

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

**And**

**In the matter of FortisBC**  
**and**  
**An Application for a Certificate of Public Convenience**  
**and Necessity (CPCN) for the Okanagan Transmission**  
**Reinforcement Project (OTR Project)**

**Penticton, B.C.**  
**June 23, 2008**

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**PROCEEDINGS AT HEARING**

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**BEFORE:**

<b>A. W. K. Anderson,</b>	<b>Chairperson</b>
<b>N. F. Nicholls,</b>	<b>Commissioner</b>
<b>M. Harle,</b>	<b>Commissioner</b>

**VOLUME 2**

## APPEARANCES

G.A. FULTON, Q.C.	Commission Counsel
G.K. MACINTOSH, Q.C.	FortisBC Inc.
B. SWARTZ	Regional District of Okanagan Similkameen
S.Y. KAHN	B.C. Old Age Pensioners' Organization et al (BCOAPO)
R. ARMSTRONG	Golden Hills Strata Plan K268
K. CAIRNS	South Okanagan for Alternate Route (SOFAR) Wiltse Holdings Ltd. Chris Danninger
H. KAROW	Coalition to Reduct Electropollution (CORE)
C. HARLINGTON	Self
D. FEHR	Self
A. WAIT	Self
P. KREEFT	Self

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**CAARS**

**PENTICTON, B.C.**

**June 23, 2008**

**(PROCEEDINGS RESUMED AT 9:02 A.M.)**

THE CHAIRPERSON: Good morning. Please be seated.

My name is Keith Anderson, and I am the chair of this hearing and the panel assigned to this application. With me today are Commissioner Nadine Nicholls, on my left, and Commissioner Mike Harle, on my right.

We'd like to welcome all of you participating in this hearing, and thank you for taking the time and making the effort to assist us in reaching our decision with respect to the matter before us. Working with us today are some individuals who play a very important role in this application. I'll start off with Mr. Gordon Fulton. Gordon, if you would just let folks know who you are. Mr. Fulton is with Boughton Law Corporation and is legal counsel for the Commission for this proceeding, and we'll be relying on him to keep us on track from both the legal and procedural points of view.

Mr. Brian Williston, from the British Columbia Utilities Commission, is the lead staff member for the Commission in this application. Mr. Hal Bemister is the Hearing Officer, assisted by his

1 staff and colleagues. These gentlemen, together with  
2 their colleagues, are available to assist you if you  
3 have any questions with respect to procedural or  
4 related matters in the course of the hearing.

5 This oral hearing has been convened to  
6 address certain issues arising from the application of  
7 FortisBC for a Certificate of Public Convenience and  
8 Necessity, or a CPCN as they're known, for the  
9 Okanagan Transmission Reinforcement Project, or OTR,  
10 in short. Fortis's application is made pursuant to  
11 Section 45 and 46 of the *Utilities Commission Act*.

12 The primary purpose of this oral hearing is  
13 to assist the Commission Panel in its consideration of  
14 the FortisBC application. The hearing provides an  
15 opportunity to hear evidence and cross-examine  
16 witnesses with respect to certain issues that have  
17 arisen from both the application and other written  
18 evidence filed with the Commission. The specific  
19 issues to be examined in this oral hearing are  
20 identified in Exhibit A-9, which includes -- or  
21 comprises, Order G-35-08, Appendix B specifically  
22 referring to those issues.

23 For the information of those who may be new  
24 to this process, we should point out that at the  
25 conclusion of this hearing dates will be confirmed for  
26 the filing of final submissions or argument. That

1 process typically calls for the applicant, and in this  
2 case that's Fortis, of course, to file its submission  
3 first, followed a week or so later by intervenor  
4 submissions and concluding with the reply submission,  
5 if any, by the applicant.

6 The hearing proceedings are being recorded  
7 and transcripts will be posted to the B.C. website  
8 following the hearing.

9 Now, before we proceed it might be useful  
10 to review just in summary form some of the key events  
11 that have taken place to date in this application  
12 since we were last here and in the course of the  
13 procedural conference that was held February 27<sup>th</sup>,  
14 2008. Following that conference, the Commission  
15 issued Order number G-35-08, establishing the oral  
16 public hearing, tonight's community input session, the  
17 regulatory timetable, the scope of the oral hearing  
18 issues and the scope of the review of matters related  
19 to electric and magnetic fields, or EMF. The  
20 regulatory timetable sets forth -- set forth dates for  
21 additional Commission and intervenor Information  
22 Requests and related responses, and for filing of  
23 intervenor evidence and Information Requests and  
24 responses, all of which brings us to this point today.

25 A few housekeeping matters before we get  
26 started. As you will have noted, refreshments are

1 available at the back of the room. Please feel free  
2 to move about, but we do ask that you be as quiet and  
3 unobtrusive as possible.

4 I should ask whether there are any  
5 representatives of the news media in attendance today.  
6 Not at this point of time. If they do come along, we  
7 just note that we do not allow any photography or  
8 recording of the proceedings, other than through the  
9 official transcript.

10 **Proceeding Time 9:07 a.m. T03**

11 We'll be sitting this morning until 10:30,  
12 at which time we'll take a 15-minute break,  
13 reconvening at 10:45. We'll break for lunch for one  
14 hour, from 12 noon until 1 p.m., and this afternoon we  
15 will have a mid-afternoon break at 2:45, again for 15  
16 minutes, reconvening at 3:00. And we propose to  
17 adjourn at 4:30 this afternoon. All of those times  
18 are subject to some adjustment as we progress, so  
19 we'll just monitor that as we go through the process.

20 A reminder, as I'm sure you're aware, that  
21 we are having a community input session that commences  
22 here this evening at 7:00 p.m. As far as the timing  
23 and scheduling for tomorrow is concerned, absent some  
24 events occurring, I guess, it will be somewhat similar  
25 to today's, but we'll just monitor the progress we're  
26 making as we proceed through the hearing and make

1 adjustments as may be suitable.

2 In a few moments Mr. Fulton will be calling  
3 on participants to come forward to the microphone to  
4 register their appearances. When introducing  
5 yourself, please indicate what organizations, if any,  
6 you are representing. When the introductions and  
7 preliminary matters, if any, have been completed,  
8 Fortis witness panels will be introduced, followed by  
9 cross-examination of those witnesses by participants  
10 in the order of the appearances.

11 At the end of that process, the Commission  
12 counsel will have some questions, followed by, in  
13 conclusion, any questions which myself and my  
14 colleagues may have of the witness panel.

15 When the Fortis panels are finished,  
16 intervenor witnesses will be introduced and available  
17 for cross-examination, and questions from the panel.

18 We will now proceed to call for the  
19 appearances. Mr. Fulton?

20 MR. FULTON: Thank you, Mr. Chairman. And I would ask as  
21 the intervenors come forward if they could indicate on  
22 the record as well whether they intend to cross-  
23 examination.

24 FortisBC Inc.?

25 MR. MACINTOSH: Mr. Chair, G. K. Macintosh appearing as  
26 counsel for FortisBC Inc.

1 MR. FULTON: Thank you. Regional District of Okanagan  
2 Similkameen.

3 MR. SCHWARTZ: Mr. Chairman, Bill Schwartz, Electoral  
4 Area Director for the area where this power line is  
5 going through the Regional District, I'm as an  
6 intervenor.

7 THE CHAIRPERSON: Thank you.

8 MR. FULTON: Do you intend to cross-examine, Mr.  
9 Schwartz?

10 MR. SCHWARTZ: No, I do not.

11 MR. FULTON: The Corporation of the City of Penticton.  
12 No response.

13 British Columbia Old Age Pensioners'  
14 Organization *et al.*

15 MS. KHAN: Sarah Khan, K-H-A-N, appearing for BCOAPO *et*  
16 *al.*, and I do intend to cross-examine the panel.

17 THE CHAIRPERSON: Thank you.

18 MR. FULTON: Golden Hills Strata Plan K268. No response.  
19 Oh, sorry. Too quick.

20 MR. ARMSTRONG: Rocky Armstrong, and I will not be cross-  
21 examining.

22 THE CHAIRPERSON: I'm sorry, I didn't catch your name,  
23 sir.

24 MR. ARMSTRONG: Rocky Armstrong.

25 THE CHAIRPERSON: Armstrong. Thank you.

26 MR. ARMSTRONG: Yeah.



1 MR. FULTON: National Research Council of Canada. No  
2 response.

3 South Okanagan for Alternate Route, also  
4 known as SOFAR.

5 MR. CAIRNS: Kelly Cairns, Mr. Chairman, representing  
6 SOFAR, which is a coalition of about 300 ratepayers in  
7 the region. Also representing Wiltse Holdings, number  
8 eight, and number 12 intervenor C6, Chris Danninger,  
9 has joined the SOFAR group. So I'm representing all  
10 of those three, and do intend to cross-examine. Thank  
11 you.

12 **Proceeding Time 9:07 a.m. T4**

13 THE CHAIRPERSON: Thank you.

14 MR. FULTON: Coalition to Reduce Electro-Pollution.

15 Mr. KAROW: Good morning, Mr. Chairman and Commissioners.  
16 My name is Hans Karow and I represent the Coalition to  
17 Reduce Electro-Pollution, C-O-R-E. My last name is  
18 spelled K-A-R-O-W. Thank you.

19 MR. FULTON: Thank you. And I understand, Mr. Chairman,  
20 that Mr. Karow intends to cross-examine the EMF panel  
21 or have someone assist him doing that.

22 THE CHAIRPERSON: Thank you.

23 MR. FULTON: Colin Harlington.

24 MR. HARLINGTON: My name is Colin Harlington. I  
25 represent myself plus any other people that are  
26 interested in the health aspects of the power lines

1 and what they do. I will be asking questions of the  
2 witness panel.

3 THE CHAIRPERSON: Thank you.

4 MR. FULTON: Daniella Fehr.

5 MS. FEHR: My name is Daniella Fehr and I represent  
6 myself and I will be talking about the feelings of how  
7 the neighbours feel about high voltage power lines  
8 going through our neighbourhoods with our children, so  
9 the health aspects and certain other environmental  
10 aspects. Thank you.

11 MR. FULTON: And you don't intend to cross-examine?

12 MR. FEHR: Not at this time.

13 MR. FULTON: Beryl Goodman-Slack. No response.

14 Number 14 on the list was placed on list in  
15 error, Mr. Chairman, so that name can be struck.

16 THE CHAIRPERSON: Fine.

17 MR. FULTON: Terrace McManaman. No response.

18 Braesyde Farm. No response.

19 Alan Wait.

20 **Proceeding Time 9:13 a.m. T05**

21 MR. WAIT: Mr. Chairman, Alan Wait, A-L-A-N W-A-I-T. And  
22 I am a ratepayer. I live in Grand Forks, and my  
23 concern with this is how it affects all the ratepayers  
24 throughout the whole system, because it's a very major  
25 expense.

26 MR. FULTON: And I understand, Mr. Wait, you do intend to

1 cross examine.

2 MR. WAIT: Yes, I will be cross-examining.

3 MR. FULTON: Okay.

4 THE CHAIRPERSON: Thank you.

5 MR. FULTON: David Mason. No response.

6 Paul Kreeft.

7 MR. KREEFT: Good morning, Mr. Chairman. My name is Paul  
8 Kreeft. It's spelled K-R-E-E-F-T. I'm representing  
9 myself, as a resident of the Heritage Hills, where the  
10 power lines are. And I will be speaking as regards to  
11 the health issue, environmental issues, and future  
12 power needs for the north Okanagan is all part of my  
13 presentation, and I won't be asking any questions.

14 THE CHAIRPERSON: Thank you.

15 MR. FULTON: Ulrike Kostic. No response. Pam  
16 Collingwood. No response. Val Kistner. No response.  
17 Bryan Townsend. No response. Helmut Jost. No  
18 response.

19 Is there anyone else present today whose  
20 name I have not called who has intervened in these  
21 proceedings? No response, Mr. Chairman.

22 THE CHAIRPERSON: Thank you.

23 MR. FULTON: Mr. Chairman, the procedural letter did  
24 invite people to advise Commission counsel whether or  
25 not they had any preliminary matters. No such advice  
26 was received, so there are no preliminary matters that

1 I'm aware of, except for one potential issue, and that  
2 relates to a possible view by the Panel of the  
3 proposed line alignment or proposed alignments. And  
4 there appears to be a consensus among the parties that  
5 this would be a good idea. Where there is not  
6 consensus, however, is on whether the Commission panel  
7 should do this in an unfettered way, or whether there  
8 should be conditions placed on what the Commission  
9 Panel does, if it decides to take the view. And I  
10 will need to speak to those who have provided input on  
11 the view, some time during the course of the day today  
12 or at the end of the day to see if we can come forward  
13 with a recommendation to the panel Monday -- Tuesday  
14 morning on what might or might not take place in terms  
15 of the view.

16 THE CHAIRPERSON: We'll look forward to that advice and,  
17 following the receipt of that, the panel some time  
18 during the course of tomorrow will discuss that and  
19 reach our conclusions.

20 MR. FULTON: Yes.

21 THE CHAIRPERSON: Thank you.

22 MR. FULTON: So, with that, then, Mr. Chairman, I believe  
23 I can turn the mike over to Mr. Macintosh, and for the  
24 opening of Fortis.

25 THE CHAIRPERSON: Mr. Macintosh.

26 MR. MACINTOSH: Mr. Chair, thank you. A procedural

1 matter first. By way of Exhibit B-19, would be an  
2 errata sheet. It would be errata sheet 5, and I've  
3 placed the requisite number of copies with Mr.  
4 Bemister.

5 THE CHAIRPERSON: Thank you.

6 THE HEARING OFFICER: B-19.

7 MR. MACINTOSH: Thank you.

8 (FORTISBC OTR PROJECT, ERRATA 5, MARKED AS EXHIBIT B-  
9 19)

10 **Proceeding Time 9:14 a.m. T6**

11 **OPENING STATEMENT BY MR. MACINTOSH:**

12 MR. MACINTOSH: Mr. Chair, as you noted, FortisBC applies  
13 under Sections 45 and 46 of the *Utilities Commission*  
14 *Act* for a Certificate of Public Convenience and  
15 Necessity to construct what is called the Okanagan  
16 Transmission Reinforcement Project, or the OTR  
17 Project. The need for the project, generally  
18 speaking, does not appear to be in any dispute. The  
19 Okanagan is rapidly growing and cannot be reliably  
20 served unless the project proceeds in the submission  
21 of Fortis. There are blackouts sometimes in Kelowna,  
22 for example, which simply cannot be tolerated. And  
23 today the Okanagan transmission system does not comply  
24 even with what is called N minus 0, let alone what is  
25 called N minus 1 reliability criteria for the  
26 reliability of service in the Okanagan, and therefore

1           it does not meet the standards of what is referenced  
2           as NERC, N-E-R-C by the acronym, the North American  
3           Electric Reliability Cooperation, and therefore does  
4           not meet the tests of the B.C. Energy Plan.

5                       The topic of debate is not the need, at  
6           least in my assessment of the evidence. The topic of  
7           debate is the route for the largest component of the  
8           project, which is the upgrade of the 28 kilometre 76  
9           Line, and the addition of 75 Line parallel to it  
10          between Vaseaux Lake and Penticton. 76 Line will  
11          increase from 171 to 230 kV, and 75 Line will be  
12          installed at the 230 kV capacity. And Fortis asks  
13          that the existing right of way be utilized instead of  
14          creating a new upland route in undeveloped land, and  
15          the filed evidence of Fortis is filed to support the  
16          use of the existing route for environmental reasons.  
17          And of immediate concern is the fact that the upland  
18          route is not supported either by the land agency of  
19          the provincial government, that is the Integrated Land  
20          Management Bureau or ILMB, or by the affected  
21          aboriginal band, which means serious delays and  
22          related uncertainty are a probability, at least two  
23          years' delay but with no assurance of any final  
24          agreement.

25                      Also, if measured on the same timeframe,  
26          the upland route is approximately \$20 million more to

1 construct than using the existing right of way.

2 Now, there are three documents which, if I  
3 may, Mr. Chair, I just want to place in front of you,  
4 and this may be well within your existing knowledge  
5 bank already. If so, bear with me. But there are  
6 just three documents which might be of use by way of  
7 opening, just before the panel begins. And one is a  
8 cost breakdown, in case you were wanting to know where  
9 the various expenditures would be along the project  
10 line. And if you look in the application itself, and  
11 that is Exhibit B-1-1, and in that binder if you turn  
12 to tab 3 --

13 THE CHAIRPERSON: Should we have that in front of us?

14 MR. MACINTOSH: Would you mind? Thank you very much.

15 There's just -- this is one of just three I'll ask you  
16 to look at. Thank you.

17 THE CHAIRPERSON: And give me the tab again, please?

18 **Proceeding Time 9:17 a.m. T07**

19 MR. MACINTOSH: Yes, yes, it's at tab 3 in the  
20 application, in B-1-1. At tab 3 at page 24. And what  
21 you should have there is a schematic of -- entitled 3-  
22 2-1, FortisBC transmission system 2007, which is for  
23 the Okanagan area. And what I thought might be  
24 helpful is, I'd just give you the dollars associated  
25 with different aspects of the application. And what  
26 that schematic is intended to represent is the

1 transmission system and the terminal stations in the  
2 Okanagan, and toward the top of the page, toward the  
3 left side, you'll see "F.A. Lee and D.G. Bell", and  
4 they're both in Kelowna. And so, F.A. Lee is north  
5 Kelowna, D.G. Bell is south Kelowna, and what happens  
6 there, in the project, is the installation of what are  
7 called capacitor banks, new capacitor banks. And the  
8 dollars associated with that, and these numbers are  
9 rounded, obviously, is \$3.3 million.

10 And then if you proceed south, down the  
11 page on the left side, you'll see the words "R.G.  
12 Anderson". And that's Penticton, that's the terminal  
13 station at Penticton. And the costs associated with  
14 that are approximately \$10.5 million. And that is to  
15 upgrade that terminal station to accommodate the 230  
16 kV transmission capacity.

17 And then if we keep moving south, we see  
18 the part of the project which is the focus, probably,  
19 of most of the evidence here, and that is the line --  
20 you'll see 76L, that's 76 Line, going down from R.G.  
21 Anderson, Penticton, to Vaseux Lake, and it's  
22 approximately 28 kilometres. And beside it, parallel  
23 to it, would be the new 75 Line. And as I said, the  
24 76 goes up from 161 kV to 230, and the new 75 Line  
25 beside it would be installed at 230 kV. And the cost  
26 associated with that is on the lower route, on the



1 existing right-of-way, is approximately \$55.5 million.

2 And then, proceeding south again, and you  
3 come to what's printed on the left side as Vaseux  
4 Lake. And again at Vaseux Lake there needs to be an  
5 upgrade to accommodate the 230 kV, and the cost linked  
6 to that is approximately \$7.4 million. And then  
7 proceeding south again, you'll see a line with 40L  
8 printed beside it, the printing on the left, and that  
9 line will change to 230 kV, that's approximately 11  
10 kilometres down to Oliver. And the cost associated  
11 with that is approximately 5.2 million.

12 And then we come to Oliver itself, which is  
13 printed in the lower left on the page. And the -- at  
14 Oliver, the terminal station will be changed to what  
15 is called a distribution sub-station. And the cost  
16 associated with that is \$5.7 million. And finally is  
17 right beside Oliver, it's not marked, but it's where  
18 the 40 Line, which is horizontal, has a "T" with a  
19 line going down from Grand Forks there. Just beside  
20 Oliver, is the proposed Bentley terminal. And that  
21 will largely replace the Oliver terminal. And the  
22 cost associated with that is \$31 million.

23 Now, those costs, Mr. Chair and  
24 Commissioners, ought to total \$118.6 million, and  
25 those are the costs of the project as B.C. Hydro for  
26 FortisBC is developing and costing the project, and

1 the total cost of the project is estimated at \$141.4  
2 million. And the difference, the difference between  
3 the 118 and the 141, are what are under the headings  
4 of planning costs, FortisBC project costs, what is  
5 called AFUDC, allowance for funds used during  
6 construction, the cost of the money essentially  
7 utilized for the construction work, and then removing  
8 and salvaging costs for unused infrastructure going  
9 forward.

10 And all of those figures, obviously, can be  
11 spoken to in proper detail by the panel, which will be  
12 coming on. And if anyone wants to note an exhibit  
13 which relates to these numbers, the note to put here  
14 at page 24 would be Exhibit B1-3, Appendix G, page 4,  
15 and that should produce a Table G-1. And I don't ask  
16 you to turn to it. But that's the more detailed  
17 information on those costs.

18 **Proceeding Time 9:22 a.m. T8**

19 THE CHAIRPERSON: Just so I understand, you're saying the  
20 exhibit you just referred to contains all the same  
21 detail?

22 MR. MACINTOSH: Yes, it's properly explained by Mr.  
23 Shtokalko from B.C. Hydro who will be on the stand,  
24 because there's some interpolating in what I've done.  
25 What I've given you is a bit of a simplification, but  
26 those are the source numbers for what I've given you.

