11 THE CHAIRPERSON: Yes. Sounds good.

12 **REPLY BY MR. GHIKAS:**

13 MR. GHIKAS: Thanks. First of all let me start with the
14 opening point and it was alluded to by a number of
15 people when talking about scoping, is that -- and Mr.
16 Andrews I think said it quite well, but BC Hydro's
17 approach to responding to information requests and
18 inquires in this process is going to be, if at all
19 possible, trying to be helpful and not obstructionist
20 and not dogmatic.

21 So, with a helpful approach, we are going
22 to be trying to help people understand what is in the
23 application, trying to help people understand the
24 business and how the revenue requirements are derived.
25 So we are approaching the process through that lens.
26 And a good example of that I think is the proceeding

1 that many of us have just been through with the rate
2 design and BC Hydro will be continuing with that
3 approach. That it's very important to the company to
4 be seen as trying to be helpful throughout the
5 process.

6 Now, I will be trying to group my comments
7 by topic, so I may be bouncing around, it may seem a
8 little hodgepodge, but I'll deal with scoping first
9 and deal with everyone's comments on that topic if I
10 can. First of all, let me deal with my friend Mr.
11 Austin's submissions on scoping.

12 My only submission in response to Mr.
13 Austin on that point is that his submissions seem to
14 be approaching the list on Exhibit A-6 of the
15 Commission's list as if it was to be interpreted as an
16 exhaustive issues list to be canvassed. BC Hydro
17 didn't interpret it like that and indeed BC Hydro's
18 interpretation was simply that they were matters to be
19 addressed that may raise scoping issues. Obviously
20 items on that list -- items that are not on that list
21 include things like operating expenses, and a lot of
22 capital expanses, and deferral accounts.

23 And obviously BC Hydro is making requests
24 that relate to those things and we would anticipate
25 there would be questions about all sorts of matters
26 that aren't on that list. And to the extent that they

1 relate to the application and the things that BC
2 Hydro's been asking for, BC Hydro would expect to be
3 answering questions on those and doing so to the best
4 of their ability.

5 Now, dealing with a few of the more
6 specific comments on scoping, a few of the interveners
7 -- my friend Mr. Craig was the first to raise this on
8 behalf of CEC, but there were a few other parties that
9 jumped on that issue as well. And that is the one,
10 with respect to the three year test period.

11 **Proceeding Time 11:57 a.m. T36**

12 The same philosophy that I just outlined
13 for you, is going to be the approach that BC Hydro is
14 taking with respect to the three year test period as
15 well. The specific examples that were cited as things
16 potentially extending with implications beyond the
17 three year test period include the deferral accounts,
18 and the DSM, and those two were highlighted a couple
19 of times.

20 I think it's quite correct to characterize
21 DSM as having longer term implications. From BC
22 Hydro's perspective, it is asking for approval of a
23 demand-side management expenditure schedule, and it
24 would fully expect to be answering questions based on
25 what it is asking for, irrespective of the length of
26 impact or how long those programs are going to be in

1 place, or the term of the benefits flowing from those,
2 and so on. So there is a specific request in the
3 application, and BC Hydro can assure the Commission
4 and the participants that there is a full expectation
5 that we'll be answering questions on DSM, the
6 proposals that have been put forth.

7 Deferral accounts, similar issue arises.
8 Deferral accounts are deferring costs. What I will
9 note, I believe it was raised a couple of times that
10 the revenue requirements -- I think my friend Mr.
11 Quail and my friend Mr. Andrews referred to the fact
12 that there is a deferral of a portion of the revenue
13 requirement. And that is indeed the case, and BC
14 Hydro in this application is presenting both a rate
15 request, and a request with respect to the balance of
16 the revenue requirements that will be deferred. So,
17 BC Hydro is expecting to answer questions on more than
18 just the simple rate requests. It is expecting to
19 answer questions on its revenue requirements as a
20 whole, a portion of which will be deferred.

21 Now, my friend Mr. Andrews raised a
22 question about, I believe it was the potential for
23 standing offer program independent power producer
24 potentially affecting the cost of energy during the
25 revenue requirement period, and I believe it was in
26 the context of discussing the legislative constraints

1 on the standard offer program and IPPs. And certainly
2 again, I can reiterate that to the extent that IPP
3 costs are impacting the revenue requirement period, BC
4 Hydro again would be expecting to answer questions on
5 those issues. They are pertinent to the application
6 and we would be treating them as such.

