

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 -
F2020-F2021 Revenue Requirements Application

VANCOUVER, B.C.
November 22, 2019

PROCEDURAL CONFERENCE

BEFORE:

D.M. Morton,	Chair
A. Fung, Q.C.,	Deputy Chair/Commissioner
R.I. Mason,	Commissioner
E.B. Lockhart	Commissioner

VOLUME 4

APPEARANCES

P. MILLER,	Commission Counsel
M. GHIKAS,	British Columbia Hydro & Power Authority
C. WEAVER,	Commercial Energy Consumers Association of British Columbia (CEC)
W. ANDREWS,	B.C. Sustainable Energy Association (BCSEA)
L. WORTH, I. MIS,	British Columbia Old Age Pensioners' Organizations, Active Support Against Poverty, Disability Alliance B.C., Council of Senior Citizens' Organizations of B.C., Tenants Resource and Advisory Centre and Together Against Poverty Society (BCOAPO)
J. MCLEAN, L. DONG,	Zone II Ratepayers
M. MANHAS,	Association of Major Power Customers of B.C. (AMPC)
J. QUAIL,	Movement of United Professionals (MoveUP)
D. AUSTIN,	Clean Energy Association of British Columbia (CEABC)
E. GJOSHE,	Self
D. INCE,	Self
N. HOOGE,	FortisBC Energy Inc. and FortisBC Inc.

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VANCOUVER, B.C.
November 22nd, 2019

(PROCEEDINGS RESUMED AT 12:59 P.M.)

THE CHAIRPERSON: Please be seated.

Good afternoon, Ladies and Gentlemen. My name is Dave Morton. With are Commissioners Anna Fung and Richard Mason. Commissioner Lockhart is unable to attend this afternoon, but as this conference deals only with procedural matters, the remainder of the panel can make any necessary determinations and rulings.

This is the first of two back to back procedural conferences this afternoon, with I believe largely the same participants. The first conference deals with procedural matters related to BC Hydro's revenue requirements application, and the second separate proceeding will deal with BC Hydro's PBR report, and we will take a short break between the two conferences, so we'll all try not to get them mixed up then.

Welcome to this afternoon's first proceeding then. As stated in Exhibit A-22, the purpose of this conference is to hear from the applicant and registered interveners regarding first, any items to be removed from the scope of the oral hearing, and the rationale for such removal. If no

1 such items are identified, the scope of the oral
2 hearing will be the entire application. And any other
3 relevant procedural matters that parties wish to bring
4 to the attention of the panel that will assist in the
5 efficient review of the application.

6 BC Hydro has provided in Exhibit B-24 its
7 proposed approach. We ask that the contents of this
8 exhibit not be read out in this proceeding, but please
9 address the issues raised in that letter, among any
10 other issues that you raise yourselves.

11 After considering your submissions, the
12 panel intends to issue a procedural order, including a
13 procedural timetable as soon as possible, which will
14 address the matters that are the subject of today's
15 conference. In the event that there is issues that
16 require further preparation time prior to the oral
17 hearing, such as, for example, the as yet unanswered
18 IRs that remain outstanding, or if there are any
19 issues with the currently blocked out dates for the
20 oral hearing, the panel has blocked out a number of
21 additional dates. And if you would like to make a
22 note of them, those are February 24th, 25th, 28th, and
23 March 2nd, 3rd and 4th. Now, this is not necessarily to
24 suggest that all of those dates would be used, but we
25 may utilize those dates in addition to the dates that
26 we've already blocked out when we determine the

1 procedural timetable.

2 At this stage, it is my pleasure to
3 acknowledge and introduce some individuals who play an
4 important role in the review of the application.

5 **Proceeding Time 1:02 p.m. T2**

6 We have Tanya Lai, senior regulatory specialist, lead
7 staff for the application. She's sitting in the front
8 row here beside Yolanda Domingo, who is our executive
9 director and the project manager. Seated beside them
10 is Paul Miller from Boughton Law Corporation, and we
11 have other members of our staff team in addition.
12 And Mr. Hal Bemister, who you've already met, is our
13 hearing officer.

14 Before Mr. Miller takes over, I'd ask you
15 to please make sure your submissions are directed to
16 the issues that I've outlined, together with any other
17 issues that you or any of the other participants
18 identify and that the panel accepts as appropriate for
19 an addition to the agenda.

20 In identifying any additional issues,
21 please bear in mind that this is not the purpose or
22 goal of this conference to compare or discuss the
23 merits of the application, but to address the
24 procedural issues I've just described.

25 After the appearances, the order of
26 submissions will begin with BC Hydro and then follow

1 the order of appearances. Once we reach the end of
2 the interveners, beginning with the last intervener to
3 speak, interveners have a right of reply to the other
4 submissions in reverse order. BC Hydro will have the
5 final right of reply.

6 In our view, the issues are most
7 effectively canvassed collectively as opposed to issue
8 by issue, but if you have another view, please let us
9 know and we're prepared to consider that.

10 I'll now ask Mr. Miller to call for
11 appearances. When you make your appearance, please
12 state your name for the record, the party you
13 represent, and identify any additional issues at that
14 time and how you would like the issues to be dealt
15 with.

16 Thank you very much. Please go ahead, Mr.
17 Miller.

18 MR. MILLER: Thank you, Commissioner Morton. The first
19 in the order of appearances is British Columbia Hydro
20 and Power Authority.

21 MR. GHIKAS: Good afternoon, Mr. Chairman,
22 Commissioners. My name is Ghikas, first initial M.,
23 last name G-H-I-K-A-S. With me are a variety of
24 people here today. I just wanted to make a few
25 introductions. Also David Wong, Executive Vice-
26 President, Finance, Technology, and Supply Chain and

1 Chief Financial Officer; Janet Fraser, the Executive
2 Vice-President, People, Customer and Corporate
3 Affairs; Fred James, the Chief Regulatory Officer;
4 Ryan Layton, the Chief Accounting Officer; and Chris
5 Sandy, the Manager of Rates and Finance.

6 There are no issues that I have to add to
7 the list and I'm fine to deal with the issues all at
8 once.

9 THE CHAIRPERSON: Thank you, Mr. Ghikas.

10 MR. MILLER: The next in the order of appearances is the
11 Commercial Energy Consumers Association of British
12 Columbia.

13 MR. WEAVER: Good afternoon, Mr. Chair and Members of
14 the Panel. Chris Weaver, spelt W-E-A-F-E-R, appearing
15 for the Commercial Energy Consumers Association of
16 British Columbia and we have no matters to add to the
17 agenda, and we're happy with the agenda that's set
18 out. Thank you.

19 THE CHAIRPERSON: Thank you, sir.

20 MR. MILLER: B.C. Sustainable Energy Association.

21 MR. ANDREWS: William Andrews, A-N-D-R-E-W-S, for the
22 B.C. Sustainable Energy Association. Mr. Hackney is
23 following on the website. And I have nothing to add
24 to the agenda and I'm content to have all the issues
25 addressed at the same time.

26 THE CHAIRPERSON: Thank you, sir.

1 MR. MILLER: B.C. Old Age Pensioners Organization, et
2 al.

3 MS. WORTH: Good afternoon, Mr. Morton and Members of
4 the Panel. Leigha Worth, W-O-R-T-H, here as counsel
5 for BCOAPO. I am accompanied by my co-counsel, Irene
6 Mis, M-I-S. We have nothing to add to the agenda, and
7 we are more than content to proceed as you suggested.
8 I think that going through it issue by issue would, in
9 our view, be somewhat time consuming and we are under
10 a bit of a press. Thank you.

11 THE CHAIRPERSON: Thank you, Ma'am.

12 MR. MILLER: Zone II Ratepayers Group.

13 MS. McLEAN: Good afternoon, I'm Jana McLean,
14 M-C-L-E-A-N for Kwadacha Nation and Tsay Keh Nation
15 which are known as Zone II Ratepayers Group in this
16 proceeding. And with me is Linda Dong, who is
17 consultant for Zone II. And we have nothing to add
18 to the agenda, thank you.

19 THE CHAIRPERSON: Thank you, Ms. McLean.

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

21 MR. MANHAS: Good afternoon, Michael Manhas,
22 M-A-N-H-A-S, for the Association of Major Power
23 Customers in B.C. With me today is Emily Chan, C-H-
24 A-N, and we're content to proceed as suggested.

25 THE CHAIRPERSON: Thank you, Mr. Manhas.

26 MR. MILLER: MoveUP.

1 MR. QUAIL: Good afternoon, Jim Quail, Q-U-A-I-L,
2 representing MoveUP, which is the trade union
3 representing what could be characterized as the inside
4 work force of the utility. We are quite pleased with
5 the proposal to deal with things all in one pack and
6 have nothing to add to the agenda.

7 THE CHAIRPERSON: Thank you, sir.

8 MR. MILLER: Clean Energy Association of B.C.

9 MR. AUSTIN: Good afternoon, Chair and Members of the
10 Panel. My name is David Austin, A-U-S-T-I-N. I'm
11 representing the Clean Energy Association of British
12 Columbia. We have nothing to add to the agenda and
13 we'll deal with the issues as set out in the preamble
14 to this hearing conference, which is all at once.
15 Thank you very much.

16 THE CHAIRPERSON: Thank you, sir.

17 MR. MILLER: Ms. Gjoshe.

18 MS. GJOSHE: Good afternoon, Panel Members and everybody
19 else in the room. My name is Edlira Gjoshe,
20 G-J-O-S-H-E. I am here on behalf of myself and the BC
21 Hydro ratepayers at large and I'm pretty happy to
22 proceed with the agenda suggested. Thank you.

23 THE CHAIRPERSON: Thank you, Ma'am.

24 MR. MILLER: Mr. Ince.

25 MR. INCE: Good afternoon. My name is David Ince,
26 I-N-C-E, and I accept everything on the agenda. I

1 have no further additions.

2 THE CHAIRPERSON: Thank you, sir.

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

4 MR. HOOGE: Thank you, Mr. Chair. Last name is
5 H-O-O-G-E, first name Nicholas, initial N. appearing
6 as counsel for FortisBC Inc and FortisBC Energy Inc.
7 We have nothing to add to the agenda and are content
8 to proceed as proposed earlier.

9 THE CHAIRPERSON: Thank you, sir.

10 MR. MILLER: Is there anyone that wishes to appear that
11 I failed to call? That concludes the order of
12 appearances, Mr. Morton.

13 I should note that staff have an Appendix A
14 to Exhibit B-24, which is I understand the document we
15 may be following, is a document filed by BC Hydro with
16 respect to the issues. So we have that copy -- copies
17 available for people that may want to access them at
18 the front table.

19 THE CHAIRPERSON: Yeah, hardcopies, you mean?

20 MR. MILLER: Yes.

21 THE CHAIRPERSON: Does anyone wish a hardcopy? Thank
22 you, Mr. Miller.

23 Thank you. Okay, well thank you, everyone.
24 And let's proceed then, Mr. Ghikas. Thank you.

25 **Proceeding Time 1:10 p.m. T03**

26 **SUBMISSIONS BY MR. GHIKAS:**

1 MR. GHIKAS: Thank you, Mr. Chairman, Commissioners.
2 The draft scoping document that my friend Mr. Miller
3 has just circulated contemplates the inclusion of the
4 vast majority of the issues or topics identified, and
5 it is our hope that in doing so that has managed to
6 focus the issues somewhat today. And based on early
7 feedback from some of the parties who we were able to
8 communicate with, it did seem that there was alignment
9 on some things, but that there were continued areas of
10 disagreement that we'll no doubt hear about today.

11 In my submissions today I want to deal with
12 three points. First of all to outline how BC Hydro
13 has approached the issue of scoping and how, in my
14 submission, the Commission panel should approach it as
15 well. The second point is to elaborate on why the
16 issues that have been earmarked for exclusion are most
17 appropriately resolved based on a written record. And
18 thirdly, simply to underscore to some extent the
19 importance for participants and ratepayers of tightly
20 managing what appears to be destined to be a broadly
21 scoped oral hearing.