1 THE CHAIRPERSON: Thank you.

2 MR. MACINTOSH: Thank you.

3 THE CHAIRPERSON: Thank you.

4 MR. MACINTOSH: And then two other documents and then  
5 I'll conclude. If I could ask you to bear with me and  
6 dig them out. There's a useful photograph perhaps  
7 which you have again perhaps seen, but if you'll look  
8 in Exhibit B-1-2, there's an aerial photograph map.  
9 And in that exhibit binder B-1-2, at Appendix E there  
10 are a series of maps, and the first map at that  
11 appendix might provide a useful overview. So that  
12 would be in a larger binder, not the application book  
13 itself but one of the accompanying binders, thank you.  
14 Just this binder and one more I'll ask you to dig out.

15 So this one would be Exhibit B-1-2. Thank  
16 you. And in this larger binder, Exhibit B-1-2, which  
17 is including appendices in the application. At  
18 Exhibit E you'll see a number of photographs, and the  
19 first photograph I just thought might be helpful, and  
20 that gives you the aerial perspective on most of the  
21 project. It only leaves out the Kelowna work which I  
22 had mentioned, and you'll see the north is on the  
23 right, the R.G. Anderson Terminal which is Penticton,  
24 and Vaseux Lake is toward the left. And the route  
25 which is proposed is the solid white line between the  
26 two of them, and it is approximately 28 kilometres.

1        That's the proposed route which is the existing route,  
2        and that's for 75 Line and 76 Line. And Heritage  
3        Hills, where a number of people are from, is  
4        approximately where Skaha Lake widens. So the left  
5        part of Skaha Lake is relatively narrow. The right  
6        part of it, the northern part of it, is relatively  
7        wider. Heritage Hills is approximately where Skaha  
8        Lake widens.

9                And above Heritage Hills, that is toward  
10        the bottom of the page, is another development called  
11        Golden Hills, and one of the speakers this morning is  
12        from Golden Hills. And the dotted line is obviously  
13        the alternative upland route. So that's that.

14                And then lastly, if you can bear with me  
15        and I'll just show you one more thing, and before  
16        putting the panel in, if you look at another binder,  
17        one other large binder, that's Exhibit B-3. This is  
18        like a warm-up session for these binders, I realize.  
19        Thank you.

20                And Exhibit B-3, that contains a number of  
21        Fortis responses to the IRs, to the information  
22        requests that the BCUC asked of Fortis. And in this  
23        Exhibit B-3, there should be a tab with a 40 written  
24        on it and a tab with a 50, and in between those there  
25        should be a page 178 which is a pullout page.

26

**Proceeding Time 9:28 a.m. T09**

1                   And the reason I show you that is because  
2                   you'll very likely hear a lot of reference to  
3                   alternative cross-sections, and this is what all that  
4                   evidence will be coming -- will be directed toward.  
5                   And in the -- on this page, in the upper left, what  
6                   they call cross-section A, that's the *status quo*,  
7                   that's the way it is right now. And then the next one  
8                   going over horizontally, what's called section B,  
9                   standing by itself, that would be of no use between  
10                  Vaseux Lake and R.G. Anderson, that is on the route in  
11                  question, because it's only a single 230 kV line. So  
12                  you would need two of those to have two lines.

13                  And then the next one, cross-section C, is  
14                  what Fortis is proposing. And that's a single tower,  
15                  and one difference is the height of it, 30.5 metres.  
16                  Another difference is that it's made of steel, which  
17                  is helpful in the face of forest fires, which have  
18                  caused quite a bit of havoc north of Penticton in  
19                  recent years. And what that has on it there, you'll  
20                  see, Commissioners, it's got three triangles. And on  
21                  the left-hand side on those three would be one of the  
22                  circuits -- one of the 230 kV circuits, which would be  
23                  three wires, three conductors. And on the right-hand  
24                  side would be the other circuit. So the one pole  
25                  gives you the two 230 kV circuits. And there are two  
26                  points that the evidence indicates, with regard to

1           that.

2                         First of all, it reduces the EMF. So  
3           there's less EMF on that than there is on the existing  
4           one, on the one which is cross-section A. But also  
5           what is important, if you look at that one and you go  
6           down to the second row, and you'll see what's called  
7           cross-section F, down at the bottom, and that is an  
8           alternative which the Fortis was asked to construct,  
9           if you will, by the BCUC staff in the IRs. And that  
10          gives you a single circuit 230 kV. So, from an  
11          engineering viewpoint, the operational difference  
12          between that one on the bottom line and the one that's  
13          proposed is, it's a single circuit on the bottom line  
14          and up top it's a double circuit. There's two  
15          different 230 kV lines up top and there's one down  
16          below. For people like me, it's explained as just a  
17          bigger hose, with one line instead of two down below,  
18          one circuit.

19                        The concern there, which the evidence  
20          shows, is that the one on top, the tall pole, by the  
21          statistics it's shown to be 3.7 times safer than  
22          cross-section F, the one down below. And that just  
23          has to do with the fact of outages. So, the N minus 1  
24          criteria, which we are hoping to build to, is a  
25          function of having the two circuits separated from  
26          each other, like they are up top in cross-section C.

1 For a lightning strike, for example, can come down --  
2 can take out one circuit and then oftentimes -- most  
3 of the time will not take out the other circuit. So,  
4 the trouble with -- from the company's perspective  
5 with the cross-section down below, cross-section F, is  
6 only that it is not a double circuit and therefore  
7 it's more vulnerable to outages. And so, the bottom  
8 one does not satisfy the N minus 1 criteria for  
9 reliability, because of that simple problem. And  
10 that's why the double circuit is intended to be  
11 utilized.

12 **Proceeding Time 9:33 a.m. T10**

13 Just two more, if I may, on this sheet and  
14 then I'm done. If you go over in the lower left  
15 corner, you get what is called Cross Section E, and  
16 that was the Fortis Proposal 1B. So 1A is the steel  
17 tower, which is Cross Section C, and then 1B is the  
18 one in the lower left, which is Cross Section E, and  
19 that would be made of wood. And that is -- it's  
20 relatively high. You can see it's 26.85 metres. 1A  
21 is 30.5 metres. And you know, it's relatively high  
22 and it's bulky, but it is the second choice, if you  
23 will, from West Kootenay's viewpoint.

24 When you listen about these cross sections,  
25 it reminded me, it's like Winston Churchill's  
26 definition of democracy: It's the worst form of

1 government except all the others. And when you look  
2 at these towers, each has its pros and cons and that's  
3 where we come to.

4 The last one in the upper right, that has  
5 two small units. That's called Cross Section D, and  
6 that's got the two smaller structures. Each one of  
7 them would carry a 230 kV line, and so it would be  
8 quite a bit like we've got now in the upper right --  
9 sorry, in the upper left, except two of them. And the  
10 main trouble with that, when that's utilized on the  
11 existing right of way down below is it would require a  
12 widening of the right of way. Because you'll see  
13 there's a -- it's a 51 metre right of way width.  
14 Right now what's in place for construction by the  
15 company, you see it in the upper left, is the 40.2  
16 metre right of way. In the upper right it's that 51  
17 metre right of way. And so that would require an 11  
18 metre widening, which would render it almost  
19 impossible on the existing right of way.

20 So thank you for bearing with that, Mr.  
21 Chair and Commissioners. Those are my opening --  
22 sorry, yes.

23 THE CHAIRPERSON: Just for clarification, Mr. Macintosh,  
24 under Cross Section D, the one you just spoke to.

25 MR. MACINTOSH: Yes.

26 THE CHAIRPERSON: Do I understand correctly that the



1 additional whatever it is, nearly 11 metres, is all in  
2 one direction and that under that illustration you  
3 would use the existing structures, you'd just add a  
4 whole new line beside it, or is that a replacement as  
5 well as addition?

6 MR. MACINTOSH: I believe it's a replacement as well as  
7 an addition, Mr. Chair. And the B.C. Hydro witnesses  
8 will confirm that for me on the stand, but I'm quite  
9 certain that that requires the installation of two  
10 different new structures.

11 THE CHAIRPERSON: Thank you.

12 MR. MACINTOSH: And thank you for listening to those,  
13 what I hope are helpful explanatory remarks. And then  
14 with your leave I'll call the panel when you wish.  
15 Should I do that?

16 THE CHAIRPERSON: Please do so.

17 MR. MACINTOSH: Thank you very much. So I'll ask the  
18 members of the first panel, the Fortis panel, to come  
19 forward.

20 Mr. Chair, while Mr. Bemister is -- oh,  
21 excuse me, I'll wait, thank you.

22 **FORTISBC PANEL:**

23 **PAUL CHERNIKHOWSKY, Affirmed:**

24 **DOYLE SAM, Affirmed:**

25 **GARRY BARNETT, Affirmed:**

26 **GARY SHTOKALKO, Affirmed:**

1 **WILLIAM BAILEY, Affirmed:**  
2 **DANNY GRANT, Affirmed:**  
3 **STEVE MORCK, Affirmed:**  
4 **PIERRE DUFOUR, Affirmed:**  
5 **Proceeding Time 9:42 a.m. T11**  
6 MR. MACINTOSH: Q: Mr. Chair, if I may just introduce  
7 the panel, seated nearest to your Panel, Mr. Chair, is  
8 Mr. Paul Chernikhowsky. And I have filed with the  
9 Commission, on June 18, the resumes for all of the  
10 panel members, and I don't intend to take each panel  
11 member through the resume.  
12 **EXAMINATION IN CHIEF BY MR. MACINTOSH:**  
13 MR. MACINTOSH: Q: But if I may ask, Mr. Chernikhowsky,  
14 what is your position, sir?  
15 MR. CHERNIKHOWSKY: A: My title is chief planning  
16 engineer for FortisBC.  
17 MR. MACINTOSH: Q: And you are a professional engineer?  
18 MR. CHERNIKHOWSKY: A: That's correct.  
19 MR. MACINTOSH: Q: And what is your focus, or your --  
20 and your responsibility in connection with this  
21 application?  
22 MR. CHERNIKHOWSKY: A: Specifically I'll be speaking to  
23 the need for the project, including areas such as  
24 capacity, reliability issues and their criteria,  
25 project alternatives, such as transmission and  
26 generation alternatives, and load reduction measures

1           such as demand-side management.

2 MR. MACINTOSH:   Q:   And as I mentioned, Mr.  
3 Chernikhowsky, we have filed your resume, your  
4 *curriculum vitae* with the Commission, and you've  
5 obviously studied that. And can you confirm that the  
6 information in it is correct?

7 MR. CHERNIKHOWSKY:   A:   Yes, it is.

8 MR. MACINTOSH:   Q:   And do you adopt as correct the  
9 evidence in the application related to the topics you  
10 are addressing?

11 MR. CHERNIKHOWSKY:   A:   Yes, I do.

12 MR. MACINTOSH:   Q:   Thank you.

13 Mr. Chair, Commissioners, next to Mr. Chernikhowsky is Mr.  
14 Doyle Sam, and because Mr. Sam is serving as the chair  
15 of the panel, I will take him through his resume  
16 briefly, which needn't be opened for these purposes, I  
17 don't think.

18                       But Mr. Sam, what is your position at  
19 Fortis?

20 MR. SAM:   A:   I'm the vice-president of engineering and  
21 operations.

22 MR. MACINTOSH:   Q:   And you've been vice-president of  
23 engineering and operations since when?

24 MR. SAM:   A:   I've been vice-president of transmission  
25 and distribution since 2005, and had my role expanded  
26 to engineering and operations earlier this year.

1 MR. MACINTOSH: Q: And you're serving as chair of the  
2 panel, as I indicated?

3 MR. SAM: A: Yes, I am.

4 MR. MACINTOSH: Q: And you joined Fortis in 2003.

5 MR. SAM: A: That's correct.

6 MR. MACINTOSH: Q: And your position at that stage was  
7 what?

8 MR. SAM: A: I was the director of asset management and  
9 general manager for the B.C. region.

10 MR. MACINTOSH: Q: And prior to being employed by  
11 Fortis, you were a general manager at TransAlta  
12 Utilities?

13 MR. SAM: A: That's correct.

14 MR. MACINTOSH: Q: And you have an MBA from Queen's in  
15 -- graduating in 2000.

16 MR. SAM: A: Yes, I do.

17 MR. MACINTOSH: Q: And you have a B.Sc. in civil  
18 engineering from the University of Alberta, graduating  
19 in 1989.

20 MR. SAM: A: That's correct.

21 MR. MACINTOSH: Q: And you're a member of the  
22 Association of Professional Engineers in B.C. and in  
23 Alberta?

24 MR. SAM: A: Yes, I am.

25 MR. MACINTOSH: Q: And although chair perhaps speaks  
26 somewhat for itself, how would you describe your

1 responsibility in this process today?

2 MR. SAM: A: I will be speaking to general corporate  
3 policy questions, aspects of project costing, and  
4 conformity of the CPCN with the *Utilities Commission*  
5 *Act*.

6 MR. MACINTOSH: Q: And you adopt as correct the  
7 evidence in the application related to your topics?

8 MR. SAM: A: I do.

9 MR. MACINTOSH: Q: Thank you. And seated next to Mr.  
10 Sam is Mr. Dufour, and Mr. Dufour, what is your  
11 position, sir?

12 MR. DUFOUR: A: I am the manager of the Okanagan  
13 transmission reinforcement project for FortisBC.

14 MR. MACINTOSH: Q: And that is both your job  
15 description and your project -- your title at present.

16 MR. DUFOUR: A: Yes, it is.

17 MR. MACINTOSH: Q: And therefore I gather you have  
18 managed this project?

19 MR. DUFOUR: A: I've been managing this project since  
20 the summer of 2006.

21 **Proceeding Time 9:46 a.m. T12**

22 MR. MACINTOSH: Q: Yes. And you've read your CV that's  
23 been filed, and you can confirm that the information  
24 which is in there is correct?

25 MR. DUFOUR: A: Yes, I do.

26 MR. MACINTOSH: Q: And do you adopt as correct the

1 evidence in the application which is related to your  
2 topics?

3 MR. DUFOUR: A: Yes, I do.

4 MR. MACINTOSH: Q: And seated to you, Mr. Dufour, is  
5 Mr. Gary Shtokalko. And, sir, you are employed by  
6 B.C. Hydro.

7 MR. SHTOKALKO: A: That's correct.

8 MR. MACINTOSH: Q: And you are a professional engineer.

9 MR. SHTOKALKO: A: Correct.

10 MR. MACINTOSH: Q: And what is your job -- what is your  
11 task, your work, in connection with this project?

12 MR. SHTOKALKO: A: I'm project manager within the B.C.  
13 Hydro transmission engineering group. I'll be  
14 coordinating the engineering, procurement and  
15 construction services provided under contract to  
16 FortisBC.

17 MR. MACINTOSH: Q: And so, in rough terms, B.C. Hydro  
18 is building the -- or doing the design and  
19 construction by contract for FortisBC, with FortisBC's  
20 supervision?

21 MR. SHTOKALKO: A: Correct.

22 MR. MACINTOSH: Q: And your resume has been filed, and  
23 I've noted you're a professional engineer, but your  
24 other information is in there, and you could confirm  
25 that the information there is correct?

26 MR. SHTOKALKO: A: The information is correct.

1 MR. MACINTOSH: Q: And you adopt as correct the  
2 evidence that's been filed in connection with your  
3 part of the application?

4 MR. SHTOKALKO: A: Yes, I do.

5 MR. MACINTOSH: Q: Thank you. And above Mr. Shtokalko,  
6 also from B.C. Hydro, is Mr. Garry Barnett. And, sir,  
7 what is your position at B.C. Hydro and what is your  
8 task on this application?

9 MR. BARNETT: A: My position at B.C. Hydro is senior  
10 technical lead for overhead transmission. My  
11 participation in this project is for the route  
12 location, design, construction and cost estimates,  
13 detailed cost estimates, for the work of the overhead  
14 transmission lines.

15 MR. MACINTOSH: Q: And you and Mr. Shtokalko and your  
16 staffs have worked, obviously, with Fortis through the  
17 course of this project.

18 MR. BARNETT: A: That's correct.

19 MR. MACINTOSH: Q: And your resume is filed, and you  
20 can confirm that the evidence, the information  
21 contained there is correct?

22 MR. BARNETT: A: Yes, it is.

23 MR. MACINTOSH: Q: And similarly that the material in  
24 the application related to your part of the project is  
25 correct.

26 MR. BARNETT: A: Yes, it is correct.

1 MR. MACINTOSH: Q: Thank you. And seated next to you,  
2 and in the middle in the second row, Mr. Chair, is Mr.  
3 Danny Grant, and the last two people I will reference,  
4 as you will soon learn, are not from Fortis or B.C.  
5 Hydro.

6 Mr. Grant, what is your position, sir?

7 MR. GRANT: A: I'm a real estate appraiser and right-  
8 of-way specialist. My firm is Interwest Property  
9 Services out of New Westminster.

10 MR. MACINTOSH: Q: And you have filed evidence in this  
11 proceeding?

12 MR. GRANT: A: Yes.

13 MR. MACINTOSH: Q: And we need not turn to it right  
14 now, but if people wish to note, your filed report is  
15 in Exhibit B-1-3, at Appendix K?

16 MR. GRANT: A: Yes.

17 MR. MACINTOSH: Q: Thank you. And your resume has been  
18 filed with the other resumes, and you can confirm that  
19 the information in your resume is correct?

20 MR. GRANT: A: Yes, it is.

21 MR. MACINTOSH: Q: And you adopt as correct the report  
22 that you filed in Appendix K.

23 MR. GRANT: A: Yes, unless there's been modifications  
24 to different numbers since I filed it.

25 MR. MACINTOSH: Q: All right. But not that you know  
26 of.



1 MR. GRANT: A: No.

2 MR. MACINTOSH: Q: All right. And finally, in the  
3 second row nearest to the Commission, Mr. Steve Morck,  
4 and, sir, what is your position?

5 **Proceeding Time 9:46 a.m. T13**

6 MR. MORCK: A: My position is I'm the contract  
7 environmental project manager for the OTR project.

8 MR. MACINTOSH: Q: And who employs you?

9 MR. MORCK: A: I am employed by B.C. Hydro for the  
10 project.

11 MR. MACINTOSH: Q: And in your work, other than being  
12 on this project, are you self-employed?

13 MR. MORCK: A: Yes, I'm partner in a small consulting  
14 company called Elements Network.

15 MR. MACINTOSH: Q: Elements Network and that is based  
16 in Calgary?

17 MR. MORCK: A: That's correct.

18 MR. MACINTOSH: Q: And you have filed a report in this  
19 proceeding.

20 MR. MORCK: A: I have. It's --

21 MR. MACINTOSH: Q: Go ahead, sorry.

22 MR. MORCK: A: I was just going to say it's in Exhibit  
23 B-1-3 and is Appendix I.

24 MR. MACINTOSH: Q: Appendix I, thank you. And your  
25 résumé has been filed and you can confirm for the  
26 Commission that the information in it is correct?

1 MR. MORCK: A: Yes, it is.

2 MR. MACINTOSH: Q: And you adopt as correct the  
3 information contained in Appendix I and your expert  
4 report.

5 MR. MORCK: A: I do.

6 MR. MACINTOSH: Q: Thank you, Mr. Morck.

7 And so obviously, Mr. Chair, the first  
8 three people in the front row are Fortis people, and  
9 the two people at the end on the first and second row  
10 are B.C. Hydro people, and right of way real estate  
11 person Mr. Grant, middle row at the end, and then Mr.  
12 Morck closest to you, environmental.

13 Now, Mr. Sam, before the panel is  
14 questioned, you have prepared and submitted an opening  
15 statement you'd like to give?

16 MR. SAM: A: Yes, I have.

17 MR. MACINTOSH: Q: Would you please proceed to do that,  
18 sir.

19 MR. SAM: A: Good morning, Commissioners, ladies and  
20 gentlemen. My name is Doyle Sam and I'm the vice-  
21 president of engineering and operations at FortisBC.  
22 I would like to thank those in attendance for taking  
23 time from your day to participate in this hearing on  
24 the Okanagan Transmission Reinforcement Project or OTR  
25 Project as we refer to it.

26 FortisBC recognizes that its customers have

1 a great interest in aspects of the OTR Project, and we  
2 believe they have an important role to play in the  
3 development of electrical system in the Okanagan  
4 Valley. The OTR Project is needed to increase the  
5 bulk transmission supply to meet the growing load in  
6 the Okanagan, particularly the Penticton and Kelowna  
7 areas. The South Okanagan from Osoyoos to Kelowna is  
8 home to more than 200,000 people. Today, the peak  
9 load on this portion of the FortisBC electrical system  
10 exceeds 450 megawatts and is growing at a rate of four  
11 percent per year. This is equivalent to adding new  
12 load beside the Osoyoos each year.

