

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

and

**British Columbia Hydro and Power Authority**  
**Review of the Performance Based Regulation Report**

**Vancouver, B.C.**  
**November 22<sup>nd</sup>, 2019**

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**PROCEDURAL CONFERENCE**

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**BEFORE:**

**D. Morton,**

**Chair**

**A. Fung, Q.C.,**

**Commissioner/Deputy Chair**

**R. Mason,**

**Commissioner**

**B. Lockhart,**

**Commissioner**

**VOLUME 1**

## **APPEARANCES**

P. MILLER,	Commission Counsel
M. GHIKAS,	British Columbia Hydro & Power Authority
C. WEAFER, P. WEAFER,	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)
M. MANHAS, E. CHAN,	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)
N. HOOGE,	FortisBC Energy Inc. and FortisBC Inc.
J. MCLEAN, L. DONG,	Zone II Ratepayers
E. GJOSHE,	Self

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## **VANCOUVER, B.C.**

November 22<sup>nd</sup>, 2019

**(PROCEEDINGS COMMENCED AT 3:32 P.M.)**

4 THE CHAIRPERSON: Okay, thank you. I won't go through  
5 the introductions again. We've got essentially the  
6 same panel and similar staff team, except that Samir  
7 Sharma is the lead staff for this proceeding.

I'll just remind us all then of the procedural items that we asked to be addressed in letter A-3, and that's whether any interveners intend to file intervenor evidence, and if so, the intended use of experts and the subject matter of the evidence; whether the review of the application should proceed by way of a written or oral hearing or some other process, and identify the recommended steps; if an oral hearing is proposed, please identify the specific matters that should be addressed through that process, and the rationale; any significant time constraints and/or period of unavailability that should be taken into account when establishing the regulatory timetable; and any other procedural matters that you wish to bring to our attention.

23 And so I'm going to ask for appearances  
24 again, and again, please restate your name for the  
25 record, because we've got a new transcript on the go  
26 here now. And same thing, we'll canvass all the

issues together unless you have an alternate suggestion.

3 So Mr. Ghikas, please.

4 MR. GHIKAS: Mr. Chairman, Matthew Ghikas, G-H-I-K-A-S,  
5 appearing on behalf of BC Hydro.

6 THE CHAIRPERSON: Thank you.

7 MR. MILLER: Commercial Energy Consumers Association of  
8 British Columbia.

9 MR. C. WEAFER: Mr. Chairman, members of the panel,  
10 Chris Weafer, spelt W-E-A-F-E-R, appearing for the  
11 Commercial Energy Consumers and with me at the counsel  
12 table is Patrick Weafer, also W-E-A-F-E-R, and Janet  
13 Rhodes is a consultant to the Commercial Energy  
14 Consumers, and we're happy with the agenda you've set  
15 out for the proceeding.

16 THE CHAIRPERSON: Thank you.

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

18 MR. ANDREWS: William Andrews, A-N-D-R-E-W-S, from B.C.  
19 Sustainable Energy Association.

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

21 MS. WORTH: Mr. Chair, Members of the Panel, Leigha Worth,  
22 W-O-R-T-H, here as counsel for BCOAPO *et al* and I'm  
23 accompanied today by my co-counsel Irene Mis, M-I-S.

THE CHAIRPERSON: Thank you.

25 MS. WORTH: Thank you.

26 MR. MILLER: Association of Major Power Customers?

1 MR. MANHAS: Michael Manhas, M-A-N-H-A-S, for the  
2 Association of Major Power Customers of B.C. and with  
3 me today is Emily Chan, C-H-A-N.

4 THE CHAIRPERSON: Thank you.

5 MR. MILLER: MoveUP.

6 MR. QUAIL: Good afternoon, Jim Quail appearing. Name  
7 is still spelt Q-U-A-I-L.

8 THE CHAIRPERSON: Thank you. Good to see there's no  
9 changes there.

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

11 MR. AUSTIN: Good afternoon. David Austin, spelt A-U-S-  
12 T-I-N, appearing for the Clean Energy Association of  
13 B.C. Nothing to add to the agenda, and dealing with  
14 all the issues at the same time is the best way to  
15 proceed.

16 THE CHAIRPERSON: Thank you, sir.

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

18 MR. HOOGE: Mr. Chair, Nicholas Hooge. Last name is  
19 spelt H-O-O-G-E, appearing as counsel for FortisBC  
20 Inc. and FortisBC Energy Inc. We don't have anything  
21 to add to the agenda and agree the items should be  
22 dealt with collectively. Thank you.

23 THE CHAIRPERSON: Thank you.

24 MR. MILLER: Zone II Ratepayers Group.

25 MS. MCLEAN: Mr. Chair, Members of the Panel, Jana  
26 McLean, M-C-L-E-A-N, representing Kwidacha First

1                    Nation and Tsay Keh Dene Nation known as Zone II  
2                    Ratepayers Group. Nothing to add to the agenda, thank  
3                    you.

4 THE CHAIRPERSON:     Thank you.

5 MR. MILLER:        Ms. Gjoshe?

6 MS. GJOSHE:        Good afternoon, again, Mr. Chairman and  
7                    Panel Members and Commission Staff. Edlira Gjoshe, G-  
8                    J-O-S-H-E, representing myself and BC Hydro ratepayers  
9                    at large. I'm happy with the agenda as put forth.

10 MR. MILLER:        That concludes the order of appearances,  
11                    Mr. Morton.

12 THE CHAIRPERSON:     Thank you.

13 **SUBMISSIONS BY MR. GHIKAS:**

14 MR. GHIKAS:        Mercifully I'll be a lot shorter in this  
15                    one. I only need to deal with item two on the list.  
16                    The pre-filed comments in Exhibit B-2 deal with the  
17                    issue of availability. The crux of my submission on  
18                    the proposed process is that it will achieve a fair  
19                    and efficient and timely resolution of the subject  
20                    matter of the PBR report and related materials.

21                    **Proceeding Time 3:38 p.m. T2**

22                    And it proposes a phased process, obviously, which  
23                    moves us to a position where a decision can be made  
24                    after a streamlined regulatory process.

25                    So, I say that this process that BC Hydro  
26                    has proposed is a good one because it accomplishes

1           three things. The first is that it gives full  
2           consideration to important threshold issues that  
3           deserve a full airing. Secondly, that it contemplates  
4           meaningful consultation. And third, that all of this  
5           occurs in a timely and efficient away. In that after  
6           phase 1 it positions the Commission to determine,  
7           after meaningful input, whether or not BC Hydro's next  
8           revenue requirements application will be either a  
9           traditional cost of service application for a two or  
10          three year test period or a fiscal '22 to fiscal X PBR  
11          application consisting of a fiscal '22 base year  
12          determined on a cost of service basis and a PBR plan  
13          for determining the rates formulaically in the  
14          remaining years of the PBR term. So, I'll touch on  
15          each of those three points.

