

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

**And**

**British Columbia Hydro and Power Authority**  
**Review of the Regulatory Oversight of**  
**Capital Expenditures and Projects**

**Vancouver, B.C.**  
**November 17<sup>th</sup>, 2016**

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**Procedural Conference**

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**BEFORE:**

|                    |                           |
|--------------------|---------------------------|
| <b>K. Keilty,</b>  | <b>Chair/Commissioner</b> |
| <b>W. Everett,</b> | <b>Commissioner</b>       |
| <b>R. Mason,</b>   | <b>Commissioner</b>       |

**VOLUME 1**

## APPEARANCES

|                             |   |
|-----------------------------|---|
| P. MILLER                   | Commission Counsel  |
| C. BYSTROM                  | Counsel for British Columbia Hydro and Power Authority  |
| K. FEENEY<br>T. BRAITHWAITE | Counsel for British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, Together Against Poverty Society and The Tenant Resource and Advisory Centre (BCOAPO) |
| C.P. WEAVER                 | Counsel for Commercial Energy Consumers Association of British Columbia (CEC)   |
| L. WORTH                    | Counsel for Movement of United Professionals (MoveUP)   |
| R. STOUT                    | Association of Major Power Customers of British Columbia (AMPC)   |
| W.J. ANDREWS                | Counsel for B.C. Sustainable Energy Association and Sierra Club of B.C. (BCSEA/SCBC)  |

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**CAARS**

**VANCOUVER, B.C.**

**November 17<sup>th</sup>, 2016**

**(PROCEEDINGS COMMENCED AT 1:05 P.M.)**

THE CHAIRPERSON: Please have a seat.

Good afternoon, ladies and gentlemen. My name is Karen Keilty. On November 14, 2016 I was designated to serve as Chair of this Panel. With me are Commissioners William Everett and Richard Mason.

Welcome to this afternoon's proceeding. On May 3<sup>rd</sup>, 2016, the British Columbia Utilities Commission issued Order G-58-16, establishing a proceeding to review the regulatory oversight of BC Hydro's capital expenditures and projects.

By Order G-86-16, the Commission established a procedural conference and confirmed that the scope of the proceeding remains as outlined in Appendix B to Order G-63-16, subject to the review at this procedural conference.

In Exhibit A-7, the Commission outlined that the procedural conference will address the following matters: (a) process options for reviewing the regulatory oversight of BC Hydro's expenditures and projects; (b) setting a regulatory timetable; and (c) other matters that will assist in its efficient review.



1 the proceeding is Paul Miller and Lino Bussoli from  
2 Boughton Law Corporation, and the hearing officer is  
3 Hal Bemister.

4 Before Mr. Miller and Mr. Bussoli take  
5 over, I would like to please ask you to make sure that  
6 your submissions are directed to the issues that I've  
7 just outlined, together with any other issues that you  
8 or any of the other participants identify, and that  
9 the Panel accepts as appropriate for addition to the  
10 agenda. In identifying any additional issues, please  
11 bear in mind the purpose of this procedural  
12 conference.

13 After appearances, the order -- the  
14 submissions will begin with BC Hydro and then follow  
15 the order of appearances. Once we reach the end of  
16 the interveners, beginning with the last intervener to  
17 speak, interveners will have a right of reply to each  
18 other's submissions in reverse order. BC Hydro will  
19 have the final right of reply.

20 If Mr. Miller and Mr. Bussoli have a  
21 submission on behalf of Commission Staff, this  
22 submission will take place at the end of the  
23 interveners' submissions.

24 In the view of the Panel, the issues are  
25 most effectively canvassed collectively as opposed to  
26 issue by issue, but if anyone disagrees, we are

1 prepared to consider any alternative approach that you  
2 may suggest. Please address this during your  
3 appearances.

4 **Proceeding Time 1:09 p.m. T03**

5 After considering the submissions, the  
6 Panel will issue a procedural Order which will address  
7 the matters that are the subject of today's procedural  
8 conference.

9 I am now going to ask Mr. Miller to call  
10 for appearances. When you enter your appearance,  
11 please state and spell your name for the record, and  
12 state the party you represent, and identify any  
13 additional issues at that time, and advise whether you  
14 prefer the issues be dealt with all together or if you  
15 recommend a separate round.

16 Mr. Miller.

17 MR. MILLER: Thank you, Madam Chair.

18 The first in the order of appearances is BC  
19 Hydro and Power Authority.

20 MR. BYSTROM: Good afternoon, Madam Chair, Commissioners.  
21 My name is Chris Bystrom, B-Y-S-T-R-O-M, appearing on  
22 behalf of BC Hydro. With me this afternoon from BC  
23 Hydro are Tom Loski, chief regulatory officer, and  
24 Jeff Higgins, manager, regulatory capital projects.

25 We are content to address the issues all  
26 together, and we have no additional items to add to

1 the agenda.