13 Upon completion of the OTR Project,  
14 FortisBC's customers in the Okanagan will have  
15 improved reliability in their electrical supply for  
16 many years. The key issue that will be addressed in  
17 this hearing is the appropriate route to follow for  
18 the Vaseux to Penticton corridor. FortisBC has  
19 identified a preferred route, which makes use of  
20 existing transmission line corridor, which has been in  
21 continuous use since 1965. Although all stakeholders  
22 appear to support the project and appreciate the  
23 public need for the project, not all stakeholders  
24 agree with FortisBC's selection of its preferred  
25 route.

26 This application was preceded by

1           considerable public consultation over the past 15  
2           months, in addition to environmental and engineering  
3           analysis and discussion with First Nations and key  
4           stakeholders. The question of the appropriate route  
5           has been a subject of extensive analysis, the details  
6           of which are set out in Section 4 of the CPCN  
7           application. The environmental and social impact  
8           assessment prepared by our environmental consultant  
9           and filed in this proceeding considers environmental  
10          issues related to route selection.

11                        After considering all of the financial and  
12          non-financial aspects of the various route options  
13          before us, FortisBC is strongly recommending the  
14          rebuild and upgrade of the transmission line in the  
15          existing corridor. FortisBC believes this route  
16          achieves the best balance of sometimes competing  
17          interests, including cost, reliability, environmental  
18          impact, First Nations and government land use  
19          concerns, as well as visual impact.

20                       FortisBC's recommendation is utilize  
21          existing right of way, but to minimize the footprint  
22          of the line by placing both circuits on a single  
23          structure. The number of structures that pass through  
24          or near residential neighbourhoods is very small. In  
25          the Heritage Hills area, for example, there are only  
26          seven out of the 100 structures which comprise the

1 whole line. All of these structures will be in  
2 approximately the same locations where structures are  
3 located today.

4 Let me explain some of the reasons why  
5 moving the transmission line out of the existing right  
6 of way to an upland route is not an acceptable  
7 solution.

8 **Proceeding Time 9:50 a.m. T14**

9 First, from an environmental perspective,  
10 opening up 19.6 kilometres of entirely new corridor  
11 would be a wasteful and damaging undertaking. It  
12 would create a new corridor where none exists now. It  
13 would create access that would permanently and  
14 negatively impact the vegetation and resident animal  
15 species where virtually no access exists now.

16 Second, the upland route would require  
17 negotiating right-of-way agreements through Crown  
18 land, with First Nations, the provincial government  
19 and private tenure holders. Importantly, the upland  
20 route does not have the support of First Nations or  
21 the provincial government. FortisBC has been advised  
22 by the provincial government that all stakeholders  
23 must be consulted. As a matter of law, FortisBC has  
24 advised that it is the governments and not FortisBC  
25 who must accommodate aboriginal needs. The regulation  
26 of these stakeholder issues would take at least two

1           years and probably longer.

2                         More importantly, in the end, there is no  
3           guarantee of success in securing an upland route at  
4           all, and FortisBC could find itself beginning this  
5           process again after having exposed its customers to  
6           increased outages as load continues to grow.

7                         Third, from a cost and operations  
8           perspective, the capital cost of constructing the  
9           upland route is higher than the cost for the  
10          recommended route by approximately \$20 million, based  
11          on a common in-service date. In addition, maintenance  
12          of the high elevation line would be more difficult and  
13          may be subject to adverse weather conditions that  
14          could reduce Fortis's abilities to respond to  
15          emergencies on the line. It is less reliable than the  
16          recommended route because of these potential access  
17          problems.

18                        As I said earlier, FortisBC is aware that  
19          not all stakeholders will agree with its recommended  
20          solutions. Some have concerns for possible impacts on  
21          health resulting from electric and magnetic fields or  
22          EMF, or potential negative impacts to property values.  
23          Our panel will describe the measures that FortisBC has  
24          and will be taking to minimize EMF, and will present  
25          evidence that the option FortisBC proposes is likely  
26          to reduce EMF levels, and that no negative long-term

1 impacts to property values will accompany the OTR  
2 project.

3 Another subject of this oral hearing will  
4 be a request by one landowner/developer to alter the  
5 existing right-of-way in order to maximize the easable  
6 use on the landowner's property for development  
7 purposes. It is FortisBC's policy to accommodate  
8 requests such as this, provided there is no financial  
9 or other impact to the rest of FortisBC customers. We  
10 will be requesting the Commission Panel, if this  
11 alteration is approved, to include in its Order  
12 timelines and safeguards to ensure that the OTR  
13 project is not delayed as a result, and that FortisBC  
14 customers do not bear any of the costs of the  
15 alterations.

16 Since the filing of this application, the  
17 provincial government has passed amendments to the  
18 *Utilities Commission Act* which directs the Commission  
19 to consider whether a project under consideration  
20 meets the government's energy policy objectives.  
21 Those objectives include encouraging, and I quote,  
22 "public utilities to develop adequate energy  
23 transmission infrastructure and capacity in the time  
24 required to serve persons who receive or may receive  
25 service from the public utility". I want to emphasize  
26 that the OTR project meets that objective.

1                   The OTR project also strengthens the  
2           provincial transmission grid as a whole by creating a  
3           230 kilovolt transmission backbone between Ashton  
4           Creek, which is north of Kelowna, and Vaseux Lake, by  
5           increasing the overall transmission capacity of the  
6           B.C. grid and by reducing system losses. It also  
7           allows FortisBC customers to fully utilize the supply  
8           capacity added by the previous South Okanagan supply  
9           reinforcement project. By reducing losses, it  
10          supports the energy conservation policy action of the  
11          B.C. Energy Plan.

12                   Lastly, I will speak briefly to the  
13          reliability standards employed by FortisBC in planning  
14          its transmission system. Today, the Okanagan  
15          transmission system is not compliant with either N  
16          minus zero or N minus one planning criteria, as  
17          defined by FortisBC, which are consistent with the  
18          North American Electric Reliability Corporation,  
19          otherwise known as NERC, standards. Policy action  
20          number 14 of the B.C. Energy Plan states that  
21          utilities should, and I quote:

22                   "... ensure that the province remains  
23                   consistent with North American transmission  
24                   reliability standards."

25                   **Proceeding Time 9:54 a.m. T15**

26                   The OTR Project will enable FortisBC to



1 meet these reliability planning criteria in the  
2 Okanagan area.

3 The company would also propose to update  
4 the project cash flow of the selected solution upon  
5 disposition of this application.

6 In summary, Mr. Chair, Commissioners,  
7 FortisBC is seeking a CPCN to construct power system  
8 facilities in the South Okanagan, Penticton and  
9 Kelowna areas. These facilities are needed to meet  
10 growing customer electricity requirements, and  
11 FortisBC believes that the OTR project outlined in  
12 this application provides the most cost-effective and  
13 balanced solution to meet these requirements.

14 Mr. Chair and Commissioners, that concludes  
15 my opening statement.

16 THE CHAIRPERSON: Thank you.

17 MR. MACINTOSH: Thank you, Mr. Sam. Thank you, Mr.  
18 Chair. The panel is ready for questioning.

19 THE CHAIRPERSON: Thank you. Mr. Fulton.

20 MR. FULTON: Mr. Chairman, before Mr. Cairns begins his  
21 cross-examination, there are two documents that were  
22 submitted electronically but have not been provided  
23 with an exhibit number yet, and I think that should  
24 happen at this time.

25 So the first document is a filing from Mr.  
26 Cairns on behalf of his clients, which includes the

1 opening statements of SOFAR and Wiltse Holdings Ltd.  
2 If that document which is a letter dated June 20<sup>th</sup>,  
3 2008, together with the opening statements, could be  
4 marked Exhibit C1-14.

5 THE HEARING OFFICER: Marked Exhibit C1-14.

6 (LETTER DATED JUNE 20, 2008, WITH OPENING STATEMENT  
7 ATTACHED, MARKED EXHIBIT C1-14)

8 MR. FULTON: The second document is the opening statement  
9 of Mr. Karow, and if that document could be marked  
10 Exhibit C4-20.

11 THE HEARING OFFICER: Marked Exhibit C4-20.

12 (OPENING STATEMENT OF H. KAROW, MARKED EXHIBIT C4-20)

13 MR. FULTON: Thank you. Those documents are available  
14 electronically, Mr. Chairman, so if people do need  
15 copies they can speak to the Hearing Officer and he  
16 will make copies available to them.

17 THE CHAIRPERSON: That's fine.

18 MR. FULTON: And then in terms of the order of cross-  
19 examination that I circulated this morning, the first  
20 three parties are clients of Mr. Cairns, and so he  
21 will be conducting a cross-examination on behalf of  
22 those three. And having said that, then, Mr.  
23 Chairman, I'll turn the mike over to Mr. Cairns.

24 **Proceeding Time 10:01 a.m. T16**

25 THE CHAIRPERSON: Excuse me, I have here in the order --  
26 oh, I'm sorry. I've got -- I'm looking at the wrong

1 page.

2 That's fine. Carry on.

3 MR. FULTON: Thank you, Mr. Chairman.

4 THE CHAIRPERSON: Mr. Cairns.

5 MR. CAIRNS: Q: I'll just take a minute to get my gear  
6 together.

7 Good morning, Mr. Chairman, Panel. As I  
8 mentioned earlier this morning, I'm representing  
9 Wiltse Holdings Ltd., SOFAR and Mr. Danninger.

10 Mr. Chairman, I propose to follow the  
11 issues list as published by the Commission in your  
12 Order. I'll probably wander a little bit, but  
13 generally I think I'll try to do that.

14 **CROSS-EXAMINATION BY MR. CAIRNS:**

15 MR. CAIRNS: Q: The part of the application -- there  
16 was some consideration of a generating plant in the  
17 region, is that correct?

18 MR. SAM: A: Yes, it is.

19 MR. CAIRNS: Q: And that was rejected for -- if I  
20 understood it correctly, just generally speaking, too  
21 expensive an option to provide reliability as opposed  
22 to a transmission solution, is that right?

23 MR. SAM: A: That was one driver, yes.

24 MR. CAIRNS: Q: And I can't remember what was the --  
25 roughly the size of the generating station that was  
26 considered.

1 MR. CHERNIKHOWSKY: A: The initial size was 200  
2 megawatts.

3 MR. CAIRNS: Q: Is that about the size of the Kelowna  
4 load? Or Kelowna and Penticton, are they roughly  
5 about 200?

6 MR. CHERNIKHOWSKY: A: It's roughly the size of two-  
7 thirds of the Kelowna load.

8 MR. CAIRNS: Q: All right. In relation to support for  
9 the project, Fortis says, starting at the last line on  
10 page 2 of the application, that:

11 "The single greatest issue of concern is the  
12 appropriate route for the double-circuit 230  
13 kV transmission line segment between the  
14 Vaseux Lake terminal station near Oliver and  
15 the R.G. Anderson terminal station in  
16 Penticton."

17 Mr. Sam, as you said, FortisBC formed that view as a  
18 result of the feedback it received during its open  
19 houses and informal meetings with stakeholders leading  
20 up to the filing of the application, correct?

21 MR. SAM: A: Yes.

22 MR. CAIRNS: Q: The current line, as you said,  
23 installed in about 1965?

24 MR. SAM: A: Yes.

25 MR. CAIRNS: Q: And the decision to be made in this  
26 hearing on where to locate this segment of the line is

1           likely to be a decision that will endure for at least  
2           the next 40 or 50 years, wouldn't you say?

3 MR. SAM:    A:    Yes.

4 MR. CAIRNS:  Q:    And in response to some public concern,  
5           Fortis developed, as you put it, on page 3 of the  
6           application, and you mentioned it in your opening:

7                    "An upland route that was determined to be a  
8                    viable technical alternative to the existing  
9                    right-of-way, but is not a recommended route  
10                   based on environmental, technical and cost  
11                   considerations."

12           That's correct?

13 MR. SAM:    A:    Yes, it is.

14 MR. CAIRNS:  Q:    And this alternate upland route is  
15           referred to in the application and supporting  
16           materials -- sorry, it's referred to as the "alternate  
17           upland route" shown in Figure 4 in the application,  
18           correct? It's that nice picture that Mr. Macintosh  
19           was referring to.

20 MR. SAM:    A:    Yes.

21 MR. CAIRNS:  Q:    And the alternate upland route which  
22           would be a green field transmission corridor has the  
23           following environmental, technical and cost  
24           considerations facing it. Number one, there's an  
25           existing utility corridor that could be used, correct?

26 MR. SAM:    A:    That's the existing right-of-way, yes.

1 MR. CAIRNS: Q: The new corridor would require consent  
2 from the Crown and all of the agencies to whom the  
3 application for tenure is referred, yes?

4 MR. SAM: A: Yes, in addition to First Nations  
5 consultation.

6 **Proceeding Time 10:02 a.m. T17**

7 MR. CAIRNS: Q: And it would -- right, thank you,  
8 that's my next question. Number 4, it might conflict  
9 with other user groups such as forest companies,  
10 trappers, guide outfitters, recreational users, yes?

11 MR. SAM: A: Yes.

12 MR. CAIRNS: Q: And it might require a review by the  
13 Environmental Assessment Office, right?

14 MR. SAM: A: Yes.

15 MR. CAIRNS: Q: And it's FortisBC's view, is it not,  
16 that these steps will delay the start of construction  
17 on the OTR project by one to two years?

18 MR. SAM: A: I think we're on record saying at least  
19 two years.

20 MR. CAIRNS: Q: And that two-year delay, rather than  
21 any specific hurdle, contributes greatly to FortisBC's  
22 view that Options 2A and 2B are unsuitable  
23 alternatives, correct?

24 MR. SAM: A: The hurdle, as you mentioned, is obviously  
25 permitting. The other things that we're on record for  
26 it is obviously concerns for reliability, incremental

1 cost, and just the general environmental impact of the  
2 upland route.

3 MR. CAIRNS: Q: Sure, I'm not suggesting it's the only  
4 thing, but it's a major contributor is the worry about  
5 that two-year delay, right?

6 MR. SAM: A: Yes, it is.

7 MR. CAIRNS: Q: All right. So the two other  
8 considerations, these are the major ones that appear  
9 to be of concern to FortisBC are that the least  
10 expensive of the alternative upland routes appears to  
11 cost about \$700,000 more in total as compared with  
12 Option 1A, which is your preferred option. So there's  
13 a small cost consideration, right?

14 MR. SAM: A: I don't agree with that. I think we need  
15 to compare the respective in-service dates. And if I  
16 take you Exhibit B-3 in response to BCUC Information  
17 Request No. 1, page 195, if we compare both route  
18 alternatives 1A or the cheaper one, 1B, compared to 2B  
19 on the same in-service date, there's approximately a  
20 \$20 million capital cost difference. So I don't know  
21 where the 700,000 is coming from.

22 MR. CAIRNS: Q: It's coming from the application itself  
23 in Section 4 on page 40.

24 MR. SAM: A: Yes, I have it. That table was updated in  
25 response to the IR that I just previously mentioned.

26 MR. CAIRNS: Q: You're saying that in the application

1 the difference was \$700,000, and in the response it's  
2 now \$20 million, is that right?

3 MR. SAM: A: No, I think -- you said the response was  
4 \$700,000. I don't know where we've said it was  
5 \$700,000.

6 MR. CAIRNS: Q: Well, I'm just looking at the net  
7 present value of revenue requirements in 1A, which is  
8 just a hair over 60 million. Sorry, the NPV is 60  
9 million in 1A, and in 2B it's 60,700,000 and change.  
10 That's what I'm looking at.

11 MR. SAM: A: Yeah, that is correct. If we recall that  
12 when we did this analysis we compared similar  
13 structure types, so if we want to compare the cheapest  
14 solution of the existing right of way with the  
15 cheapest solution of the upland route, we should be  
16 comparing 1A with 1B -- sorry, 1B with 2B, and not 2B  
17 with 1A, to compare apples with apples.

18 MR. CAIRNS: Q: All right, well, we'll leave that to  
19 argument.

20 MR. SAM: A: Okay.

21 MR. CAIRNS: Q: But we've had this debate before, I  
22 think, in another form, but the NPVs of 1A and the NPV  
23 of 2B are about \$700,000 apart, correct?

24 MR. SAM: A: According to this table, yes.

25 **Proceeding Time 10:02 a.m. T18**

26 MR. CAIRNS: Q: All right. The other concern that --



1           about the alternate upland route is that it's higher  
2           in altitude than a valley route, and is therefore  
3           likely to be subjected to bad weather and be more  
4           challenging to maintain in certain conditions. Is  
5           that right?

6 MR. SAM:    A:    Yes, it is.

7 MR. CAIRNS:  Q:    And because the alternate upland route  
8           faces all of these challenges, they make it, in  
9           FortisBC's view, an unsuitable alternative to the  
10          existing corridor. Isn't that the case?

11 MR. SAM:    A:    It's a factor that was taken into  
12          consideration, yes.

13 MR. CAIRNS:  Q:    FortisBC applied for a CPCN for the Big  
14          White supply project on March 9<sup>th</sup>, 2006, did it not?

15 MR. SAM:    A:    Yes.

16 MR. CAIRNS:  Q:    You're safe with that answer.

17 MR. SAM:    A:    Okay.

18 MR. CAIRNS:  Q:    I checked. And FortisBC used as the --  
19          as one of the major justifications for the project the  
20          following urgency scenario, which I'll quote from a  
21          page through of that application. Feel free to check  
22          my accuracy.

23                "Distribution capacity has been added  
24                incrementally to the area since 1999, but  
25                further upgrades at distribution voltage  
26                will no longer suffice. The load forecast

1 studies indicate that the total load in the  
2 Big White village area is expected to exceed  
3 the capacity, 20 MVA, of the distribution  
4 circuit in 2007/2008 and reach the emergency  
5 overload capacity, 25 MVA, of the Joe Rich  
6 substation transformer in 2010/2011."

7 Now, in other words, the capacity was  
8 expected to be exceeded in the Christmas ski season of  
9 2007, which was one year and nine months from the date  
10 of the application, if my math is right. Is that  
11 correct?

12 MR. SAM: A: It sounds right.

13 MR. CAIRNS: Q: And on September 14<sup>th</sup>, 2006, FortisBC  
14 received approval for the Big White supply project  
15 which is a 138 kV transmission line. Is that right?

16 MR. SAM: A: Yes.

17 MR. CAIRNS: Q: The Big White supply project involved,  
18 from the Joe Rich area to Big White, an entirely new  
19 green field transmission corridor approximately 23  
20 kilometres in length for that 138 kV transmission  
21 line. Correct?

22 MR. SAM: A: That's correct.

23 MR. CAIRNS: Q: And the entire length of that new  
24 transmission line had to be cut through heavily-  
25 forested mountains, correct?

26 MR. SAM: A: That's correct.

1 MR. CAIRNS: Q: And the project required negotiations  
2 with the Crown for land tenure, correct?

3 MR. SAM: A: Yes, it did.

4 MR. CAIRNS: Q: And that project successfully passed  
5 all the consultations and referrals to other Crown  
6 agencies, correct?

7 MR. SAM: A: Yes.

8 MR. CAIRNS: Q: And it also required consultations and  
9 negotiations with First Nations, correct?

10 MR. SAM: A: Yes, although I'd like to add that it's a  
11 little bit different. The difference in this case, in  
12 comparing the Big White route with the route we're  
13 referring to as the upland route is that one of the  
14 First Nations Bands has put us on notice through their  
15 letter of support that they have an outstanding timber  
16 claim associated with the upland route. We did not  
17 have that associated with the Big White route.

18 MR. CAIRNS: Q: All right. So in the alternate upland  
19 route that we're debating here today, you've got a  
20 timber claim. Whereas Big White didn't.

21 MR. SAM: A: Yes.

22 MR. CAIRNS: Q: Okay, good. That Big White project  
23 also had to deal with other tenure-holders such as  
24 forest companies, recreational interest groups such as  
25 the Horse Riding Association, snowmobilers, et cetera.  
26 Is that correct?

1 MR. SAM: A: I can't speak for all of them but, yes,  
2 definitely some of those, yes.

3 MR. CAIRNS: Q: And it traverses watercourses, correct?

4 MR. SAM: A: Yes, it would.

5 MR. CAIRNS: Q: And it passed whatever environmental  
6 assessment was required, and is presumably -- Fortis  
7 is presumably following any mitigation and  
8 compensation orders that were made for the project,  
9 correct?

10 MR. SAM: A: Yes.

11 MR. CAIRNS: Q: And from the point the line leaves  
12 Highway 33, when you're driving up to the ski hill,  
13 you see the line cut through? From that point, it  
14 rises very quickly to about 4,000 feet above sea  
15 level, and then for most of its 23 kilometre length,  
16 it climbs gradually to its end point at Big White  
17 approximately 5,500 feet above sea level, correct?

18 MR. SAM: A: I'll trust your elevations but, generally,  
19 yes.

20 MR. CAIRNS: Q: All right. And this transmission line  
21 is for most of its length at higher altitudes than  
22 even the highest point of the alternative upland route  
23 we're discussing here today, correct? Which is, in  
24 the application it's 3900 feet. You can check if  
25 you'd like.