16           First of all, as BC Hydro states in its  
17          pre-filed comments, the phased approach recognizes  
18          that the adoption of PBR for BC Hydro would represents  
19          a significant change for all stakeholders, including  
20          BC Hydro interveners and the BCUC. And that there are  
21          some fairly fundamental questions that have been  
22          raised by the PBR report. I'll give you a few  
23          examples of the types of considerations that, in my  
24          submission, would be well suited to being covered in  
25          the phase 1 process. They relate both to BC Hydro's  
26          views, which are expressed in the PBR proceeding,

1           about the nature of regulation and that cost of  
2           service regulation should be maintained at this time.  
3           They also deal with the design considerations that  
4           would have to be addressed in the event that PBR is  
5           adopted.

6           So first -- and again these are just  
7           examples. First of all, what are the advantages and  
8           challenges of continuing under cost of service  
9           regulation going forwards? Second, in the case of a  
10          Crown corporation like BC Hydro, would PBR provide  
11          better incentives to control costs than would cost of  
12          service regulation? Third, what are the trade-offs  
13          involved in providing stronger incentives, such as  
14          greater autonomy for management from regulatory  
15          overview, and how do stakeholders view those  
16          tradeoffs? Fourth, if a decision is made to adopt PBR  
17          then what are the objectives and principles that  
18          should inform BC Hydro's PBR application? And fifth,  
19          if a decision is made to adopt PBR, then what design  
20          considerations should BC Hydro address in any PBR  
21          application that is filed?

22           And so again, those are just examples.  
23           Obviously the role of consultation, in part, is to  
24           identify what other issues or to reformulate the  
25           issues that I've just given you.

26           So that brings me to my second point, which

1 is that the proposed process that's outlined in  
2 Exhibit B-2 does provide for meaningful consultation.  
3 For context I'll go back to the 2014 Fortis PBR  
4 decision where the Commission commented on the  
5 importance of trust and stakeholder involvement if the  
6 objectives of either cost of service regulation or PBR  
7 to be achieved, and it said at page 14 -- and I'll  
8 just read this to you:

**Proceeding Time 3:32 p.m. T3**

10                 "Regardless of the method chosen..."  
11         and by that they were talking about cost of service or  
12         PBR,

13           "Regardless of the method chosen, to be  
14           successful over the longer term the parties  
15           need to feel that their concerns are heard  
16           and, were reasonable, acted upon. To  
17           facilitate this the Commission panel has  
18           taken steps in this decision to ensure that  
19           there is ongoing communication between the  
20           parties, which will result in greater  
21           transparency."

22 So in terms of BC Hydro's side of things,  
23 BC Hydro has had the opportunity to put out the report  
24 and it has already been subjected to two rounds of  
25 information requests in the revenue requirements  
26 process. So BC Hydro has had an opportunity to

1 forward its views. What we haven't heard so far is  
2 what the views of stakeholders are on any of the  
3 issues that have been raised.

4                   Incidentally, the Commission's direction in  
5 the last revenue requirements decision that dealt with  
6 the PBR report did mention also involving Commission  
7 Staff in consultation. We omitted to make any  
8 reference to Staff in the Exhibit B-2. That wasn't  
9 intentional. Certainly if Staff want to be involved  
10 in consultation, they certainly should be. And to the  
11 extent that they need to be more circumspect about  
12 some issues than others, we would recognize that would  
13 be entirely appropriate.

14                   So the point of the consultation from BC  
15 Hydro's perspective is that resolving any  
16 disagreements on those fundamental issues, or at least  
17 crystalizing the issues, sort of the inventory of  
18 issues, if I can put it that way, can only help the  
19 next revenue requirements application proceed more  
20 smoothly and efficiently. And I would add that the  
21 consultation process that is contemplated in the  
22 proposal has similarities to what was done in the 2015  
23 BC Hydro rate design application. It's not exactly  
24 the same, but the concept of having interactions  
25 between BC Hydro and individual stakeholders, and then  
26 preparing a consultation report, that type of model

1           was borrowed from that as I understand that that was  
2           fairly well received in that proceeding.

3           Thirdly, my third point that it is  
4           efficient and timely, that is where my graphic that I  
5           handed out comes into play. And I think this will be  
6           useful. It doesn't do anything new, it just  
7           reformulates what was in there in what I think is  
8           easier to understand framework. I've handed them out  
9           already, Paul. And he's got one.

10           And I think, if I may, if I can mark this  
11           as Exhibit B-3, I believe.

12 THE HEARING OFFICER:     Marked Exhibit B-3.

13 (COSR TIMELINE DOCUMENT MARKED EXHIBIT B-3)

14 MR. GHIKAS:     Thank you. So what this does is it sets  
15           out how this process would unfold in two scenarios.  
16           So as I mentioned at the outset, this phased process  
17           will result in a decision that will inform whether or  
18           not the very next application is either a cost of  
19           service application with a two or three year test  
20           period, as the case may be, or whether or not it's a  
21           PBR application.

22           So what -- if you look at the top line,  
23           that's the cost of service timeline. And you can see  
24           we've got the current test period on there and the  
25           cost of service test period in yellow is the next test  
26           period as it were.

**Proceeding Time 3:46 p.m. T4**

2 So the process that we've identified is  
3 marked by the phase 1 decision in August 2020. And  
4 then you would have in February of 2021 a cost of  
5 service revenue requirements filed. And that aligns  
6 with the way BC Hydro has been filing revenue  
7 requirements in this application, a February filing  
8 date. And then the beginning of the next fiscal year  
9 is April and interim rates would kick in at that  
10 point. So that's fairly straightforward.

The PBR one is obviously a little bit different for us. So, if we see that obviously the timelines are aligned the same way with the decision in August 2020 on phase 1. And then in February of 2021, what you will see, hopefully, is an application that encompasses two components, one of which is a cost of service base year component which would be for the period, you can see, indicated as "base year". So that year you would have a typical build up on a cost of service basis that you would -- sort of, of the nature you would see in a normal cost of service application. And then from that year, the following year starting in April 1<sup>st</sup>, '22, the base year would be escalated by whatever formula is established under the PBR plan. And that formula would continue to apply for the remainder of the PBR term, whatever that would

1                   happen to be.

2                   And so, I said hopefully that you'd see an  
3                   application in February 2021. And the reason I  
4                   alluded to that is that the timeline that is set out  
5                   for phase 1, that is really tight. And, you know, I'm  
6                   not going to make too many bones about it, that is a  
7                   tight timeline. And BC Hydro is trying to recognize  
8                   that the Commission had indicated a preference that  
9                   was fairly tight to begin with. We're already past  
10                  the time when the original order was contemplating it  
11                  for the implementation potentially in 2020. We're  
12                  well past that, that's obviously no longer achievable.  
13                  We were trying to -- BC Hydro was trying to achieve  
14                  the spirit of that, of having an early decision on  
15                  this thing, but recognizing where we are in the cycle,  
16                  the timeline we've set out here, there's no question  
17                  it is very tight.

18                  The nice thing is that the process does  
19                  account for the potential or a little bit of room for  
20                  slippage in the sense that the main challenge will be  
21                  the PBR formula type portion of that, not the base  
22                  year. So what conceivably would happen is, if it was  
23                  unable to be completed by the time the base year  
24                  information was filed in February, there would be the  
25                  potential to file it as some sort of a supplement  
26                  after the fact and it wouldn't necessarily hold up the

1 entire proceeding because you'd be able to -- because  
2 the formulaic aspect of it wouldn't kick in until the  
3 following year. Is that clear? Go ahead.