2 THE CHAIRPERSON: Okay, thank you.

3 MR. MILLER: British Columbia Old Age Pensioners'  
4 Organization *et al.*

5 MS. FEENEY: Good afternoon. My name is Kate Feeney, F-  
6 E-E-N-E-Y. And with me today is Tannis Braithwaite,  
7 B-R-A-I-T-H-W-A-I-T-E. And she is filling in for Erin  
8 Pritchard, who is normally counsel on this case.

9 We have no additional issues and our  
10 preference is to have all the issues be heard  
11 together.

12 THE CHAIRPERSON: Thank you.

13 MR. MILLER: Commercial Energy Consumers' Association of  
14 British Columbia.

15 MR. WEAVER: Good afternoon, Madam Chair, members of the  
16 panel. Chris Weaver, spelled W-E-A-F-E-R, appearing  
17 for the Commercial Energy Consumers' Association of  
18 British Columbia. And we are happy to deal with all  
19 of the issues in one appearance, and we have no other  
20 issues to add to the agenda.

21 THE CHAIRPERSON: Thank you.

22 MR. WEAVER: Thank you.

23 MR. MILLER: Movement of United Professionals.

24 MS. WORTH: Good afternoon, Madam Chair, members of the  
25 panel. Leigha Worth, L-E-I-G-H-A, W-O-R-T-H. Here as  
26 counsel for MoveUP, the union that represents the

1 majority of the utility's inside workers. I have no  
2 additional issues to add to this procedural  
3 conference, and I am content to deal with all of the  
4 issues in one go. Thank you.

5 THE CHAIRPERSON: Thank you.

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

7 MR. STOUT: Richard Stout, appearing for the Association  
8 of Major Power Customers. We have no additional  
9 issues and we're content to proceed as a single  
10 process. Thank you.

11 THE CHAIRPERSON: Thank you.

12 MR. MILLER: The B.C. Sustainable Energy Association and  
13 the Sierra Club of British Columbia.

14 MR. ANDREWS: William Andrews, A-N-D-R-E-W-S,  
15 representing the B.C. Sustainable Energy Association  
16 and the Sierra Club of B.C. We have no comments on  
17 the composition of the panel, no additional issues to  
18 add, and we're content to have all the issues dealt  
19 with together. Thank you.

20 THE CHAIRPERSON: Thank you.

21 MR. MILLER: That concludes the order of appearances,  
22 Madam Chair, and I should inform the panel that we  
23 will be making one brief submission on process.

24 THE CHAIRPERSON: Okay. Mr. Bystrom?

25 **SUBMISSIONS BY MR. BYSTROM:**

26 MR. BYSTROM: Good afternoon again, Madam Chair,

1           Commissioners. As was mentioned, BC Hydro filed  
2           comments in advance of this procedural conference on  
3           November 3<sup>rd</sup>. As BC Hydro stated in those submissions,  
4           we hope that the filing of our position in advance  
5           will increase the productivity of this procedural  
6           conference.

7                         What I propose to do now is to highlight  
8           and to some extent elaborate on some of the key points  
9           made in our pre-filed comments as they relate to the  
10          items that you have asked us to address here today.

11                                 **Proceeding Time 1:14 p.m. T04**

12                         Now, let me begin by stating that BC Hydro  
13          considers that this process in particular is one that  
14          can benefit from a collaborative approach amongst BC  
15          Hydro interveners and Commission Staff. And BC Hydro  
16          believes that the process that is set out in its pre-  
17          filed comments sets a path forward that would build up  
18          the understanding of the parties and create space for  
19          that collaboration and narrow any potential issues  
20          that may arise.

21                         We also believe that the process that we've  
22          set out will put this proceeding on a trajectory to  
23          create an evidentiary record that will enable the  
24          Commission to be in the best position to make a  
25          decision in this case.

26                         The first matter I will speak to is scope.

1 As stated in our pre-filed comments, BC Hydro remains  
2 of the view that the scope set out in Appendix B to  
3 order G-63-16 is appropriate. BC Hydro believes that  
4 the scope encompasses the necessary matters to permit  
5 a full review of the regulatory oversight of BC  
6 Hydro's regulatory capital projects and expenditures.

7 Consistent with our approach in the revenue  
8 requirements proceeding, BC Hydro is intending to be  
9 pragmatic and practical rather than dogmatic with  
10 respect to the scope in this proceeding. So to the  
11 extent that we are able to respond to questions within  
12 a reasonable amount of energy and effort, that's what  
13 BC Hydro intends to do.

14 At the same time it is important to clarify  
15 the intended focus of the hearing with some degree of  
16 precision to keep us on track and ensure that the  
17 regulatory process is smooth going forward, and we  
18 believe that the scope, as set out by the Commission,  
19 accomplishes that. For example, it's clear that this  
20 process is really about the regulatory process itself,  
21 rather than a review of a particular project or  
22 capital expenditure.

23 The second topic I will speak to is the key  
24 issues, and on this topic I will simply say that BC  
25 Hydro believes that the scope as set out in Appendix B  
26 to Order G-63-16 encompasses the key issues related to

1 the regulatory oversight of BC Hydro's capital  
2 expenditures and projects. For example, it includes  
3 the threshold for CPCN applications.