26 **Proceeding Time 10:16 a.m. T19**

1 MR. SAM: A: We'll take that subject to check, but it  
2 sounds right.

3 MR. CAIRNS: Q: All right. And because the Big White  
4 transmission line is at a substantially higher  
5 altitude than the alternate upland route would be, the  
6 Big White line would be subjected to even worse  
7 weather than the alternate upland route. Doesn't that  
8 stand to reason?

9 MR. SAM: A: Well, not being a meteorologist, certainly  
10 given the location of the line near a skill hill,  
11 presumably there would have been more exposure to some  
12 environmental issues, yes.

13 MR. CAIRNS: Q: Sure. All I am saying is in your  
14 application you're saying the farther you go up the  
15 mountain the worse the weather gets and the less  
16 reliability you have. And I'm thinking, all right,  
17 Big White is even worse than the AUR or the alternate  
18 upland route would be.

19 MR. SAM: A: There are access issues certainly at  
20 higher elevations in terms of working on the line,  
21 whether access via roadwork or helicopters, yes.

22 MR. CAIRNS: Q: All right. And there is and remains an  
23 existing utility corridor or right of way along  
24 Highway 33, and then turning left at the Big White  
25 Road all the way to Big White, isn't that correct?

26 MR. SAM: A: That's correct, the distribution circuit

1           remains.

2 MR. CAIRNS:   Q:   Isn't it the case that when these types  
3           of major infrastructure projects, this reliability and  
4           supply project as you describe it, when they are left  
5           until they can be completed just in the nick of time,  
6           the urgency factor becomes far more important than it  
7           would have been had the application been made farther  
8           in advance of the point at which system capacity will  
9           be exceeded, isn't that fair to say?

10 MR. SAM:    A:   No, I don't think it's fair to say. The  
11           company's put forth in its opinion the recommended  
12           solution that balances all of it, and I don't know if  
13           would have been any different had we put it forth a  
14           year ago or two years ago.

15 MR. CAIRNS:   Q:   But you've said that your concern is --  
16           we can't use the upland route because there will be  
17           this two year delay. So, delay obviously is a big  
18           factor in your thinking, and I think that you agreed  
19           with me on that, in a previous question.

20 MR. SAM:    A:   I agreed that delay was one factor. On  
21           the balance of including environmental, including  
22           costs, including reliability when we do have an  
23           existing right of way that would be suitable for this  
24           upgrade, which we didn't have associated with the Big  
25           White project.

26 MR. CAIRNS:   Q:   There is the existing corridor on the

1           Bit White project which you talked about before.

2 MR. SAM:    A:    But not suitable for 138 kV transmission  
3           line.

4 MR. CAIRNS:   Q:    We'll leave that for argument.  
5                        Wouldn't you agree that --

6 MR. MACINTOSH:   Excuse me, there's evidence on it. We  
7           can't just argue about it, we have to know what the  
8           evidence is. We can't just say that in argument. We  
9           have to find out what the evidence is.

10 MR. CAIRNS:    Well, Mr. Chairman, the application and all  
11           the other evidence is there. If there's something in  
12           the evidence to support an argument that I might wish  
13           to make on that subject, I'll make it. If there is no  
14           evidence I won't be making it.

15 MR. MACINTOSH:   Right.

16 MR. CAIRNS:    Q:    Now, Mr. Sam, my point was, the closer  
17           these applications are to an overload or emergency  
18           situation, the less important other factors become and  
19           the more important getting the fastest solution  
20           becomes. Isn't that fair to say?

21 MR. SAM:    A:    I would say the importance of it  
22           increases. I don't know if I'd agree with your terms,  
23           but I would say, yes, the importance of it does  
24           increase.

25 MR. CAIRNS:    Q:    And so the debate becomes -- when  
26           they're left till the last minute, the debate becomes

1 more about -- less about what is the right 50-year  
2 decision and more about what's the most expedient  
3 decision, wouldn't you agree?

4 **Proceeding Time 10:19 a.m. T20**

5 MR. SAM: A: No, I wouldn't agree with that.

6 MR. CAIRNS: Q: If urgency was relegated to being a  
7 non-factor in this application, the weighting of the  
8 factors in this application would be considerably  
9 different than they are, correct?

10 MR. SAM: A: I don't see the weighting factors would  
11 change. We'd still have the same weighting for cost.  
12 We'd still have the same weighting, reliability. We'd  
13 still have the same weighting for environmental  
14 impact.

15 MR. CAIRNS: Q: And what you're saying is that one- to  
16 two-year delay, that's not a factor in your thinking?

17 MR. SAM: A: I said it was a factor.

18 MR. CAIRNS: Q: Isn't it true that those factors that  
19 delay completion, when you leave it to the last  
20 minute, those factors that delay completion tend to  
21 become negative factors, and those that speed up  
22 completion become positive factors? Wouldn't you  
23 agree?

24 MR. SAM: A: First, I wouldn't agree with your  
25 assessment that we delayed our application. In  
26 general, with what you've said at the end, that the



1 priority weightings change depending on where you're  
2 at and the environment you're at when you submit your  
3 application. I would agree with that.

4 MR. CAIRNS: Q: So, for example, moving the line out of  
5 the valley bottom, which arguably could have been a  
6 positive factor, given the position of the audience  
7 and the importance that's been placed on it, because  
8 it would virtually eliminate all of the land use  
9 conflict issues in this application, it's now  
10 perceived by FortisBC to be a negative factor,  
11 correct?

12 MR. SAM: A: I disagree that moving it to the upland  
13 route would have reduced all of the land use issues.  
14 As I've previously mentioned, there are concerns of  
15 stakeholders for going to the upland route, so I  
16 disagree with your assessment.

17 MR. CAIRNS: Q: And we don't see those other  
18 intervenors here today, do we? They didn't even  
19 intervene.

20 MR. SAM: A: That is correct.

21 MR. CAIRNS: Q: All right. And FortisBC is the only  
22 party to this proceeding that controls the timing of  
23 when it makes an application, isn't that correct?

24 MR. SAM: A: Yes.

25 MR. CAIRNS: Q: And I'll grant you what you said about  
26 there may be other users in the hills that would have

1 something to say about it. But choosing the  
2 alternative upland route would eliminate all of the  
3 land use conflicts with other established land users  
4 in the valley, wouldn't it?

5 MR. SAM: A: Could you repeat the question, please?

6 MR. CAIRNS: Q: Choosing the alternative upland route  
7 would eliminate all of the land use conflicts with  
8 other established land users in the valley bottom.

9 MR. SAM: A: I don't know if I would agree to all. I  
10 can clearly agree to those that have intervened in the  
11 area, it would clearly resolve their concerns, for the  
12 majority of those.

13 MR. CAIRNS: Q: Taking the line completely out would  
14 still leave some unsatisfied land users in the valley  
15 bottom?

16 MR. SAM: A: Probably not.

17 MR. DUFOUR: A: Could you repeat your question, please?

18 MR. CAIRNS: Q: Choosing the alternate upland route  
19 would eliminate all of the land use conflicts that the  
20 existing line has with other established land users in  
21 the valley bottom.

22 MR. DUFOUR: A: I'll disagree with that. We did  
23 extensive public consultation with First Nation  
24 organizations, as well as the Nature's Trust, and the  
25 Nature's Trust is opposed to moving the line upland.  
26 Nature's Trust is one of the land owners upon the

1 right-of-way that we have agreement with.

2 MR. CAIRNS: Q: All right. We've got one.

3 Isn't FortisBC saying, in effect, that the  
4 expediency of the existing transmission corridor  
5 outweighs all of the other concerns expressed by the  
6 people living in the lower reaches of the valley and  
7 trumps the alternative route?

8 **Proceeding Time 10:25 a.m. T21**

9 MR. SAM: A: No, I don't think it trumps the  
10 alternative route and I don't know if it might be  
11 helpful to speak a little bit to how the project came  
12 about when we talk about delays of the project and  
13 submission. I don't know if that's helpful at this  
14 time or not. But I'd ask Mr. Chernikhowsky to speak  
15 to how this project is a natural evolution in time.  
16 So it's not about us delaying the application to  
17 negatively impact the priorities that we put on the  
18 weightings of the -- and the risks associated with the  
19 2012 in-service date.

20 MR. CAIRNS: Q: If FortisBC did not already have an  
21 existing right of way for this line and was facing an  
22 entirely greenfield transmission corridor somewhere  
23 between Vaseux Lake and R.G. Anderson, FortisBC would  
24 not recommend that the line be placed in the valley  
25 bottom in conflict with existing users, would it?

26 MR. SAM: A: That would depend on a number of factors.

1           We can't treat one in isolation of the others. It  
2           would depend on the cost. It would depend on  
3           environmental impact of that route through the valley.  
4           So I can't definitely say that the answer was we would  
5           avoid it. We'd have to look at all the other factors  
6           associated with route selection.

7 MR. CAIRNS:   Q:   We'd certainly avoid all of the public  
8           -- or the landowner conflict and the interventions  
9           based on conflict and people seeking to have it moved  
10          up the hills, wouldn't you?

11 MR. SAM:     A:   That would be a factor in it, yes.

12 MR. CAIRNS:   Q:   All right. One of FortisBC's  
13          objections to Options 2A and 2B is that those routes  
14          will face consultation and perhaps negotiation with  
15          First Nations, correct?

16 MR. SAM:     A:   That is correct.

17 MR. CAIRNS:   Q:   Yet FortisBC has many transmission line  
18          assets that crossed First Nations reserve lands and  
19          traditional territories, correct?

20 MR. SAM:     A:   Yes, that's correct.

21 MR. CAIRNS:   Q:   And in this project the Bentley  
22          substation will be on Osoyoos Indian Band land,  
23          correct?

24 MR. SAM:     A:   That's correct.

25 MR. CAIRNS:   Q:   And FortisBC has successfully  
26          negotiated that agreement, hasn't it?

1 MR. SAM: A: Yes, it has.

2 MR. CAIRNS: Q: The Bentley Terminal Station, which  
3 will be on that band land, is estimated to cost about  
4 \$31 million of the total costs of the OTR, is that  
5 right?

6 MR. DUFOUR: A: That is correct.

7 MR. CAIRNS: Q: And there are other components of the  
8 OTR on First Nations land, correct?

9 MR. DUFOUR: A: That is correct.

10 MR. CAIRNS: Q: FortisBC has excellent working  
11 relationships, I understand, with all of the First  
12 Nation bands in its service territory, is that  
13 correct?

14 MR. DUFOUR: A: We believe that, yes.

15 MR. CAIRNS: Q: And there's no evidence in this  
16 application that Option 2A or 2B would face any  
17 greater hurdles than FortisBC faced in consulting and  
18 negotiating with First Nations in relation to the  
19 other components of this OTR project, is there?

20 MR. SAM: A: No, that's not correct. As I mentioned  
21 earlier, the subtle but very important difference with  
22 this application and the associated upland route is  
23 the timber claim that one First Nation group has with  
24 the provincial government. And we've been advised  
25 that we cannot influence those discussions. So that  
26 is one difference.

1 MR. CAIRNS: Q: I'm not suggesting that there aren't  
2 claims. The question was, there's no evidence that  
3 you'll be unsuccessful in negotiating. If the  
4 government has to take the lead on that negotiation,  
5 there's no evidence in the application that that's a  
6 showstopper, correct?

7 MR. SAM: A: I can't speak on behalf of how quickly the  
8 provincial governments gets all the timber claim with  
9 the First Nations Band.

10 MR. CAIRNS: Q: So again, it's an issue about delay, is  
11 that right?

12 MR. SAM: A: It has the potential for delay, yes.

13 MR. CAIRNS: Q: All right. There's no evidence in this  
14 application that Option 2A or 2B would not be able to  
15 successfully negotiate Crown land tenure, correct?

16 **Proceeding Time 10:29 a.m. T22**

17 MR. SAM: A: So to definitively answer your question,  
18 the Integrated Land Management Bureau has instructed  
19 us that if we wanted to seek an alternate route, we  
20 would need to consult with the tenure holders and  
21 other parties to that upland route. Obviously if we  
22 were successful in that, I would agree with your  
23 statement that the Crown would likely grant us a  
24 permit.

25 MR. CAIRNS: Q: And it's the ILMB, the Integrated Land  
26 Management Bureau, that does those negotiations and

1           those referrals, correct?

2 MR. SAM:    A:    Sorry?  They do the negotiations?

3 MR. CAIRNS:  Q:    They do the referrals out to the other  
4           tenure holders, correct?

5 MR. DUFOUR:  A:    They will refer the application to the  
6           appropriate government agencies, yes.

7 MR. CAIRNS:  Q:    Right.  There is no evidence in this  
8           application that option 2A or 2B face environmental  
9           constraints that would prevent either of those two  
10          options from being pursued, is there?

11 MR. SAM:    A:    Environmental constraints -- I guess  
12           that's a black-and-white question.  There are  
13           environmental needs that need to be managed, and I'll  
14           let Mr. Morck speak to the differences of that.  And  
15           obviously we've put forth the option as an option,  
16           believing that, subject to what we've talked about,  
17           that the environmental issues could be managed.

18 MR. CAIRNS:  Q:    Basically, all you're -- the  
19           application is just saying environmental issues would  
20           have to be studied.

21 MR. SAM:    A:    Yes, and then the application states that  
22           the environmental impact of the upland route is less  
23           desirable than our existing selection.

24 MR. CAIRNS:  Q:    Right.  And those environmental studies  
25           would be very similar in form to the studies required  
26           for the Big White supply project, wouldn't they?

1 MR. SAM: A: I'll let Mr. Morck speak to that.

2 MR. MORCK: A: I have not seen the actual environmental  
3 studies for the Big White project, but this particular  
4 project would have environmental studies related to  
5 the land in question as well as the planning area with  
6 the land resource management plan for the Okanagan  
7 Shuswap. So there is some -- certainly some issues  
8 that would be unique to the area, as opposed to the  
9 Big White area. So --

10 MR. CAIRNS: Q: Fairly similar, though, probably.  
11 While I'm on the topic, actually, I'm a  
12 little confused about something. The *Environmental*  
13 *Assessment Act*, it's just 500 kV transmission lines  
14 that require, under the major project regulation, that  
15 require an environmental assessment. Isn't that  
16 right?

17 MR. MORCK: A: That's -- yes, that's normally the  
18 practice. My understanding is that the Minister can  
19 delegate it to apply to other projects, depending on  
20 circumstances.

21 MR. CAIRNS: Q: And the reason that environmental  
22 assessment is being done in this particular case is  
23 company policy?

24 MR. SAM: A: Yes, we typically in all of our projects  
25 will do an environmental impact assessment, and then  
26 alter our constructions plans and such associated with



1           that.

2   MR. CAIRNS:    Q:    Okay.

3   THE CHAIRPERSON:   Mr. Cairns.

4   MR. CAIRNS:    Yes?

5   THE CHAIRPERSON:   We're just at, or maybe beyond, 10:30.

6           Is this a convenient time for us to break?

7   MR. CAIRNS:    It's perfect, actually.

8   THE CHAIRPERSON:   Oh, I'm sorry. We'll take a 15-minute

9           break now. Thank you.

10   MR. CAIRNS:    All right, thanks.

11           **(PROCEEDINGS ADJOURNED AT 10:32 A.M.)**

12           **(PROCEEDINGS RESUMED AT 10:49 A.M.)**                           **T23**

13   THE CHAIRPERSON:   Thank you. Be seated.

14   MR. FULTON:    Mr. Chairman, there is one further

15           appearance for this morning, so I would like to call

16           the City of Penticton.

17   MR. DENBOER:    Good morning, Commission members. My name

18           is Leo Denboer, D-E-N-B-O-E-R. I'm the city manager.

19           We are registered intervenors. My apologies for -- I

20           was unable to be here at nine o'clock. I'm here to

21           observe and provide written comments at the

22           appropriate time. Thank you.

23   THE CHAIRPERSON:   Thank you.

24           Mr. Cairns?

25   **CROSS-EXAMINATION BY MR. CAIRNS (Continued):**

26   MR. CAIRNS:    Q:    The City of Penticton has communicated

1           by letter dated June 11<sup>th</sup>, 2007 in Appendix A to the  
2           application that it wishes FortisBC to relocate the  
3           line to the east, uphill and to the east, so as to  
4           "minimize any impact on future developable lands".  
5           Isn't that right?

6   MR. SAM:    A:    Yes, that's correct.

7   MR. CAIRNS:  Q:    And the Regional District of Okanagan  
8           Similkameen is taking a similar position, and wants  
9           FortisBC to relocate out of the valley bottom.  Is  
10          that correct?

11  MR. SAM:    A:    Yes, that is correct.  There's also some  
12          follow-up letters with those two intervenors, if there  
13          would be any interest in contributing to the  
14          incremental cost, which we had a response from the  
15          Regional District of Okanagan Similkameen but not from  
16          the City of Penticton.

17  MR. CAIRNS:  Q:    All right, thanks.  And even for the  
18          existing line, approvals for building permits and any  
19          variances that might be required will need to come  
20          from both the City and the Regional District of  
21          Okanagan Similkameen, is that correct?

22  MR. DUFOUR:  A:    FortisBC doesn't perceive any  
23          permitting to be an issue with RDOS and the City of  
24          Penticton, as they do support the need for the  
25          project, number one, and we have worked with the  
26          Regional District in the past.

1 THE CHAIRPERSON: Excuse me -- excuse me, sir. We're  
2 having a little difficulty hearing you, if you could  
3 just speak into the mike there.

4 MR. DUFOUR: A: Okay. Yes. We don't believe there  
5 will be any issues with permitting with the Regional  
6 District and the City of Penticton, as they do both  
7 support the need, and we have worked with the Regional  
8 District in the past with the Vaseux Lake terminal  
9 project.

10 MR. CAIRNS: Q: Right. So, yeah, everybody supports  
11 the need. I think that seems fairly evident. It's  
12 just the location, right? That -- where their support  
13 digresses from what you're proposing. They want the  
14 line in a different place, and my question was, if  
15 there are any variances, re-zonings, building permits  
16 that are required for the existing line, they will  
17 have to come from the City and the Regional District.  
18 Correct?

19 **Proceeding Time 10:53 a.m. T24**

20 MR. DUFOUR: A: We don't believe there are any. Should  
21 there be any we will consult with the City of  
22 Penticton and the Regional District, as we did at the  
23 Vaseux Lake Terminal.

24 MR. CAIRNS: Q: All right, so it's your view that no  
25 building permits are required, no variances from any  
26 existing zoning bylaws are required? Is that right?

1 MR. DUFOUR: A: I don't believe there's no variances.  
2 I believe there may be some building permits with  
3 regards to the substation at R.G. Anderson. But once  
4 again, we will consult with the Regional District and  
5 the City of Penticton as we have in the past for all  
6 infrastructure upgrades.

7 MR. CAIRNS: Q: Okay.

8 Mr. Grant, I have a few questions for you.  
9 Your letter of opinion is found in Appendix K to the  
10 application.

11 MR. GRANT: A: Yes.

12 MR. CAIRNS: Q: If perhaps we could refer you to that.  
13 A person is going to get their workout shuffling these  
14 binders around, I swear.

15 You say you're familiar with the land base  
16 -- in your letter you do, on which the alternate  
17 upland right of way would be situated. Can you expand  
18 on why you're familiar with that part of the area?

19 MR. GRANT: A: Two historic reasons. Our family ranch  
20 was the -- started at Ellis Creek Canyon and ran to  
21 Penticton Creek Canyon, so the next mile of right of  
22 way north of Penticton was our ranch and we -- our  
23 range extended south into the Drinsie and Mitchell  
24 Meadows area. And I also cowboied for Arnold  
25 Atkinson, who had that range, where this property is.  
26 So I would assist Mr. Atkinson in inspecting his

1 cattle by horseback through my teenage years. And  
2 that's why I'm familiar with that area. So I've  
3 ridden that range many times looking over the cattle  
4 herd.

5 MR. CAIRNS: Q: I thought there might be a horse  
6 connection to your familiarity. Right.

7 How far to the east, if you look -- does  
8 your familiarity extend? Mr. Macintosh has referred  
9 us to that nice big satellite photo.

10 MR. GRANT: A: I don't know how it's labelled, if I had  
11 a copy.

12 MR. CAIRNS: Q: It's in the application in Section 4.  
13 I guess all I'm asking really is, does your  
14 familiarity extend to the actual proposed alternate  
15 upland route, or the lower reaches in there?

16 MR. GRANT: A: You know, my experience with the lower  
17 reaches is somewhat different than the upper reaches.  
18 My familiarity extends far east of that line into the  
19 -- or that proposal into the Drinsie Lake and Mitchell  
20 Meadows areas, which are closer to Ellis Creek. And  
21 the areas down closer to OK Falls where the line meets  
22 came right by where my sister used to live and where I  
23 had horses and we would train them for endurance  
24 riding in those hills off of McLean Creek Road.