4 THE CHAIRPERSON: Yeah. I appreciate that and I would  
5 generally agree that the formulaic part would be a big  
6 piece that certainly covers more years than the base  
7 year and has a complexity all of its own. But I'm  
8 just wondering, given that we're presumably going to  
9 have a pretty in depth look at BC Hydro's revenue  
10 requirements as we heard in the last procedural  
11 conference for the current test period, why do we then  
12 -- why would we then need another base year following  
13 that? Because if you didn't have to prepare the 2021  
14 PBR application, if that didn't have to include  
15 another base year and you were only focused on the  
16 formulaic aspects, then I'm assuming that would take  
17 less effort to put the application together. And what  
18 would be the downside then of relying on one of these  
19 two years, or both these two years averaged, as the  
20 base year?

21 MR. GHIKAS: I anticipated that question.

THE CHAIRPERSON: You did.

Proceeding Time 3:50 p.m. T05

So, I have some speaking points on that.

That intuitively sounds good when you describe it.

It's got some warts on it though, and the challenge of

1           it is that the -- so there's a few reasons. So first  
2           of all, it's about the budgeting cycle that we're in.  
3           So if you look at the timeline, the budgeting for next  
4           year starts in May of next year for the following  
5           year. So it will be starting fairly early in the  
6           process. There won't have been a lot of time for any  
7           consultation given how much work we're all doing on  
8           this hearing going forward.

9                         So the challenge is that if you went to --  
10           once you get to May it's very difficult to do two  
11           parallel processes, one to true up or incorporate  
12           actual information and incorporate adjustments into a  
13           2021 base year at the same time that you're  
14           potentially having to deal with the design of a PBR  
15           plan.

16                         So you've got -- there's a resourcing  
17           option. So let me walk through this a little bit.  
18           I'm not articulating that very well.

19                         So if you've got F21 numbers, you wouldn't  
20           want to necessarily just take the approved number that  
21           comes out of the Commission's decision because you  
22           would have to account for any additional information  
23           that comes through, like actual information and  
24           planned information, because the decision won't have  
25           picked up what are potentially real pressures or  
26           changes that occur in the meantime. So when you're

1 setting a base here, you want to make absolutely sure  
2 that it is reflecting the most up-to-date data because  
3 you're using to base for a five-year trajectory. So  
4 if you've got things happening in between the close of  
5 the evidentiary record now and the time when the  
6 formula kicks in, the potential for a real distortion  
7 gets quite large. So you'd have to, in my submission,  
8 make some adjustments to that amount.

20 And so the filing date is another issue.  
21 The PBR framework itself will not be able to be  
22 designed and in place in time to set rates and interim  
23 rates for the F22 year. It gets very challenging  
24 because of that ongoing budgeting process that's  
25 ongoing, plus the comprehensive review, plus any  
26 adjustments that are coming out of the Commission's

1 order. It's the same people that are involved in  
2 designing a PBR plan that would be involved in all of  
3 that process. So you have a very intensive work  
4 process that's going on, implementing the outcomes of  
5 the comprehensive review which is going on. Those  
6 people are going to be resource constrained.

7 So you will end up at a point where if you  
8 use F21 as the base year, we will already be well into  
9 the next year by the time we have certainty about what  
10 the formula will be. I mean it's just not going to be  
11 practical. We'll be sitting on interim rates for a  
12 formula that hasn't been determined.

**Proceeding Time 3:55 p.m. T6**

14 There will be a significant amount of uncertainty that  
15 will be coming out of that, and it's very difficult  
16 for management to budget and to make decisions, even  
17 just sitting on interim rates for a long period of  
18 time under cost of service. But when you throw in the  
19 wild card that no one has any idea of what the PBR  
20 plan is going to look like, it's extremely difficult  
21 for them in that year to be able to work and manage  
22 within that.

23                   So it is very important for BC Hydro to be  
24       able to have the formula part pushed off one more  
25       year. So, just for the pure logistics is extremely  
26       difficult.

1                   So, I don't know whether I was conveying  
2                   that every clearly, but it --

3 THE CHAIRPERSON:       No, I understand, that's helpful,  
4                   thank you.

5 MR. GHIKAS:       All right. I think that actually says  
6                   what I need to say at this point. So if there is any  
7                   other questions, that might -- okay.

8 COMMISSIONER FUNG:       I have a question. Mr. Ghikas, is  
9                   there any magic to your decision date of August 2020?  
10                  And the reason I ask is that you've indicated that Dr.  
11                  Wiseman is not available in July, as I understand it.

12 MR. GHIKAS:       That's right.

13 COMMISSIONER FUNG:       However, I assume he is available  
14                  in August?

15 MR. GHIKAS:       He is, yes, he is. And the challenge is  
16                  actually driven not by -- this timeline is not based  
17                  on his availability. The SRP would be when he would  
18                  be needed, and that's before he goes away, that's in  
19                  June, so he is still around for that.

20                  But the decision date is driven by the  
21                  practical consideration of, as it is -- if you go back  
22                  to what BC Hydro said in IRs that have been filed in  
23                  this proceeding, there was an expression saying "We  
24                  need to know by April, not August, but April." And so  
25                  they've done some soul searching here, and said,  
26                  "okay, well how late can we really push this? Because

1           there is no way we are going to get this done during  
2           this proceeding, this revenue requirements proceeding.  
3           So, how late can we push this?"

4           Well, the decision was, if it comes in  
5           august, we can live with that, but there will have  
6           already been a whole bunch of work being done on the  
7           budgeting for the following year. So, if you were to  
8           delay that any further it would make it very, very  
9           difficult to be able to turn a revenue requirements  
10          application for February the following year. It would  
11          make it nigh on impossible. It's just too much work.

12         COMMISSIONER FUNG:        Okay, thank you.

13         THE CHAIRPERSON:         Sorry, I do have a question then.

14         MR. GHIKAS:            Yes?

15         THE CHAIRPERSON:         Can you just explain if and how this  
16           is tied -- this timeline is tied to the revenue  
17           requirement?

18         MR. GHIKAS:            So, it's not tied to the --

19         THE CHAIRPERSON:         The new requirement timeline I should  
20           say?

21         MR. GHIKAS:            Sorry, the current one?

22         THE CHAIRPERSON:         The one we just finished talking  
23           about.

24         MR. GHIKAS:            The one we just finished talking about.  
25           Only in the sense that it was determined that it would  
26           be unrealistic to expect people to be consulting while

the oral hearing is on, effectively. And there is an argument period and the like.

3 THE CHAIRPERSON: You don't need the decision, let's  
4 say, before this could begin?

5 MR. GHIKAS: No, that's right.

6 THE CHAIRPERSON: Yeah.

7 MR. GHIKAS: So the drop dead decision in this process  
8 really is August. That's been pushed out, and pushed  
9 out, and August is -- the determination is that if we  
10 can't get a decision before August, it would be  
11 essentially impossible to do a PBR for F22. We would  
12 have to be doing it the next test period after that.