4 The third topic that I will speak to is the  
5 appropriate review process. BC Hydro set out its  
6 view of the appropriate process for this proceeding in  
7 its pre-filed comments. I'll briefly speak to the  
8 four steps that we have outlined there.

9 In the first step, BC Hydro proposes to  
10 file a strawman proposal which would address each of  
11 the items within the scope, and also a draft capital  
12 filing guidelines. BC Hydro calls it a strawman  
13 proposal as it should be considered a draft for  
14 discussion rather than a final proposal.

15 The second step, BC Hydro proposes to  
16 conduct a fully transcribed, on-the-record workshop.  
17 We intend that registered interveners, Commission  
18 Staff and the Commission Panel itself would be present  
19 at the workshop, and the intent of the workshop is to  
20 build up the understanding of all participants and  
21 solicit comments and discussion of our strawman  
22 proposal. And I note that BC Hydro has modelled its  
23 proposed workshop on the workshop that the Commission  
24 crafted in BC Hydro's application for approval of the  
25 debt management regulatory account. And in that  
26 proceeding, I reference Exhibit A-4 where the

1 Commission set out the specifications for the  
2 workshop.

3 In BC Hydro's view that workshop worked  
4 very well, it was very productive. BC Hydro considers  
5 that that model as an innovative regulatory approach,  
6 that it was initiated by the Commission and BC Hydro  
7 supports using it in other proceedings. And in  
8 particular, we believe that type of workshop would  
9 work well in this process.

10 **Proceeding Time 1:18 p.m. T05**

11 In the third step, following the workshop,  
12 BC Hydro proposes to file an updated proposal after  
13 considering the comments from interveners and the  
14 Commission, as well as documenting any outstanding  
15 issues. BC Hydro followed a similar approach in the  
16 rate design proceeding, and in that proceeding BC  
17 Hydro responded to comments it had received in the  
18 consultation by either amending its proposals or by  
19 documenting its consideration in a memo. We believe  
20 that process worked well, and propose to follow the  
21 same approach here.

22 In the fourth step, BC Hydro proposes that  
23 a second procedural conference would be held to  
24 determine subsequent process steps. After the  
25 workshop and the filing of the updated proposal, we  
26 believe that the parties would all be in a good

1 position at that time to make submissions on the  
2 appropriate process going forward from there.

3 So BC Hydro believes that the process as  
4 proposed would facilitate discussion, engagement of  
5 the parties on the scope items, and the content of our  
6 capital filing guidelines. BC Hydro expects that the  
7 workshop will deepen the understanding of all parties  
8 of the issues and various points of view. In my  
9 submission, this process should assist in narrowing  
10 the issues and make for a more efficient and  
11 transparent process.

12 The last topic I will speak to is the  
13 timing of the hearing. BC Hydro set out a proposed  
14 timeline in its pre-filed comments, and BC Hydro is in  
15 particular proposing to file its strawman proposal  
16 after argument in the revenue requirements proceeding.  
17 We address the reasons for that proposal in the  
18 written comments, and I will highlight three reasons  
19 for the timing here.

20 The first relates to resourcing. The same  
21 people at BC Hydro that are involved in the revenue  
22 requirements proceeding are required for this  
23 proceeding. And as you know, the revenue requirements  
24 proceeding requires a tremendous amount of time, given  
25 the significant number of Information Requests, around  
26 2,140, I believe, in the first round, and the scope of

1 the matters being addressed there.

2 In addition to that, BC Hydro has the SAP  
3 inquiry, rate design, and other matters on the go.  
4 And in short, the reality is that BC Hydro doesn't  
5 have the bandwidth to get this proposal in this  
6 proceeding done during the revenue requirements.

7 The second reason for the timing that BC  
8 Hydro has proposed is that it would be potentially  
9 confusing to conduct this proceeding at the same time  
10 as the revenue requirements proceeding. This  
11 proceeding concerns the regulatory framework for the  
12 review of its capital -- BC Hydro's capital  
13 expenditures and projects, while the revenue  
14 requirement is a key part of that very process. So we  
15 are somewhat concerned that having the two processes  
16 ongoing at the same time will serve to confuse both  
17 processes. It will be difficult to keep them  
18 separate, in my submission, and therefore it's  
19 preferable to have a clean break between the two.

20 Third reason is more substantive, in that  
21 it will actually be more efficient and productive for  
22 this proceeding to commence after the revenue  
23 requirements are completed. The revenue requirements  
24 process will provide a solid foundation for this  
25 proceeding, in that parties should have a better  
26 understanding of the nature and scope of BC Hydro's

1 capital expenditures, and also the scope of review  
2 that is undertaken in the revenue requirements  
3 process. So we think, therefore, that there is  
4 benefit to this proceeding if we wait till after the  
5 revenue requirements is completed.

6 So for all these reasons I submit that the  
7 timing that BC Hydro proposed is the most appropriate  
8 and will result in an efficient and effective process.