25 So two separate instances but I -- and in  
26 my familiarity, when we would -- when Mr. Atkinson and

1 I would return back to his property on Kinney Avenue,  
2 we would return through the Braesyde orchard route  
3 from the top. So we would enter in above Wiltse Flats  
4 and ride that, you know, range looking at the  
5 livestock or, you know, and taking care of them and  
6 then returning through Braesyde.

7 **Proceeding Time 10:58 a.m. T25**

8 MR. CAIRNS: Q: Okay. In the last paragraph of page 1  
9 of your letter, you say, about your qualifications,  
10 that "studies have been carried out with ..." sorry.

11 "Studies have been carried out with regard  
12 to the impact on subdivision lots,  
13 subdividable properties, small acreage sites  
14 and the impacts on agricultural properties."

15 Correct?

16 MR. GRANT: A: Yes.

17 MR. CAIRNS: Q: So, you have given evidence for parties  
18 who wish to establish that high-voltage transmission  
19 lines do not affect property values, correct?

20 MR. GRANT: A: No, quite the opposite. A client that  
21 you were familiar with, Froelich Cattle Company, I  
22 appeared for Froelich's on the taking of -- by B.C.  
23 Hydro through their properties, and a couple of the  
24 other cases that are mentioned in my CV are primarily  
25 where I appeared for the owners opposite B.C. Hydro.  
26 Although many of the studies that I did were presented

1           by my father, years earlier, and those studies were  
2           commissioned by B.C. Hydro, although I've done many  
3           small ones since.

4 MR. CAIRNS:   Q:   Right. I just -- given your extensive  
5           resume, I just thought you would have acted on either  
6           side.

7 MR. GRANT:    A:   Yes, that's true.

8 MR. CAIRNS:   Q:   Pro and con. Is that fair to say?

9 MR. GRANT:    A:   Same study material, but it's --

10 MR. CAIRNS:   Q:   Mostly for those that want to establish  
11           that high-voltage transmission lines in fact do affect  
12           property values. Is that fair to say?

13 MR. GRANT:    A:   I think even the utilities that I've  
14           worked for don't disagree that they can have an effect  
15           on property values. Just how much has always been  
16           what I've looked at, rather than --

17 MR. CAIRNS:   Q:   Right.

18 MR. GRANT:    A:   Than it completely did or did not affect  
19           values.

20 MR. CAIRNS:   Q:   Fair enough. And on page 2, in the  
21           second-last paragraph of your letter, I quote you  
22           there.

23                    "No appraisal opinions for any specific  
24                    property are provided in this letter."

25 MR. GRANT:    A:   That's correct.

26 MR. CAIRNS:   Q:   All right. So, I think I understood

1       what you said before, which was, usually the debate is  
2       not about whether or not high-voltage transmission  
3       lines affect property values, but just by how much.  
4       Is that a fair summary of what you said?

5   MR. GRANT:    A:   That's correct.

6   MR. CAIRNS:   Q:   All right.

7   MR. GRANT:    A:   And the location of the route, or the  
8       right-of-way, with regard to any specific piece of  
9       property, alters its impact on any of the properties  
10      that it crosses, and the use. Whether it's from  
11      residential to industrial will change the impact as  
12      well.

13                                           **Proceeding Time 11:00 a.m. T26**

14   MR. CAIRNS:   Q:   Right. On page 15 of your letter, the  
15      last sentence of the second paragraph, asserts that  
16                "There should not any change in market  
17                values resulting from perceived health  
18                risks."

19      Your letter doesn't say in this case that there will  
20      not be change, any such change, does it?

21   MR. GRANT:    A:   I can't quite find the sentence. I'm  
22      hoping the pages are --

23   MR. CAIRNS:   Q:   Sorry, it's on page 15.

24   MR. GRANT:    A:   15, yes.

25   MR. CAIRNS:   Q:   Yeah, the last -- the second last  
26      paragraph and the last sentence. You're saying there



1 shouldn't be any change, but I think you're careful to  
2 say, well, you never really know, the perceived health  
3 risks. There's an effect there. Is that fair to say?  
4 Again, depending on proximity, is it fair to say that  
5 there can be a perceived reduction in --

6 MR. GRANT: A: Yes, I think the whole sentence is -- or  
7 perhaps the whole paragraph, that in this instance the  
8 actual conductors will be no closer to any residences  
9 that I, on the designs and inspection that I did, that  
10 the material that I read that B.C. Hydro prepared,  
11 there will actually be a reduction in EMFs -- E&NF and  
12 MFs. And so that the perception should not be that  
13 there will be an increase in those factors, and quite  
14 frankly, in all the market research that I have done,  
15 there isn't a high degree of knowledge of vendors and  
16 purchasers of residential lots as to just what the EMF  
17 levels are.

18 MR. CAIRNS: Q: Now, your letter doesn't say there  
19 won't be a change in market values due to degradation  
20 of aesthetic values. It seems to me your letter  
21 restricts its comments to any changes due to perceived  
22 health risks. Is that fair to say?

23 MR. GRANT: A: No, I don't think so. I think I tried  
24 to deal with that. I think aesthetics are, you know,  
25 a matter of personal choice but where -- and I think I  
26 included some pictures of one of the earliest of the

1 steel tower lines through Richmond, of where they were  
2 requested by owners. I think that's page 13. There's  
3 a photo. That line has been in existence for 20-25  
4 years, and in all the research that I've done, those  
5 steel towers have been well received by property  
6 owners as not being as obtrusive as the wood H-frames.  
7 And in all the work that I've done, I have not ever  
8 seen or heard a property owner indicator that they  
9 found those -- the decorative steel towers as being  
10 more offensive than H-frames.

11 MR. CAIRNS: Q: Right, so clearly a preference,  
12 depending on some circumstances, in the flat land of  
13 Richmond perhaps, to a single steel pole tower as  
14 opposed to an ugly H-frame. Is that what you're  
15 trying to tell me?

16 MR. GRANT: A: Yeah, and the hills of Delta similarly,  
17 there's both, and there appears to be no difference.

18 MR. CAIRNS: Q: So it's one to the other.

19 Could I direct your attention to the  
20 application. There are a couple of photographs in  
21 there I'd like to get your comments on.

22 MR. GRANT: A: All right.

23 MR. CAIRNS: Q: It's figure -- section 4. That's the  
24 public consultation section. Figures 4-2-1-F.

25 **Proceeding Time 11:06 a.m. T27**

26 MR. GRANT: A: I have some pictures here.

1 MR. CAIRNS: Q: All right. You'll have 4-2-1-F.  
2 MR. GRANT: A: Yes.  
3 MR. CAIRNS: Q: The existing 76 Line, and then right  
4 below it 4-2-1-G. It's a rendering of the double  
5 circuit with the single pole configuration through the  
6 Heritage Hills area.  
7 MR. GRANT: A: Yes.  
8 MR. CAIRNS: Q: Is it your professional opinion that  
9 the market value of the property from which the  
10 photograph was taken will be reduced, if that line is  
11 built as we see it? Like, look -- from the top one to  
12 the bottom one.  
13 MR. GRANT: A: I would say it will be almost impossible  
14 to find examples that would show a change in market  
15 value. And it would be highly dependent on -- I take  
16 it, though, that you're asking about this particular  
17 view.  
18 MR. CAIRNS: Q: Yeah, I understand --  
19 MR. GRANT: A: From the lot that this one was taken on.  
20 MR. CAIRNS: Q: Right. Right.  
21 MR. GRANT: A: Yes. I would say that the conductors  
22 will be not measurably more or less obtrusive than  
23 they were -- and that the pole will be less obtrusive  
24 than the H-frame -- than existing H-frames.  
25 MR. CAIRNS: Q: Now, if I understand what you're  
26 telling us correctly, it's often an evidentiary

1           problem, right? To get the comparative market  
2           analysis from one property to another. That's where  
3           the trouble lies. Is that fair to say?

4 MR. GRANT:    A:   It takes, you know, probably for every  
5           ten subdivisions that you would attempt to try to  
6           study that topic on, you would eliminate nine of them  
7           for insufficient data or data that's been contaminated  
8           by houses being built. But once houses are built, you  
9           have a great deal of difficulty in taking out the  
10          factors where the -- a lot that is exposed and a lot  
11          that isn't exposed to the lines is close enough to the  
12          same that you can tell whether or not there's a loss.

13 MR. CAIRNS:   Q:   So the effect is more visible, shall we  
14          say, where there are bare lots?

15 MR. GRANT:    A:   In the -- I think the raw lot stage is  
16          the only stage that you can truly study the issue, and  
17          have a result that's probative, or that you could  
18          really prove one way or the other.

19 MR. CAIRNS:   Q:   Good. Can I refer you to the very last  
20          photograph in Exhibit B-9.

21                    Mr. Chairman, I'm not sure that we have --  
22                    like, how good that reproduction is, whether it's full  
23                    size or not. Because the one that I have is just --

24 THE CHAIRPERSON: I'm sorry, you're talking about the one  
25          we were just looking at?

26 MR. CAIRNS:    No, I'm talking about the Exhibit B-9.

1 THE CHAIRPERSON: B-9. Just give us a moment.

2 MR. CAIRNS: All right.

3 **Proceeding Time 11:11 a.m. T28**

4 MR. GRANT: A: The last photograph.

5 MR. CAIRNS: Q: The last photograph. There should be  
6 another rendering taken from a lot in the Heritage  
7 Hills subdivision.

8 MR. GRANT: A: Yes.

9 MR. CAIRNS: Q: You've got that?

10 THE CHAIRPERSON: Yes, we have that. Thank you.

11 MR. CAIRNS: Q: So, in your professional opinion, the  
12 value of that lot, would that be reduced going from  
13 the existing line, which is lower down and not visible  
14 to the construction of that particular line?

15 MR. GRANT: A: Just a clarification question. Is this  
16 the tower height that's proposed? Or is this an  
17 alternate that isn't proposed? Or --

18 MR. CAIRNS: Q: My understanding is, that's -- can I  
19 have a look at that to make sure that --

20 MR. GRANT: A: This one appears to be a good  
21 reproduction. And is that tower -- that looks like a  
22 different tower height than the previous picture.

23 MR. CAIRNS: Q: That's -- oh, yes. So -- yes.

24 MR. GRANT: A: And that's the proposed tower height?

25 MR. CAIRNS: Q: That's -- right, that the photograph --  
26 sorry, okay.

1 MR. GRANT: A: That's for option 1B, okay.

2 MR. CAIRNS: Q: So that tower, or that depiction, was a  
3 response to an Information Request, so it came from  
4 Fortis. And my understanding is that that is the  
5 proposed tower height. So, you can see in the centre,  
6 there's that tower with the conductors on it right in  
7 the --

8 MR. GRANT: A: So that's higher?

9 MR. CAIRNS: Q: -- basically across the picture window  
10 of -- if there was a house there.

11 MR. GRANT: A: Well, my response with regard to value  
12 would be that it's highly unlikely that there would --  
13 that there will ever be market evidence that would  
14 show a diminution in value for that change of view  
15 which basically raises the conductor line over the  
16 previous pictures that you've shown me. But this -- I  
17 take it that this goes back to that H-frame design,  
18 but a higher one. The "E" tower configuration.

19 MR. CAIRNS: Q: No, my question was just -- if the  
20 utility uses that pole, as compared to just -- not one  
21 of the other section options, but as compared to, say,  
22 leaving the line as it is and using another  
23 transmission corridor option. So basically going from  
24 where we are today to that proposed single tower.

25 MR. GRANT: A: But that isn't a single tower, though,  
26 is it? That's an H-frame.

1 MR. CAIRNS: Q: A steel H-frame?

2 MR. GRANT: A: That's the steel H-frame. Option (e), I  
3 believe.

4 MR. CAIRNS: Q: All right, so -- and your evidence is  
5 that there wouldn't be any market evidence to support  
6 that one way or the other.

7 MR. GRANT: A: Yeah, I would observe that if your  
8 favourite view out here was the lake, that this would  
9 be an improvement over the previous photograph that  
10 you had me look at. But if your preference of view is  
11 the hills beyond, that -- that the conductors are  
12 going to ever-so-slightly obscure that. But once  
13 again, the market is not -- even in the raw lot stage,  
14 I have never found that type of change to be  
15 measurable.

16 MR. CAIRNS: Q: Perhaps I've introduced some confusion,  
17 or just haven't been clear, but my clients, they're  
18 wondering about the difference between the existing  
19 line --

20 MR. GRANT: A: Yes?

21 MR. CAIRNS: Q: -- which fades out in the background of  
22 the foreshore, you can't even see it. They're not  
23 asking, what's the difference between an H, a tall H-  
24 frame and a tall single steel pole. They're saying,  
25 *status quo* versus what you see.

26 MR. GRANT: A: Oh, right. And my -- I think I've given

1 the response that it would depend on which lot you  
2 were viewing from, that in some of the lower lots,  
3 they would then look completely under the conductors  
4 of this line, and some of the higher lots would then  
5 look into the conductors of this line. So that some  
6 of the lots that are above the area where the lots are  
7 encumbered in Heritage Hills would have slightly more  
8 obstruction. The ones that are right close to the  
9 line would have less.

10 **Proceeding Time 11:17 a.m. T29**

11 MR. CAIRNS: Q: All right. Let's get back to your  
12 letter.

13 MR. GRANT: A: Yes.

14 MR. CAIRNS: Q: On page four you say in the last  
15 sentence of the large paragraph just before the bolded  
16 section "The Upland Alternate Route". In that large  
17 paragraph just above that you say that the, quote:

18 "The value of the existing right of way  
19 includes large areas of higher value lands."

20 Are you meaning that these lands are valued more  
21 highly for residential, agricultural or perhaps even  
22 commercial purposes than utility? Is that what you're  
23 saying?

24 MR. GRANT: A: Mr. Cairns, I just be on the wrong  
25 paragraph.

26 MR. CAIRNS: Q: Oh, we're back to your letter.



1 MR. GRANT: A: Yes, page four.

2 MR. CAIRNS: Q: We're on page four, and just above the  
3 heading "The Upland Alternate Route Location  
4 Description" --

5 MR. GRANT: A: Yes.

6 MR. CAIRNS: Q: So go to the paragraph above that and  
7 it's the last sentence. You refer to something about  
8 higher value lands, the existing right of way includes  
9 higher value lands. I'm just trying to ascertain what  
10 you mean by that.

11 MR. GRANT: A: That the land on which the present right  
12 of way traverses is higher value per acre land, market  
13 value, than what the alternate route lands would be.

14 MR. CAIRNS: Q: Okay, I understand what you are saying.

15 MR. GRANT: A: Because of location.

16 MR. CAIRNS: Q: Right. Generally speaking, would you  
17 agree that in appraisal terms, residential and  
18 commercial uses are considered higher and better uses  
19 of land than utility uses?

20 MR. GRANT: A: Well, utility uses are rarely ever the  
21 exclusive or only use of a property. I know in some  
22 instances like a substation they basically occupy the  
23 feed, but in most instances the rights of way are  
24 partial interests. So you'll have utility gas lines,  
25 power lines, occupying, you know, commercial,  
26 industrial and residential, agricultural. Virtually

1           any use can be partially a utility use and is.

2 MR. CAIRNS:   Q:    You can't built a house on it or under

3           it.

4 MR. GRANT:    A:    Or -- yeah, you basically can't -- or

5           can't build anything legally.  You are restricted by

6           the right of way.

7 MR. CAIRNS:   Q:    Right, gardening and farming and --

8 MR. GRANT:    A:    Yeah, you can farm under it, you can

9           park under it.

10 MR. CAIRNS:   Q:    Right.

11 MR. GRANT:    A:    You can use it for open storage in most

12           instances.

13 MR. CAIRNS:   Q:    So my question was, highest and best

14           use of land, people generally feel that residential,

15           commercial, industrial, light industrial is a higher

16           and better use of land than utility corridor in prime

17           development areas.  Fair to say?

18 MR. GRANT:    A:    No, I don't think so.  They are

19           different.  You know, when these utility rights of way

20           are in residential areas, they are usually -- they

21           usually become yard areas or in small acreages pasture

22           areas or something.  And when they are up into higher

23           density uses where the -- say a floor space ratio is

24           higher, then they become something like parking or

25           open storage or zoning required landscaping, that type

26           of thing.

1 MR. CAIRNS: Q: I guess what I'm trying to explore is  
2 if a person is given a choice between using land for  
3 residential or commercial, and a choice between using  
4 it for a transmission corridor, generally the view is  
5 the higher and better use is residential and  
6 commercial because the transmission line tends to be  
7 mutually exclusive. You can't do that, commercial and  
8 residential and a transmission line.

9 MR. GRANT: A: And I think that was my earlier answer,  
10 is that the two -- or the rights of way usually do not  
11 exclude totally other uses, and most of the adjoining  
12 lands are -- make use of the rights of way for some  
13 purpose. And many sales these days of, say, fee-owned  
14 rights of way, you know, at the coast, B.C. Hydro is  
15 the -- owns a lot of the rights of way that were  
16 acquired in fee years ago, they sell those rights of  
17 way for commercial or industrial development and  
18 achieve pretty close to full market value for them,  
19 for these other purposes that you're mentioning.

20 **Proceeding Time 11:22 a.m. T30**

21 MR. CAIRNS: Q: Is it your estimate of the acquisition  
22 costs of the land required to support a greenfield  
23 route that Fortis is using in this application? I  
24 couldn't quite figure that out.

25 MR. GRANT A: I don't know that for sure.

26 MR. SHTOKALKO: A: -- other properties, consultants.

1 MR. CAIRNS: Q: So I think what you've said, Mr. Grant,  
2 is the upland route is going to cost six or seven  
3 million dollars more, and I couldn't figure out  
4 whether that number is included in the cost estimates  
5 for the upland alternate route. Could somebody find  
6 that out for me? If you need to check and come back,  
7 that's fine.

8 MR. GRANT: A: I'll have to.

9 MR. DUFOUR: A: No, that's okay. If you go to appendix  
10 G of Exhibit B1-2 -- B1-3, on alternative 1B, the  
11 additional costs of six or seven million dollars also  
12 include any additional public consultation, potential  
13 compensation costs as well with regards to acquiring  
14 the upland route.

15 MR. CAIRNS: Q: And you just rolled it into your cost  
16 estimates.

17 MR. DUFOUR: A: It's in the cost estimate. It's in the  
18 cost estimate as also front-end cost for the  
19 additional compensation and potential -- additional  
20 consultation and potential compensation. And then the  
21 actual acquisition cost on top of that from the  
22 provincial government for that right of way.

23 MR. CAIRNS: Q: Okay, got you.

24 Mr. Grant, I just had a few questions about  
25 your right of way clearing costs on page 5. Since it  
26 sounds like your number was rolled into their --

1 FortisBC's estimate of the cost, I couldn't figure out  
2 from your letter whether or not your estimate of  
3 helicopter clearing costs, was that net of the value  
4 of timber? In other words, the logging cost minus the  
5 revenue received from timber sales? I couldn't figure  
6 that out.

7 MR. SHTOKALKO: A: It was -- in the upland route there  
8 was no perceived value in getting the lumber out. The  
9 cost to remove the lumber exceeded the value of the  
10 lumber, so the determination with the Ministry as to  
11 whether or not that lumber would have to be disposed  
12 of on site or removed at the time. So it was net cost  
13 of whatever revenue there might be for clearing the  
14 upland right of way.

15 MR. CAIRNS: Q: Maybe the Penticton Indian Band would  
16 be disappointed to learn their timber isn't worth  
17 getting off the land. I don't know.

18 MR. SHTOLKALKO: A: If you're talking in a linear strip  
19 and it's segmented half, like the right of way is,  
20 it's much different than a structured forestry plan to  
21 do logging.

22 MR. CAIRNS: Q: Do you think there are any synergies  
23 there between Penticton Indian Band timber claim and  
24 the linear transmission corridor?

25 MR. SHTOLKALKO: A: There could be, but there are  
26 elements of other claim issues that would be ahead of

1           that.

2 MR. CAIRNS:   Q:   Same answer for the ground clearing  
3           then, I take it. Mr. Grant's estimate for ground  
4           clearing was about 3 million dollars less than  
5           helicopter logging, so I'm assuming, correct me if I'm  
6           wrong, that there was no revenue value to the timber,  
7           just cut and burn.

8 MR. SHTOKALKO:   A:   I would have to go back to review  
9           the estimates that were prepared. Mr. Grant did not  
10          prepare those estimates.

11                                                           **Proceeding Time 11:26 a.m. T31**

12 MR. CAIRNS:   Q:   All right. Mr. Grant, this one isn't  
13          necessarily for you, but in your letter and elsewhere  
14          in the application, a concern is expressed, or the  
15          inference is made that the alternate upland route  
16          might have some kind of negative impact on the  
17          California big horn sheep population in that area. Is  
18          that right?

19 MR. GRANT:    A:   Yes.

20 MR. CAIRNS:   Q:   And the idea behind that concern is to  
21          protect the species from encroachment by human  
22          activities, is that right?