22 So on the first point, the approach. It
23 should be self-evident by now, Mr. Chairman, that BC
24 Hydro has considered it very important throughout the
25 proceeding to demonstrate its commitment to an open
26 and transparent process, and that has manifested

1 are set out in the rules of procedure of the
2 Commission. And those rules, and Rule 2 highlights
3 three things; fairness, efficiency and a timely
4 resolution.

5 And I use the concept of customer value as
6 a shorthand for those objectives when we're dealing
7 with an issue like the one before us today. In other
8 words, is there value in dealing with an issue
9 further, given the nature of the record as it is
10 today, with the four rounds of IRs, a comprehensive
11 application, and 4,100 plus information requests
12 already on the record. Is there value in having even
13 more process on a particular issue?

14 And that concept of customer value is
15 important because it puts a spotlight on two things,
16 in my submission. The first one being that more
17 process on a particular issue is not synonymous with a
18 fairer outcome, or a more considered and informed
19 decision on that issue. And the second point is that
20 process for the sake of process would certainly
21 undermine the efficiency objectives, and ultimately
22 result in customers paying what are otherwise
23 avoidable costs, both real hard costs and the hidden
24 opportunity costs associated with time invested.

25 In a recent Fortis multi-year rate plan
26 proceeding, the Commission did go some way to

1 endorsing this way of looking at value in saying that
2 value must exceed the cost in time and dollars. And
3 in my submission, that is an appropriate way of
4 looking at the issues before you today.

5 Which brings me to my discussion about why
6 BC Hydro is proposing to exclude certain topics. Now,
7 in my submission, and it is the submission that I made
8 in previous procedural conferences, that after the
9 evidence that we have today, that any aspect of the
10 application is capable of being determined fairly and
11 efficiently based on the written record. But with the
12 topics that BC Hydro has identified for exclusion, the
13 case for determining the issues on the written record
14 is particularly compelling.

15 So, I am going to speak to this, rather
16 than going topic by topic, thematically. And if I
17 have topic-by-topic responses, I'll deal with them in
18 reply, or in response to any questions you have.

19 My first theme, and this one is critically
20 important, is avoidable opportunity cost. And if I
21 could put that in a nutshell, what I mean by that is,
22 despite favoring a broadly scoped hearing, the parties
23 cross-examinations are in all likelihoods not going to
24 touch the vast majority of that scope. And indeed,
25 they couldn't, or we'd be here all year. And so there
26 is an opportunity cost that comes with the preparation

1 for issues that are never canvassed at the oral
2 hearing, that everyone realistically knows shouldn't
3 be canvassed at the oral hearing. --

4 **Proceeding Time 1:16 p.m. T5**

5 And that the reason for pushing for a broad scoped
6 hearing is, as my friend Mr. Keen alluded to, in large
7 measure wanting to keep options open, wanting to keep
8 witness off balance, as it were, and keep them
9 guessing a little bit.

10 I understand, I'm a litigator. I
11 understand where he's coming from in that regard but
12 we have to consider in my submission that there is a
13 cost associated with that and we shouldn't be
14 overlooking that cost. Because as a practical matter
15 we have people behind closed doors, witnesses, and
16 witnesses who may not otherwise even need to be
17 witnesses. And people who, well, may need to be
18 witnesses but preparing for all kinds of issues that
19 everyone in this room knows probably won't arise and
20 interveners know full well they have no intention of
21 cross-examining on. We need to think about that, in
22 my submission.

23 And it's important for customers. It's
24 important, we owe it to them. And it has tangible
25 impacts in certain circumstances where -- you know, we
26 take the load forecasting, for example, there's an

1 issue before you right now about scoping. Well, that
2 arises because there's a very real tangible impact on
3 that group when they're doing IR responses or being in
4 a hearing room when they're also trying to prepare a
5 load forecast for an IRP. It's real. These are real
6 opportunity costs and in my submission we cannot
7 forget them.

8 So, this issue of opportunity costs comes
9 up in a couple of good examples where -- the first one
10 being the operating costs. Now, BC Hydro is fully
11 expecting that operating costs, in some fashion, will
12 be as part of this oral hearing. And indeed, the
13 application, if you'll recall, is broken into --
14 operating costs is actually broken into at Chapter 5,
15 which deals with themes and topics, as it were, the
16 big issues. And then there's Chapter 5(a) to 5(g),
17 which go into minute detail about justifying
18 individual FTEs, effectively, for each one of the 32
19 key business units in BC Hydro. And, you know, right
20 down to more minute financial information.

21 And so, when we think about this in terms
22 of the opportunity costs we have 32 key business
23 units, each of which has a director, each of which is
24 responsible -- you know, each of those directors is
25 responsible for a particular key business unit. Well,
26 in my submission we would not want a hearing where

1 of hundreds of projects that are 5 million dollars --
2 in the \$5 million range. And Appendix J has a subset
3 of those projects, over 100 projects that are over \$20
4 million.

5 And in my submission it is not a good use
6 of you time, of BC Hydro's witnesses' time, or of the
7 interveners' time, or of the customers' dollar that
8 we're dealing with here ultimately, to be including
9 those projects when we know, when everybody in this
10 room knows that there is no conceivable way that
11 interveners are going to be cross-examining on every
12 one of those projects. Why would we do that, in my
13 submission.

14 There is a very, very good case for
15 requiring interveners to identify in advance if they
16 want to talk about a project, to identify the project,
17 and then we have the right people here to provide the
18 right information at the right level and we avoid
19 undertakings on things when an undertaking is really
20 just an expensive way of doing round five, in my
21 submission.

22 It still leaves my friend Mr. Keen his
23 element of surprise if all we're doing is identifying
24 a topic. So in my submission, that is a much better
25 balance than scoping everything in and leaving BC
26 Hydro's witnesses to spend countless hours preparing

1 for things that they really don't need to be preparing
2 for.

3 My second theme is to deal with topics that
4 are touched on in this proceeding, but are being
5 addressed more comprehensively in other proceedings.
6 So I would emphasize -- and you may hear me say this
7 more than once, but this is not a question of
8 relevance, this is a question of value. Does it make
9 sense to have an oral hearing on top of the written
10 record when the topic is actually more closely tied to
11 another application that is either ongoing or pending
12 in the near future and will be the subject of
13 significant rigor in that process?

14 And there's a few different processes that
15 come to mind when I cite this theme, Mr. Chairman.
16 First and foremost the integrated resource plan that
17 is coming quickly upon us. The whole purpose of the
18 IRP is to address things like DSM strategy, like
19 long-term load forecasting, the load resource balance,
20 and resource acquisition. And by contrast, this is a
21 revenue requirements proceeding directed at setting
22 rates and obtaining DSM funding for a two-year test
23 period, a material portion of which will be done by
24 the time the proceeding is over.

25 That's not to say that some of these issues
26 are irrelevant to the current proceeding, but there is

1 a lot of those questions that are much, much more tied
2 to that long-term analysis, and we should be spending
3 our time once and not twice dealing with those issues.

4 **Proceeding Time 1:24 p.m. T07**

5 And I would highlight here again, this does
6 tie into what I said earlier about while I understand,
7 and while BC Hydro understands the desire to explore
8 these longer term issues, it is only natural that
9 people want to explore that, given that this is a
10 large proceeding and these issues are tangentially
11 coming up. But there is a group of people behind the
12 load forecasting, and you will see it alluded to in
13 the letter about the scoping, the IR scoping, the work
14 that they're doing on this proceeding, it's important.
15 BC Hydro is a regulated entity, company is committed
16 to the process. But it is actually impacting their
17 ability to get started on the work they need to be
18 doing on the IRP. It is actually having a tangible
19 impact on that group.

20 And so if we are dealing with a
21 circumstance where people interested in something,
22 want to explore it, the unfinished work that they're
23 doing, if that's the nature of the exploration and the
24 value to the actual rate setting in the test period,
25 it's better that we let them do their work and deal
26 with the issue comprehensively based on the final

1 results going forward. There is going to be a new
2 load forecast in the spring for that integrated
3 resource plan, and we should keep that in mind in my
4 submission.

5 The next group of potential other
6 proceedings is the section 71 proceedings dealing with
7 energy purchase agreements. There are hardly any new
8 projects, or renewed projects slated to come forward
9 during the test period. And that is shown in Chapter
10 4, and there are biomass EPAs but the cost recoveries
11 determined by regulation. So, BC Hydro has proposed
12 to exclude consideration of potential IPP purchases in
13 part because any purchase agreements that are coming
14 forward will be subjected to a review process under
15 section 71, or its been determined by regulation.

16 The final one is capital project
17 applications, and that is another area of potential
18 redundancy. As I indicated before, there are over a
19 hundred capital projects in Appendix J, which are
20 projects over \$20 million. A number of those
21 projects, not all of them, but a number of them, will
22 be subject to separate section 44.2 or CPCN
23 proceedings where the merits of the project, the costs
24 and the alternatives are all going to be canvassed
25 anyway. So, in my submission, it makes more sense to
26 deal with them in those proceedings, particularly when

1 for many of these projects they are not having any
2 implication on the actual rates in the test period at
3 all, because they are not coming into service during
4 the test period.

5 The third theme is that the Commission's
6 value assessment should include consideration of
7 whether issues are material to the determination of BC
8 Hydro's rates in the current test period. I gave you
9 one example a moment ago. But it's really just to
10 highlight that at the end of the day, what we are
11 doing here is setting rates for the test period. And
12 while there are a number of issues that can affect the
13 rates, we should be focusing on the things that have a
14 material impact, so that we're getting more value out
15 of those issues when it comes to dealing with them at
16 the oral hearing.

17 The fourth theme is having an oral hearing
18 for matters where the outcome is determined by
19 legislation, is in my submission a poor use of
20 ratepayer funds, and time invested in an oral hearing.
21 Obviously witnesses aren't going to be answering legal
22 questions. That's not really what I'm getting at
23 here. I'm getting at more looking at the impact of
24 government policy and direction on the rates.

25 **Proceeding Time 1:29 p.m. T08**

26 So, there are going to be things that are

1 dictated by government policy that do have an impact
2 on the test period. My submission is that after
3 having explored those things in IRs, do we need an
4 oral hearing to explore the implications of government
5 policy when really if you step back and look at it,
6 the only reason for doing that is to challenge the
7 underlying value or merit of the government policy
8 itself, and in my submission that's not really what
9 this process should be aimed at. So the value that
10 you get out of cross-examination aimed at that is much
11 lower.

12 So, in terms of tangible examples here, BC
13 Hydro's scoped out IPP energy costs, in part because
14 direction 8, section 4(1)(b) requires recovery of
15 costs for energy purchase agreements entered into
16 before April 1st, 2016. And for capital assets in
17 service, costs are recoverable under direction 8,
18 section 4(1)(a), in respect of projects that came into
19 service before April 1st, 2016. So things like the ILM
20 project and others. The cost recovery in that respect
21 is dictated as well.

22 And finally, BC Hydro has scoped out the
23 net income payable to government, which I understand
24 is a topic that AMPC may want to explore, simply
25 because it is set by direction 8, section 3 for the
26 whole test period.

1 My fifth and final theme is exhaustive
2 evidence and crystalized issues. And again, good
3 examples of this are the detailed operating costs in
4 Chapters 5(a) to 5(g) and DSM. And I've already
5 touched on the operating costs, the bulk of that
6 evidence comes through the application itself. But in
7 the case of DSM, there were over 500 IRs on DSM. Now,
8 obviously that indicates that people are interested in
9 DSM, and I acknowledge that. But the flip side of
10 that interest is that it means the evidentiary record
11 is very fleshed out after 500 questions.

12 So, at some point, particularly in light of
13 the approaching IRP, we need to ask whether or not the
14 issues have been sufficiently crystalized by the
15 written process to allow simply moving on to final
16 argument and a Commission determination. And in my
17 submission, that is an area where it is well suited to
18 doing that.

19 I did want to make one revision to the
20 scoping document for IT capital. This was in response
21 to some feedback BC Hydro received from my friend Mr.
22 Weafer for CEC. They indicated that they may like to
23 see IT capital included. And BC Hydro took that away
24 and thought about it, and thought that actually it
25 would be a reasonable approach to take the same
26 approach with IT capital as BC Hydro has proposed to

1 do with the regular capital, which is to deal with the
2 broader issues. But if there is a particular IT
3 capital project that CEC is interested in doing, that
4 CEC should be identifying those projects for the panel
5 so that we can deal with them efficiently at the
6 hearing.