13 THE CHAIRPERSON: Thank you. Thanks.

14 MR. GHIKAS: Thank you.

15 THE CHAIRPERSON: Mr. Weafer?

**SUBMISSIONS BY MR. C. WEAVER:**

I'll be quite brief, and I am on Exhibit A-  
17  
18 3 and the specific topics put forward by the panel.

At this time, it is not the intention of  
the CEC to file intervenor evidence in respect to the  
PBR discussions with respect to BC Hydro.

Proceeding Time 4:00 p.m. T07

23                   Item 2, whether the review should be by  
24                   written or by oral public hearing, the CEC is fully  
25                   supportive of the proposal put forward of the proposal  
26                   put forward by BC Hydro. We will participate in

1           whatever process the Commission deems appropriate, but  
2           we believe that they've put forward a rational and  
3           appropriate approach to assessing the appropriateness  
4           of PBR for BC Hydro.

5           I would just take you to -- well, I don't  
6           need to take you there, but in Exhibit B2-H2, the  
7           threshold issues were described by BC Hydro. I think  
8           Mr. Ghikas described them better in his oral  
9           submissions today, because his comments on the  
10          threshold issues on number one, for example, what are  
11          the objectives of adopting PBR, that assessment should  
12          look at the risks and benefits of PBR and the  
13          advantages and disadvantages of PBR as opposed to just  
14          objectives. So not to get into too much detail here,  
15          but clearly the Commission is well aware the CEC has  
16          had issues with PBR and will likely have issues with  
17          PBR and BC Hydro. So looking at what are the benefits  
18          in the context of a Crown corp, that will be an issue.

19           The other comment we make on the threshold  
20          issues order in the written comments, and again I  
21          think Mr. Ghikas got it better in his oral  
22          submissions. Item 2 should be -- 2 and 3 should be  
23          reversed. Should PBR be adopted by BC Hydro should be  
24          step 2 and then obviously if it is, then we move into  
25          the objectives identified and whatnot. So other than  
26          that, we are comfortable with the BC Hydro proposal.

With respect to time constraints, we are retained in relation to the Cullen Inquiry on Money Laundering in British Columbia and there is going to be lengthy hearings involving that, and they are not yet scheduled, but they are in both the spring and in the fall. So we'll work around it, but that's going to be a time commit we're going to have.

THE CHAIRPERSON: But on the face of it, you don't have any issue --

MR. C. WEAFER: I'm fully comfortable with the Hydro proposal. Everything I've seen right now works, but just putting heads up on that, because we just don't know yet the schedule for that.

THE CHAIRPERSON: Understood.

MR. C. WEAFER: With respect to any other procedural matters, we don't have any other submissions.

THE CHAIRPERSON: Thank you, great. Thanks, Mr. Weafer.

MR. C. WEAFER: Thank you.

**SUBMISSIONS BY MR. ANDREWS:**

MR. ANDREWS. BCSEA does not have an intention at the present time to provide intervener evidence in this proceeding. BCSEA is comfortable with the streamlined review process and associated consultation that Hydro has proposed. One comment that I would have is that one of the reasons why, in our view, the 2015 rate design application consultations worked well, along

1           with a number of other reasons, but one reason was  
2           that the interveners were resourced to be able to  
3           participate fully in those proceedings. So I'll leave  
4           it at that. That's a factor.

5           I have no submissions on the date of the  
6           proposed proceeding and we have no specific date  
7           constraints to bring to the panel's attention.

8         THE CHAIRPERSON:     Thank you, sir. Ms. Worth.

9         **SUBMISSIONS BY MS. WORTH:**

10        MS. WORTH:     Mr. Chair, Members of the Panel, I can advise  
11           at this time we do not have any intention to file  
12           intervener evidence in this particular proceeding, and  
13           we have reviewed BC Hydro's proposal for process and  
14           we find that to be eminently reasonable as well,  
15           premised on the understanding that BC Hydro's two-  
16           phased approach is our preferred approach as well. We  
17           think that dealing with that threshold question is  
18           important before proceeding to sort of the most  
19           substantive issues that the Commission panel has  
20           raised.

21           We don't have any significant time  
22           constraints to identify a this time, and we don't have  
23           any other procedural matters.

24           There is one thing. I had fairly  
25           substantive things that I wanted to say prior to  
26           actually coming. But I just wanted to flag one thing

1 that remains in the face of the submissions that have  
2 already been made, and that is that in this phased  
3 approach, should the Commission panel agree that  
4 that's the appropriate way to go, we're not proposing  
5 that phase 1 just examine the general theory of PBR.  
6 It would have to, in our submission, look specifically  
7 at how it might operate if applied to BC Hydro.

In our position, Phase 1 should go into more detail than suggested perhaps by BC Hydro, although Mr. Ghikas has clarified that somewhat today. But on page 4 of Exhibit B-2 they said, well, it is premature to make decisions on specific elements of the PBR plan, for example, determining the X factor or which costs require Y factor treatment.

**Proceeding Time 4:05 p.m. T8**

We are making a submission today that while those precise determinations of X factor need not be established, Phase 1 should conclude whether it is actually possible or not possible to establish that. And similarly, Phase 1 could be an opportunity to draw a conclusion as to the types of costs that would require Y factor treatment and go as far as addressing how much of the revenue requirement would actually be subject to those incentives provided by PBR.

25 And a second area would be, are the areas  
26 that have been created -- that have created the cost

1           increases noted by the BCUC adequately sort of --  
2           sorry. Oh, sorry. Phase 1 could also draw  
3           conclusions as to whether those are areas where the  
4           cost increases noted by the BCUC should be included in  
5           Y-factor or X-factor treatment as well.

6           In our view answers to those questions are  
7           necessary in order to determine whether or not PBR  
8           would actually be something that addresses the BCUC's  
9           concerns, as well as something that would be properly  
10          applicable to the utility. That kind of information  
11          would also be useful in order to assist us in  
12          addressing any kind of survey questions that the  
13          utility may have.

14           Subject to any questions, those are our  
15          submissions.

16 THE CHAIRPERSON:       Thank you, ma'am. No, that's great.  
17           Thank you.

18           Mr. Manhas.

19 **SUBMISSIONS BY MR. MANHAS:**

20 MR. MANHAS:       AMPC is currently only intending to  
21           monitor the PBR proceeding. So at this stage we have  
22           no intention to file PBR evidence and we have no  
23           specific comments on the process proposed by BC Hydro.

24           We do agree that realistically given the  
25           resources that are being put towards the RRA, that it  
26           makes sense to start this proceeding afterwards, but

1                   beyond that we have no specific comments.

2 THE CHAIRPERSON:       Okay. Thank you.

3                   Mr. Quail.

4 **SUBMISSIONS BY MR. QUAIL:**

5 MR. QUAIL:       I'd first like to address the issue that  
6                   the chair put to my friend Mr. Ghikas, about in effect  
7                   the current revenue requirement test period being the  
8                   base year in the event that PBR is adopted for Hydro.  
9                   And first I want to echo his comments, which I  
10                  interpreted as cautionary, in terms of proceeding in  
11                  that way. In effect, the current test period is phase  
12                  zero of PBR, if there is PBR under that circumstance,  
13                  and in effect, one could say that it involves a seven  
14                  year test period. At a very minimum this should  
15                  inform the scope of the hearing for the current  
16                  revenue requirements. We're not talking about a two-  
17                  year impact, we're talking about really the base year  
18                  for what might hypothetically be a further five years.  
19                  I want to express some real concern about that  
20                  possibility.