23 MR. GRANT:    A:   Yes.

24 MR. CAIRNS:   Q:   And at the same time concern is also  
25          expressed in the application that the alternate upland  
26          route might raise conflicts with other tenure holders,

1 is that right?

2 MR. GRANT: A: Yes, their water licences, trapping  
3 licences, range permits, that type of thing.

4 MR. CAIRNS: Q: Guiding and outfitting. There's a  
5 guiding and outfitting tenure there.

6 MR. GRANT: A: I don't -- I think that's one that  
7 hasn't been used in a long time, but I think it could  
8 be if it was active.

9 MR. CAIRNS: Q: Guiding and outfitting tenure shown in  
10 Exhibit B-8, figure A12.4 sets out the guiding  
11 tenures. We don't necessarily need to go there, but  
12 it seems to me that the purpose of a guiding tenure is  
13 to hunt, right?

14 MR. GRANT: A: Yes.

15 MR. CAIRNS: Q: So isn't the case, the application on  
16 the one hand says don't use the alternate upland route  
17 because human encroachment, we need to protect the  
18 species. The application is also saying, well, we  
19 can't conflict with guiding and hunting, which has the  
20 opposite result that your putting pressure on the  
21 species. The application is not reconcilable that  
22 way. Is that fair to say.

23 MR. GRANT: A: You know, the environmental part of that  
24 wasn't -- you know, I obviously derived that from  
25 other people's input. But the actual tenures, whether  
26 they be range or the hunting and guiding, was

1 something that I was outlining that may need to be  
2 compensated for, for the period of construction during  
3 which time this alternate route would be built, but I  
4 didn't foresee that beyond the recovery of the right  
5 of way that this was a permanent situation.

6 MR. CAIRNS: Q: And so, you don't have any personal  
7 knowledge of whether that tenure is used or not. But  
8 you are saying -- isn't that fair to say, first of  
9 all?

10 MR. GRANT: A: That particular one?

11 MR. CAIRNS: Q: Yeah.

12 MR. GRANT: A: My recollection was that it wasn't  
13 currently being operated.

14 MR. CAIRNS: Q: And you had that operation from?

15 MR. GRANT: A: Stacks of material like this that I  
16 reviewed in doing this letter. But I don't remember  
17 specifically.

18 MR. CAIRNS: Q: All right. So maybe a little bit  
19 inconsistent in saying there's a cost to that, but  
20 really the tenure is not being used, or that sort of  
21 thing.

22 MR. GRANT: A: I think I'd use the may be compensation  
23 required on these other licences and occupations in  
24 that group.

25 MR. CAIRNS: Q: And the guide outfitters' concern would  
26 be the line itself would somehow negatively effect as



1 commercial interests?

2 MR. GRANT: A: During construction, I thought.

3 MR. DUFOUR: A: I think I can answer that.

4 MR. CAIRNS: Q: Sure.

5 MR. DUFOUR: A: There was a guide outfitter, one of  
6 them, in the upland route that would come to the open  
7 houses and voiced his concern about putting a  
8 transmission line up into that route.

9 MR. CAIRNS: Q: So he felt his commercial interests  
10 would somehow be negatively affected?

11 MR. DUFOUR: A: I believe his concerns were primarily  
12 from an environmental and the fact that he did have a  
13 right of way or a tenure up there for guiding and he  
14 was concerned about the impact of putting a  
15 transmission line through that route.

16 MR. CAIRNS: Q: So Fortis really is acknowledging that  
17 commercial concerns are a legitimate factor that the  
18 Commission ought to consider when adjudicating these  
19 types of applications. Is that fair to say?

20 MR. DUFOUR: A: Fortis did extensive public  
21 consultation for this project, which not only included  
22 the residents along the corridor, but also included  
23 tenure holders, right of way owners, First Nations,  
24 environmental groups, municipalities. So in preparing  
25 our application we took all their concerns into  
26 consideration.

1 **Proceeding Time 11:26 a.m. T32**

2 MR. SAM: A: In regard to the compensation, obviously  
3 if FortisBC is looking to acquire a new right of way,  
4 we do have to take those things into consideration  
5 with those tenure holders.

6 MR. CAIRNS: Q: Now, Mr. Grant, the sheep and their  
7 environmental, their habitat issues, that's not your  
8 area of expertise, is that right?

9 MR. GRANT: A: No.

10 MR. CAIRNS: Q: So in the application, if we're looking  
11 for guidance or advice on the effect on the California  
12 bighorn sheep, we should look to -- I think it's  
13 Exhibit I, the environmental and social impacts. Is  
14 that --

15 MR. SAM: A: Yes, Mr. Morck will speak to that.

16 MR. CAIRNS: Q: All right. And -- sorry, Mr. Morck,  
17 all Fortis is saying about the California bighorn  
18 sheep having reviewed what is in the application, is  
19 that studies would have to be done and this is going  
20 to take time, and Fortis would prefer not to delay the  
21 project. Is that fair to say?

22 MR. MORCK: A: No, I'm not quite sure that would be  
23 fair to say that way. If we did do the upland route  
24 there would have to be additional studies. I'm not  
25 sure that that would necessarily delay from an  
26 environmental perspective of the project.

1 MR. CAIRNS: Q: And the issues of sheep. From what you  
2 can see today, it's not a showstopper in the  
3 vernacular, is it?

4 MR. MORCK: A: The issues with sheep wouldn't  
5 necessarily be a showstopper from a strictly  
6 environmental perspective. The summer range is very  
7 good range up there and the sheep use it. Probably  
8 the most challenging issue on the upland area is the  
9 application of the proposed wildlife management area  
10 for sheep conservation in the area, and working with  
11 the Ministry of Environment as well as the IL&B on  
12 those issues.

13 MR. CAIRNS: Q: Okay. Turning now to First Nations  
14 issues. Mr. Grant, on page 7 of your letter, there's  
15 a list of First Nations issues and a remedy. To me  
16 the remedy sounds complex and raises a number of  
17 uncertainties that would face Fortis if it had to use  
18 a greenfield route. Isn't that the message there?

19 MR. GRANT: A: Could you state that again?

20 MR. MORCK: A: Trying to pick out the question.

21 MR. CAIRNS: Q: All right, so on page 7, I'm just  
22 trying to summarize your issues and the remedy. I'm  
23 just saying that the remedy -- let me just get right  
24 to the point. The remedy that you outlined there is  
25 really no different and creates no more uncertainties  
26 than would face any developer, major project developer

1 of Crown land in B.C., whether it's a utility  
2 corridor, a generating plant, an industrial facility,  
3 an agricultural operation. It's a major project.  
4 It's got to face the same problems, correct? That's  
5 just the reality of living in B.C.

6 MR. MORCK: A: I would say that that's a correct  
7 statement, yes.

8 MR. CAIRNS: Q: All right. We've got that one.

9 Mr. Morck, on page 91 of the Environmental  
10 and Social Impact Assessment, it's mentioned that the  
11 California bighorn sheep is a species at risk, a  
12 defined term, I thought, but I couldn't find it  
13 defined in the B.C. or *Canadian Wildlife Acts*, and nor  
14 do California bighorn sheep show up on the list of the  
15 COSEWIC listed species in Table 10.1 on page 93.

16 MR. MORCK: A: Okay. They're not on that list. That's  
17 --

18 MR. CAIRNS: Q: It's a government list.

19 MR. MORCK: A: It's a government list that --

20 MR. CAIRNS: Q: And they're not on that list.

21 MR. MORCK: A: Yes. They are a blue-listed species, I  
22 believe, in British Columbia.

23 MR. CAIRNS: Q: You don't sound certain of that.

24 MR. MORCK: A: I'm reasonably certain that they are.  
25 The California bighorn sheep, which is a subspecies of  
26 the Rocky Mountain -- or the bighorn sheep.

1 **Proceeding Time 11:35 a.m. T33**

2 MR. CAIRNS: Q: Could you clarify that for me, please?  
3 Because I read that over more than once, and I tried  
4 to find that Table 5 that refers to the federal  
5 ranking system and, at the end of it, I was not -- it  
6 didn't even come clear to me that -- I couldn't  
7 decide. Is California bighorn sheep a species at risk  
8 in this particular area? As far as this project is  
9 concerned? Or not? I just didn't get that.

10 If you can't answer that now?

11 MR. MACINTOSH: We'll take that as an undertaking.

12 **Information Request**

13 MR. CAIRNS: Q: Okay. Thanks. We'll speed things  
14 along here.

15 Oh, Mr. Morck, here's one. If ratepayers  
16 want this facility moved up into this alternate upland  
17 route, could the fact that a major industrial facility  
18 passes through this area prompt further studies?  
19 Would the ratepayer and through the utility be funding  
20 further studies to help mitigate whatever specific  
21 problems are being caused, or whatever pressures? Is  
22 there a bright side to this utility going through  
23 there, in that new studies will be funded and  
24 undertaken, perhaps?

25 MR. MORCK: A: It's kind of a multi-pronged question.  
26 So, you're asking essentially --

1 MR. CAIRNS: Q: Wasn't it?

2 MR. MORCK: A: -- if the ratepayer would -- or if I  
3 would see a bright side to additional studies, if we  
4 went to the upland route? Is that -- would that be  
5 fair to this question?

6 MR. CAIRNS: Q: Mm-hmm.

7 MR. MORCK: A: I guess I can't speak specifically to  
8 what the ratepayers or the Commission would recommend  
9 in terms of that, but certainly if you went to the  
10 upland route you'd have to do additional studies. I'm  
11 not sure that they would necessarily offer a bright  
12 side to the environment. They would be more -- the  
13 studies you would do for a right-of-way are more to  
14 determine what are the effects of the upland route  
15 and, in some cases, it may add new information to the  
16 science of the area. But until those are done it  
17 would be hard to characterize that there's a bright  
18 side to that study.

19 MR. CAIRNS: Q: All right. I'll turn to item 4 in the  
20 issues list, which is community contributions in aid  
21 of construction. Now, Mr. Dufour, you phoned and e-  
22 mailed Mr. Wiltse of Wiltse Holdings last week to once  
23 again raise the issue of whether or not Wiltse  
24 Holdings was prepared to fund the relocation of the  
25 line within their property, and to discuss how much  
26 those costs might be. Correct?

1 MR. DUFOUR: A: Yes, I did talk to Mr. Ted Wiltse last  
2 week.

3 MR. CAIRNS: Q: I'm going to produce to you a copy of  
4 your e-mail, and could you just confirm that that is  
5 the e-mail you sent to him last week?

6 Mr. Chairman, I have a number of copies  
7 which I can give to my friends and Mr. Dufour. Mr.  
8 Bemister?

9 THE CHAIRPERSON: Do you want those are entered as  
10 evidence?

11 MR. CAIRNS: Yes, please, Mr. Chairman.

12 Mr. Chairman, Mr. Fulton has rightly  
13 advised me that Mr. Macintosh needs to consider his  
14 position on that.

15 MR. MACINTOSH: No, I don't, Mr. Chair. I haven't seen  
16 it in the context of the hearing, but that's fine.  
17 Proceed.

18 MR. CAIRNS: Thank you. That, I'm advised, is Exhibit  
19 C1-15.

20 THE HEARING OFFICER: C1-15.

21 **(COPY OF E-MAIL DATED JUNE 18, 2008 FROM P. DUFOUR TO**  
22 **T. WILTSE, MARKED EXHIBIT C1-15**

23 **Proceeding Time 11:40 a.m. T34**

24 MR. CAIRNS: Q: You've had a chance to look at it?

25 MR. DUFOUR: A: I have it.

26 MR. CAIRNS: Q: And that's your e-mail?

1 MR. DUFOUR: A: Yes, it is.

2 MR. CAIRNS: Q: Okay, thanks. If I understand the e-  
3 mail, it's informing Mr. Wiltse that FortisBC  
4 estimates it will cost \$47,000 to prepare an estimate  
5 of the costs of moving the line on Wiltse property.  
6 Did I get that right?

7 MR. DUFOUR: A: The \$47,000 is to do an assessment.  
8 Any preliminary engineering required on-the-ground  
9 assessments to prepare a detailed estimate and a  
10 scope, yes.

11 MR. CAIRNS: Q: So he needs to pay -- or, Wiltse  
12 Holdings does, \$47,000 to get an estimate of the cost  
13 of moving the line.

14 MR. DUFOUR: A: That's correct.

15 MR. CAIRNS: Q: Okay. The final bill for that \$47,000  
16 -- you called it an "assessment", did you? The  
17 \$47,000, that itself is an estimate, and the final  
18 bill could well be different than that?

19 MR. DUFOUR: A: We don't anticipate the final bill will  
20 be any different. The cost of doing the assessment,  
21 which is our policy within FortisBC for any  
22 transmission relocation by developers, is borne by the  
23 developer.

24 MR. CAIRNS: Q: Right. I'm just trying to ascertain  
25 the 47 is an estimate, and then the final bill,  
26 whatever it might be, will arrive later.



1 MR. DUFOUR: A: There will be -- the expectation is Mr.  
2 Wiltse will pay the \$47,000 up front prior to  
3 commencing the assessment and preliminary engineering,  
4 and estimating.

5 MR. CAIRNS: Q: And that's it? Is he going to get a  
6 final --

7 MR. DUFOUR: A: There will be a final statement,  
8 certainly, upon completion. Based on actual costs.  
9 But we anticipate that the estimate of \$47,000 will be  
10 relatively close.

11 MR. CAIRNS: Q: Okay, yeah. And that same concept  
12 applies to the actual move of the line itself, if it  
13 was to occur. There is -- you provide an estimate,  
14 and then Mr. Wiltse's company will pay up front, and  
15 then get a final bill, whatever it might be, when it's  
16 all finished. Is that how that works?

17 MR. SAM: A: It may be helpful just to refer to that  
18 same exhibit and there's a timeline that's been  
19 produced there.

20 MR. CAIRNS: Q: Mm-hmm.

21 MR. SAM: A: And may be helpful for everybody just to  
22 walk through that timeline. That may be helpful, Mr.  
23 Cairns.

24 MR. CAIRNS: Q: I'm just trying to get a grip on --

25 MR. SAM: A: This sort of explains the contributions  
26 that we would be expecting from Wiltse Developments.

1       The first row of that table, we talk about 45 days  
2       following CPCN. That is the assessment that we're  
3       referring to, the \$47,000, which is really an estimate  
4       to produce an engineering cost of what it may cost to  
5       relocate the line. What we'd be looking for, given  
6       that we've already provided that assessment, is that  
7       we'd be looking for confirmation from Wiltse Holdings  
8       within 30 days of disposition of this application to  
9       confirm whether he is willing to proceed with that  
10      estimate and, as such, produce a payment of \$47,000.

11               And then following that, the company's  
12      committed within 90 days of that, we will provide the  
13      detailed estimate of what it's going to cost to  
14      construct the alternate route on Wiltse Development  
15      property, and then we've talked about a phased  
16      approach for payments prior to construction of the  
17      actual facility.

18 MR. CAIRNS:   Q:   Okay. So, the part that interests me,  
19               I'm just trying to get straight here, is -- what  
20               process will be in place for Wiltse Holdings to verify  
21               or audit the actual costs of the move and make those  
22               actual costs visible and verifiable, as opposed to  
23               just getting an invoice.

24 MR. SAM:       A:   We would probably enter into an agreement  
25               with Wiltse Developments for all the terms and  
26               conditions of this. And honestly, FortisBC isn't

1 interested in charging Mr. Wiltse any more than what  
2 it's going to cost us. And so, don't anticipate any  
3 concerns with disclosure of the costs associated with  
4 that alteration.

5 MR. CAIRNS: Q: All right. So there would be a  
6 negotiated disclosure process.

7 The suggestion has been made, perhaps by  
8 me, that other people might contribute to the cost of  
9 moving the line. Which costs of the project is  
10 FortisBC proposing be allocated for the move alone, as  
11 opposed to costs that may have been incurred anyway?  
12 For example, there would have to be a pole on the  
13 existing line, there's going to have to be a pole on  
14 the Wiltse line.

15 MR. SAM: A: Yeah. We would look at the incremental  
16 costs of our base case submission, which would be any  
17 incremental cost to what we would expect to spend if  
18 we stay on the existing right-of-way. And in addition  
19 to that, if there's any additional schedule costs  
20 associated with accommodating Mr. Wiltse. So it would  
21 be incremental to our base case submission.

22 **Proceeding Time 11:46 a.m. T35**

23 MR. CAIRNS: Q: Okay, same kind of question as for the  
24 earlier. What's the process for a debate to occur,  
25 and forum does it occur -- or a discussion and not  
26 necessarily a debate, but a discussion about which

1 costs are properly allocated to the account of anybody  
2 that contributes, not just realty holdings. Where  
3 does all that occur and how does it occur?

4 MR. SAM: A: I guess first and foremost we're expecting  
5 disposition of this application will confirm at least  
6 our base case costs as well as the costs associated  
7 with any scheduled in-service date, and if anything  
8 changes with that. So that's obviously on the record.  
9 And then part of this estimate that has been produced  
10 to Mr. Wiltse last week would be to derive what is the  
11 incremental costs associated with that, which is  
12 obviously where the discussion would happen based on  
13 that information.

14 MR. CAIRNS: Q: Right, and where do you anticipate that  
15 that will -- what if you can't come to agreement?  
16 Where do you have that discussion?

17 MR. SAM: A: Well, effectively what we're saying is  
18 that we'll produce an estimate to Mr. Wiltse and his  
19 company on what it would cost to do that, and what  
20 we're expecting is agreement with that to proceed or  
21 not. And then as we've mentioned at the very end of  
22 this same schedule under Exhibit C1-15, we said  
23 FortisBC would issue the final invoice or credit based  
24 on the actual cost.

25 MR. CAIRNS: Q: And once again you'll have, for lack of  
26 a better phrase, an audit trail that he can get --

1 MR. SAM: A: There'll be a breakdown of what that is.

2 MR. CAIRNS: Q: And he can get those audited or he can  
3 get some advice from an independent person as to  
4 whether or not those are appropriate costs?

5 MR. SAM: A: He can get independent advice on the  
6 estimate as well. So he could seek whatever advice he  
7 wishes to.

8 MR. CAIRNS: Q: All right.

9 THE CHAIRPERSON: If I understand Mr. Cairns' question, I  
10 think you're seeking some degree of transparency in  
11 the costing process and asking you folks whether  
12 you're okay with that in the sense that Wiltse will  
13 have the ability to come and look and review at your  
14 costs and compare them with the estimates and get some  
15 comfort or do some diligence around what sort of a  
16 check he has to do.

17 MR. SAM: A: Yes, and I believe I mentioned that sort  
18 of it's an open book because everything is on the  
19 record. So I don't have any concerns with Mr. Wiltse  
20 reviewing the final costs or participating in that  
21 process at all.

22 THE CHAIRPERSON: Fair enough. Thank you.

23 MR. CAIRNS: Q: If Wiltse Holdings or other paying --  
24 contributing parties -- there isn't a mechanism in  
25 your current proposal for resolving any conflicts if  
26 there are multiple parties that are asked to

1 contribute, is there?

2 MR. SAM: A: No. What we're proposing is that, given  
3 that it's Wiltse Developments, that he would shepherd  
4 that. So if there's any public concerns associated  
5 with a route alternative on his land, he would provide  
6 the public support. There's other contributions in  
7 aid of construction. It would be simpler and our  
8 approach would be that Mr. Wiltse would deal with that  
9 and we would deal with Wiltse Developments.

10 MR. CAIRNS: Q: Now I understand where you're coming  
11 from. So if the costs to move are \$100 and others are  
12 -- it's appropriate for others to make a contribution,  
13 your view is that Wiltse Holdings ought to hold those  
14 discussions and get those other contributors to make a  
15 contribution?

16 MR. SAM: A: Yes, it is.

17 MR. CAIRNS: Q: All right. Mr. Dufour, in all the  
18 discussions you've had with Mr. Wiltse, you've  
19 provided estimates, verbal estimates of what it might  
20 cost, is that correct?

21 MR. DUFOUR: A: I've been in discussions with Wiltse  
22 Holdings since November 2002. At that time there was  
23 the discussion to develop a golf course. In 2002 we  
24 provided Wiltse Holdings an estimate -- 2003 actually,  
25 to potential relocation of the transmission line and  
26 the cost for providing the detailed estimate and

1 assessment. We then again talked to Mr. Wiltse in  
2 2005, of which we reiterated that Wiltse Holdings  
3 would be required to pay the cost of relocation. And  
4 then I again talked to Mr. Wiltse in the spring of '07  
5 when we started the public consultation process, and  
6 he once again expressed his interest to relocate the  
7 transmission line at that time. And then we thought  
8 it would be potentially beneficial to do it at that  
9 time because we were in the process of doing a  
10 reconstruction or proposing a reconstruction.