7 **Proceeding Time 1:33 p.m. T9**

8 So, let me close with my third broad point
9 that I mentioned at the outset, which was to deal with
10 managing a broadly-scoped hearing, and in my
11 submission we should all be under no illusion that a
12 broadly-scoped proceeding could potentially become
13 unwieldy if not kept in check. BC Hydro has the
14 confidence that the Commission is going to keep it in
15 check based on past experience. But we did want to
16 say and you know, make it known that BC Hydro's view
17 is that an oral hearing that goes beyond seven to ten
18 hearing days is into the area of diminishing returns
19 at that point. There has to be some sort of target in
20 mind to try to keep things managed within a particular
21 period of time.

22 B.C. Hydro is not proposing a fixed
23 allocation, a time allocation approach, although the
24 Commission panel has the power to do that, but they
25 are not proposing it.

26 But in the absence of a significant

1 scoping, even with BC Hydro's proposal, and in the
2 absence of time limits and in the absence of a
3 discreet issues list, it does leave us exposed, and BC
4 Hydro would respectfully suggest that some commentary
5 about the Commission's expectations going into the
6 upcoming proceeding would assist in making sure we are
7 all rowing in the same direction when we go into the
8 oral hearing.

9 So those are my comments and I'll speak to
10 anything else in reply. But in case the panel had any
11 questions now, I'd be happy to take those.

12 COMMISSIONER MASON: Mr. Ghikas, just to clarify, you
13 said that you were proposing some change regarding IT
14 capital expenditures. Are you planning on making any
15 specific proposals, or could you at least tell us
16 roughly where this document -- you might be making
17 those.

18 So for example, on page 11 of Exhibit B-24
19 there's a list of capital expenditure topics. Are you
20 suggesting that IT capital expenditures is going to be
21 added as a general list to that? I just wanted to get
22 a sense of the nature of the change you had in mind?

23 MR. GHIKAS: Yes, so the very last -- yes, it's
24 technology capital general Appendix L. It currently
25 says -- I guess I have it on page 12.

26 COMMISSIONER MASON: Twelve, yes.

1 MR. GHIKAS: I have it indicated as "exclude" currently.
2 The proposal would be that that should say "include
3 for the major issues" and if there were any specific
4 IT projects that interveners identify those for the
5 panel.

6 COMMISSIONER MASON: Okay, which would then presumably
7 -- that latter point would be covered on page 13 where
8 you talk about individual projects in Appendices I and
9 J, right?

10 MR. GHIKAS: Yes.

11 COMMISSIONER MASON: Great, thank you.

12 MR. GHIKAS: Thank you.

13 THE CHAIRPERSON: Thank you, Mr. Ghikas.

14 Okay, Mr. Weafer.

15 **SUBMISSIONS BY MR. WEAFER:**

16 MR. WEAFER: Thank you, Mr. Chairman. I prepared a
17 document which is a knockoff of BC Hydro's summary of
18 issues and its included and excluded that they have
19 for that.

20 Thank you, Mr. Chairman. Just to -- also
21 in a couple of other points before moving into the
22 scope document. I don't intend to read that document.
23 I'm going to get an exhibit for it shortly.

24 The exhibit would be C9-10.

25 THE CHAIRPERSON: Thank you.

26 THE HEARING OFFICER: Marked C9-10.

1 (SCOPE DOCUMENT PRESENTED BY MR. WEAFFER MARKED EXHIBIT
2 C9-10)

3 MR. WEAFFER: And it's being circulated in the room as we
4 speak. And I don't intend to read through that
5 document, I just thought it was a helpful document.

6 THE CHAIRPERSON: Sure, thank you.

7 MR. WEAFFER: Just to turn to the themes from an
8 intervener perspective and the Commission assessing
9 scope, just a couple of points.

10 As Mr. Ghikas pointed out, this is the
11 first oral hearing on an RRA in some time for BC
12 Hydro. The last RRA had -- its sole hearing had its
13 issues and resulted in the SAP inquiry and some
14 concerns around the culture of cooperation of the
15 Commission and BC Hydro. And certainly this
16 proceeding received a lot of progress on the part of
17 BC Hydro and improvement, and everyone would
18 acknowledge that. But we are still dealing with, in
19 this oral hearing with the -- with the witness
20 testifying before the Commission and we're getting
21 issues of importance is relevant and appropriate and,
22 from a ratepayer's perspective, worthwhile.

23 **Proceeding Time 1:39 p.m. T10**

24 The other change with the last RRA is the
25 government has given the Commission a stronger role in
26 the regulation of BC Hydro and the IRP, the

1 responsibility and under special directions within the
2 room. And again, it's to the Commission to provide
3 strong oversight with BC Hydro. And an oral hearing
4 is one the tools for that. And indeed, as a monopoly
5 and in the dominant position in the market, that the
6 hearing process and regulation is the proxy for
7 competition. And information is the primary, the way
8 that that proxy is exercised. The ability to look
9 behind the curtain and the operations of the utility.
10 And so, with those points in mind, where there is a
11 scope issue, the CEC's submission is that that panel
12 should lean towards bringing matters in scope as
13 opposed to excluding scope.

14 And with that said, I completely agree with
15 Mr. Ghikas' position on fairness and efficiency on
16 what the guidelines state. But again, these are rare
17 occurrence pieces and when they're done they need to
18 be done in a fulsome manner.

19 One of the themes of Mr. Ghikas, that if I
20 may, from a ratepayer's perspective we do take this
21 seriously. But the preparation of the company for a
22 hearing has significant value to imposing that culture
23 of cooperation. So, we don't think that's wasted
24 investment. We have great respect for -- you heard
25 Mr. Ghikas' ability to put the company through its
26 paces and rehearsals for a proceeding and that has

1 value. And while some of those questions may not end
2 up being asked in the hearing, they still inform the
3 utility that this is what should be expected in the
4 regulated environment. So, I don't want to totally
5 discount the value of the work. And we respect that
6 there is significant work being done and we respect
7 that there is opportunity costs. But the regulator
8 value is material that those tests occur.

9 And now I'm going to turn to the document
10 that I've tabled. And there's really only three
11 themes to that document. There's a lot of agreement
12 with however BC Hydro has identified in-scope issues,
13 we've agree. Where -- and I should highlight that the
14 CEC, because of timing commitments, wasn't able to get
15 their submissions to BC Hydro according to their
16 timeline such that we were included in their final
17 version. And I had good discussions with BC Hydro
18 earlier this week which were productive. And so the
19 effort they've gone to, I want to acknowledge and can
20 see there is a value.

21 So again, where there is agreement -- where
22 there is inclusion we agree. Where there are
23 submissions by other parties where they've asked for
24 the matter to be held in scope, even if we're not
25 pursuing it, we're not discouraging those from being
26 in scope. Because again, as the proxy for regulation,

1 the ability for parties to pursue issues that they are
2 interested in when there is value in them pursuing it,
3 we support that. So while we're not going to be
4 committing to asking questions on some of these
5 topics, if others are we think the Commission should
6 give weight to their requests.

7 With respect to -- and then the third here
8 is where we disagree and there are a few of those.
9 The issue of load forecast of page 2 of the document I
10 put up. And this came up in IR responses as well.
11 And the issue that BC Hydro will raise is the load
12 forecast, we should only be dealing with in the test
13 period. And our point on that is, yes, the test
14 period is relevant, but looking at the veracity of the
15 load forecast and looking at the before and after
16 period as it presently stands in that load forecast,
17 and I hear a new one's coming. But nonetheless, the
18 veracity of the load forecast should enable the
19 ability to look at the term in terms of how they
20 arrived and is it correct or is it challengeable, in
21 terms of the load forecast that applies to the test
22 period.

23 So, that's the nature of what we'd be
24 looking at outside of the test period to ensure the
25 veracity of that which is with the test period. So I
26 don't think it's a -- if it mattered, that's what

1 we're looking for, in terms of the ability to
2 challenge if need be.

3 The other areas where there's been
4 disagreement, and this is really the fault of the
5 document in pages 5 through 10. And this is in the
6 Chapter 5(a) through (f), and we acknowledge that
7 there's a fair bit of evidence filed by BC Hydro and
8 we also recognize that there may not be, as they say,
9 a great depth of IRs on those.

10 **Proceeding Time 1:44 p.m. T11**

11 But this is the primary operating costs
12 area of the utility. And if we take pages 5 through
13 10, and Chapters 5(a) through (f), it's about a
14 billion dollars in 2020 that we are talking about.
15 And we are talking about 1,000 FTEs approximately in
16 total. So, it's a fairly material component of O&M
17 for the utility. And to exclude it from the
18 proceeding we think is a bit aggressive.

19 Our submission is, what we've heard from
20 Mr. Ghikas and based on discussions earlier in the
21 week, we say that we are not looking for necessarily
22 detailed panel members to go through the minutia. We
23 understand the panel will be dealing with operating
24 costs. And Mr. Ghikas somewhat disparaged
25 undertakings as a fifth round of IRs. I think it is
26 precisely the type of efficient process where there is

1 a question that arises in preparation in relation to
2 these areas, that if there is a senior level person
3 who doesn't have the ability to respond to the
4 details, that an undertaking should be taken. The
5 efficiency there is they haven't had to prepare
6 witnesses to speak to it, but they can target the
7 response to the question as part of the hearing
8 process.

9 So, we would advocate that the Commission
10 consider a more effective use of undertaking to find
11 the balance between tabling too many witnesses, but
12 assuring that the record is fulsome at the end of the
13 day. That is our pragmatic response to their concern.

14 But this is, I say, is a billion dollars in
15 2020, it's a big number. And questions will arise
16 still in the review of evidence. And so again, we're
17 not looking to put up a panel on each area, but at
18 least a responsible witness that could take an
19 undertaking if there is a more detailed question
20 required.

21 Generally we were in difference on the
22 technology capital and I'm pleased to hear BC Hydro is
23 accepting that technology capital is within the scope.

24 With respect to --

25 THE CHAIRPERSON: They said IT capital, right? Is that
26 what you are talking about?

1 MR. WEAVER: Sorry, technology capital. I'm sorry, did
2 I mishear?

3 MR. GHIKAS: Yeah, I was referring to technology --
4 information technology capital generally. So I think
5 we are talking about the same thing, generally. Yeah.

6 COMMISSIONER FUNG: Just so I'm clear, are you content
7 then to deal with it in the same way that Mr. Ghikas
8 proposed, which is you have an obligation to identify
9 those particular technology capital projects on which
10 you are interested to learn more?

11 MR. WEAVER: My response to this question was going to
12 be the use of undertakings. I'm not in a position
13 today to say specifically what technology capital
14 project there is an interest in, because we are still
15 reviewing. So I hadn't anticipated that they were
16 going to be including it. I'm happy they're including
17 it. In terms of defining specifically the questions,
18 I'm not sure we wouldn't need another -- if that's a
19 requirement that the panel is going to oppose, that is
20 not a response I can give you today. And my proposal
21 is going to be if there was a specific technology
22 capital, and that had been excluded, again the
23 undertaking approach.

24 And just to reiterate, what we're trying to
25 do is avoid too much prior investment, but the ability
26 for the Commission to get information if pertinent,

1 relevant, useful questions come up on topic,
2 notwithstanding Hydro has said it shouldn't be
3 excluded. That there is a witness who can speak to
4 matters. And to the extent the detail is more than --
5 and clearly the Commission would have to approve an
6 undertaking. We are generally sophisticated
7 participants in this proceeding, that aren't going to
8 put undertakings that are wasteful or inefficient, and
9 the panel, would we not approve an undertaking that is
10 wasteful or inefficient. So there is a filter on that
11 as well in the process.

12 **Proceeding Time 1:48 p.m. T12**

13 COMMISSIONER FUNG: Okay, I suspect Mr. Ghikas may want
14 to say something about that in reply. I'll leave that
15 for Mr. Ghikas.

