

Green Action Centre's position on 2016/17 rate-setting

1. Other things being equal, GAC favors a three-year interval for GRAs (maximum allowed under the Crown Corporations Public Review and Accountability Act) for several reasons.
 - a. The most fundamental is that the utility must have a long-run-planning horizon for resource needs and deployment. Post-NFAT we know there is a rising mountain of debt to be serviced and we know the expected revenue streams from domestic and dependable export sales. We also know the expected OM&A costs. MH has testified that these are largely unrelated to short-term rate determinations by the PUB or export revenue fluctuations based on variable water flows and opportunity export prices. [See Transcript pp 2545-2551 Mr. Rainkie] MH is doing what it has to do to maintain a safe, reliable supply of power and build the approved capital assets. MH has greatly reduced the investments related to Conawapa.
 - b. On the other hand, revenues from opportunity sales are highly variable and are dependent on fluctuating water flows and export market prices. One and two year revenues are not necessarily indicative of long-run revenues. Hence two test-years are not determinative of the revenue needs of the utility.
 - c. GRA hearings are a huge investment of money and time for MH personnel and time for interveners and PUB personnel. Are those resources being deployed in the most efficient and effective manner? We propose that a redeployment to problem-solving processes as described below would be more efficient and effective.
 - d. Recall Scott Thomson's testimony that on many occasions at FortisBC, negotiated settlements meant there was no need for an oral hearing process and that at other times the formal hearing took only 5 to 7 days. (Transcript pp 480-486.)
2. We were quite taken with the thoughtful opening remarks of Byron Williams on behalf of the Coalition on reimagining regulation. Mr. Williams raised a series of issues and wondered how changes in regulatory practice might address the issues.
 - a. For our part, we have pointed out as an instance of the above the long-standing and, we think, dysfunctional paralysis in implementing previous PUB directives to create conservation rates while simultaneously addressing the issue of affordability and fairness for electric heat customers, even though both the PUB and MH have had conservation rates on their agenda for the past decade. If one reviews Board Order 116/08, it becomes clear how long this issue has been before the PUB and yet we have not moved forward since that directive was issued.
 - b. We see movement on several fronts to engage in the challenge of re-imagining regulation. MH has opened the door to consultations on a number of fronts, including COS, Integrated Resource Planning, and energy affordability for low-income customers.

The PUB last year interviewed participants on how they thought the process could be improved. And Mr. Williams' thoughtful remarks represent an eagerness to explore new paths on the part of interveners.

- c. Our disposition is to take a problem-solving approach that involves issue identification and resolution through the input of data, expert analysis, setting out of options with their pros and cons and materiality, discussion and negotiation with interested parties and adjudication of remaining differences at the end. Most of this is more efficiently and effectively conducted outside of a formal hearing process while remaining ultimately accountable to the PUB.
 - d. What follows is that a major contribution of the PUB could be to help with the process of issue identification and then the "pacing, prioritization and accountability" of the problem-solving processes such as the above.
3. Consequently we recommend that the PUB could set a rate for 2016/17 on the basis of information already presented in this proceeding. Alternatively the PUB could set an interim or conditional rate subject to what further information or paper exchange the PUB thinks necessary. GAC is supportive of the MH application to continue with a 3.95% annual increase. The Board could further find ways to identify and prioritize issues and implement a problem-solving approach for resolution as described in 2.d. above.

Submitted this 19th day of June 2015

Gange Goodman & French
