October 6, 2017

Mr. David Morton, Chair
BC Utilities Commission
Suite 410 – 900 Howe St.
Vancouver, BC V6Z 2N3

Dear Mr. Morton,

Re: Site C Inquiry; Costs to Ratepayers; Preliminary and Final Reports

I write in my personal capacity, as a ratepayer, to offer the following brief comments on the preliminary and final reports. I hope the Commission will find these comments useful.

1. Please do not conflate total costs with costs to ratepayers.

The Deloitte construction review report, for example, provides estimates of total costs – they say it will cost between $8.3 and $12.5b to complete; sunk costs plus $1.4b to suspend; and sunk costs plus $1.2b to terminate. (The Commission made similar findings in its preliminary report).

But those are not the costs to ratepayers. Those are the costs to BC Hydro. And, BC Hydro is not a ratepayer. The ratepayers are the residential, commercial, and industrial users of electricity. To be responsive to its terms of reference, the Commission must determine what rate increases are likely going to be necessary under each of the three scenarios – complete, suspend, and terminate.

2. Please present rate increases in a manner intelligible to lay people.

The majority of ratepayers are lay people, not engineers or economists. The way that potential rate increases are presented in the preliminary report provides some good examples of how to obscure information on rate increases. For
example, see Table 39 at p. 111; and Figure 13 at p. 112. Tables and graphs may be appropriate, but they will not be meaningful if lay people can’t easily translate the rate increases to the increased costs they will actually pay for electricity.

I suggest that a better way to present potential rate increases would be to take the amount of an average monthly bill for a residential ratepayer in 2017 (say $200 per month), and use a table or bar graph to show how that amount increases each year going forward, under each scenario.

3. Please distinguish between residential, commercial, and industrial ratepayers.

Will rate increases be shared equally by all ratepayers? It may be that some industrial ratepayers have long-term, fixed-rate contracts with BC Hydro that are not subject to the kinds of rate increases that may be necessary for cost recovery in connection with the Site C project. That is relevant if it means that residential and commercial ratepayers will bear a disproportionate amount of the costs of associated with the project.

4. Please explain the potential for additional, cumulative rate increases after the 10 year rate plan.

It is my understanding that, because successive provincial governments have capped rate increases that might otherwise be required, BC Hydro has moved a highly unusual amount of debt into deferral accounts. If additional rate increases are inevitable, to service and pay down that debt, then the Commission should include mention of those additional rate increases in its final report.

It may be misleading to ratepayers, to describe only project-related rate increases in isolation, and not the potential cumulative rate increases that may also be necessary over the term of the project.

Yours truly,

James Hickling

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