16 MR. WEAFFER: Well, he was friendly on it in his first
17 comment, so I'm hopeful he'll stay that way. We'll
18 see.

19 And so with respect to individual capital
20 projects, I'm well aware of a number of these projects
21 will be subject to other regulatory processes and that
22 that's inappropriate that we duplicate efforts in this
23 proceedings, but again, the utilization of if there's
24 a witness available, that if there are questions that
25 arise is we can -- we are still a month away from the
26 hearing. We are still reviewing material, and so if

1 there are matters which arise as we continue to review
2 the record, that there is an ability through the oral
3 hearing process to efficiently and effectively get a
4 response to what is shown to be a material issue and
5 question based on that issue.

6 The last topic is demand side management
7 and we've talked about the key to use. The position
8 was, well, there shouldn't be a hearing because there
9 would have been no questions asked. When we talk
10 about demand side management, it's well, it shouldn't
11 be in the hearing because there's too many questions
12 asked.

13 So in our view demand side management,
14 within the test period, is a material investment, it's
15 relevant and it should be available for being in
16 scope. And the CEC has an active interest in demand
17 side management issues.

18 So those are my submissions on scope.

19 THE CHAIRPERSON: Thank you, sir.

20 MR. WEAVER: Thank you.

21 THE CHAIRPERSON: Mr. Andrews.

22 **SUBMISSIONS BY MR. ANDREWS:**

23 MR. ANDREWS: My submissions will not be lengthy. BCSEA
24 has two information requests that Hydro declined to
25 respond to and I am not going to ask for the
26 Commission to direct Hydro to respond to those two

1 requests. And the reason is that Hydro has said that
2 it has resource limitations in the field. These
3 relate to load forecasting, and we would characterize
4 the result as something that would nice to have rather
5 than must have. And in my view, the *quid pro quo* for
6 Hydro responding pragmatically and flexibly is, at
7 least in this particular instance, for us to take
8 "We're too busy" as an answer, where we can make our
9 arguments without the responses to those questions.

10 Turning to the oral hearing, topics for
11 exclusion. From BCSEA's perspective, the evidence on
12 DSM is adequate for us to make the arguments that we
13 intend to make, and that, of course, does not imply
14 that we agree with Hydro's position on everything
15 within that topic.

16 There is another topic that is of great
17 interest and concern to BCSEA and this is the specific
18 topic of biomass EPAs, and the response that we got
19 from Hydro to the effect that one of the long-term
20 EPAs with a biomass facility operator does not
21 preclude the use of contaminated retired rail ties as
22 feedstock for the generation of electricity. However,
23 that EPA is one of the EPAs that's listed in a
24 regulation and more specifically, I don't think there
25 is a valid argument that that issue to do with that
26 EPA is relevant within the revenue requirement

1 application. And so I will not be asking that the
2 oral hearing address that topic, but I did want to
3 raise it.

4 **Proceeding Time 1:57 p.m. T14**

5 And apart from those brief comments about
6 the topics for oral hearing exclusion and inclusion,
7 BCSEA does not take issue with any of the other
8 proposals that Hydro has made.

9 THE CHAIRPERSON: Sorry, Mr. Andrews, just to go back,
10 so are you saying that you don't have an issue with
11 the biomass EPAs in general? Like I heard you say
12 that with the railway tie biomass you're okay with
13 that not being included?

14 MR. ANDREWS: That's correct, and for different reasons
15 we're not asking that the biomass EPAs in general be a
16 specific topic for inclusion.

17 THE CHAIRPERSON: Okay. Thank you, sir.

18 Ms. Worth.

19 **SUBMISSIONS BY MS. WORTH:**

20 MS. WORTH: Thank you, Mr. Chair, members of the panel.
21 I would like to begin my submissions by dealing with
22 Mr. Ghikas's general comments about scoping in
23 general. And I'd like to begin by doing something I
24 don't often like to do, which is to read part of
25 Commission Order G-218-9, on Appendix A, page 3,
26 because they say -- it says something that I feel is

1 particular worthy of note in these circumstances.

2 "The panel recognizes AMPC's position that
3 regarding the importance of structuring the
4 scoping process to not place an undue burden
5 on interveners to justify access to BC Hydro
6 witnesses for cross-examination purposes. In
7 the panel's view the procedural conference
8 should be structured to enable BC Hydro to
9 focus its preparation for the oral hearing
10 while mitigating the risk of refining the
11 scope to such a degree that it restricts
12 issues evolving from intervener evidence from
13 being included in the scope of the oral
14 hearing.

15 For example, if the procedural conference
16 were advanced to November 22nd, 2019, the
17 submissions at the procedural conference
18 could identify those items to be removed from
19 the scope of the oral hearing, rather than an
20 identifying items to add to the scope."

21 I note that this panel's instructions in
22 Exhibit A-22 are consistent with that. We were
23 instructed to identify issues to exclude, not to
24 prepare exhaustive lists and justifications of topics
25 we wish to ensure were included, although I do note
26 that BC Hydro provided that list.

Now, we do not agree with Mr. Ghikas's

1 client's concern regarding customer value. Our
2 clients are those most vulnerable to the additional
3 costs caused by imprudently incurred process. And we
4 do avoid that whenever possible.

5 There is, however, as Mr. Weafer said on
6 the record today, significant ratepayer and regulatory
7 value to be found in the preparation process and in
8 the internal rigor that it encourages within the
9 utility. We are in the midst of a very busy
10 regulatory season and we are continuing to sift
11 through the materials that BC Hydro has filed,
12 although we have done our due diligence in regards to
13 the issues that I did identify to be excluded.

14 So we're in a position today where we, like
15 Mr. Weafer, are not able to identify exhaustively
16 those issues we wish to see included. And given the
17 record, we would have asked that BC Hydro make clear
18 its intention to actually have made this request that
19 we identify those issues that we wish to see included
20 so that those could be debated, rather than following
21 the instructions that we were given, which was to
22 identify those that were just to be actually excluded.

23 It is our position that if something has
24 not been identified as something to be excluded, that
25 it should be fair game in an oral hearing. Although
26 we do recognize that there may be further inquiries

1 design are more appropriately addressed through rate
2 design proceedings. And I agree that this is not the
3 forum, this is definitely not the forum for us to go
4 into the nitty gritty of rate design, but my expert
5 has indicated he wishes us to state that the
6 implication of the rate design for the determination
7 and application of price elasticities for the purpose
8 of establishing a load forecast should be, in his
9 view, a legitimate topic of the oral proceeding.

10 So it's not a direct rate design issue, but
11 it is one that overlaps with revenue requirements, and
12 we would wish to secure that as a line of questioning
13 at the hearing. But it's more to preserve the ability
14 to question how certain implications of the rate
15 design impact the quantum related issues.

16 In regards to the load forecast, BC Hydro
17 has asked that the load forecast only be in scope that
18 it affects the test period, but then it went on to say
19 that it should only be for the test period itself.
20 The implication is that the load forecast for the
21 first three years after the test period did impact the
22 costs, but that we would somehow be precluded from
23 following up on those. It seems illogical to us to
24 actually exclude them to the degree that they actually
25 influence costs within the test period.

26 We also have an issue regarding issue 6

1 which is energy planning. BC Hydro proposed that
2 energy planning be included with regards to the test
3 period only, and again while we agree that it makes
4 sense to exclude long term planning issues, the energy
5 planning for the next five years should be in scope to
6 the extent it impacts the energy costs for the test
7 period. So it's definitely consistent with our
8 concerns regarding the load forecast position that BC
9 Hydro has taken.

10 This issue does seem to be acknowledged as
11 within scope in Appendix A, the energy studies. To us
12 it seems inconsistent to allow examination of one
13 issue that could affect energy costs during the test
14 period, but not another. So I invite BC Hydro in its
15 reply to clarify if its position that energy planning
16 -- to clarify if its position in energy planning for
17 the next five years do or do not influence costs
18 within the test period, because we are unable to see
19 how, if it does not -- or if it does, how we should
20 not be allowed to cross-examine on that issue.

21 In regards to seven IPPs, BC Hydro is
22 proposing that issues relating to IPPs be excluded on
23 the grounds that they are subject to statute or to
24 their own section 71 proceedings. And I can advise
25 that I will not, in my capacity as counsel, be trying
26 any of these particular proceedings in a revenue

1 requirements. These are clearly more the properly the
2 subject of other government direction or separate
3 proceedings. However, the assumption that BC Hydro is
4 making regarding the pricing of such renewables,
5 should be in the scope of this hearing. These seven
6 have influenced the revenue requirements.

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

8 Benchmarking in regards to the Brown group.
9 BC Hydro's proposed exclusion on the basis that there
10 would be considerable expense associated with Brown
11 group preparing to and then attending the hearing. We
12 don't have any issues with the proposal to exclude
13 providing this does not preclude referring to, as
14 opposed to questing results in regards to operating
15 costs.

16 Now, our next issue where we take exception
17 or we disagree with BC Hydro's submissions regarding
18 what should be scoped out is electric vehicle
19 charging. That's issue 17. They have suggested that
20 it has been well-canvassed in IRs and does not appear
21 to be in dispute. We don't agree with this. We've
22 actually examined the issue and we strongly feel that
23 further clarification is required to reconcile EV
24 station plans and forecast costs.

25 Then there's individual projects, which is
26 issue 19, appendices I and J. BC Hydro noted that

1 there is a large number of projects and asks that the
2 parties identify those they wish to specifically
3 pursue in an oral proceeding. I think I pretty much
4 dealt with that. We're in a position where we haven't
5 had the opportunity to go through all of this and
6 identify things that we would specifically wish to
7 pursue. We were focussed more on what the
8 Commission's instructions were, looking for things to
9 exclude. But we would, given more time, be willing to
10 provide what information we could regarding what we
11 might specifically wish to address in cross-
12 examination.

13 And then our last one is DSM, and that's
14 25. That's Chapter 10, appendices X, Y, Z, AA, BB,
15 CC, and DD. BC Hydro has basically said this has been
16 well canvassed given the number of IRs and it should
17 be excluded on that basis according to their
18 submission. Our clients recognize that DSM is an
19 important issue. We are in a time of growing energy
20 poverty, climate change. The city has seen a rise,
21 steeply -- a steep rise in interest and activity
22 regarding these issues. With the recent climate
23 strikes and the mobilization of the population in a
24 manner not seen before. Affordability is a growing
25 issue and more of our population are experiencing
26 energy poverty because of the gap between our minimum

1 wage and our living wages.

2 And affordability is not only the inability
3 to pay BC Hydro bills, but economic bars to
4 participation beyond the low income energy savings
5 kits that BC Hydro and other utilities have provided.
6 It's a bar to meaningful participation in DSM.

7 And while I understand BC Hydro's desire to
8 close this door given the number of IRs, I think that
9 it is important to note the importance of this issue
10 and the ways in which that we exclude them should not
11 be based on just the number of IRs that BC Hydro has
12 asked -- or answered, and more based on the interest
13 in and the importance of the topic itself. On that
14 basis, we are going to be asking for permission to go
15 forward and cross-examine on DSM.

16 Subject to any questions, those are my
17 submissions.

18 THE CHAIRPERSON: Thank you.

19 MS. WORTH: Thank you.

20 THE CHAIRPERSON: Ms. McLean.

21 **SUBMISSIONS BY MS. McLEAN:**

22 MS. MCLEAN: I'm going to be relatively brief, excuse
23 me, in my submissions today.

24 With respect to Zone II RPG has one
25 outstanding IR that BC Hydro has not responded to. I
26 would put this in the same category as my friend Mr.

1 Andrews, that this would have a been nice to have
2 received a response to but not necessary to receive a
3 response, so we don't take issue with the lack of
4 response on that particular question.

5 With respect to BC Hydro's proposed
6 scoping, we certainly thank the company for giving us
7 their proposal in advance. It's a detailed proposal
8 with certainly reasons provided in support. The Zone
9 II RPG is very interested in DSM and has asked a
10 series of questions on DSM.

11 **Proceeding Time 2:06 p.m. T16**

12 For our purpose we agree that the responses provided
13 to the IRs is sufficient for the basis for making
14 submissions and argument in this proceeding.

15 One unique note to Zone II RPG is my
16 schedule during the hearing. And during the first
17 week of the hearing I have a conflict for three days.
18 I have a colleague who will be attending when I'm not
19 able to attend, with the Commission's permission.