9 And subject to any questions from the  
10 Commissioners, those are my submissions.

11 **Proceeding Time 1:18 p.m. T06**

12 THE CHAIRPERSON: Questions?

13 COMMISSIONER EVERETT: Sorry, you said you would want to  
14 start this proceeding after the reply in the RRA  
15 application?

16 MR. BYSTROM: Yes. Yes, that's correct. After our reply  
17 argument, so the final -- until the argument phase is  
18 completed.

19 COMMISSIONER EVERETT: Yes, I just wanted to be sure of  
20 that because if you said after the RRA application it  
21 was less precise. So it's after reply.

22 MR. BYSTROM: True.

23 COMMISSIONER EVERETT: Okay, thanks. Great.

24 THE CHAIRPERSON: Okay. Thank you. Ms. Feeney?

25 **SUBMISSIONS BY MS. FEENEY:**

26 MS. FEENEY: Yes, we'll start by responding to BC Hydro's

1 November 3<sup>rd</sup> submissions and in doing so, because  
2 there's significant overlap with the items the  
3 Commission has asked us to address, we believe that  
4 we'll be able to address those items at the same time.

5 So the first area that BC Hydro's  
6 submission addresses is scope. In our original  
7 submissions on scope in June 2016 we agreed that the  
8 scope suggested by the Commission for this proceeding  
9 was appropriate and we continue to agree with the  
10 proposed scope. We do note, though, that the  
11 Commission proposed scope was not definitive. That  
12 is, the wording did not close off the possibility of  
13 including other issues, and therefore we submit that  
14 the Commission should not overly restrict the  
15 potential scope of the proceeding at this point in  
16 time as new or relevant issues may be identified when  
17 BC Hydro files it's proposed draft capital filing  
18 guidelines.

19 And we believe this point is important  
20 because there should be some mechanism for potentially  
21 revising the scope at the next procedural conference,  
22 for example, once there's been more discussion through  
23 the workshop.

24 The second item is the outcome. What the  
25 outcome of this process should be. BC Hydro has  
26 proposed that the outcome should be a set of

1 Commission approved BC Hydro capital filing guidelines  
2 and BCOAPO agrees that this is an appropriate outcome.

3 The third item is process. Broadly, we do  
4 agree with BC Hydro's suggested process, subject to a  
5 couple of concerns.

6 First, because the workshops are sometimes  
7 time limited and BCOAPO's expert witness is located in  
8 Ontario and is not able to attend, it would be useful  
9 if prior to the workshop there was one round of IRs or  
10 some other two-step process where we would have the  
11 ability to forward any initial issues or questions to  
12 BC Hydro and this would ensure that they are raised  
13 and help focus the issues in the workshop.

14 And then, as previously noted, we do have  
15 some concerns about limitations, strict limitations on  
16 the scope issues and we would want the opportunity to  
17 potentially bring in new scoping items if that's  
18 appropriate later on.

19 And then with respect to the timing of the  
20 process, we suggest that the process should not start  
21 until after the SAP inquiry has been completed as  
22 well, which we note in our June submissions on  
23 process, and this will allow the parties to  
24 incorporate any lessons learned from the SAP inquiry  
25 into the capital expenditures and projects review.

26 In terms of key issues, we are of the view

1           that all of our key issues appear to be addressed by  
2           the proposed scope at this time.

3                         And subject to any questions, those are our  
4           submissions.

5 THE CHAIRPERSON:    Questions?

6 COMMISSIONER EVERETT:   I just have one.  You were saying  
7           you wanted to change what Hydro was proposing by  
8           introducing some IRs at some point, and I just didn't  
9           get a note of it.

10 MS. FEENEY:        Yes, we think that it could be productive  
11           to have a round of IRs before the workshop, but after  
12           the strawman proposal is filed.  But we would also be  
13           open to another sort of two-step process where we ask  
14           some questions prior to the workshop.  And that will  
15           assist us too in working with our expert.

16   **Proceeding Time 1:26 p.m. T07**

17 COMMISSIONER EVERETT:   Thank you.

18 MS. FEENEY:        Thank you.

19 THE CHAIRPERSON:    Any other questions, or -- okay, thank  
20           you.

21                         Mr. Weafer?

22 **SUBMISSIONS BY MR. WEAVER:**

23 MR. WEAVER:        Thank you, Madam Chair.  Just to firstly  
24           respond to Mr. Bystrom's opening comments about BC  
25           Hydro's desire to be collaborative and to not be  
26           dogmatic.  We appreciate those comments and we look

1 forward to that being the process. And I think as a  
2 starting point, dealing with BC Hydro's November 3<sup>rd</sup>  
3 submissions, we think that was a good effort on the  
4 part of Hydro. And generally, at a high level, we  
5 agree with the submissions made by Hydro. So we're  
6 off to a good start on the collaborative front, I  
7 think.