7 My friend Ms. Khan raised in the context of
8 the thermal-mechanical pulp costs, and this came up as
9 sort of -- I can speak to this more generally, but
10 that was sort of the one instance that it came to mind
11 with this, but as a general comment, we recognize that
12 it is necessary and it is appropriate and included in
13 the scope of this, to understand how costs like the
14 costs of the thermal-mechanical pulping program, are
15 reflected in the revenue requirements, irrespective of
16 whether there is a direction or not, they are showing
17 up in the costs of the revenue -- the revenues. And
18 so to it is fair for parties to be asking questions to
19 understand how it is that these costs are reflected.
20 How it is that the legislation that is in place
21 affects the revenue requirements and the requests in
22 the proceeding. So, that is a more broad comment with
23 respect to my submissions on the legislative -- the
24 impact of the legislative framework.

25 My friend Mr. Craig for CEC raised an issue
26 with the overheads capitalized in Site C, and

1 project. That's been done for some time and if
2 anybody needs the URL for that we are happy to do that
3 offline.

4 One aside that my friend Ms. Khan was
5 speaking on the issue of return on equity in the
6 context of scoping and made reference to the impact of
7 CPI on the ROE, I would only note just as a point of
8 clarification that the CPI inflator, that arises in
9 the context of what was in Direction No. 7. It's
10 still in Direction No. 7, but it has been superseded
11 by a different calculation formula. And the
12 evidentiary update that was filed by BC Hydro includes
13 copies of the new regulations dealing with that, and
14 also explains the derivation, how it impacts the
15 revenue requirements, or in this case the extent to
16 which it does not impact them. But that just to make
17 sure that everybody is on the same page.

18 Mr. Landale provided his written
19 submissions, and while we were here we were going
20 through his submissions and following along. And my
21 only suggestion at this point is that Mr. Loski and
22 his team are pleased to meet with Mr. Landale offline
23 to try to maybe walk through some of the legislative
24 framework. Some of the questions that he had posed
25 really do relate to understanding the regulatory
26 framework and it is complicated. And so Mr. Loski and

1 his team have certainly offered to Mr. Landale to the
2 extent that it's helpful, to meet him offline before
3 he crafts his first round information requests, and
4 that may help him streamline and craft his questions.

5 THE CHAIRPERSON: Thank you. It sounds like it would be
6 helpful. Thank you.

7 MR. GHIKAS: Thank you. With respect to the matter
8 relating to carving out of the demand-side management
9 issue, BC Hydro has noted Staff's position. BC
10 Hydro's view remains that the application can proceed
11 on the same timetable, based on the appropriate
12 process for each issue by issue. And I'll leave it at
13 that for that point.

14 On the issue of oral versus written
15 proceedings, the comments that I wanted to make are
16 mostly directed to the submissions of AMPC this
17 morning, and my friend Mr. Keen had noted and I can
18 say, I think, Mr. Chairman, that it may be a case of
19 ships passing in the night on this issue. My friend's
20 submissions seem to be directed at a position that BC
21 Hydro isn't necessarily taking.

22 **Proceeding Time 12:06 p.m. T38**

23 BC Hydro's position is as reflected on page
24 14 of the pre-filed submission, that BC Hydro is
25 "satisfied with either a written or oral process, or
26 some combination of the two, as the British Columbia

1 Utilities Commission sees fit". Our main objective is
2 that the process, however crafted, is both fair and
3 efficient. And we go on to make similar comments
4 about how the Commission has a practice that's
5 developed over time of rather than having a blanket
6 oral proceeding, if an oral proceeding is considered
7 beneficial, really focusing it in to make sure that
8 the value is there, from having it. Because oral
9 proceedings do cost, and BC Hydro is aware of that,
10 and it's also aware that additional information can be
11 gleaned, as I said in my initial comments. Oral
12 proceedings do have a time and a place, and they have
13 value. And they certainly have been used in many
14 circumstances -- not all, but many. And so BC Hydro
15 is ready, willing and able to proceed to an oral
16 hearing if the Commission considers that that is
17 useful.

18 It is my submission that the Commission
19 should be giving significant thought as to what issues
20 truly do merit the expense, and in my submission that
21 is not a change from the Commission's past practice at
22 all. It's not a novel suggestion from BC Hydro's
23 part. It is, in my submission, practical and
24 efficient, and makes a lot of sense.

25 On the timetable, there were a number of
26 submissions and it was hard to keep up with them all

1 at the very end there. But what I can do is touch on
2 a few points. The change of the date of the Round 1
3 IRs, one of the dates, I believe Ms. Khan said the 14th
4 of October, moving it a couple of days. I believe the
5 19th was also raised. BC Hydro is sympathetic with the
6 fact that there is another significant proceeding
7 going on, obviously, and wants to make sure that
8 people are able to participate fully in both.

9 My only concern is that if the date is
10 going to be moved, whether it's the 14th -- the 14th, it
11 could be moved without changing the answering date,
12 because it's only a couple of days. But if we're
13 getting into pushing it several days back, Hydro would
14 like to be able to preserve the amount of time that
15 they have to reply to Information Requests.