20 Those are my submissions, thank you.

21 THE CHAIRPERSON: Thank you. Mr. Manhas?

22 **SUBMISSIONS BY MR. MANHAS:**

23 MR. MANHAS: Mr. Weafer and Ms. Worth have stolen all
24 my thunder a little bit and so I can say that I concur
25 largely with their submissions.

26 I'd like to start by making three general

1 comments before taking you to BC Hydro's exhibit and
2 walking through some specific concerns that we have.

3 The first point I want to make, and it's
4 the passage from the order moving the procedural
5 conference to this day that Ms. Worth took you to in
6 her submission. It's a bit disappointing to be here
7 today given the way the Commission framed that order
8 and given the concerns that we raised, which seem to
9 be exactly rising based on BC Hydro's submission here.
10 And we're still two months out from the oral hearing
11 in this and Hydro is looking to exclude a number of
12 categories that we've attempted to delineate as things
13 that are of interest. We've done the best we can,
14 given the timing of this procedural conference, to
15 identify as narrowly as possible those issues that we
16 want to address at the oral hearing. And so we're now
17 left in the position of trying to justify why we want
18 those concepts to be addressed at the oral hearing
19 before we even file their evidence and several months
20 before anything's even going to get going in this
21 case.

22 And so, I think it's important at this
23 stage for the Commission to, as Ms. Worth suggested,
24 take a broad view to scoping for the purpose of the
25 oral hearing. If it's necessary down the road to
26 refine that scope further as parties have more

1 information, we understand that. But given where
2 parties are at at this stage, we say it's premature to
3 start scoping out significant areas, particularly
4 where parties have interest in addressing those areas.

5 Just related to that, there seems to be a
6 suggestion that the number of IRs is somehow relevant
7 to whether something should be in scope for the
8 hearing. And I think, as Mr. Weafer commented, it's
9 not entirely clear why that should be the case. BC
10 Hydro seems to both suggest that if there's a
11 significant number of IRs that there's no need for an
12 oral hearing on those components. Or if there's not
13 -- very few IRs there's no need for an oral hearing on
14 those components. And there seems to be a suggestion
15 of sort of a goldilocks zone, perhaps in the middle,
16 where you may be able to proceed. And so I just
17 suggest that IRs should not in and of themselves be
18 taken to identify what should be in scope or out of
19 scope for the oral hearing.

20 And I would also just note that a broadly
21 scoped oral hearing, in addition to being consistent
22 with the Commission's prior order in this proceeding,
23 it would also be consistent, I would say, with the
24 phase one comprehensive review report that has sort of
25 led to a lot of the context for this proceeding. The
26 government is very clear that they intend to move BC

1 Hydro towards more fulsome regulation. And if you
2 read the language of the report it very much is, this
3 proceeding is to be an examination of BC Hydro's costs
4 and operating practices. And so, given the policy
5 movement of the government through this proceeding, we
6 would suggest that that also should inform the
7 Commission's decisions with respect to scoping at the
8 oral hearing.

9 Mr. Weafer took you through some of the
10 context for this application, that was going to be my
11 second point, and so I won't belabour those points. I
12 do want to highlight that BC Hydro's pre-filed
13 comments focused very much -- and Mr. Ghikas's
14 submissions today, focused on sort of the two big
15 concerns with having an overly broad hearing. One is
16 the opportunity costs associated with having witnesses
17 prepare for the purpose of the hearing. And the
18 second is really the question of efficiency and moving
19 forward in a fair and efficient expedient way.

20 **Proceeding Time 2:11 p.m. T17**

21 And I just want to highlight that BC Hydro also points
22 to the previous RRA as a case where the Commission
23 found that it was appropriate to proceed through a
24 written process.

25 But I note that at page 8 of the RRA
26 decision, scoping decision for the 2017 to 2019 RRA,

1 the Commission clearly stated that "the decision
2 whether to hold an oral hearing should be based on the
3 specific circumstances of a proceeding, and agree that
4 it should not be too heavily weighted on the basis of
5 cost or burden to the utility." And I think it is
6 important to remember that context.

7 While those are important factors
8 doubtless, they are less important factors than having
9 a fair and full process to examine BC Hydro's costs.
10 In the context of an application that is seeking
11 roughly 10 billion dollars over the course of two
12 years from customers. And in the context of the first
13 application, to be proceeding to an oral hearing in
14 over a decade. And so those factors weigh in the
15 opposite direction, and in addition to sort of the
16 general benefits that Mr. Weafer spoke to, of having
17 an oral hearing and having witnesses in the room
18 available to speak to issues.

19 My third point is that the scoping order
20 should really be about what substantive content in BC
21 Hydro's application should be excluded from the scope
22 of the oral hearing, and should not be used to
23 develop, in advance of the hearings, areas of
24 relevance or irrelevance. And what I mean by that is,
25 questions that are clearly irrelevant could be dealt
26 with by counsel objecting to irrelevant questions at

1 the hearing. And an example of this is the issue of
2 legal interpretations. So, BC Hydro has suggested
3 scoping out the legal section of its application from
4 the hearing. And obviously questions that ask a
5 witness to provide a legal opinion on issues that face
6 BC Hydro would be an impermissible question. That is
7 not a question that a witness can properly answer.
8 But a witness can properly answer BC Hydro's
9 interpretation of its legal requirements and how it
10 drives BC Hydro to make decisions as it operates.

11 In argument parties can certainly raise
12 questions as to whether BC Hydro is following its
13 statutory mandate properly. And if witnesses are
14 proceeding on one basis, and the Commission finds that
15 it ought to have proceeded on another, that would be
16 relevant to its prudence during the relevant period.

17 And so, our concern is that by making these
18 issues of scoping, we are going to turn questions of
19 relevance or proper questioning at the hearing into
20 questions of interpretations of the scoping order,
21 which I don't think is an efficient way to proceed.
22 When I think parties should have a good sense of what
23 is relevant and what is not relevant in the
24 application, and those issues can be dealt with in
25 real time at the hearing.

26 And if I may then, I'd like to move to the

1 exhibit that BC Hydro filed in advance of this
2 proceeding, it's Exhibit B-24. If we start at page 1
3 of attachment A to that document, I just want to flag
4 and walk through the items that AMPC has identified
5 for inclusion, that we still seek to have included and
6 explain why we disagree with BC Hydro's rationale for
7 exclusion.

8 And so the first point there is about
9 halfway down the page on page 1, BC Hydro, as I've
10 just discussed, has suggested excluding the legal
11 framework from the scope of its application. And
12 again, our concern there is we were not intending to
13 ask BC Hydro's witnesses about what their
14 interpretation of legal obligations are for the truth
15 of those interpretations. But we expect that issues
16 of legal interpretations may arise in the context of
17 questions that we otherwise ask. And we don't want
18 this to become an issue of the legal basis for the
19 application is excluded, and therefore you are
20 precluded from asking any questions on those subjects.
21 And so we would recommend that this content remain in
22 scope. And that if there are questions of
23 impermissible questions that arise at the hearing,
24 those can be dealt with in real time.

25 **Proceeding Time 2:16 p.m. T18**

26 Likewise with rate design. Ms. Worth spoke

1 to this, but again, I think everyone here understands
2 the direct issues of rate design are not in scope for
3 this proceeding, they are not relevant to the
4 proceeding and so questions of rate design insofar as
5 they rate specifically and only to rate design are
6 impermissible questions and could be objected to at
7 the hearing.

8 But rate design certainly affects BC
9 Hydro's rates during the relevant period, choices of
10 rate design, choices implementing the various rates
11 that are available to them, and I think it's important
12 that any scoping order not include examination of how
13 the rates that are in place or have been in place were
14 used by BC Hydro or intended to be used by BC Hydro
15 during the test period.

16 I turn the page to page 2. Both the load
17 forecast and energy planning are sort of a limited
18 acceptance by BC Hydro here in terms of limiting them
19 to the test period and we likewise suggest that,
20 again, detailed examinations of the load forecast and
21 energy planning are outside the scope of the RRA and
22 could be objected to on a relevance basis. And so, I
23 would suggest the concerns about detailed examinations
24 outside the test period are probably not necessary in
25 the scoping order. Insofar as the Commission decides
26 that it wants to have a scoping order for these

1 issues, we're content to have issues of the load
2 forecast and energy planning be limited to the test
3 period, but I would just suggest that the language
4 reflect that described in Section 2.3 that BC Hydro
5 references there, which is those that affect the test
6 period only. The language here is a little bit wishy-
7 washy and I think could lead to some debate. And so I
8 want to be very clear that anything relating to load
9 forecast and energy planning that affects the test
10 period would be in scope.

11 If you turn the page to page 3, Ms. Worth,
12 I think, covered my submissions on the point of IPPs.
13 So we agree on that. It's that we understand that,
14 you know, IPPs are not directly within scope, but to
15 classify IPPs and how BC Hydro manages those are, and
16 they do affect rates during the test period.

17 And so if we turn then to page 5, there
18 are, as Mr. Ghikas mentioned, a number of business
19 groups that BC Hydro has included in the application.
20 And as you flip through the following pages, there are
21 three key areas that AMPC has identified as being
22 potentially areas that we would like to cross-examine
23 on. On page 5 it's interconnections and shared
24 assets. On page 7 it's system operations, T&D system
25 operations. And on page 10 it's customer service.
26 These are all identified in the intervener's positions

1 in the document. And I think that just reflects, as I
2 mentioned earlier, we try to do the best we can to
3 identify the areas that are of interest to us, and so
4 at this stage we don't have a detailed cross-
5 examination plan, nor do I think we should be required
6 to present that to the Commission at this point. But
7 given we've made an effort to limit what we're
8 seeking, I would suggest that it's perfect to include
9 those as in scope for this purpose.

10 If we turn them to page 13, and this is the
11 issue of the individual projects, and I think like
12 some of the other interveners, we're working on a
13 list. We have a preliminary list of the projects we
14 would like to see included for the scope of the oral
15 hearing and -- well, at this stage I'm happy to
16 provide it.

17 **Proceeding Time 2:20 p.m. T19**

18 I mean my suggestion is it sounds like not everyone's
19 on the same boat as us. And perhaps -- I recognize
20 this is very detailed and a very lengthy session in
21 the application. It may be appropriate, given the
22 other parties are not ready, to make detailed comments
23 on this, at least for this section of the application
24 to have further process. Or closer to the hearing
25 perhaps parties can identify specifically within a
26 deadline which projects they intend to cross-examine

1 on and to make that within scope for the scoping
2 order.

3 If you turn then to page 15. There are two
4 areas there where it identifies AMPC's
5 recommendations, but we also wanted to have
6 depreciation included in the scope of the hearing.
7 And I will as a first point flag that all three of
8 these areas – depreciation, net income and taxes – are
9 areas that will be addressed in AMPC's evidence or
10 that we expect to be addressed in AMPC's evidence.
11 And so we think it's important that these be within
12 scope for the purposes of the hearing, because we
13 expect there to be some controversy on those issues.

14 And if you turn back to the Commission's
15 earlier order, there were questions about how to deal
16 with the issues that are to be addressed in evidence.
17 And BC Hydro accepted at least that intervener
18 evidence would be in scope for the purpose of the
19 hearing and we suggest that where intervener evidence
20 is going to touch on subject areas, that BC Hydro
21 likewise be available to be cross-examined on those
22 issues.

23 And then finally with respect to DSM, at
24 this stage we don't have any requirement to have DSM
25 broadly included. We did identify load curtailment as
26 an issue that we would like to see addressed at the

1 oral hearing. And the reason for that, again, is
2 while we recognize that DSM specifically is not
3 something that's going to be addressed within the
4 context of the proceeding, load curtailment is a rate
5 that has been available via pilots for several times
6 of the course of the past 10, 15 years, and it's
7 something that BC Hydro is aware of and has had as an
8 option. And at this stage we may want to explore how
9 BC Hydro's failure during the test period to implement
10 such a rate could affect the rates that it's seeking
11 from customers today, because we think it may have
12 material on that.

13 And so with that, subject to any questions,
14 those are my submissions.

15 THE CHAIRPERSON: Mr. Manhas, I thought I heard earlier
16 you said it's premature to scope out any items. Did I
17 hear that correctly?