8 With respect to the scope of the hearing  
9 and the issues, we previously commented on Order G-63-  
10 16, Appendix B, and we think that that document still  
11 properly sets out the scope and the issues for this  
12 proceeding, and don't have anything to add to that  
13 issues list at this time, but do agree with the  
14 comments that have been made that both the RRA and  
15 potentially the SAP process may inform parties and  
16 participants in this proceeding on issues which may be  
17 appropriate to be dealt with in this proceeding. And  
18 so we've reserved the right to be able to bring those  
19 issues forward at the next procedural conference, and  
20 even through the process. And given Hydro's comment  
21 about not being dogmatic, we expect they won't have a  
22 problem with that. So that deals with the scope and  
23 key issues point.

24 With respect to the most appropriate review  
25 process, again we support what Hydro has put forward.  
26 But we would strongly encourage a round of Information

1           Requests before the transcribed workshop. We think  
2           that will make the workshop more efficient. It will  
3           avoid the issue of just asking for undertakings in a  
4           workshop, and getting answers later when there is no  
5           opportunity to discuss them. I think there is an  
6           efficiency opportunity there, in that if we have IRs  
7           we may have a better subsequent proposal falling out  
8           of that workshop, which may ultimately lead to a  
9           lesser process on the back end, if we're more  
10          comfortable with what's been there, and we deal with  
11          some of the key questions earlier on. So we would  
12          strongly endorse an IR process, an IR step, before  
13          that transcribed workshop.

14                        With respect to the timing of the hearing,  
15          there is -- certainly after the reply argument is fine  
16          with the CEC. I think that would -- if there is  
17          something to come out of the revenue requirement  
18          process, that there is issues that have arisen, they  
19          should have at least been identified as part of  
20          argument, and they can be brought into this process.  
21          And so we're comfortable with that, and we have no  
22          additional issues.

23                        So those are my comments on the list of  
24          items, subject to the Panel's questions.

25   THE CHAIRPERSON:    Any questions?

26   COMMISSIONER EVERETT:  Do you have any response to Ms.

1 Feeney's suggestion that it also awaits the final  
2 outcome of the SAP hearing, if I can call it that?  
3 MR. WEAFFER: We don't think we need to wait for the final  
4 outcome. We do certainly expect that if issues arise  
5 in that process that seem to be something that could  
6 be or should be addressed in this process, we would  
7 carry them over. We think there will be some dynamism  
8 there. I don't think it necessarily needs to wait  
9 till the end of that process to go forward with this  
10 process. And we don't yet know when that one may end,  
11 so it's a bit of an unknown at this time.

12 So we would encourage that all parties  
13 accept, and the Panel accept, that there may be a bit  
14 of a dynamic relationship between these three  
15 processes, and as long as people are being fair and  
16 reasonable in terms of the issues they put forward,  
17 and BC Hydro is not being dogmatic in their approach  
18 to it, everything should settle down in the end. We  
19 will hope, anyway.

20 Is that responsive?

21 COMMISSIONER EVERETT: Yes, thank you.

22 MR. WEAFFER: Thank you.

23 THE CHAIRPERSON: Thank you. Ms. Worth?

24 **Proceeding Time 1:31 p.m. T08**

25 **SUBMISSIONS BY MS. WORTH:**

26 MS. WORTH: Madam Chair, members of the panel. MoveUP

1 will go through the items that the Commission Panel  
2 had identified in its letter in the order that they  
3 were identified.

4 The first being (a), which was MoveUP's  
5 response to BC Hydro proposed process. In MoveUP's  
6 view, timing is key, and I realize that there is some  
7 question as to whether the Panel or intervener's wish  
8 to wait until the end of the SAP inquiry for the  
9 actual conclusions in order to initiate this process.  
10 And ideally that is what MoveUP would prefer.

11 Now, that being said, we don't yet have a  
12 procedural order outlining what the process will be or  
13 what the timing is, and we understand that there may  
14 be some anxiety and some motivation to get this  
15 process underway. And having listened to Mr. Weafer,  
16 an alternative position that I'm going to suggest is  
17 that we at least wait to make an order, a procedural  
18 order for this process until one is made for the SAP  
19 one to ensure that at least the SAP process is  
20 substantially underway so that we do have those issues  
21 identified. Because I think that having the SAP  
22 process well defined, well under way, will result in  
23 efficiencies in this one. So that we're not  
24 undergoing unnecessary duplicative lines of inquiry,  
25 that we're not pursuing issues that actually are non-  
26 issues, and that we're not undergoing process that

1 really isn't necessary.

2 Looking at BC Hydro's procedural  
3 suggestion, I, too, am of the view that a round of IRs  
4 prior to the workshop but after BC Hydro has filed its  
5 strawman and its draft documents would be very  
6 valuable. That's the format that is used in the  
7 FortisBC Energy Inc. and FortisBC Inc. annual reviews  
8 to good effect. It's far more fair to interveners,  
9 giving them a chance to seek additional information  
10 and clarifications on BC Hydro provided information,  
11 and as Mr. Weafer has said, it can often result in  
12 changes, modifications, better understanding going  
13 forward. So I think that that's a valuable suggestion  
14 to incorporate into any process going forward.