21                   On the first question we have no intention  
22                  at this point of filing evidence. It's a little  
23                  difficult at this stage, but we have no intention at  
24                  this point.

25                   We agree with the general approach that has  
26                  been proposed by BC Hydro in Exhibit B-2, including

1 the phasing, and subject to what we've characterized  
2 as refinements to Phase 1 suggested by Mr. Weafer,  
3 which we would second.

I do want to express some concern about the compression of timelines. If you look at the grid at page 5 of Exhibit B-2 that sets that out, just to sort of look at -- in practical terms what we're looking at. So the second line in the grid is "Hydro conducts one on one consultation meetings with interveners April 6<sup>th</sup> to 10<sup>th</sup>." April 10<sup>th</sup> is Good Friday. So there's four days for all of that to take place. Intervenors are required to respond by April 17<sup>th</sup>, so in effect there are four business days for the response to that.

15 And the opportunities for interveners,  
16 unless they're filing evidence, to formulate responses  
17 to the issues are fairly limited and one of them is  
18 this opportunity. I won't go through all of it, but  
19 for example, there could be fresh evidence hitting the  
20 record as late as June the 19<sup>th</sup>. And then the  
21 streamlined review process June 25<sup>th</sup>, there's five  
22 intervening days when interveners have to somehow be  
23 ready to make their pitch to what is really crunched  
24 into a one day hearing process.

1           and concern generally about the compression of  
2           timelines which one might consider to feel driven by  
3           aspirations in terms of when the show gets on the road  
4           in terms of implementation, may be compressing  
5           timelines to try to achieve that to a point where --  
6           that may not be optimal.

7           My submission, it's clear that the issues  
8           in this proceeding are very complex. While the  
9           Commission has considerable experience with PBR in the  
10          context of private utilities, the Fortis utilities, I  
11          don't think there can be any question that quite  
12          different questions arise with the potential for a PBR  
13          system for a Crown utility. The very underpinning,  
14          that is the balancing shareholder interest, is not the  
15          purpose of it anymore and the dynamics are very  
16          different.

17          The issues are complicated and very  
18          different and it's important, in my submission, that  
19          the process be designed in a way that gives a proper  
20          opportunity for really considered examination of all  
21          those questions. It's very important this be gotten  
22          right in any instance, but particularly where, in the  
23          case of BC Hydro, for example, is struggling under the  
24          burden of enormous accumulated deferral accounts over  
25          the years. Very important that this be tuned up  
26          exactly right, or over the period of a protracted

1           cycle of PBR things could become dire. So I want to  
2           just express a word of caution about timelines.

3           But in terms of availability, we make  
4           ourselves available as necessary to accommodate  
5           whatever process the Commission may prescribe.

6           The only other procedural matter that I  
7           would raise at this point is, in my submission, it  
8           would be appropriate that expert evidence that's been  
9           filed before the Commission regarding the principles  
10          of PBR or MRP proceedings for the FortisBC utilities  
11          be admissible in this proceeding, so that we can all  
12          have the benefit of the analysis that's been laid  
13          down. Bearing in mind that there are significant  
14          differences and perhaps that is -- part of the point  
15          of that is to identify with some clarity what is  
16          distinct in the task of considering PBR for Crown  
17          utility. But that's there on the record, in my  
18          submission it should be available if parties or the  
19          Commission would find it useful to reach back and pull  
20          some of that evidence into this record.

21          THE CHAIRPERSON:     Did you have recommendations on what  
22                           evidence in particular or what --

23          MR. QUAIL:        I've been doing this stuff for a long time.  
24                           You know, B.C. Gas going back to the '90s, there's  
25                           been a lot -- and I haven't -- I would have to go back  
26                           and look through the evidence that's been filed, but

1           certainly in the previous PBR proceeding for the  
2           Fortis utilities may well -- just, without having  
3           examined it freshly, it just occurs to that there may  
4           be evidence that would be useful and shed light on  
5           some of the issues. If there isn't then we need not  
6           bother ourselves with it.

7 THE CHAIRPERSON:       Understood, thank you.

8 MR. QUAIL:       But just a suggestion that's occurred to  
9           me. Subject to that I have no other submissions.

10 THE CHAIRPERSON:       Thank you, sir. Mr. Austin?

11 **SUBMISSIONS BY MR. AUSTIN:**

12 MR. AUSTIN:       I'd like to go straight to Exhibit A-3 and  
13           question number 2, in terms of the process. While we  
14           appreciate the effort that BC Hydro has put in to  
15           doing a grid on page 6, we have some very serious  
16           reservations about the adoption of PBR in relation to  
17           BC Hydro. In terms of the grid, at the very top it  
18           says, "introduction to PBR presentation". BC Hydro  
19           distributes surveys to interveners. We would like to  
20           see that replaced with a one-day workshop facilitated  
21           by the B.C. Utilities Commission. We don't know  
22           enough about PBR to respond to the rest of the grid.

23           In particular, we would like that workshop  
24           and the experts who would attend to address how PBR  
25           would deal with the issue of deferral accounts; how  
26           PBR deals with the issue of the government as a

1 shareholder; how PBR would deal with BC Hydro's  
2 projected capital spending.

3 **Proceeding Time 4:15 p.m. T10**

4 In 2019, including Site C, BC Hydro's  
5 projected capital spending will be about \$3.7 billion  
6 a year, 3.7 billion for that year, and thereafter,  
7 there is the costs accruing in relation to Site C, and  
8 then there is the estimated 2 billion a year capital  
9 spending over the next 10 years.

10 We would also like that workshop to deal  
11 with the Clean B.C. plan, and in particular the impact  
12 it has on BC Hydro and greenhouse gas reductions.  
13 There is a very large difference between the  
14 Commission's experience with Fortis Gas and Electric,  
15 and a utility such as BC Hydro that has a very large  
16 capital spending program which is expected to continue  
17 into the future, and potentially increase as  
18 electrification is used to reduce greenhouse gas  
19 emissions.

20 So, we are very concerned about that, and  
21 in many ways we are echoing the caution that Mr. Quail  
22 was talking about. We want to know more about how PBR  
23 would apply to the circumstances we have in British  
24 Columbia in relation to a Crown owned utility, not  
25 investor owned utilities like Fortis Gas and Electric.

26 We also agree with Mr. Quail that there is

1       a very, very tight schedule, and it is very, very  
2       compressed. And in many ways we are reserving comment  
3       on that until we fully understand what PBR would mean  
4       in the British Columbia context with respect to BC  
5       Hydro.

8 THE CHAIRPERSON: So, I assume -- you didn't mention  
9 any evidence that you would file. I assume then that  
10 you would, at this point, you're not --

11 MR. AUSTIN: We don't know enough about how it would  
12 impact BC Hydro.

13 THE CHAIRPERSON: Fair enough.

14 MR. AUSTIN: So, until we understand that, we are not  
15 in any position to make any suggestions in relation to  
16 whether we would file evidence, or even the rest of  
17 the process, because we quite frankly don't understand  
18 it.