16 **Proceeding Time 12:09 p.m. T39**

17 There is a lot of time put in there, but
18 it's only a lot of time if you -- you know, if we only
19 get a few IRs. And my sneaking suspicion is that
20 there's going to be a lot of interest in this
21 application, and BC Hydro employees will be working
22 very hard for however long is provided. So that would
23 be our only request, is that it be shifted
24 accordingly.

25 It was noted that on the Information
26 Request to interveners on intervener evidence that we

1 had omitted to indicate that interveners may have
2 questions on that too. Obviously that was an omission
3 on our part. And obviously that would be appropriate
4 to the extent that they are adverse in interest and to
5 the person filing the evidence asking Information
6 Requests on that is totally appropriate. What isn't
7 appropriate is asking friendly IRs, and that goes
8 without saying, so I won't belabour that.

9 The other point that I wanted to address
10 was that for having the procedural conference after
11 Round 2. I can say I understand the submissions on
12 that, and that they're -- that I understand the
13 position that has been raised, that it may be
14 beneficial to do that after Round 2. I can tell you,
15 BC Hydro considered that, and on balance chose to
16 propose it after the first round. And I'd only
17 emphasize that the reason it did that, and the reason
18 why it is worth still doing that, in the company's
19 view, is that -- just simply that it's a balance of
20 that and also providing enough leeway, enough warning,
21 leading up to the oral hearing. So to the extent that
22 those -- the Commission arrives at a different
23 conclusion with respect to those balance concerns, BC
24 Hydro is obviously content with that. But that was
25 what led us to propose it after Round 1.

26 And as we know, Round 1 does canvass a lot

1 of issues. And Round 2 is really intended at
2 elucidating information about the issues that have
3 been canvassed in IR 1, not necessarily to go after a
4 bunch of new issues as well. So in that philosophy,
5 that was the logic of putting it after Round 1.

6 I believe the other proposal with respect
7 to the timeline was in moving some of the later
8 timelines with respect to the IRs on intervener
9 evidence, and there was some submissions on that.

10 **Proceeding Time 12:23 p.m. T40**

11 To the extent that the general relativities are
12 change, you know -- sorry, to the extent that the
13 Commission feels that it should space out the timing
14 more, BC Hydro is fine with that. And to the extent
15 that it's necessary to go offline and try to work
16 something out, we are also pleased to do that as well.
17 If we get parties together over the next few minutes.
18 So, we are fine, we are in your hands on that.

19 But I think the general crux of the
20 submissions was to stretch things out a little bit
21 more, and in principle, BC Hydro has no objection to
22 that, and no specific tie to certain dates on the
23 calendar in that regard. It was just a straw man that
24 we thought would work.

25 THE CHAIRPERSON: So you would be okay if the hearing
26 went longer than you are proposing, is that correct?

1 MR. GHIKAS: Sorry, are you saying the starting date push
2 back? Or the hearing.

3 THE CHAIRPERSON: No, the end date.

4 MR. GHIKAS: The end date of the hearing.

5 THE CHAIRPERSON: Yes, is that what I understood you to
6 have just said? You are all right if the changes that
7 are made to the timeline result in a longer
8 proceeding, you are okay with that?

9 MR. GHIKAS: Resulted in the order being delayed
10 effectively?

11 THE CHAIRPERSON: Yeah.

12 MR. GHIKAS: Okay. Yeah, so to clarify, I've conferred
13 with Mr. Loski and the -- so to the extent that the
14 timetable steps are each pushed out a little bit
15 further so that the reply submissions are a little bit
16 later than they are in the current proposal --

17 THE CHAIRPERSON: Yeah.

18 MR. GHIKAS: -- that is acceptable if that's what the
19 commission would prefer.

20 THE CHAIRPERSON: Okay.

21 MR. GHIKAS: It's just simply -- we don't want it going
22 off too, too far --

23 THE CHAIRPERSON: Understood, yeah.

24 MR. GHIKAS: -- but we want to make sure everybody can
25 participate.

26 THE CHAIRPERSON: Right.

1 MR. GHIKAS: I think that is it from me, Mr. Chairman.

2 THE CHAIRPERSON: Okay, thank you, Mr. Ghikas. If we can
3 just hold a moment, I just want to caucus for a minute
4 up here.

5 I'll address this question to all parties
6 then. If we stand down for a little while to let you
7 caucus and come up with another straw man timetable,
8 would 10 minutes be sufficient time? Would that not
9 be sufficient time for anyone?

10 Okay, well let's say 15 minutes, and then
11 we can wrap up before lunch. Rather than taking the
12 lunch break to do it, we'll try to wrap up before
13 lunch.