15 Like Ms. Feeney from BCOAPO, MoveUP also  
16 feels that the Commission should not, at this time,  
17 restrict scope beyond that already completed,  
18 particularly since the SAP inquiry is not yet  
19 substantively under way, let alone complete. The SAP  
20 results may very well raise new concerns and then lay  
21 others to rest. And that can be canvassed at a second  
22 procedural conference.

23 That, too, also addresses my submissions on  
24 item (b). Again, the scope, as it stands, is what  
25 MoveUP would prefer to see on the record at this time.

26 For (c), the key issues related to the

1 regulatory oversight of BC Hydro's capital  
2 expenditures and projects, I think that any inquiry,  
3 the key issue is public confidence and accountability,  
4 as well as intervener and Commission confidence in the  
5 actions that are undertaken by the utility.

6 For the most appropriate review process,  
7 I've also dealt with that. I endorse BC Hydro's  
8 pragmatic approach and their undertaking here to be  
9 flexible and responsive. But I do ask this Commission  
10 Panel to consider the modifications that I and others  
11 here have actually suggested.

12 And as to the timing of the hearing as  
13 well. I don't think I have anything substantive on  
14 that, other than the fact that should the SAP inquiry  
15 be concluded or substantially so by the time that BC  
16 Hydro files its revenue requirement reply, then MoveUP  
17 does accept and support Mr. Bystrom's suggestion for  
18 BC Hydro that the process get underway after BC Hydro  
19 files its reply, for the same reasons that my friend  
20 actually mentioned in his submissions.

21 And there are no additional issues that my  
22 client wishes to put on the record at this time.

23 Subject to any questions.

24 THE CHAIRPERSON: Thank you. Any question, Bill? No  
25 questions, thank you.

26 MS. WORTH: Thank you.

1 THE CHAIRPERSON: Mr. Stout.

2 **Proceeding Time 1:36 p.m. T09**

3 **SUBMISSIONS BY MR. STOUT:**

4 MR. STOUT: AMPC is in agreement with BC Hydro on all the  
5 issues we discussed, other than the schedule. I'd  
6 like to talk for a moment about the schedule. We are  
7 certainly in agreement with the points raised by Ms.  
8 Feeney and Ms. Worth about the important aspect of the  
9 schedule is that this proceeding start when the SAP  
10 proceeding is at least substantially underway, because  
11 there are obvious learnings and efficiencies in that  
12 approach, and in taking them in that sequence.

13 And I'm not even sure of the schedule for  
14 SAP yet. I don't know whether that means we should be  
15 talking about an earlier or a later schedule than BC  
16 Hydro is discussing. Where I disagree with BC Hydro  
17 is on the reasons for having this proceeding follow  
18 the revenue requirement application process.

19 Now, my background is I've managed many  
20 regulatory processes for a number of utilities, and  
21 have also acted as a consultant in many -- for many  
22 interventions. And it's certainly my experience that  
23 utility staff can do more than one thing at a time,  
24 are not confused by parallel processes that may have  
25 some overlaps such as this, and in fact, quite the  
26 contrary. It's my belief that there are some

1 efficiencies of scope and some very good reasons  
2 concerning transparency, why you should not hesitate  
3 to run these proceedings in parallel. Not least  
4 because I think having to have the same people engaged  
5 in responding to questions of content and of  
6 regulatory rules, it mitigates against what I might  
7 call micromanagement, or trying to push too much  
8 information through a very limited number of people.  
9 I think it's better to take the broader view.

10 So I would encourage the Commission not to  
11 worry too much about whether this proceeding follows  
12 the revenue requirement application, and be more  
13 concerned about the sequence of the SAP process and  
14 this process.

15 That's all I have to say.

16 THE CHAIRPERSON: Any questions, Commissioners? No?

17 Thank you.

18 Mr. Andrews.

19 **SUBMISSIONS BY MR. ANDREWS:**

20 MR. ANDREWS: BCSEA and Sierra Club supported the  
21 proposed scope in their comments in June, and they  
22 continue to do so. We note that the proposed scope  
23 included the potential for new issues if they should  
24 arise, and my submission is that that is probably  
25 appropriate. Whether that actually gets exercised can  
26 be dealt with in the course of this proceeding.

1                   My clients support BC Hydro's process  
2 proposals. I've heard the arguments in favour of  
3 having a round of Information Requests prior to the  
4 workshop, and I think those are supportive. I mean, I  
5 am supportive of those, of that concept. Ms. Worth  
6 mentioned that that's the way the practice has been in  
7 the Fortis Energy and Fortis Electric annual reviews,  
8 and I concur with her that that works well there. It  
9 does allow people to come into the workshop with  
10 questions on their mind based on the responses that  
11 they've already received, and otherwise the problem is  
12 that the workshop would take up a lot of time asking  
13 the same questions that had already been asked and  
14 answered in the IR process.