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

20 MR. AUSTIN: You're welcome.

THE CHAIRPERSON: Mr. Hooge.

#### SUBMISSIONS BY MR. HOOGE.

1 say again that the FortisBC utilities do not expect to  
2 be active participants in the proceeding. The  
3 utilities are customers of BC Hydro, and so they would  
4 be interested in monitoring the process.

5 Having heard submissions from Mr. Quail,  
6 about the possibility of expert evidence, or other  
7 evidence from prior FortisBC proceedings being put on  
8 the record, it is possible that that could change the  
9 extent of FortisBC's participation, depending on what  
10 evidence it is that goes onto the record, and how the  
11 process unfolds around that evidence, and its  
12 significance. But I think at this stage, it is a bit  
13 too early to say to what extent that would impact how  
14 FortisBC proceeds.

15 **Proceeding Time 4:19 p.m. T11**

16 Item 2 for the application process,  
17 FortisBC supports BC Hydro's submissions on the  
18 process, and in particular we support the proposal for  
19 a sequential two-phase application. In FortisBC's  
20 submission addressing the threshold issues BC Hydro  
21 has identified as a first step is a sensible approach  
22 and the most efficient way for the BCUC to resolve the  
23 issues in this proceeding.

24 FortisBC notes from its own experience that  
25 the detail level design of a PBR is a complex and  
26 time-consuming undertaking for the utility but also

1                   for the B.C. Utilities Commission and for interveners  
2                   in reviewing the details of the PBR plan. And so  
3                   addressing the threshold issues, including whether the  
4                   PBR process is even adopted for BC Hydro at this point  
5                   makes sense as a first phase that could potentially  
6                   save significant regulatory burden for all  
7                   participants.

8                   FortisBC doesn't take any position on the  
9                   specific regulatory process and whether it takes place  
10                  by way of an oral hearing or written process. If it  
11                  is an oral process or an SRP as BC Hydro proposed,  
12                  it's not likely that FortisBC would be an active  
13                  participant, although that's subject to the caveat  
14                  that I made at the early part of my submissions that  
15                  we'll have to wait and see to what extent evidence  
16                  from prior FortisBC PBR proceedings becomes a part of  
17                  this process.

18                  On item number three, we have no time  
19                  constraints or other unavailability issues to raise.  
20                  And item four, we have no other procedural matters to  
21                  bring forward. Thank you.

22 THE CHAIRPERSON:     Thank you.

23                   Ms. McLean?

24 **SUBMISSIONS BY MS. MCLEAN:**

25 MS. MCLEAN:        Thank you. Zone II Ratepayers Group does  
26                   not anticipate calling any evidence or filing any

1 evidence at this time, and Zone II Ratepayers Group is  
2 still assessing its level of participation in this  
3 process. Certainly it intends on participating in the  
4 early stages in order to better inform itself and make  
5 a decision about the level of participation. And as  
6 was raised previously, the level of funding that's  
7 made available could also dictate its ability to  
8 participate in an ongoing basis.

9                   Certainly at this time we're comfortable  
10 with BC Hydro's proposal that it be a two-phased  
11 approach and that it be a streamlined review process,  
12 but we do share the concerns that have been expressed  
13 about the specific timelines for phase 1 that are set  
14 in BC Hydro's proposal, and in particular perhaps BC  
15 Hydro can address why March 31<sup>st</sup> is the selected start  
16 date. It appears to me that it actually could  
17 commence sooner. Certainly that initial step of a  
18 workshop or an introduction is a key for step two,  
19 allowing the parties to better inform themselves and  
20 intelligently participate in the process. In my  
21 submission, that step, there needs to be a gap from  
22 that step to the following one which is these  
23 consultation meetings. We need time to assess the  
24 information being provided and get instructions from  
25 our clients in order to intelligently participate in  
26 any consultation meeting.

**Proceeding Time 4:23 p.m. T12**

2 It's also not completely clear to me what  
3 the survey entails, and certainly my client is not  
4 going to an early position in the proceeding that it  
5 might change later, certainly open to providing  
6 feedback information through a survey, but would want  
7 to be clear that that's not intended to be an early  
8 statement of a final position in the matter by Zone II  
9 Ratepayers Group.

10 So I think that there are some  
11 considerations with respect to that schedule. I  
12 haven't heard anyone today indicate they intend to  
13 call evidence. Although, of course, some parties have  
14 reserved that right. It may be that some time can be  
15 gained in that phase of the scheduling if no such  
16 evidence is filed, and perhaps there needs to be a  
17 reassessment at that time on scheduling.

18 | Thank you.

19 THE CHAIRPERSON: Thank you.

20 Ms. Gjoshe?

## **SUBMISSIONS BY MS. GJOSHE:**

I will keep my submission brief. I support  
the sequential nature of the proposal put forth by BC  
Hydro. Personally I'd be comfortable with the process  
that is arrived at collectively, through Commission  
guidance on this, whether it is oral or written

1           proceedings. And I believe it is premature to  
2           consider whether I will be submitting any evidence at  
3           this stage, but other than -- I do echo the comments  
4           that Mr. Quail made and some of the other interveners  
5           made with regard to the compression of the schedule,  
6           given that it would appear that there is quite a bit  
7           of learning involved on the part of all the parties  
8           that will be either participating or informing the  
9           proceedings. But that otherwise, I have no scheduling  
10          concerns.

11 THE CHAIRPERSON:       Okay.

12 MS. GJOSHE:       Thank you.

13 THE CHAIRPERSON:       Thank you. Mr. Miller, does Staff  
14          have any comments?

15 MR. MILLER:       Staff have no submissions.

16 THE CHAIRPERSON:       Thank you. So, going back up the  
17          order of appearances, is there anyone that has a  
18          reply? Mr. Quail?

19 **REPLY BY MR. QUAIL:**

20           Yes, I hadn't considered the concept of a  
21          workshop rather than consultations be conducted by BC  
22          Hydro until my friend Mr. Austin suggested that. And  
23          I must say, in my view, that is a superior process.

24 THE CHAIRPERSON:       Okay.

25 MR. QUAIL:       And I endorse that. Subject to that,  
26          nothing other than agreeing generally with the

1 comments he made, particularly the ones where he had  
2 agreed with what I had said.

3 THE CHAIRPERSON: Thank you. Given that we do -- Ms.  
4 Worth, go ahead.

5 **SUBMISSIONS BY MS. WORTH:**

6 First, let me go on the record saying that  
7 it's surprising that Jim would agree with somebody who  
8 agrees with him.

9 What I wanted to do was to acknowledge that  
10 in my initial submissions I perhaps wasn't as  
11 sensitive to the fact that PBR is not necessarily as  
12 familiar with some of the parties as it is to groups  
13 like BCOAPO, who participate in Fortis proceedings on  
14 a regular basis

15 **Proceeding Time 4:26 p.m. T13**

16 And I'm particularly mindful of the  
17 suggestion made by counsel for groups that are not as  
18 familiar. I support the idea of a workshop and I'm  
19 mindful of how BC Hydro actually dealt with the rate  
20 design, run up to the rate design last time, which was  
21 they had workshops and then they had surveys  
22 afterwards, which gives the opportunity for people to  
23 provide feedback in the moment, but also to be provided  
24 considered feedback afterwards.