18 MR. MANHAS: I would say any items that interveners at
19 this stage seek to have included.

20 THE CHAIRPERSON: But anything over which there is
21 agreement that it be scoped out, you're not taking
22 issue with that?

23 MR. MANHAS: No, no. Anything where parties have not
24 identified at least a concern that it's going to be
25 scoped out, I have no concerns with scoping that.
26 Yeah.

1 THE CHAIRPERSON: Thank you, sir.

2 Mr. Quail.

3 **SUBMISSIONS BY MR. QUAIL:**

4 MR. QUAIL: The previous interventions have shortened
5 the comments I'll need to make quite substantially
6 and I want to echo the comments in general terms made
7 by my friends Mr. Weafer and Ms. Worth and Mr. Manhas.
8 And I also want to underscore the point that whether a
9 subject matter question is relevant, everything is
10 subject to the test of relevance. The question here
11 is are there whole categories of subject matters which
12 are out of bounds for interveners to probe into in an
13 oral hearing?

14 A point is made about regulatory costs, and
15 I think that needs to be put in context. And here
16 first of all I adopt the comments of my friend Mr.
17 Manhas, but it needs to be borne in mind that the
18 regulatory cost is what the utility gets instead of
19 having to fight its way through a competitive market.
20 This is the cheapest deal that ever happened for
21 anybody in any line of business, to be frank. And I
22 often hear – not putting people down – the utility
23 people complaining about regulatory costs. My
24 response to them is that's what you pay instead of
25 having competitors trying to tear your heart out every
26 day.

1 of the underlying policy initiatives.

2 With all respect, that's not the question.
3 The question is, what does BC Hydro apprehend to be
4 the direction of government policy, its impact on its
5 operations and strategic decisions, and how is it
6 dealing with this aspect of its environment. And I
7 submit that all of that is well in bounds.

8 I will give a particular example. I was
9 here prepared to speak at length about why it's
10 important to address IPPs, I'll just be much briefer
11 on that, but in the context of government policy,
12 while it's true that we are not looking at massive new
13 IPP projects or renewals, but there are some in the
14 test period, and there is a constant conveyor belt of
15 this process happening. And it's important for the
16 Commission, and interveners, to be able to probe how
17 and to what extent is BC Hydro taking into account
18 what I call "soft government policy" and the way that
19 it is addressing these issues, and the judgment calls
20 that it is making. This is significant. I don't know
21 how the Commission or interveners can address the cost
22 of energy if IPP power -- power sourced from IPPs is
23 out of bounds. I simply don't understand that.

24 And this particular proceeding, this was
25 dramatically brought home with Exhibit, I think it was
26 B-11, the evidentiary update showing in fact a

1 significant change in the projected revenue
2 requirements, because of a very anomalous situation,
3 where despite the fact that almost all of BC Hydro's
4 energy is sourced from hydroelectricity, when we have
5 a season where there are adverse water conditions this
6 has produced a net saving. This is a very curious,
7 anomalous situation. But it speaks to the complexity
8 of the environment that determines the cost of energy
9 where not only market forces, but also weather factors
10 can play in different ways. We ask some questions
11 about that in our IRs, got some tantalizing responses.
12 We want to pursue these issues further, and we say
13 that those matters should be in bounds, as well as
14 other aspects of -- this aspect, and generally, the
15 question of cost of energy. which is an enormous part
16 of the revenue requirements.

17 Agree with the comments that have been made
18 by Ms. Worth and Mr. Manhas about rate design, and the
19 extent to which that should be dealt with. I don't
20 think I have anything particular to add that hasn't
21 already been ably stated on behalf of other
22 interveners.

23 So, subject to any questions you might
24 have, that is what I have. Oh, one thing I wanted to
25 say, regarding the potential additional dates, the
26 March dates, the 2nd through the 4th don't work for us,

1 for your information. The February dates would.

2 THE CHAIRPERSON: Okay, thank you, Mr. Quail. Any
3 questions? No? Thank you sir.

4 Mr. Austin?

5 **SUBMISSIONS BY MR. AUSTIN:**

6 I'd like to start by thanking BC Hydro for
7 reaching out to the Clean Energy Association of B.C.
8 in relation to scoping issues. Unfortunately, Clean
9 Energy Association of B.C. was not in a position to
10 respond because the final set of information request
11 responses didn't come in until late last week. And in
12 addition to that, the Clean Energy Association of B.C.
13 was responding to the problem of BC Hydro wanting to
14 rule out of scope certain information requests that
15 the Clean Energy Association of B.C. asked.

16 The other thing that I want to make clear
17 is, we don't want representatives of BC Hydro to
18 unnecessarily give up their Christmas break. We
19 understand that, but as I go a little further down
20 into my comments, there are solutions for that in how
21 BC Hydro can approach the hearings so that fewer
22 people have to spend time on preparing for the hearing
23 process.

24 **Proceeding Time 9:56 a.m. T21**

25 In terms of this revenue requirements
26 application process, I think it's important to

1 remember that it's just not about rates. It's about
2 collecting money; setting objectives, meaning BC Hydro
3 sets objectives; the government may have set
4 objectives; B.C. Utilities Commission itself may have
5 set objectives. So, it's about collecting money and
6 advising the people in the room about what you're
7 going to do with that money once you collect it, how
8 you're going to spend it. It's also about talking
9 about how you're going to achieve the objectives and
10 whether in certain cases those objectives have been
11 achieved. All of this transcends the test period.

12 This idea of somehow that you can limit the
13 discussion to a two-year period is pure fallacy, and
14 I'll use the demand side management program as an
15 example. Money that has been spent previously is
16 something that we will look at in terms of whether
17 objectives have been achieved in terms of previous
18 objectives. Then there's also money to be spent on
19 new objectives, and those new objectives are going to
20 transcend the end of the test period.

21 So this idea that somehow we're supposed to
22 stop thinking about what's going to happen after the
23 test period simply does not work. It's an ongoing
24 business. Money has to be spent, plans have to be
25 made, and they're not made on the basis of a two-year
26 test period. They never have and they never will.

1 Now, in terms of the actual hearing process
2 itself, it has to be remembered that when you do
3 cross-examination you don't know what the answer to
4 the question is going to be. The answer to the
5 question could open up an area that you never imagined
6 would be opened up, and then are we to find out well,
7 you can't follow up on that area because it's been
8 excluded?

9 It's been my experience that we spend far
10 more time talking about scoping a hearing than
11 actually dealing with the problems as they arise.
12 You've got a lot of very experienced interveners in
13 this room. They are very good at not going off on
14 wild tangents in terms of their cross-examination.
15 Nobody wants to extend cross-examination longer than
16 it has to be extended. It's hard work, and from the
17 intervener's perspective, there are very limited
18 resources.

19 So you're not going to want to waste your
20 time and your resources, and more importantly your
21 energy, on areas that are clearly out of scope, and
22 the solution is always, deal with it at the time it
23 comes up. If somebody is abusing the process by
24 asking questions that are clearly out of scope, then
25 have the debate, have the discussion when that
26 behaviour arises, not in advance. We're not

1 employees. And if they say "I don't know the answer
2 to the question," one, they can undertake to find the
3 answer. And that is not a fifth round of information
4 requests.

5 The other thing they can do is say "I don't
6 know the answer to the question, I will inform myself
7 and come back and we can continue the discussion."
8 That's not a difficult exercise to do, As long as they
9 don't come back and try and correct other testimony
10 that they might have given. People have tried to do
11 that after the lunch break, but it's pretty obvious.

12 Now, in relation to the specific comments
13 that are made in Exhibit B-24, the Clean Energy
14 Association would like to go through some of them, but
15 the general concept is, if it's in doubt, leave it in
16 scope and deal with it at the time. Say, for example,
17 we're looking at the legal framework. We have had a
18 number of interpretations of what legal framework
19 means. Is it policy? Is it statutory interpretation?
20 Well, we won't know until somebody asks a question as
21 to where they are going with their question. If it's
22 something in relation to policy, sure, it should be in
23 scope. If there is no answer, there is no answer.

24 In terms of rate design, again, that should
25 be left in scope, and I'll give you an example of a
26 question about rate design. I could ask a BC Hydro

1 witness, is the two-tiered residential rate
2 restricting the uptake of heat pumps in electric
3 vehicles? That's a question about rate design. Am I
4 out of scope? No, I shouldn't be out of scope,
5 because it's government policy that those things
6 should be occurring. And also it may be something
7 that provides additional revenue for BC Hydro. So, in
8 terms of rate design, that question should be
9 something that I should be allowed to ask. If BC
10 Hydro has objections to it, then object at the time
11 the question is asked.

12 In terms of the load forecast, the Clean
13 Energy Association of B.C.'s comments are set out in
14 Exhibit C10-7, and I'm not going to go through them.
15 They are there. But I will say this idea that the
16 load forecast question should be restricted to the
17 two-year test period simply makes no logical sense.
18 Money is going to be spent during that period that's
19 going to transcend the test period. And questions
20 should be allowed to be asked about transcending the
21 period. A load forecast is not a one, or two-year
22 document, is a long-term document.

23 Same comments about energy planning. Those
24 should not be restricted to the test period. If I'm
25 spending money on planning, I want to know why I'm
26 spending that money, what objectives are supposed to

1 be achieved, and those objectives are almost surely
2 going to extend beyond the test period.

3 Independent power producers, if the
4 interveners want to ask questions about the
5 independent power producers, go right ahead. If it is
6 out of scope or really off on some tangent, then the
7 Commission should deal with it at that time.

8 **Proceeding Time 2:40 p.m. T23**

9 Business group integrated planning, again,
10 if interveners want to ask questions about that, by
11 all means do so. And I'll go back to the model of
12 having a senior individual and if they don't know the
13 questions -- answer to the question, they can reply by
14 undertaking or they can go back and inform themselves.
15 We don't need tier after tier of BC Hydro employees
16 who have very refined information to be sitting up on
17 the panel.

18 Similarly the questions in relation to
19 business group operations. Senior people can be
20 available, if they don't know the answer to the
21 question they can go find the answer to the question.
22 Similarly with business group people, customer
23 corporate affairs, and that's on page 10 of 16.

24 In relation to the comment on page 13 of
25 16, individual projects, the column, "IR's received",
26 should tell you that there's concerns about certain

1 types of projects. The assumption always is if there
2 is an IR that the person who receives the response
3 actually understands the response or that the question
4 has been answered. And I can tell you, that's not the
5 case. So there should be an opportunity to follow up
6 on information requests so that you can gain a clear
7 understanding of what the answer is because you may
8 have completely misperceived it, or to flesh it out
9 because it hasn't been answered fully in the first
10 instance.

11 And in relation to projects, I'd like to
12 point the BCUC and the Commission panel to CEABC IR
13 1.13.1 to 1.13.2. In that particular instance the
14 CEABC was asking BC Hydro, "How do you spend your
15 capital? How much of a return on investment do you
16 include on that?" And then we asked for examples of
17 projects that BC Hydro could use to identify how
18 capital was spent. Well, clearly we may want to
19 follow up on those. Yes, they're projects. Are we
20 asking questions about how the turbines apply contract
21 for John Hart was executed? No, we're not. But we're
22 asking about projects in relation to how money is
23 spent. So clearly those types of questions should not
24 be out of scope.

25 Again, we should be allowed to ask the
26 question. If BC Hydro has any objections, stand up

1 and debate the matter at the time, but let us ask the
2 question.

3 And then also, in the first -- second
4 column, "IRs received", it talks about LNG Canada,
5 North-West Substation, Peace Regional Electricity
6 Supply. Certainly those are projects that the Clean
7 Energy Association may be asking questions about.
8 They're very important questions in terms of the
9 information requests that have already been asked.
10 Add to that list the potential North Montinay
11 transmission line. That's part of the electrification
12 of the northeast gas fields. Is it specific to a
13 project? It is, but in the broader context of the
14 concept of electrifying the northeast gas fields. So
15 where do you draw the line? Do you draw the line now
16 or do you draw the line during the hearing process?
17 And what the Clean Energy Association of B.C. is
18 saying, draw the line in the hearing process.