14 MR. MILLER: Mr. Chair, there seems to be a lack of
15 enthusiasm perhaps, but we'll (inaudible).

16 THE CHAIRPERSON: I guess I asked a hard question, didn't
17 I.

18 MR. GHIKAS: I am always enthusiastic to have people
19 listen to me, Mr. Chair. But no, I think from BC
20 Hydro's perspective, I mean I think what we were just
21 wrestling with there is whether it's even necessary
22 given how much has been spoken about it already. I
23 think the general gist is there, we are not wedded to
24 particular dates, and as long as BC Hydro's time to
25 respond to certain steps are preserved in the way that
26 they, you know, the number of days are preserved, we

1 are content to be in your hands on them.

2 THE CHAIRPERSON: Would you like us to propose a
3 timetable then based on what we've heard here? Would
4 that be preferable? Seems like it is (inaudible) --

5 MR. GHIKAS: I am seeing a lot of nodding, but I can say
6 yes on my behalf, but --

7 MR. QUAIL: Okay.

8 MS. WORTH: If I may just offer some more information on
9 behalf of our client? The reason that we've actually
10 modified our position, Mr. Chair, and members of the
11 panel, is the week of the 11th of October is not just a
12 busy one in regards to BC Hydro proceedings, although
13 that does account for actually two proceedings and the
14 things that are on our schedule that week.

15 **Proceeding Time 12:23 p.m. T41**

16 The 11th is the proposed date for the RDA
17 argument as we all know. But on the 12th there's
18 actually the FEI and FBC annual review workshops. And
19 then on the 13th there's the regulatory oversight
20 procedural conference as well. So that was what
21 actually fit into our request to support Ms. Dong and
22 her proposed date which was the 19th. So there's quite
23 a bit of regulatory backlog for us and some
24 significant bars to full participation should the 14th
25 or the 12th go ahead.

26 THE CHAIRPERSON: Okay.

1 MS. WORTH: Thank you.

2 THE CHAIRPERSON: Thank you for pointing that out. It
3 sounds like perhaps we should -- the Commission will
4 propose a timetable and -- Mr. Keen?

5 MR. KEEN: Not to stop you there, Mr. Chairman. I was
6 going to suggest five minutes just to see how close we
7 are to perhaps parties suggesting something.

8 THE CHAIRPERSON: Okay.

9 MR. KEEN: If we take perhaps five minutes.

10 THE CHAIRPERSON: We can take five minutes, thank you.

11 MR. KEEN: Thank you.

12 **(PROCEEDINGS ADJOURNED AT 12:24 P.M.)**

13 **(PROCEEDINGS RESUMED AT 12:35 P.M.) T42/43**

14 THE CHAIRPERSON: Please be seated. Thank you.

15 Mr. Ghikas?

16 MR. GHIKAS: So, Mr. Chairman, I don't know how long we
17 need to talk about this. We didn't settle on any
18 specific dates, and it's -- understand people's
19 desires, but we just -- we couldn't come to an
20 agreement. BC Hydro is interested in having the
21 proceeding not stretch too, too far.

22 THE CHAIRPERSON: Right.

23 MR. GHIKAS: And having an oral hearing as soon as we
24 can, if the schedule allows. And sympathetic -- not
25 trying to cast aspersions on anybody's views. They're
26 reasonable, but our preference would be to just have

1 the Commission determine the timetable and go on that
2 basis.

3 THE CHAIRPERSON: Okay. That's fine. Thank you, Mr.
4 Ghikas, we'll do that, then.

5 Mr. Austin, do you -- are you rising?

6 MR. AUSTIN: I refrain from commenting on the schedule,
7 and -- because I thought we could reach agreement.
8 And I don't think we're as far apart as Mr. Ghikas is
9 indicating.

10 I would also like to go on the record and
11 support Ms. Dong, and there's others, who say during
12 the spring break there should not be a hearing, an
13 oral hearing. So I just want to make it clear that
14 that's the Clean Energy Association of B.C., is that
15 when you do the schedule that consideration should be
16 given not to having a hearing during the spring break.
17 Thanks very much.

18 THE CHAIRPERSON: Okay. Thank you, Mr. Austin.

19 Mr. Miller?

20 MR. MILLER: I'm not aware of any further procedural
21 matters, Mr. Chair.

22 THE CHAIRPERSON: All right. So if there's nothing
23 further from any other party, then thank you very much
24 for everyone's participation. We are adjourned,
25 thanks.

26 **(PROCEEDINGS ADJOURNED AT 12:37 P.M.)**

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I HEREBY CERTIFY THAT THE FORGOING
is a true and accurate transcript of
the recording provided to me, to the
best of my skill and ability.



A.B. Lanigan, Court Reporter

September 1st, 2016