25 And then also the concern that was put on  
26 the record by the Ms. McLean on behalf of her clients.

1       I would like to support that there be consideration  
2       given to that, the fact that there be perhaps a great  
3       period of time between when information is provided to  
4       the interveners and when they are being asked to  
5       provide feedback to BC Hydro.

6                     Subject to any questions. Thank you.

7 THE CHAIRPERSON:     Thank you.

8 REPLY BY MR. C. WEAFER:

9 MR. C. WEAFER:     Just three brief comments. With respect  
10      to the workshop idea of Mr. Austin, great idea.

11                     Secondly with respect to evidence, Mr.  
12      Quail referred to evidence from prior PBR proceedings  
13      with Fortis. There's certainly one document or one  
14      event that I think would be helpful, which was there  
15      was a review done at the end of the last PBR period  
16      and then an expert was brought in, what we thought to  
17      review the experience of PBR with Fortis, but it  
18      really turned into sort of a PBR 101 event, and it was  
19      a very generic and general description, and that  
20      document would be a useful document. I don't know the  
21      date off the top of my head.

22 THE CHAIRPERSON:     That's in the current Fortis  
23      proceeding?

24 MR. C. WEAFER:     It would have been leading up to the  
25      next filing, so it was actually a workshop held prior  
26      to this filing and it was intended to be the review,

1       but it ended up being a fairly basic overview of PBR,  
2       just in assistance to people who are newer to it.

3                   And -- there was a third point, and now  
4                   it's escaped me. So I'm going to leave it at that.  
5                   Thank you.

6 THE CHAIRPERSON: Thank you. Sorry, I went out of order  
7 there. But is there anyone else who has -- okay, then  
8 I'll turn it over to Mr. Ghikas then.

**REPLY BY MR. GHIKAS:**

10 MR. GHIKAS: Thank you, Mr. Chairman. Just on the first  
11 point about -- that my friend Mr. Quail made the  
12 comment with respect to using F21 as the base year,  
13 that we're in the middle of a revenue requirements  
14 proceeding dealing with that. I have some sympathy  
15 for that, particularly given how far we are through  
16 that process. That actually hadn't dawned on me, so I  
17 thought that was an interesting comment.

18 Proceeding Time 4:29 p.m. T14

1           the change -- you know, to justify any changes from  
2           that as well.

3                   So the value doesn't disappear, but taking  
4           your point that we have had the proceeding, but there  
5           is going to be -- and my expectation is that there are  
6           going to be very significant changes coming  
7           potentially out of that phase 2 proceeding. We really  
8           don't know what that -- sorry, phase 2 comprehensive  
9           review. We really don't know where that's going to  
10          land. And there may -- regardless of whether or not  
11          you're using F21 as your base year, there could be  
12          significant ramifications from that that would that  
13          make F21 not representative of the years going forward  
14          that would be covered by a PBR plan, and you wouldn't  
15          want to set your base without having accounted for  
16          those. Otherwise you're going to go off kilter.

17                   On the timeline, appreciate the feedback  
18          that it's tight. It is tight. I have great sympathy  
19          for that as well. The fundamental point that -- or  
20          position that we're in here is I think we're having to  
21          work backwards from a date that is effectively August  
22          and that date has already been pushed back a fair bit.  
23          And that's, in a sense, a drop dead date, not for PBR  
24          period but for PBR starting in F22. So, it sounds  
25          like there may not be evidence coming out of various  
26          intervenors which would buy us back, I believe my

1 friend Ms. McLean alluded to that, would buy us back a  
2 little bit of time. So, you know, obviously that  
3 could be worked into it.

In terms of the start date of the presentation date in March, that was accounting for both the submissions coming out of the proceeding, the revenue requirements proceeding, and also there's the spring break lying in there too and we typically have exchanges in these procedural conferences about whether people are around or not on those. So that starts in mid-March as well.

12                         The issue about Fortis' evidence, in my  
13 submission it's a little premature to figure out what  
14 evidence needs to be put in in matters of that. I  
15 don't think anybody has really given a lot of thought  
16 to that, so that would be my submission there.

Finally, my friend Mr. Austin raised  
turning the presentation into a workshop, and then it  
sounded like a much more formal process than was  
originally intended.

21 Proceeding Time 4:33 p.m. T15

1 effectively have nailed down a bunch of positions on  
2 various aspects of a PBR plan, walking into something  
3 at the end of March. The whole idea behind BC Hydro's  
4 phased approach is that it is an extremely complicated  
5 matter to try to design a PBR plan that works. You  
6 can design a PBR plan but it has to work. And if you  
7 change one thing and then you change another thing,  
8 that fundamentally alters the risk profile and goes  
9 right to the heart of whether rates are just or  
10 reasonable. And the Commission has recognized that in  
11 its past decisions.

12 So it's really important that we -- that  
13 while we talk about principles and what should be  
14 considered and threshold questions that we've set out,  
15 and it sounds like my friend, Mr. Austin, a lot of  
16 those really are getting to the threshold questions,  
17 but there is some lingering concern on my part about  
18 some of the referenced matters, about what should be  
19 in and what should be out of an X factor, and things  
20 like that.

21 You're getting down to a point where you're  
22 into the nitty-gritty, and in my submission it is  
23 very, very important that we not be dealing with  
24 issues of such precision and landing on specific  
25 outcomes in a piecemeal basis. And it really does get  
26 to the point of that should be a comprehensive

1           decision, a package that's put forward as a PBR, as a  
2           PBR plan in a PBR application if you're going to do  
3           that.

4           So in my submission there's a lot of value  
5           in an educational process up front as long as it's not  
6           turning into something where everybody's taking  
7           positions. There's value in the consultation. And we  
8           can't forget that the SRP has a lot of exploration of  
9           those issues in an oral format as well. So I, as  
10          counsel, in my submission, I think that we really  
11          should not be putting BC Hydro people in the role of  
12          being a witness immediately coming out of that, in  
13          something that's labelled a workshop but in all  
14          intents and purposes looks like something a whole lot  
15          different.

16         THE CHAIRPERSON:     But Mr. Austin was -- at least what I  
17            heard was he was concerned with some of these issues  
18            being dealt with in a workshop format, and those were  
19            deferral accounts, what does a PBR look like with the  
20            government as a shareholder, how does it deal with  
21            large amounts of capital spending and so on.

22         MR. GHIKAS:        Yes.

23         THE CHAIRPERSON:    And that was, I think what he  
24            suggested, that the workshop should be a different  
25            format and led by BCUC. But I would assume that in  
26            your workshop BC Hydro would address those issues?

**Proceeding Time 4:36 p.m. T16**

2 MR. GHIKAS: That was the idea, yeah. The PBR report  
3 deals with -- the mandate that was set for BC Hydro in  
4 the PBR report dealt with, I believe the term was  
5 "high level consideration of various issues." And  
6 there was a shopping list of elements and each of the  
7 PBR alphabet was effectively covered off by that.