11 **Proceeding Time 11:51 a.m. T36**

12 MR. CAIRNS: Q: Do you remember what your first verbal  
13 estimate might be for the costs of the move?

14 MR. DUFOUR: A: I had a discussion with Mr. Wiltse, I  
15 believe, back in last year, and the discussion was,  
16 should all things be equal --

17 MR. CAIRNS: Q: Yes?

18 MR. DUFOUR: A: -- access, constructability, the same  
19 type of right-of-way, the same number of structures,  
20 the relocation would be in the range of seven to eight  
21 hundred thousand dollars, but that was just a verbal  
22 discussion. Wanted an idea, and the best I could do  
23 at that time was, should all things be equal.

24 MR. CAIRNS: Q: And today, what's the same kind of --

25 MR. DUFOUR: A: We have not estimated a right-of-way  
26 entirely on Wiltse property to date.

1 MR. CAIRNS: Q: So nothing's changed from the seven or  
2 eight hundred thousand dollar -- and I'm not saying  
3 that that's a commitment that you made, but just your  
4 estimate at the time was seven or eight hundred  
5 thousand dollars. And today it's no different?

6 MR. DUFOUR: A: Should all things be equal, it could  
7 potentially be in that range. But we're unsure until  
8 we do a detailed assessment on constructability, on  
9 access, on the terrain, and on structure locations.

10 MR. CAIRNS: Q: All right. Mr. Sam, if community  
11 groups, cities or others who were going to be directly  
12 affected by the relocation of the line contributed, at  
13 least in part, to the incremental cost of the  
14 relocation, costs would pretty much disappear as a  
15 factor in your application, wouldn't it?

16 MR. SAM: A: I'm sorry, could you repeat that, Mr.  
17 Cairns?

18 MR. CAIRNS: Q: Sure. If other people carry the  
19 incremental costs of moving the line to some other  
20 route, then cost itself disappears as a significant  
21 factor, isn't that correct?

22 MR. SAM: A: Are you referring to the Wiltse route or  
23 the upland route?

24 MR. CAIRNS: Q: Well, either one. It doesn't matter  
25 where it goes, if other people pay.

26 MR. SAM: A: That's correct. If there's contributions



1           made for alternate routes, we would downgrade the  
2           weighting of cost on our application.

3 MR. CAIRNS:   All right. Mr. Chairman, I think I only  
4           have one question left, I just need to refer to the  
5           application.

6 MR. CAIRNS:   Q:   Mr. Sam, if you could turn to section  
7           4, page 40. It's that table that we talked about  
8           earlier this morning. It's table 4-3-2A.

9 MR. SAM:    A:   Yes, I have it.

10 MR. CAIRNS:  Q:   The total capital cost of 1A, at about  
11           148 million, and in the case of 2B, at 153 million, is  
12           about 5 million dollars apart, correct?

13 MR. SAM:    A:   Yes, that's what the table shows.

14 MR. CAIRNS:  Q:   The facility is amortized over what, 40  
15           years?

16 MR. SAM:    A:   It's 40 or 50 years.

17 MR. CAIRNS:  Q:   All right. I'm going to ask that maybe  
18           a regulatory staff help out here a bit. So I'll read  
19           my question into the record, and we may have to get an  
20           answer later or tomorrow or whatever.

21                            If there were 500 ratepayers between  
22           Shuttleworth Creek and R.G. Anderson substation who  
23           shouldered that extra cost, that comes out to about  
24           \$10,000 each, amortized over 40 years, or \$250 a year,  
25           or approximately \$20 a month per ratepayer. Now,  
26           there's got to be some interest on that, but I've

1 ignored that for the moment. Could you please have  
2 your regulatory staff calculate the additional cost  
3 per ratepayer if we assume there are 500 ratepayers  
4 who solely pay the extra cost of that \$5 million and  
5 the amortization period is 40 years?

6 **Proceeding Time 11:56 a.m. T37**

7 MR. SAM: A: And so just confirmation of that.

8 MR. CAIRNS: Q: Sure.

9 MR. SAM: A: So we're looking at the 2012 route  
10 alternatives, not the 2010. And you've asked us to  
11 clarify between Option 1A and 2B, not 1B which is the  
12 cheaper solution on the existing right of way?

13 MR. CAIRNS: Q: Right, and I know, you gave me your  
14 apples and oranges view on that.

15 MR. SAM: A: Okay.

16 MR. CAIRNS: Q: But that's my question.

17 MR. SAM: A: Okay.

18 **Information Request**

19 MR. CAIRNS: Q: If there are approximately 500  
20 residents today, and over the ensuing years the Wiltse  
21 properties are built out, the additional cost per  
22 ratepayer would decline, would it not? And you can  
23 also bundle that into your answer tomorrow. Okay?

24 Mr. Chairman, that concludes my questions.  
25 Thank you very much. I went a little bit longer than  
26 I anticipated, but --

1 THE CHAIRPERSON: The timing is just about right, Mr.  
2 Cairns, again.

3 MR. CAIRNS: All right, thank you.

4 THE CHAIRPERSON: Mr. Fulton, anything we need to deal  
5 with before we adjourn for lunch?

6 MR. FULTON: No, Mr. Chairman.

7 THE CHAIRPERSON: We'll adjourn for one hour and  
8 reconvene at 1:00 p.m. Thank you.

9 **(PROCEEDINGS ADJOURNED AT 11:59 A.M.)**

10 **(PROCEEDINGS RESUMED AT 1:00 P.M.)** **T38**

11 THE CHAIRPERSON: Good afternoon, please be seated.

12 Mr. Macintosh?

13 MR. MACINTOSH: Mr. Chair, thank you. There are two  
14 undertakings outstanding from this morning's  
15 questioning, and I can respond to one of them now. It  
16 was to establish whether or not the bighorn sheep were  
17 on a protected species list. And the filing which  
18 will be Exhibit B-20, I understand, is the British  
19 Columbia government document which indicates that they  
20 are, and they are on Schedule 1 under the applicable  
21 legislation as shown on the second page.

22 And I have one other undertaking which I  
23 will respond to later.

24 THE HEARING OFFICER: Marked Exhibit B-20.

25 **( "BRITISH COLUMBIA, ORDER - CATEGORY OF SPECIES AT**  
26 **RISK", MARKED EXHIBIT B-20)**

1 MR. MACINTOSH: The Bighorn sheep are referenced, Mr.  
2 Chair -- I'm sorry, I should have indicated this -- on  
3 the second page, halfway down, as the first of the  
4 mammals. Thank you.

5 THE CHAIRPERSON: Ms. Kahn.

6 MS. KAHN: I'll just move this a little closer. Good  
7 afternoon, Panel. Okay, how is that? Is that  
8 working?

9 **CROSS-EXAMINATION BY MS. KAHN:**

10 MS. KAHN: Q: Panel, I have two questions about the  
11 table that's found at Exhibit B-1. It's the main  
12 application. At page 4 -- or sorry, section 4, page  
13 44. It's Table 4-3-3D. It's the non-financial  
14 comparison of route alternatives.

15 Why is Route 1A considered to perform  
16 better in terms of the environmental criteria than  
17 Route 1B?

18 MR. MORCK: A: I can speak to that. The difference  
19 between the two routes 1A and 1B from an environmental  
20 perspective is primarily with the footprint during  
21 construction. With 1A we would have a single pole  
22 structure and access tracks or trails to those  
23 structures. With the 1B configuration there would be  
24 potential, particularly where you had different  
25 elevation on the same right of way where you might  
26 have two trails, and a disturbance area associated

1 with two spots as opposed to one spot.

2 MS. KAHN: Q: Any other environmental considerations  
3 that make 1A preferable?

4 MR. MORCK: A: In the case of 1B with the double line,  
5 there's a potential in some areas where there might be  
6 some right of way widening required. Without a  
7 detailed design we didn't know that, but with that  
8 potential then that would also increase the footprint  
9 of it too.

10 MS. KAHN: Q: And is FortisBC's view that alternative  
11 1A is better aesthetically than 1B based on actual  
12 feedback from stakeholders in the area, or just your  
13 view of which design is preferable?

14 MR. SHTOKALKO: A: I'll respond to that. During the  
15 public consultation, the first round, if you turn to  
16 Appendix J of our application, which summarizes the  
17 public consultation, we submitted one board which  
18 showed a number of different structures, which  
19 included not just the structures that are included in  
20 the application as well as the lattice steel type of  
21 structures.

22 So during those sessions we received, you  
23 know, verbal comments at the open house as to these  
24 looked better than that, but notwithstanding that  
25 there were comments that are summarized in the public  
26 consultation where they indicated they would prefer



1 MS. KHAN: Q: Okay. So the upland route, but not the  
2 existing route?

3 MR. SHTOKALKO: A: Not the existing route.

4 MS. KHAN: Q: And is the interference on the upland  
5 route significant enough that it could lead to  
6 opposition from the Dominion Radio Astrophysical  
7 observatory and Industry Canada?

8 MR. SHTOKALKO: A: They indicated they would have  
9 extreme concerns if Forest BC applied what was called  
10 "power line carrier" on that line, which is not the  
11 plan. They indicated they had concern, but I don't  
12 know if they would respond as to -- like, opposition,  
13 I would have to, you know, base it on their reply, not  
14 my interpretation.

15 MS. KHAN: Q: And is there any way to mitigate the DRAO  
16 concerns about --

17 MR. SHTOKALKO: A: From their perspective they operate,  
18 in their words, a facility that can detect a cell  
19 phone call on Mars, so their opposition is to be  
20 blocked by terrain, not by what little things we could  
21 do on the transmission line.

22 MS. KHAN: Q: You've -- Fortis has explained through  
23 the IR responses that options 1A and 1B are more  
24 expensive because of the -- because double-circuit,  
25 single-pole construction is more expensive than H-  
26 frame construction, because of the foundation

1 construction requirements. Why are you proposing to  
2 spend the additional money on single-pole construction  
3 when H-frame would be significantly less expensive for  
4 FortisBC ratepayers?

5 MR. SAM: A: Primary reason for that is, if we look at  
6 previous decisions by the Commission, be it the  
7 Vancouver Island transmission reinforcement project or  
8 more recently for FortisBC, the Naramata project,  
9 there's a term being used as "cost-effectiveness", and  
10 compared to "least cost". And so, alternative 1B  
11 would be considered the least-cost solution, and the  
12 company's proposed what in our opinion is a cost-  
13 effective solution based on previous guidance from  
14 previous Orders, which looks at a balance of not just  
15 cost but reliability, it looks at environmental  
16 impact, it looks at other stakeholder concerns,  
17 including visual. We have added EMF into that picture  
18 as well, with some benefits to 1A versus 1B. So we  
19 propose, in FortisBC's opinion, what is the most cost-  
20 effective solution to the need.

21 MS. KHAN: Q: And so then essentially those concerns  
22 centre around concerns of local residents whose  
23 properties are affected by the rights-of-way and the  
24 power lines.

25 MR. SAM: A: That would be part of it, as well as what  
26 Mr. Morck said around environmental of the 1B solution



1           versus the 1A on the existing right-of-way as well.  
2 MS. KHAN:   Q:   BCUC staff asked an IR about using  
3           alternative 1B with the more aesthetically-pleasing  
4           poles, just in what I believe is the Heritage Hills  
5           area. So, rather than using H-frame, using the  
6           single-pole construction within the Heritage Hills  
7           area. FortisBC indicated that this would add roughly  
8           -- I think it was \$735,000 to the direct cost of  
9           alternative 1B and would be less desirable from a  
10          maintenance perspective.

11                         Have you undertaken a non-financial  
12          analysis of this alternative as you've done on -- as  
13          at the first page, in Exhibit 1 that I referred to you  
14          earlier, section 4, page 44, of this -- so, have you  
15          done a non-financial analysis of that alternative and,  
16          if not, what are your views on how the alternative  
17          would perform?

18                                         **Proceeding Time 1:09 p.m. T40**

19 MR. SHTOKALKO:   A:   With respect to alternatives where  
20          you start blending features, it becomes a little bit  
21          more problematic to characterize one option versus the  
22          other as you did previously. You'd have to keep in  
23          mind that you tend to have in most categories the  
24          downsides of both added into the situation. In this  
25          case you might improve some of the aesthetic aspects  
26          in certain areas, but you downgrade aesthetics in

1 other areas, or you also increase environmental  
2 impact. You know, differences we saw between 1A and  
3 1B, so you ended up with a blend of the two.

4 So we have not done a specific analysis,  
5 but I don't think there'd be much to say other than we  
6 ended up somewhere in between the two.

7 And I would also indicate there would be  
8 additional engineering required to actually review  
9 once we have the indication as to what would be  
10 desired in trying to blend the two, because there are  
11 a few more complications than just an individual pole  
12 being replaced by an H-frame.

13 MS. KAHN: Q: But it would be possible to do a  
14 combination of the two pole configurations?

15 MR. SHTOKALKO: A: Yes, it is. As we indicated, a  
16 utility generally prefers to have a common structure  
17 approach to maintaining a line. It has a common  
18 capacity, common maintenance characteristics. It's  
19 sometimes hard to boil that down to absolute dollars  
20 and cents, but when you're dealing with crews and  
21 storms and so on, that you want their lives as  
22 straightforward as possible.

23 MR. DUFOUR: A: The discussion with regards to pole  
24 structure type, the public consultation that took  
25 place on this project was from Shuttleworth Creek area  
26 right through to the Penticton area. So when we talk

1 about the public looking at various structures and  
2 selecting somewhat preference, or what would be more  
3 suitable, it wasn't just in the Heritage Hills area.  
4 It also affected the McLean Creek, Shuttleworth Creek,  
5 the Evergreen area as well.

6 MS. KAHN: Q: I have a couple of questions about the  
7 incremental cost analysis for the Wiltse proposed and  
8 preferred routes that's the -- the cost analysis is  
9 found at Exhibit B-8. It's in response to BCUC IR 2.  
10 Actually, if you turn to B-8 and you go to page 56,  
11 there's a table there which is labelled Table 83 --  
12 A83.2.

13 MR. DUFOUR: A: Yes.

14 MS. KAHN: Q: How are these costs arrived at?

15 MR. SHTOKALKO: A: They were made on gain per unit or  
16 type of costing where you say it's -- we kind of  
17 scaled down to what we think a line section like this  
18 would cost. Based on the number of kilometres, we'd  
19 be looking at the -- in this case, because some of the  
20 property was -- indicated it would be outside the  
21 property of the Wiltse's would be involved in  
22 obtaining additional rights of way through Crown land  
23 and private property of a certain distance, we made an  
24 allowance for those acquisition costs, an allowance  
25 for doing a mini environmental assessment of that  
26 length of line, by looking at the additional

1 kilometres that would require clearing and access to  
2 construct some additional towers. And then item  
3 number 5 is strictly in a previous IR to the  
4 Commission, we indicated a kind of loaded dollars per  
5 kilometre using Alternative 1A, so we used that as a  
6 proxy to take us to the incremental cost, as well as  
7 done the standard loadings from FortisBC for overhead,  
8 management costs.

9 But I would have to state then, until we  
10 would do preliminary engineering, you know, depending  
11 on routes and the actual -- beyond the ground  
12 assessment, the site conditions, those costs may be  
13 higher. I doubt they'll be lower. Any time we tend  
14 to take a transmission line and zigzag it through  
15 turns, those costs are typically higher. And of  
16 course the developer would like the line to be on not  
17 nice property, which means it's higher cost for us to  
18 construct the line on.

19 MS. KAHN: Q: So in other words then, it's possible  
20 that these costs could increase.

21 **Proceeding Time 1:14 p.m. T41**

22 MR. SHTOKALKO: A: That's correct. I would have to put  
23 in, you know, a fairly wide bandwidth around those  
24 numbers, but --

25 MS. KHAN: Q: Are you able to put a band around it?  
26 Any percentage band?

1 MR. SHTOKALKO: A: That's why engineers like to not be  
2 caught in the conversation or with a napkin with a  
3 number. I would say this is a reasonable planning or  
4 conceptual-level cost right now, so whether or not  
5 that's plus 100, minus 50, or depending on what kind  
6 of rules you want to use. But I would say it's a  
7 reasonable planning-level estimate of the cost.

8 MS. KHAN: Q: Did you arrive at these costs in  
9 consultation with Wiltse Holdings?

10 MR. SHTOKALKO: A: These costs were arrived at in  
11 consultation within FortisBC and B.C. Hydro  
12 engineering.

13 MS. KHAN: Q: Sorry, within FortisBC and --

14 MR. SHTOKALKO: A: B.C. Hydro engineering as a  
15 consultant to Fortis.

16 MS. KHAN: Q: And no other stakeholders.

17 MR. SHTOKALKO: A: Correct.

18 MS. KHAN: Q: Can you confirm that both of the Wiltse  
19 options, the proposed and the preferred routes,  
20 involve new rights-of-way over land that is not owned  
21 by Wiltse Holdings?

22 MR. DUFOUR: A: Yes, they do.

23 MS. KHAN: Q: And do you know how many property owners  
24 would be affected? I apologize if the information is  
25 already in the IR responses and I just missed it.

26 MR. DUFOUR: A: There are -- the property owners that

1 would be affected -- both routes go through a portion  
2 of Crown land. The preferred route supplied goes  
3 through a larger portion than the proposed route, as  
4 well as both routes go through parcels of private  
5 property on each end, and City of Penticton's lands.

6 MR. SHTOKALKO: A: And these are covered in BCUC IR  
7 93.3.

8 MS. KHAN: Q: Thank you. To your knowledge, have there  
9 been any discussions with these property owners as to  
10 whether they would consent to a right-of-way through  
11 their land?

12 MR. DUFOUR: A: No, there hasn't. FortisBC has not had  
13 any discussions with these property owners.

14 MS. KHAN: Q: Do you know whether Wiltse Holdings  
15 Limited has had any discussions with these property  
16 owners?

17 MR. DUFOUR: A: I don't know. I can't speak for Wiltse  
18 Holdings.

19 MS. KHAN: Q: Would the Wiltse proposed or preferred  
20 routes address the EMF, aesthetics and property value  
21 concerns of residents in the Heritage Hills and other  
22 residential areas, that we've heard about already  
23 today, and throughout the application?

24 MR. SAM: A: Confining it to the Wiltse area, I would  
25 say it's -- the Heritage Hills, it would have no  
26 impact on their opinion of it.

1 MS. KHAN: Q: So it wouldn't alleviate any of the  
2 concerns.

3 MR. SAM: A: We don't believe so.

4 MS. KHAN: Q: Of Heritage Hills or of other residential  
5 areas?

6 MR. DUFOUR: A: The only residential area it could  
7 alleviate some concerns would be the Evergreen area,  
8 which is just below the Wiltse property.

9 MS. KHAN: Q: And in fact it's possible that the Wiltse  
10 routes might in fact lead to more concerns -- concerns  
11 from other residents about things like aesthetics and  
12 property value and EMF levels?

13 MR. SAM: A: Yes, and that's why if we were to support  
14 the Wiltse route, I think I mentioned earlier today  
15 that we would look for public letters of support from  
16 any stakeholders potentially within 500 metres of any  
17 proposed route on the Wiltse property.

18 MS. KHAN: Q: Okay. The next few questions relate to  
19 properties between Shuttleworth Creek and R.G.  
20 Anderson terminal, properties that have rights-of-way  
21 already on them and also are home to the existing  
22 line, transmission line. Are the rights-of-way within  
23 that -- between Shuttleworth Creek and R.G. Anderson  
24 mostly on residential properties?

25 MR. DUFOUR: A: There are 88 individual properties that  
26 have charges on them between Shuttleworth Creek and

1 R.G. Anderson. Some of them are private properties.  
2 Some are Crown land, Canadian Wildlife Federation, the  
3 Natures Trusts of British Columbia, as well.

4 MS. KHAN: Q: Natures Trust has properties that are  
5 within the existing right-of-way?

6 MR. DUFOUR: A: Yes, they do.

7 MS. KHAN: Q: Are any of the rights-of-way on non-  
8 residential properties, such as schools or hospitals  
9 or other commercial properties?

10 **Proceeding Time 1:19 p.m. T42**

11 MR. DUFOUR: A: No, there aren't.

12 MS. KAHN: Q: Do you know what the population density  
13 of the properties with the affected rights of way are?  
14 Or is, sorry? Is it most --

15 MR. DUFOUR: A: For example, Heritage Hills, there is,  
16 I believe, 200 homes in Heritage Hills in a span of  
17 approximately 2 kilometres, of which there are seven  
18 structures.

19 MS. KAHN: Q: And for the other areas?

20 MR. DUFOUR: A: The right of way for the Evergreen area  
21 is primarily above the area, and the Shuttleworth  
22 Creek, McLean Creek areas are primarily ruled  
23 agricultural land.

24 MS. KAHN: Q: Sir, for the residential properties are  
25 they mostly single family dwellings or multi-family  
26 units?