15                   **Proceeding Time 1:41 p.m. T10**

16                   In terms of the timing, my clients are not  
17 parties in the SAP process. I guess I would note that  
18 there are -- there is two aspects that appear to have  
19 been raised here. One is that the beginning of this  
20 capital expenditure process not occur until after what  
21 I think -- by the outcome, I think that means a  
22 decision in the SAP process, and I just note that  
23 that's somewhat different than the other suggestions  
24 that this process not start until some stage within  
25 the SAP process. And I'm not taking a position either  
26 way, but there could be a big difference there.

1                   My clients support BC Hydro's proposal to  
2                   file two weeks after its reply in the RRA process. My  
3                   clients are heavily involved in the RRA process and  
4                   were sympathetic with the allocation of resources  
5                   argument. I guess my submission there is that I don't  
6                   think it's desirable in general to have any more than  
7                   necessary official linkages between one proceeding and  
8                   another. So concepts of like deferring a procedural  
9                   order in this proceeding to what happens in another  
10                  proceeding doesn't strike me as something the  
11                  Commission ought to go to lightly unless there's some  
12                  very good reason for it. And since, as I understand  
13                  the scope proposal, which we're supporting, the scope  
14                  does not overlap, properly understood does not overlap  
15                  with the RRA or the SAP at the present time, my  
16                  suggestion would be to go ahead and make decisions  
17                  regarding how this process should unfold.

18                 The only other topic is the key issues and  
19                 I won't elaborate there, except to add that in  
20                 addition to accountability and public confidence,  
21                 there is efficiency, and my clients are quite aware of  
22                 that aspect of it. But those -- what the issues are  
23                 I'm sure will unfold in Hydro's straw proposal and the  
24                 IRs and then the workshop.

25                 So subject to any questions, those are my  
26                 submissions.

1 THE CHAIRPERSON: Commissioners, any questions?

2 Thank you.

3 MR. ANDREWS: Thanks.

4 THE CHAIRPERSON: Mr. Miller.

5 **SUBMISSIONS BY MR. MILLER:**

6 MR. MILLER: Thank you, Madam Chair. My comments go to  
7 the scheduling of this hearing in the main.

8 So Staff supports this proceeding starting  
9 up on -- or moving into a more substantive phase after  
10 the revenue requirements application. But just to  
11 pick up on one of Mr. Andrew's comments, the SAP  
12 inquiry is looking at one period of time back in the  
13 2000s. The RRA is looking at expenditures in the next  
14 test period that we're moving into. And then the  
15 capital expenditures is looking on a go-forward basis.  
16 So Staff's caveat relates to that BC Hydro be  
17 cooperative in answering questions related to its  
18 oversight and guidelines for capital expenditures in  
19 the RRA as they presently exist, so that Staff can  
20 understand them.

21 If that's acceptable to Hydro, then Staff  
22 does support this proceeding following the RRA, with  
23 one comment on that is, Staff does believe that rather  
24 than have Hydro file two weeks after their reply  
25 argument in the RRA, the process may be better  
26 informed if they would file two weeks after the

1 Commission's decision, because the Commission's  
2 decision on the RRA may well inform the capital  
3 expenditures. So if there's any comments, the  
4 Commission has what Hydro is doing at the current time  
5 during the test period, that may well inform a draft  
6 guideline for going forward on a capital expenditure  
7 guideline.

8 Those are our comments.

9 THE CHAIRPERSON: Thank you, Mr. Miller.

10 Mr. Andrews, do you have --

11 **Proceeding Time 1:45 p.m. T11**

12 **REPLY BY MR. ANDREWS:**

13 MR. ANDREWS: I think the substantive point that Mr.  
14 Miller raised that I didn't address already is the  
15 suggestion that the Hydro initial filing occur two  
16 weeks after the RRA decision, rather than after  
17 Hydro's RRA reply. And I can certainly see the logic  
18 in that. I guess in the end I will simply observe  
19 that my clients in principle, and kind of as a matter  
20 of practice, like to see these proceedings move  
21 forward and decisions be made and move on, rather than  
22 having things linger and get more elaborate than is  
23 necessary. But I can see the logic behind the  
24 suggestion of waiting until the RRA decision.

25 I would add that I think that in principle,  
26 the issues that the RRA decision would be addressing

1           are not within the scope of this proceeding, but I can  
2           see that despite -- that that may be the intention,  
3           the outcome might be different. And beyond that, I  
4           won't take any specific position. Thank you.

5 THE CHAIRPERSON: Thank you. Mr. Stout?

6 MR. STOUT: Nothing, thanks.

7 THE CHAIRPERSON: Ms. Worth?

8 MS. WORTH: No, nothing to add. Thank you.

9 THE CHAIRPERSON: Mr. Weafer?

10 **REPLY SUBMISSIONS BY MR. WEAFER:**

11 MR. WEAFER: In Mr. Andrews's response, in terms of his  
12 reply to Staff's comments, the CEC is really closer to  
13 the point that this is a separate and discrete  
14 process. Other processes may inform it, but we would  
15 be concerned about trying to schedule too much down  
16 the road, as opposed to deal with the issues which are  
17 before you, which is the capital expenditures of BC  
18 Hydro. So, we're -- the other processes may provide  
19 us with insights that may transfer this process, but  
20 we don't think we should be necessarily tying when  
21 this process should occur based on when those ones  
22 complete. So that's our additional submission on that  
23 point.