8 So, BC Hydro has every intention of walking  
9 through, you know, what is an X-factor, what is it  
10 typically done for when it comes to something like  
11 capital, to use the example that my friend put  
12 forward.

13                   There is, in the PBR report, a series of  
14 options set out as to what you could or could not  
15 include, what are the issues that arise with each one,  
16 that sort of thing. So, BC Hydro would have every  
17 intention of walking through that in that sort of a  
18 format.

19                   The concern is really when it turns from an  
20 informational presentation, which was designed as a  
21 level setting exercise, right? Because we have some  
22 people in the room who are very familiar with PBR, and  
23 we have some people in the room who are not familiar  
24 at all with PBR. So, it really was intended to be a  
25 level setting exercise, educational as opposed to  
26 positional.

1       THE CHAIRPERSON:     So what are your thoughts then on  
2                          whether it should be a BCUC led workshop versus a BC  
3                          Hydro led workshop?

4        MR. GHIKAS:       I was just checking with my colleagues  
5                          there. I mean, BC Hydro doesn't have really strong  
6                          views about who leads the workshop. BC Hydro is  
7                          simply taking ownership of it and pushing it forward  
8                          to set out the issues and walk through it. So yes, no  
9                          real strong feelings.

10      THE CHAIRPERSON:    And I just ask because that was a  
11                          suggestion that was made.

12      MR. GHIKAS:        Yeah. BC Hydro would intend to walk  
13                          through all the major issues anyways, regardless of  
14                          who was leading it.

15      THE CHAIRPERSON:    Okay, fair enough, thank you.

16      MR. GHIKAS:        Right. One consideration, my friend Mr.  
17                          James has pointed out here, one of the considerations  
18                          that I was meaning to note is that BC Hydro can verify  
19                          that it will provide PACA funding with respect to the  
20                          consultation. So, if BC Hydro is leading those  
21                          exercises, that may make it easier for that to occur.

22      THE CHAIRPERSON:    Thank you. Mr. Austin -- do you mind  
23                          if Mr. Austin -- it sounds like he has a question or a  
24                          comment?

25      MR. AUSTIN:        The Clean Energy Association of B.C. would  
26                          like the B.C. Utilities Commission to lead the

1 workshop, because we consider it to be a neutral party  
2 in terms of education. If BC Hydro is leading the  
3 workshop, it may be leading in a particular direction,  
4 either advertently or inadvertently. So, there could  
5 be a very large bias that creeps in. But, it may not  
6 be advertent, but we want the Utilities Commission to  
7 lead the workshop.

8 THE CHAIRPERSON: Thank you, sir.

9 MR. GHIKAS: I think more what BC Hydro is getting at  
10 here is we're trying to have -- when these things get  
11 transcribed and they become overly formalized, people  
12 tend to act a little differently than if it's an  
13 informational exercise where people are just getting  
14 into a room and talking about things.

Proceeding Time 4:39 p.m. T17

The exercise here was designed really just  
to exchange information about what is PBR all about,  
start at the basics, talk it through. And, you know,  
so it went -- in the formalization of a transcribed  
workshop it takes on a new level that wasn't really  
indented by this, and I don't know whether that would  
address my friend's concern, but there is some --  
there should be some comfort in the fact that -- the  
informality of it in the sense that nothing's really  
on the record in the sense, you know, we're not  
creating an evidentiary record, we're just talking

1           about what PBR is all about.

2 THE CHAIRPERSON:     I don't know if Mr. Austin wants to  
3           address that or not?

4 MR. AUSTIN:        If it's a Commission directed workshop we  
5           would prefer it be transcribed so that we could  
6           actually go back and look at what the comments were as  
7           opposed to dealing with PowerPoint presentations that  
8           don't fully catch what was going on in a workshop. We  
9           need it as a tool for education. So if we're going to  
10          be educated, we need some notes.

11 THE CHAIRPERSON:     Thank you.

12 MR. GHIKAS:        The only final word I'd say is one of the  
13           reasons it was so successful in the 2015 application  
14           is because it was done informally and led by BC Hydro  
15           and alike. So given the hour, I'll sit down.

16 THE CHAIRPERSON:     Perhaps we'll leave it at that then  
17           and -- Ms. Worth? Yes. Perhaps we won't.

18 MS. WORTH:        I'm not going to speak at length, no. I'd  
19           just like to note that there might be a compromise  
20           position. To my recollection, in the 2015 rate design  
21           BC Hydro actually provided summarized notes. So there  
22           wasn't the necessity of actually transcribing every  
23           word that was said, but there was a transcript --  
24           there was sort of a -- there was a note that was  
25           circulated and people were able to comment on whether  
26           they felt that it was an accurate representation of

1           what was said. I think that might be a good  
2           compromise, something that would achieve both ends,  
3           which is that it not be overly burdensome and that it  
4           be more informal, but that it would also assist Mr.  
5           Austin and others in their assist -- you know, in  
6           their efforts to be educated about the subject.

7           Thank you.

8         THE CHAIRPERSON:     Thank you. Appreciate it.

9                           Mr. Ghikas, are there any other comments?

10        MR. GHIKAS:       That sounds very reasonable, Mr. Chairman.

11        THE CHAIRPERSON:   It does, it does. Do you have any  
12                          other -- or are you otherwise finished your --

13        MR. GHIKAS:       Yes. Yes, I am.

14        THE CHAIRPERSON:   Okay, thank you. Well, great, thank  
15                          you.

16        COMMISSIONER FUNG:   I have one question.

17        THE CHAIRPERSON:     Go ahead.

18        COMMISSIONER FUNG:   Mr. Ghikas, perhaps you can address  
19                          Ms. McLean's concern about this questionnaire survey  
20                          that's going out to interveners and what that entails?

21        MR. GHIKAS:       Right. So the idea was essentially BC  
22                          Hydro's been asked a number of IRs by the Commission  
23                          about various issues in the PBR plan. The idea was  
24                          essentially to give the interveners the opportunity to  
25                          have their say on similar issues that came up. So  
26                          they were intended to be very open ended. Simply

1 asking -- covering the types of issues and sort of  
2 leaving a scoop at the end that says, is there  
3 anything else you want to say.

**Proceeding Time 4:42 p.m. T18**

Obviously people won't have necessarily  
consolidated their thoughts and the like, but it will  
-- it does help to move things forward to just have a  
general sense of what people think on the things that  
the Commission has put back to -- do stakeholders  
agree with what BC Hydro said? That type of thing.

11                   And certainly if the -- you know, if there  
12         needed to be input on the questionnaire, that's -- if  
13         that was necessary that could be done as well.

14 COMMISSIONER FUNG: Okay, thank you.

15 THE CHAIRPERSON: Okay, well thank you very much. We  
16 appreciate everyone's thoughts and comments this  
17 afternoon and I wish you all a safe journey home and a  
18 good weekend. Thank you very much.

10 (PROCEEDINGS ADJOURNED AT 4:43 P.M.)

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

C.B. Langdon

A.B. Lanigan, Court Reporter

26 November 22<sup>nd</sup>, 2019