19 Over on page 15 and 16, "Net income and
20 taxes". If AMPC wants to ask questions about net
21 income and taxes it should be free to do so. If they
22 start to abuse that, then the debate can start at that
23 point in time.

24 **Proceeding Time 9:56 p.m. T24**

25 Demand side management, by all means demand
26 side management should be an area that's open for

1 questions of all types. I used it in my introductory
2 example by saying that it transcends the test period.
3 Money will be spent during the test period on terms on
4 terms of demand side management. Programs may be
5 initiated during that period that will transcend the
6 test period. That's just a very good example of how
7 the test period is not the definitive period for the
8 purposes of determining whether there should be cross-
9 examination in a particular area.

10 I also would like to receive clarification
11 from BC Hydro that it is prepared to answer questions
12 about information requests that the Clean Energy
13 Association of B.C. has asked in terms of follow-up
14 questions. If BC Hydro has any concerns about
15 particular information request responses in terms of
16 follow-up, then I suggest that it contact the Clean
17 Energy Association of B.C. so we can sort that up
18 before the hearing commences. That said, a level
19 that's below the current level in terms of broad areas
20 where cross-examination should be allowed or should
21 not be allowed. In other words, it's a much smaller
22 scoping issue that should be sorted out, if necessary,
23 on an individual basis as between interveners.

24 And subject to any questions the panel may
25 have, those are my submissions.

26 THE CHAIRPERSON: Thank you, Mr. Austin.

1 COMMISSIONER FUNG: Oh, sorry, I do have one question
2 for your, Mr. Austin. What do you say in response to
3 Mr. Ghikas's suggestion that certain matters, like
4 long-term load forecasts and energy planning are
5 actually better left to a different proceeding, like
6 the 2021 IRP that's coming up?

7 MR. AUSTIN: If you look at the Clean Energy Association
8 of B.C.'s submission with respect to the information
9 requests that BC Hydro says are out of scope, there is
10 the very critical element of time. There is certain
11 investment opportunities or business decisions that BC
12 Hydro can make to increase its load to potentially
13 increase revenue that are going to be lost if we wait
14 until 2021. And we've been hearing about an
15 integrated resource plan for many, many years. The
16 last time was in 2013. Time is of the essence.

17 So the idea of, well, let's just wait till
18 2021.. Well, also under the *Clean Energy Act* there's
19 objectives reducing greenhouse gas emissions. Every
20 year you wait, the more difficult it becomes to meet
21 those objectives. So we can't just keep waiting and
22 waiting, saying that we can roll all this together and
23 then by 2021 we'll sort it all out. The plan has to
24 be filed in 2021. Then it has to be subject to
25 regulatory review. So we could be losing more than
26 two years, maybe three years. So let's get on with

1 that BC Hydro has suggested to be excluded, that I'd
2 like to see the Commission give full consideration.
3 And I'd like to encourage the panel and the Commission
4 staff to include them in the proceedings.

5 I will provide a few very brief examples in
6 this regard just to illustrate my point. And I will
7 just read from BC Hydro's submission, this is page 3
8 of 16, as it concerned independent power producers.
9 The recommendation is to exclude on the basis that the
10 vast majority of forecast costs relates to existing
11 contractual commitments, which I must submit is true,
12 and that BC Hydro does not have any active energy
13 procurement programs. Again, true.

14 That being said, in the course of
15 information requests concerning round 1 and round 2
16 IRs, it seems to me that these recommendations are
17 based solely on cost considerations as it concerns the
18 IPP program. That being said, through information --
19 round 1 and round 2 information requests, there have
20 been a lot of questions from interveners, myself
21 included, as it concerns other aspects of the IPP
22 program, including the energy profile, the evolution
23 of the energy profile over time, as well as
24 considerations to do with perceived system benefits
25 associated with the IPP projects in so far as system
26 value and the like.

1 So, there are other aspects there, aside
2 from cost of the program, that merit consideration in
3 the oral hearings.

4 I have similar suggestions regarding the
5 DSM program, the integrated planning reorganization,
6 as well as the load forecast and energy planning,
7 which BC Hydro recommended that the inquiries
8 regarding load forecast and energy planning be limited
9 to the test period only. And my thoughts in this
10 regard are that we do not limit the ability to
11 consider the whole in this application, and that in
12 light of the consideration of the whole, some of these
13 issues, particularly as it concerns the seams between
14 the DSM program and integrated planning, the
15 interactions between the DSM and the load forecast,
16 and the impact that they collectively have on the test
17 period expenditures, not only in the form of
18 operational expenditures, but also in the form of
19 direct bearing on capital projects.

20 Thank you very much.

21 THE CHAIRPERSON: Thank you, Ms. Gjoshe. Thank you.

22 I'm going to take a short break now. It's
23 2:55, we'll come back at five past three, thank you.

24 **(PROCEEDINGS ADJOURNED AT 2:54 P.M.)**

25 **(PROCEEDINGS RESUMED AT 3:06 P.M.)** **T26/27**

26 THE CHAIRPERSON: Please be seated.

1 Mr. Ince.

2 **SUBMISSIONS BY MR. INCE:**

3 MR. INCE: Okay. I'd like to make an appeal for a
4 broadly scoped hearing. Some personal context. I was
5 BC Hydro's load forecast manager for almost ten years,
6 and so I'm very familiar with the load forecasting
7 process and the resource planning process. And I
8 participated in the last revenue requirements hearing
9 for BC Hydro about ten years ago, and so I seem to
10 remember being beside Mr. Wong for several days in
11 that proceeding, so I have some context from that last
12 hearing.

13 So I'm going to make some general comments.
14 I'm not going to go through attachment A detail by
15 detail, but general comments in terms what I think
16 should and should not be included philosophically in
17 the proceeding.

18 THE CHAIRPERSON: Please.

19 MR. INCE: So BC Hydro's revenue requirements, of
20 course, is about five billion dollars a year and I
21 don't think we have to fuss over the math in terms of
22 what's one extra day of hearing time, or perhaps one
23 extra week of hearing time, given that each day of
24 hearing time could potentially flesh out significant
25 savings and efficiencies.

26 BC Hydro has made some comments about the

1 onerous requirements in terms of assembling resources,
2 assembling folks and their internal challenges in
3 terms of running the business at the same time,
4 participating in oral hearings. I am very sympathetic
5 to that, because I was involved in four hearings for
6 BC Hydro, testifying four times, and I estimated that
7 about 30 percent of our total resources within the
8 load forecasting department was dedicated to matching
9 oversights, board oversight and regulatory oversight.
10 So it's a significant requirement. But at the same
11 time we realized significant efficiencies, I think,
12 within our department, and new developments in terms
13 of improving the forecasts and improving the planning
14 process.

15 So certainly we learned some things in
16 terms of the process, and it certainly sharpened our
17 minds in terms of looking into our business before we
18 prepared for a hearing.

19 I personally answered hundred, perhaps
20 thousands of information requests for BC Hydro and
21 perhaps it's just a holiday context, but it's perhaps
22 better to give than receive in this process. But it
23 certainly made witnesses learn the business and all in
24 all, personally, it was a valuable process.

25 So BC Hydro has made comments about too
26 much detail in terms of potentially the hearing

1 bogging down with minutia, and I think each witness
2 would not have too much pride to say that "I don't
3 know." So if you have an executive member on the
4 panel and they're being asked about a specific capital
5 projects, I don't think there would be a problem in
6 either deferring that to another panel, or deferring
7 that to after lunch or doing an undertaking. I think
8 that's totally reasonable.

9 In terms of truncating a line of
10 questioning, I hear BC Hydro's comments about perhaps
11 the hearing could get bogged down in minutia. But
12 there's some mechanisms I don't believe have been
13 mentioned before. Certainly BC Hydro's legal counsel
14 can raise an objection in terms of where a line of
15 questioning is going to deem it out of scope or have
16 too much detail.

17 **Proceeding Time 3:09 p.m. T28**

18 Or the BCUC legal counsel can raise the
19 issue that this is spent, shall we say, or the
20 Commission panel itself. So I trust the judgement of
21 the Commission panel and the BCUC legal counsel in
22 terms of doing the right thing in terms of trunking
23 any issues that have diminishing returns.

24 In terms of the number of questions, BC
25 Hydro has applied to screening in terms of what should
26 be considered during the oral hearing based on a

1 number of questions. So, I think the superficial
2 screening has been a large number of questions means
3 it's an issue of interest and it should be further
4 explored. I would suggest that's arbitrary in that
5 there may be some issues that have garnered a lot of
6 questions but nonetheless they are spent, so they are
7 tapped out in the minds of the interveners and perhaps
8 the Commission.

9 On the other hand, there may be some issues
10 that have not garnered a lot of questions and perhaps
11 that's due to maybe the interveners are just starting
12 to learn about this issue, so there's some momentum
13 growing in terms of we're exploring and learning more
14 things and maybe some significant issues will come out
15 in the oral hearing as a result of that exploration.

16 Perhaps there's some sleeper issues that
17 have occurred at previous hearing. Certainly, I've
18 been a witness to that where a line of questioning has
19 gone down and discovered something that's worthy of an
20 efficiency gain or some cost savings. So arbitrarily
21 limiting the scope of the hearings at this point in
22 time, perhaps circumvents that exploratory process.

23 So, those are my comments. To summarize,
24 I'm in favour of a broadly scoped hearing and not
25 arbitrarily limiting the number of question to be
26 explored in advance of the hearing.

1 I've got one more issue, that's on
2 information requests. I have 12 outstanding
3 information requests, mainly on the load forecast. BC
4 Hydro, I don't understand why they're reluctant to
5 answer these questions. They're mainly filling in
6 historical data. So for example, in the load forecast
7 document itself, tables D1 to D4 are the heart of the
8 forecast. They are tables that spell out the
9 forecast. I would like ten years of historicals,
10 actuals, to be appended to the front of that table.
11 Certainly it's one of the central tenants of load
12 forecasts or any kind of forecasting that the
13 historical period should be a good guide in terms of
14 what may happen in the future. I would like to see if
15 there's any discontinuities or break points between
16 the historicals and the forecast.

17 So, those are my comments. If there are
18 any questions I would like to entertain them.

19 THE CHAIRPERSON: Thank you, sir, that's fine. Thanks.

20 Mr. Hooge?

21 **SUBMISSIONS BY MR. HOOGE:**

22 MR. HOOGE: Thank you Mr. Chair, panel members. The
23 FortisBC utilities do not take any position on the
24 specific items that are included in or removed from
25 the scope of the oral hearing in this proceeding.
26 When I made submissions at the last procedural

1 conference in June I noted that the FortisBC utilities
2 interventions in BC Hydro revenue requirements
3 applications tend to be more general in nature and
4 tend to be limited to monitoring the proceedings to
5 understand whether any decisions or regulatory
6 principles that the Commission may establish have the
7 potential to affect future determinations in
8 FortisBC's own rate applications.

9 At the time in June, FortisBC had not then
10 identified any particular regulatory issues to pursue
11 more actively in this proceeding. And FortisBC has
12 continued to monitor the materials filed on the record
13 here and it remains the case that no issues of direct
14 significance to the companies have been identified.

15 And so the present intention is that
16 FortisBC will not be an active participant at the oral
17 hearing. And for that reason we considered it
18 preferable not to wade into the specifics of the
19 appropriate scope of the oral hearing and to leave it
20 to the parties that they are more directly interested
21 to do that.

22 **Proceeding Time 3:13 p.m. T29**

23 The one caveat I would add to those
24 submissions is that FortisBC will be continuing to
25 monitor the proceeding, and in particular the
26 intervener evidence IS still to come, and it's

1 possible based on that evidence that something could
2 arise that would lead FortisBC to become a more active
3 participant at the oral hearing, but as I say, that's
4 not the present intention.

5 Those are my submissions.

6 THE CHAIRPERSON: Thank you, sir.

7 Mr. Miller, does Commission Staff have any?

8 MR. MILLER: Staff have no submissions, Commissioner
9 Morton.

10 THE CHAIRPERSON: Thank you. So I am going to go back
11 up the list now. This is an opportunity to respond to
12 anyone that has gone before you. I assume you have no
13 thoughts?