24 THE CHAIRPERSON: Okay, thank you. Ms. Feeney?

25 **REPLY SUBMISSIONS BY MS. FEENEY:**

26 MS. FEENEY: We'd just like to add that if this process

1 is dynamic, such as Mr. Weafer suggested, perhaps some  
2 of the reasons that we wanted the process to start  
3 after the conclusion of SAP inquiry could be addressed  
4 through the other parties' suggestions. And we would  
5 suggest that the second procedural conference could be  
6 used to ensure that we're able to draw upon the  
7 lessons of the SAP inquiry, and the revenue  
8 requirements application, if we see that being  
9 necessary.

10 THE CHAIRPERSON: Okay, thank you.

11 Mr. Bystrom, do you need some -- a few  
12 minutes?

13 MR. BYSTROM: Thank you, ma'am, I'm ready to proceed.

14 THE CHAIRPERSON: Okay. Go ahead.

15 **REPLY SUBMISSIONS BY MR. BYSTROM:**

16 MR. BYSTROM: I'll make some reply submissions on scope,  
17 the suggestion of a round of Information Requests, and  
18 timing.

19 So with respect to scope, I heard a number  
20 of submissions regarding that the scope should not be  
21 overly constrained at this time, and we agree with  
22 that. As I said, we intend to be pragmatic with  
23 respect to scope and not dogmatic, and so we agree  
24 that if there are issues coming out of the SAP  
25 inquiry, or the revenue requirement proceedings, that  
26 those issues can be reasonably incorporated into this

1 proceeding.

2 To Staff's comment about whether BC Hydro  
3 intends to be answering -- responding pragmatically to  
4 IRs in the revenue requirement proceeding, we can  
5 confirm that we will be. And there was also the  
6 comment that we can address scope at the second  
7 procedural conference in this proceeding, and we agree  
8 with that. And the next procedural conference, that's  
9 an opportunity again to incorporate issues that may  
10 have arisen into the scope.

11 With respect to Information Requests, a  
12 number of interveners requested the opportunity to ask  
13 Information Requests prior to the workshop that we had  
14 proposed. We're generally agreeable with that idea.  
15 We had proposed our process, we thought, in this  
16 particular case given the subject matter, a focus on  
17 the workshop would lead to a greater emphasis on  
18 discussion and collaboration. If the Commission  
19 believes and agrees that a round of Information  
20 Requests prior to the workshop would be helpful, we're  
21 agreeable to that. We could either respond in writing  
22 prior to the workshop or provide responses at the  
23 workshop. We could proceed under both scenarios.

24 **Proceeding Time 1:51 p.m. T12**

25 Timing. Generally we are in agreement  
26 with Staff's suggestion that the timing could be after

1 the revenue requirement decision. We think that  
2 revenue requirement has a different scope than this  
3 one, as was commented on by the other interveners, but  
4 we certainly will see that there are merits in waiting  
5 until after the decision, as that will give us an  
6 opportunity to read the Commission's comments in that  
7 case, and incorporate any learnings into our proposal.

8 There was a suggestion that this proceeding  
9 should wait until after the SAP inquiry is completed.  
10 Again, we're agreeable to that. We do believe that  
11 the SAP inquiry should be complete prior to the  
12 revenue requirement based on our expectations. So  
13 that would be our expectation.

14 Finally, I just comment on Ms. Worth's  
15 submission that the Commission should wait to make a  
16 procedural order in this proceeding under after the  
17 procedural order in the SAP inquiry. We don't believe  
18 it's necessary for the Commission to wait until the  
19 other procedural order has been issued. The two  
20 proceedings do have a very different focus. As Mr.  
21 Miller pointed out, the SAP inquiry is more  
22 retrospective in nature, where this one is  
23 prospective. Again, we expect the SAP inquiry will be  
24 completed prior to the revenue requirements, so we  
25 don't see an issue there in terms of waiting for the  
26 procedural order to come out.

1                   And again, just to reiterate, you know, we  
2                   don't intend to be dogmatic about scope and there will  
3                   be another opportunity at the second procedural  
4                   conference to revisit scope as necessary, as it  
5                   relates to the SAP inquiry.

6                   So unless there are any questions, those  
7                   are my submissions.

8 THE CHAIRPERSON:   Any questions?   Okay, no questions at  
9                   this time.

10 MR. BYSTROM:        Thank you.

11 THE CHAIRPERSON:   Mr. Miller, anything?

12 MR. MILLER:        Madam Chair, there's nothing further that I  
13                   am aware of.

14 THE CHAIRPERSON:   Okay.   So after considering the  
15                   submissions, the Panel will issue a procedural order,  
16                   and we will address the matters that we've heard today  
17                   at this conference.

18                   Thank you very much.

19                   **(PROCEEDINGS ADJOURNED AT 1:53 P.M.)**

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21

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.

22

23



A.B. Lanigan,        Transcriber

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November 17<sup>th</sup>, 2016