14 MR. HOOGE: No reply.

15 MR. INCE: No reply.

16 THE CHAIRPERSON: Thank you, sir. Ms. Gjoshe?

17 MS. GJOSHE: No reply.

18 THE CHAIRPERSON: Thank you. Mr. Austin?

19 MR. AUSTIN: Since I'm so far down the list, no reply.

20 THE CHAIRPERSON: Okay. Mr. Quail.

21 MR. QUAIL: Nothing further, thank you.

22 THE CHAIRPERSON: Thank you. Mr. Manhas?

23 MR. MANHAS: No reply.

24 THE CHAIRPERSON: Ms. McLean?

25 MS. McLEAN: No reply, thank you.

26 THE CHAIRPERSON: Thank you. Ms. Worth?

1 MS. WORTH: No reply, thank you.

2 THE CHAIRPERSON: Mr. Andrews? Ah, we have a taker.

3 **REPLY BY MR. ANDREWS:**

4 Just one point, which is that I think that
5 the concept of undertakings during the oral hearing is
6 valuable in the sense that it acts as a safety valve
7 that helps to prevent Hydro having to have people
8 prepared to answer every specific question. And of
9 course this would be subject to the discretion of the
10 panel at the time as to whether the amount of work and
11 the relevance and materiality would be worthwhile.

12 THE CHAIRPERSON: Thank you. Mr. Weafer?

13 MR. WEAFER: No reply.

14 THE CHAIRPERSON: Thank you. I'm assuming Mr. Ghikas,
15 you do have a reply?

16 MR. GHIKAS: Have I ever not stood up, Mr. Chairman?

17 THE CHAIRPERSON: That's true.

18 MR. GHIKAS: When invited or not?

19 **REPLY MR. GHIKAS:**

20 I will be brief, actually. I think
21 although there were many submissions, I think they can
22 be consolidated into several themes. And so rather
23 than going through individual submissions, I wanted to
24 just pull those together in some themes.

25 So, the first theme that came up started
26 with my friend Mr. Weafer, and it was repeated a

1 couple of times, was that there is value in the
2 preparation itself, because that is part of the rigor
3 of oversight. No question, there is value in
4 regulatory oversight. This is a monopoly, we
5 understand that. The point that I was trying to make
6 is that we are sitting at a point in the proceeding
7 where we have engaged in that process a lot already.
8 That rigor has been there for the past nine months in
9 a very, very material way, both with the creation of
10 the application itself, and with 4,100 IRs plus, plus
11 an evidentiary update, plus more information filed,
12 and there will be more.

13 So, the point that I was trying to make
14 there is that just we need to turn our minds to the
15 point at which the value of that starts to diminish.
16 And I can assure you that the people within BC Hydro
17 are working on this proceeding have been turning their
18 minds to this application quite intently for the last
19 nine months, and so we are really just trying to make
20 sure that that consideration doesn't get lost in the
21 shuffle. That's the main point there.

22 **Proceeding Time 3:17 p.m. T30**

23 Second point, respect to undertakings. It
24 serves me right for making a side comment about
25 undertakings. The point that I was trying to make is
26 that I'm coming at this from the perspective of a

1 utility who has, from the top down, set as its goal a
2 more engaged mandate in the regulatory process. You
3 can see that through everything BC Hydro is doing
4 right now. Or at least I hope you can. And the
5 point I was trying to make, and if I didn't make it
6 clearly, here it is, is that what we're hearing from
7 the interveners is that they want to see things coming
8 from the mouth of the witness, and my point was simply
9 if you tell us what areas you want to talk about,
10 you're more likely to get the answer out of the
11 witness than out of a paper undertaking filed after
12 the fact. And that's simply the point, is that if
13 that's the value to an intervener of wanting an oral
14 hearing to explore things further, well, then help us
15 help you. That's the point there.

16 Undertakings are very valuable and they
17 will no doubt be used in this proceeding, so I'm not
18 saying that we shouldn't be using them at all, there
19 has to be some sort of out outlet for that. The point
20 of view is really just how can we get the right people
21 in front of you. That's the point.

22 The third point I wanted to deal with all
23 ties together, the load forecast, energy planning, my
24 friend Mr. Austin's comments about DSM having impacts
25 that transcend the test period. The point that BC
26 Hydro is making in the case of all of those is that we

1 should be, at this stage of the proceeding, if we are
2 going to an oral hearing to talk about those topics,
3 looking for some connection, and a material connection
4 to what we are really doing in this proceeding, which
5 is setting the rates for the test period. I recognize
6 that there are all sorts of grey areas. What's being
7 identified by my friends is that there are grey areas
8 around this.

9 There may be grey areas on the edges. My
10 answer to that is BC Hydro first of all has indicated
11 and committed that's it's going to be pragmatic with
12 these issues.

13 The second point is that although there may
14 be grey areas around any time you scope things, the
15 principle that we're trying to put forward is crystal
16 clear, and it is this: It is that we are trying to
17 make sure that we operate efficiently in moving issues
18 that are better determined in the context of another
19 proceeding to be dealt with in that proceeding. This
20 is not a question of relevance, this is a question of
21 value. And in my submission there may be areas that
22 are relevant that we should be thinking about
23 seriously. Is this the type of issue that we want to
24 be dealing with here when we know we're going to be
25 dealing with it in a much more in-depth way in another
26 proceeding.

1 of all, if there's a lot of IRs you know it's an area
2 of interest to people. That's not to suggest that the
3 other areas are unimportant, or that people accept
4 them, or that they won't argue about them at the end
5 of the day, or that they regard them as unimportant.
6 What it is saying is that they are interested if
7 there's a lot of IRs.

8 But the second point is the byproduct of
9 that, which is when you ask a whole bunch of IRs, you
10 get a whole bunch of evidence and at some point those
11 will meet the needs of the Commission. And we heard
12 from a couple of my friends saying, "We're satisfied
13 with respect to the DSM." That, "We have 500 IRs, we
14 have a lot of information, we can make our arguments."
15 That's the point that we're trying to get across
16 there.

17 And thirdly, it can be an indication that
18 issues are crystalized. There has been a lot of
19 questions in the first round, hardly any in the second
20 round, or it's well canvassed, everybody knows where
21 everybody stands, agree to disagree, move on and
22 argue it at the end of the day. So it's a piece of
23 evidence, it's not determinative, but it's a factor
24 that you might consider and, in my submission,
25 reasonably so in the circumstances.

26 In terms of my friend's suggestion that --

1 my friend Mr. Weafer's suggestion that we're blowing
2 hot and cold on this, I think the approach has been
3 consistent. The reason why in some instances we're
4 saying there hasn't been that many IRs on operating
5 costs, these detailed operating costs for example,
6 that raising that issue is because the suggestion from
7 our perspective is that the application was so
8 comprehensive that in fact it didn't promote a lot of
9 questioning on that.

10 With respect to DSM, the evidence is there.
11 It's not there from the application necessarily, it's
12 there from the application plus 500 IRs. So the
13 unifying principle here is do you have enough
14 evidence, and in my submission, regardless of where it
15 comes from, in both those cases you do.

16 Legislation and policy, my friend Mr. Quail
17 spoke to this. I want to be clear on this. When I
18 was speaking -- and I think this will put my friend's
19 mind at ease, when I was speaking I was not speaking
20 about soft policy from government.

21 **Proceeding Time 3:25 p.m. T32**

22 What I was trying to make the point -- the
23 point I was trying to make was, if you have a
24 circumstance where BC Hydro is mandated to do
25 something by law, or, if you have a mandate for the
26 Commission to require the costs to be recovered from

1 something that BC Hydro does, there is less value in
2 speaking about it in an oral hearing. There will be
3 lots of discussion about these things in IRs and the
4 application, and there has been a lot of discussion on
5 this. The question to you is how much more value do
6 you get by having witnesses speak about something that
7 is predetermined?

8 My friend Mr. Manhas raised the point that
9 they are -- AMPC is going to be submitting evidence on
10 particular topics. I want to be clear, we don't know
11 what AMPC's evidence is going to be, so we prepared
12 the scoping document not knowing that. But BC Hydro
13 had committed previously, and we reiterate the
14 commitment that if there is issues that are coming out
15 of AMPC's evidence, those would be in scope, both from
16 BC Hydro's side and from AMPC's side. So that was the
17 position we took then, and that is the position we
18 continue to take. So that would I guess supersede the
19 scoping determination that the Commission makes here.

20 Briefly on rate design. Whether we call it
21 relevant or out of scope or not, the point is the
22 same, that we shouldn't be dealing with it in the oral
23 hearing. And I appreciate my friend's
24 acknowledgement, Mr. Manhas acknowledging that rate
25 design isn't a matter that's in scope. The reason we
26 dealt with it in the scoping document is because it's

1 pretty clear that is not abundantly clear to everyone
2 involved in the proceeding, given the number of IRs
3 we've been answering on net metering and rate design.
4 And you will see the number of IRs listed beside those
5 topics. So, I appreciate the acknowledgment, I am
6 entirely in agreement with him, and so we will leave
7 it at that.

8 The only other point that I had was
9 actually a question to you, which was with respect to
10 the additional dates. It was unclear to us how many
11 days have been set aside starting on January 20th. We
12 just wanted to clarify, is there a period that has
13 been set aside? And when does it stop, and when do we
14 start again. I guess that was the --

15 THE CHAIRPERSON: I think that is in a previous order,
16 if I am not mistaken.

17 COMMISSIONER FUNG: That's correct.

18 MR. GHIKAS: It indicates the start date, I believe,
19 but not how many days thereafter.

20 THE CHAIRPERSON: So the 20th is a Monday.

21 COMMISSIONER FUNG: Yes, it's the whole week.

22 THE CHAIRPERSON: It's the whole week, and I believe
23 the following Monday and Tuesday if I am not mistaken.
24 Oh, just the week?

25 COMMISSIONER FUNG: Plus Monday and Tuesday.

26 MR. MILLER: Staff advises me there is no set end date.

1 THE CHAIRPERSON: Okay, it's just starting the Monday,
2 right?

3 MR. GHIKAS: Okay.

4 THE CHAIRPERSON: That's the answer.

5 MR. GHIKAS: All right. I had assumed that you were
6 setting aside -- the other dates, just to clarify
7 then, the other dates are potential additional dates
8 that could be tacked on to the end?

9 THE CHAIRPERSON: Yeah, so to be clear, there is an end
10 date to the 20th. I'm not clear at this point what it
11 is, but it's certainly not -- you know, it doesn't run
12 for several weeks. So, this is in case we need
13 additional time, or in case there is some that we
14 can't do that week, then we would do it.

15 MR. GHIKAS: No, that's fair. And I wasn't really
16 intending to put you on the spot like that. I just
17 wanted to make sure I understood what the point of
18 whether you were talking about moving the start date
19 of the proceeding, I just wanted to make absolutely
20 clear that wasn't what was happening?

21 THE CHAIRPERSON: No, that week is still in play, these
22 are additional

23 MR. GHIKAS: Thank you for that clarification, I
24 appreciate it.

25 Okay, if there is no further questions, I
26 can sit down? Oh, yes?

1 COMMISSIONER FUNG: I do have one question. Mr.
2 Ghikas, what do you say to Mr. Manhas' suggestion
3 about the additional process to address individual
4 projects?

5 **Proceeding Time 3:25 p.m. T33**

6 MR. GHIKAS: I mean, in a perfect world we would know
7 that today, given the advance filing. I appreciate
8 that we're not in that position today. My view is
9 that that is much more preferable than walking into an
10 oral hearing without that additional information. And
11 to the extent that that could be filed, even at the
12 same time as intervener evidence is filed, that would
13 be extremely helpful.

14 COMMISSIONER FUNG: Thank you.

15 MR. GHIKAS: Okay?

16 THE CHAIRPERSON: Thank you, sir.

17 MR. GHIKAS: Thank you.

18 THE CHAIRPERSON: Thank you. So Mr. Miller, unless
19 there is anything else?

20 MR. MILLER: Nothing of which I'm aware.

21 THE CHAIRPERSON: Great. So that brings us to the end
22 of this proceeding.

23 **(PROCEEDINGS ADJOURNED AT 3:30 P.M.)**

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


A.B. Lanigan, Court Reporter

November 22nd, 2019