1 MR. DUFOUR: A: In the Heritage Hills area would be  
2 single family dwellings as well as the Evergreen area.  
3 As I said, the McLean Creek, Shuttleworth Creek area  
4 is predominantly farms, agricultural area, lands.  
5 MS. KAHN: Q: So those would be larger acreages?  
6 MR. DUFOUR: A: Large acreages and small ranches  
7 through there.  
8 MS. KAHN: Q: Do you know whether most of the affected  
9 residential properties are occupied by the owners or  
10 whether some of these properties are rented out?  
11 MR. DUFOUR: A: I don't know whether any properties are  
12 rented out.  
13 MS. KAHN: Q: The existing route between Vaseux Lake  
14 and R.G. Anderson, as far as I understand it, crosses,  
15 as you've just said, two kilometres of -- about two  
16 kilometres of farm acreages, .8 kilometres of  
17 vineyards, 1.6 kilometres of Heritage Hills  
18 residential area, and then there's also 24 kilometres  
19 of Crown and private land. Is that correct?  
20 MR. DUFOUR: A: Approximately, yes.  
21 MS. KAHN: Q: Approximately how many Crown and how many  
22 private landowners are there in the 24 kilometre  
23 stretch that are crossed by the existing line and  
24 right of way?  
25 MR. DUFOUR: A: There's 88 individual property owners,  
26 of which the majority of residential areas are the

1 Heritage Hills and the Evergreen area. The  
2 Shuttleworth Creek and McLean Creek areas are  
3 primarily agricultural land, and then in between those  
4 areas are primarily made up of Crown lands, Canadian  
5 Wildlife Federation -- Canadian Wildlife Service, I  
6 believe, and the Nature's Trust of British Columbia.

7 MS. KAHN: Q: So that's outside of the -- that's 24  
8 kilometres outside of the farms and the vineyards and  
9 Heritage Hills, McLean Creek.

10 MR. DUFOUR: A: That's correct.

11 MS. KAHN: Q: So the 24 kilometres specifically then is  
12 Crown, Nature's Trust and some private property?

13 MR. DUFOUR: A: There are some private properties  
14 through there.

15 MS. KAHN: Q: And as far as you know then, there aren't  
16 any commercial properties or schools or hospitals?

17 MR. DUFOUR: A: Not that I'm aware of. No.

18 MS. KAHN: Q: And here I'm just talking about that 24  
19 kilometre stretch, so outside of Heritage Hills and  
20 the two kilometres of farms and the eight kilometres  
21 of vineyard, .8 kilometres of vineyard properties.  
22 Are the affected property owners within the 24  
23 kilometre range concerned about aesthetics or property  
24 values or EMF levels of Route 1A?

25 MR. DUFOUR: A: We did extensive public consultation  
26 process, of which we held a number of open houses in

1 March, three of them, and then three of them in May of  
2 2007. The concerns throughout the corridor range from  
3 visual impact to EMF to property values.

4 MS. KAHN: Q: And so that's the concern -- so that  
5 would be within that 24 kilometres, not in the more  
6 densely populated areas, the four kilometres would --

7 MR. DUFOUR: A: It would be in the -- the invitations  
8 that were sent out were the entire corridor. Matter  
9 of fact, the entire corridor between Oliver right  
10 through to Penticton, but the majority of concerns  
11 came from the corridor between Vaseux Lake and  
12 Penticton.

13 **Proceeding Time 1:24 p.m. T43**

14 MS. KHAN: Q: And out of those concerns, did the  
15 majority of concerns come from Shuttleworth Creek to  
16 R.G. Anderson? Or were there concerns expressed  
17 outside of that area?

18 MR. DUFOUR: A: No, the majority of the concerns would  
19 have come from Shuttleworth Creek to R.G. Anderson.

20 MS. KHAN: Okay, those are my questions. Thank you.

21 MR. FULTON: Mr. Harlington is next, Mr. Chairman.

22 THE CHAIRPERSON: Thank you. Mr. Harlington?

23 **CROSS-EXAMINATION BY MR. HARLINGTON:**

24 MR. HARLINGTON: Q: Mr. Chairman, Commissioners. I  
25 just have a few questions, really. I'd like to start  
26 off with the one that you went through with the types

1 of pole, and you identified that cross section E was  
2 1A and 2B, and you also identified that cross-section  
3 E was 1B. And cross-section D would be 2B). I  
4 believe that's what you said. That's just -- I'm  
5 sorry, there's so many documents, I can't tell you  
6 which book it was in. This one here.

7 MR. SHTOKALKO: A: I have that document.

8 MR. HARLINGTON: Q: Would that be correct?

9 MR. SHTOKALKO: A: Could you rephrase the question,  
10 sir?

11 MR. HARLINGTON: Q: Okay. I have the notes here that  
12 says cross section C is for options 1A and 2A, cross  
13 section D is for option 2B, and cross-section E is for  
14 option 1B.

15 MR. SHTOKALKO: A: Correct.

16 MR. HARLINGTON: Q: That's correct, is it?

17 MR. SHTOKALKO: A: And cross-section F is for  
18 alternative 1C.

19 MR. HARLINGTON: Q: Yes, that's correct, yes. I missed  
20 that one. Could you tell me, of any of those options,  
21 if the poles you've got are capable of being upgraded  
22 to a higher voltage at a later date?

23 MR. BARNETT: A: No they wouldn't. The clearances are  
24 such that the limiting voltage would be 230 kV.

25 MR. HARLINGTON: Q: But if you wanted to go to a higher  
26 voltage down the -- I mean, your forecasts are great

1 for the time being, but these things can change and  
2 you might need to upgrade to a higher voltage. Could  
3 all of these poles in options C, E and F and D, be  
4 capable of taking the higher voltage?

5 MR. BARNETT: A: Practically, no.

6 MR. HARLINGTON: Q: No. So, if we did have to go to a  
7 higher voltage, the poles would have to be replaced  
8 again.

9 MR. BARNETT: A: Yes, they would.

10 MR. HARLINGTON: Q: Thank you. You note in your  
11 submission the cost increase, basically, from  
12 alternative 1A to 2A and 2B, basically about a 20  
13 percent increase, and you've put this down to the time  
14 factor of two years for negotiations for the right-of-  
15 way. Could it not be possible, since you've got such  
16 a vast project, ranging from Oliver -- or even yet,  
17 Oliver, Bentley substation, Vaseux Lake and the north,  
18 and in the Bell substations, could it not be managed  
19 that you -- if the Commission gave their go-ahead, you  
20 could actually start the project without the piece  
21 between Shuttleworth and R.G. Anderson being decided  
22 upon so you don't delay the project? In other words,  
23 you don't wait for the final decision on everything,  
24 you actually start the project with the substation  
25 upgrades. You could do the Oliver and Vaseux Lake  
26 sub-part, you could do the Bell part and leave the

1 part in the middle while you negotiate. Is that  
2 possible?

3 MR. SAM: A: I guess anything is possible. They all  
4 have their pros and cons with that.

5 MR. HARLINGTON: Q: Yes, I see.

6 MR. SAM: A: Some of the cons, and I'll speak to some  
7 of the cons -- there's likely going to be an increase  
8 in costs from our scheduling perspective, from our  
9 materials procurement perspective, from a contracting  
10 -- obviously the bigger tender you can send out,  
11 whether it's from a construction perspective or  
12 materials, you typically get economies of scale in  
13 your buying power. So that obviously would be an  
14 impact from that perspective.

15 Costs would also increase because until the  
16 line is actually built, the substation can't go into  
17 service, so the company -- we would be incurring  
18 additional allowance for fund used during  
19 construction. So the primary concern would likely be  
20 increased costs from what's proposed in the  
21 application.

22 **Proceeding Time 1:28 p.m. T44**

23 MR. HARLINGTON: Q: You mentioned, and I do apologize,  
24 I'm never sure which one mentioned it, but someone  
25 mentioned that Nature's Trust was against moving the  
26 line from the existing route to the upland route.

1           Could you expand on that as to why they were against  
2           moving the line?

3 MR. DUFOUR:    A:    That is correct.  If you go to Appendix  
4           -- not Appendix, Exhibit B1-2, Appendix A, on page 27  
5           there is a letter from the Nature's Trust of British  
6           Columbia which outlines that for us to relocate the  
7           transmission line to the upland route, we would have  
8           to put another corridor on their property, basically  
9           cut a -- alienate part of their property to build a  
10          new transmission line to the upland route.  Hence for  
11          those reasons the -- along with some environmental  
12          reasons, the Nature's Trust cannot support the  
13          proposed upland route across their conservation  
14          holdings as detailed.

15 MR. HARLINGTON:  Q:    Thank you.  Nature's Trust did  
16          comment that they were concerned about the line  
17          affecting the lambing of the bighorn sheep, and I  
18          noticed at the open house that was something that  
19          Fortis amplified to the visitors there.  And yet the  
20          lambing takes place where the existing route is, not  
21          where the upland route is.  95 percent of the lambing  
22          is on the lower end of the -- in the lower part of the  
23          valley, not the upper part of the valley.

24 MR. MORCK:     A:    If I could speak to that.

25 MR. HARLINGTON:  Q:    Yes.

26 MR. MORCK:     A:    Generally, yes, the lambing in that

1 corridor is within a few hundred metres of the  
2 existing right of way. We've spoken to the wildlife  
3 experts with the Ministry of Environment, as well as  
4 field biologists, and the issue with that really is a  
5 largely managing construction around timing. And so  
6 as long as there's a suitable timing window that we're  
7 not disrupting them during the lambing period, then  
8 there's no real issue or no effect on lambing.

9 MR. HARLINGTON: Q: Okay. Can I go to property values  
10 then? I'm not a real estate agent and I haven't got  
11 the experience that you have there, but just talking  
12 to real estate agents in this area who live in this  
13 area, they are very concerned about the power lines.  
14 They are very concerned that the property values will  
15 depreciate due to the high poles. And they do affect  
16 the visual impact of most of the residents in Heritage  
17 Hills and some in Sunnybrook which you've missed, and  
18 many in Vintage Views which you didn't mention either,  
19 all in that same residential area. And you can  
20 actually look at the values of houses that have been  
21 sold in the area and compare those that are impacted  
22 by the current lines to ones that aren't impacted, and  
23 there's a significant difference.

24 So to say that there would be no  
25 depreciation, I think you would really be better off  
26 talking to the -- I'm not saying about loss, but just



1 talking to real estate agents here that actually have  
2 to sell the properties. I can quote two examples of  
3 where people have walked away because they know the  
4 power lines are going in. In one case they had  
5 already basically signed the contract but they walked  
6 away when they found out. They weren't informed. And  
7 this is what's happening in Heritage Hills,  
8 Sunnybrook, and Vintage Views right now.

9 So do you have any explanation for that?

10 MR. GRANT: A: I'd have to learn of these specific  
11 examples.

12 MR. HARLINGTON: Q: Okay.

13 MR. GRANT: A: And if I could, I would certainly  
14 investigate it. I did do a blanket search on all of  
15 those residential areas and could not see the effect  
16 that you had -- that you're mentioning.

17 MR. HARLINGTON: Q: Okay.

18 MR. GRANT: A: But simply because a property sells for  
19 less than what somebody is asking for it, isn't  
20 evidence of it having a loss in value. And if there  
21 are two good comparables that are very similar homes,  
22 one that's affected and one that's not that I could  
23 make that comparison, I would certainly look at it.  
24 So if you want to -- if you've got evidence like that,  
25 I will look and respond.

26 MR. HARLINGTON: Q: Well, yes, I think I wouldn't want

1 to impose on the house owner because it's not my home,  
2 so I wouldn't want to compare their home to somebody  
3 else's. But I can tell you that, for example, number  
4 308 Heritage Boulevard, which is right next to one of  
5 the poles or comes very close, has taken three years  
6 to sell and the price has had to come down. And if  
7 you compare it with the house three doors along, they  
8 sold theirs for 700 and something thousand. The one  
9 three doors along is going for 900,000. Up the hill  
10 on Apple, a house of similar size -- now, I might add  
11 this one at 308 is a seven bedroom home. The one up  
12 the hill on Apple sold for 1.2 million, the same size  
13 home, but they are not as close to the power lines.  
14 And you know, I don't expect you to comment on that  
15 because I've just given you them, but I just thought  
16 it's information that you could look into for me.

17 MR. GRANT: A: Well, if I had the addresses I could  
18 probably consider fairly quickly even go take a look  
19 at them over my --

20 MR. HARLINGTON: Q: Thank you.

21 MR. GRANT: A: If you'll give me the full address I'll  
22 do that.

23 MR. HARLINGTON: Q: Well, 3 -- I've got to get, if I  
24 could just -- it's 308, yes, 308 Heritage Boulevard.  
25 In fact that was one of the intervenors, but she sold  
26 and got out of it. So --

1 MR. GRANT: A: And what was the address of the  
2 comparable?

3 MR. HARLINGTON: Q: I don't know the number. All I  
4 know is it's the fairly dark brown house on Apple.  
5 It's the third one up on the right. They're all on  
6 the right. It's the third one up. It's next to a  
7 vacant lot.

8 MR. GRANT: A: I thought I heard you say that there was  
9 the one, the comparable next to the --

10 MR. HARLINGTON: Q: Oh, there's one, there's one still  
11 for sale. It's, yes, three doors down. That's 296.  
12 And the last time I looked, that was on the market for  
13 950? Somewhere in there. I'm looking for my real  
14 estate expert at the back here.

15 MR. GRANT: A: Okay. I mean, most information you can  
16 give me, the better I can do.

17 **Proceeding Time 1:35 p.m. T45**

18 MR. HARLINGTON: Q: Yeah. Thank you. You did mention  
19 in your -- when Mr. Cairns asked you some questions  
20 about the views, you looked at -- I believe it was  
21 this photograph, if I'm correct.

22 MR. GRANT: A: Yes.

23 MR. HARLINGTON: Q: Yes. And I wasn't quite sure what  
24 this one was, because it says "Alternative 1C". I  
25 didn't think there was an alternative 1C. I thought  
26 it was options 1A, 1B, 2A, 2B and 3.

1 MR. SAM: A: The BCUC asked us to consider a high-  
2 capacity single-circuit line, which we've dubbed as  
3 alternative 1C.

4 MR. FULTON: Mr. Chairman, for the record, the figure  
5 that is -- the photograph that is being referenced is  
6 Figure 4-2-1G, revised, rendering of high-capacity  
7 single-circuit alternative 1C, Heritage Boulevard,  
8 Heritage Hills, and it's at page 177 of the volume.

9 MR. HARLINGTON: Q: I apologize.

10 THE CHAIRPERSON: Thank you.

11 MR. HARLINGTON: Q: I'm not quite sure it was -- sorry,  
12 alternative 1C, that is with the 1B poles? Or --

13 MR. SAM: A: Just to repeat -- it's part of the  
14 Information Request, British Columbia Utilities  
15 Commission asked us to consider another alternative  
16 which was a high-capacity single-circuit 230 kV line,  
17 which is what we're referring to as 1C. Those are in  
18 response to the BCUC Information Request.

19 MR. HARLINGTON: Q: Okay. That's a single line rather  
20 than the double configuration of 1A.

21 MR. SAM: A: Yes, it is. The high-capacity single  
22 line.

23 MR. HARLINGTON: Q: Yes. Thank you. In alternative  
24 1A, I noticed from the real estate point of view, the  
25 valuation, you've mentioned that no property was  
26 affected -- those at the lower level, which would be

1 Heritage Boulevard, the line actually went up. Those  
2 at the higher level might be impacted on their  
3 mountain views. I believe that's what you said?

4 MR. GRANT: A: I think that was the possibility that I  
5 said, yes.

6 MR. HARLINGTON: Q: Yes. If you look carefully, and  
7 the view that was taken -- I will use this, because  
8 this picture does show from the same lot, okay? From  
9 that lot, the existing line, all that covers is --  
10 maybe you can't see the Blasted Church winery, if the  
11 line's in your way. But it's a single line. The new  
12 pole would be double in height, which this doesn't  
13 show, and the lines will come down, one, two, three.  
14 The bottom line will be equal in height to the  
15 existing line, which means that you take the lake out  
16 of it, for the property owner, so his view is  
17 certainly diminished. And to me, that should affect  
18 his property value. Now --

19 MR. GRANT: A: Well, I think there's two things there  
20 that -- firstly, the lines aren't as visible in  
21 reality as they are in those photographs that  
22 basically have a line painted on them. And the -- of  
23 the conductors. But as those conductors are darkened  
24 with age, with the lake background, they're not as  
25 visible as what shows in those photographs. But your  
26 reference to blocking out, or -- that view which is

1 from earth to sky blocked by, you know, an inch at  
2 that distance isn't exactly blocking. You know, it's  
3 not as pristine as it would be without it, but whether  
4 or not that causes a measurable impact in market  
5 values is the question. I understand that there will  
6 be a conductor there. Whether or not it's visible  
7 enough to have an impact, only the market can tell.  
8 And all I can tell as an appraiser is whether it did  
9 or not. And from the look of it, it doesn't look like  
10 lines at that distance.

11 MR. HARLINGTON: Q: I think if you -- you're quite  
12 right in saying -- if you look at it in the morning,  
13 you can't see them. Try looking in the afternoon.  
14 The sun hits them, and they're as clear as day. They  
15 really are. And what you're taking out is actually  
16 the lake view. You're leaving the mountains, to some  
17 extent, and you're leaving the farms. But for the  
18 householder, you take out, actually, the lake view.  
19 It's like looking through a Venetian blind, actually.  
20 But just for information. I'm not challenging you on  
21 it.

22 **Proceeding Time 1:39 p.m. T46**

23 If I could -- I think it was Mr. Dufour,  
24 wasn't it? Yeah. You mentioned -- you keep  
25 mentioning Heritage Hills. I think that's a misnomer.  
26 Isn't the only residential area there. There is

1 Sunnybrook, there is Vintage Views. And they've all  
2 got properties on. In addition to Evergreen, you did  
3 mention Evergreen. And the poles do affect all of  
4 those, but nobody's ever mentioned them.

5 MR. DUFOUR: A: When we think of Heritage Hills, we --  
6 actually, that's encompassing Sunnybrook and Vintage  
7 Views.

8 MR. HARLINGTON: Q: It's incorporated -- yeah.

9 MR. DUFOUR: A: That's correct.

10 MR. HARLINGTON: Q: As long as that's clear --

11 MR. DUFOUR: A: Yeah.

12 MR. HARLINGTON: Q: -- because they are separate  
13 entities. And the other thing that you mentioned that  
14 the -- from the consensus of people who attended your  
15 open houses, you made up these summations that you put  
16 in your application. But I might add, your  
17 invitations for the open house -- from what I was  
18 told, was only for people living within 200 meters of  
19 the line. Many people in Heritage Hills didn't know  
20 there was an open house.

21 MR. DUFOUR: A: Our invitation for the open house was  
22 for anybody in the south Okanagan area that wished to  
23 attend the open houses, that had an interest or were  
24 affected by it. And that extended right from Oliver  
25 through to Penticton. I believe we even had  
26 representatives -- customers from Kelowna that had an

1 interest come to the open houses as well.

2 MR. HARLINGTON: Q: Yes, I only --

3 MR. DUFOUR: A: So it didn't just -- it wasn't just  
4 along the actual corridor.

5 MR. HARLINGTON: Q: No. I think the point I was making  
6 was, I'm sure that you advertised in the local  
7 newspapers. But if they're like me, as a pensioner, I  
8 don't read the newspapers, it's always bad news, so I  
9 don't see that. But the actual invitation in our  
10 mailboxes only went to those who lived within 200  
11 metres of the line. And many people in -- when we  
12 went round and spoke to them, didn't know there was an  
13 open house. So they missed the first one and came to  
14 the second one. So I feel that your assertion that  
15 most people were for what was going on was really a  
16 little bit slanted, to say the least.

17 MR. DUFOUR: A: We sent out on -- for the first round  
18 of open houses to all landowners 500 meters to the  
19 west of the line, and 1,000 metres to the east of the  
20 line, 297 letters. We also sent it out printed  
21 invitations for the open houses on a direct mail drop.  
22 It was 7,359 invitations.

23 MR. HARLINGTON: Q: Okay.

24 MR. DUFOUR: A: As well as newspaper ads for the first  
25 series. We adjusted for the second series based on  
26 public input comments. The letters then went out to



1           451 letters -- that was when we were proposing the  
2           upland route as a viable alternative, and invited  
3           tenure holders in that, and anybody that we didn't get  
4           on the first time.

5                         We also sent out 7,359 invitations as well  
6           as newspaper ads as well. So, anybody in the  
7           Evergreen area, the Heritage Hills area, the  
8           Sunnybrook area, Vintage Views, Shuttleworth Creek,  
9           McLain Creek, would have got a direct mail drop at the  
10          very least.

11 MR. HARLINGTON:   Q:   Oh, well, I thank you. But I'm  
12           just saying, from my point of view as a person that  
13           went round and knocked on the door, all I got from  
14           them was, "We knew nothing about it." Just to let you  
15           know that somewhere, something went wrong somewhere.  
16           Thank you.

17 THE CHAIRPERSON:   Thank you, Mr. Harlington.  
18           Mr. Wait, I believe, is next.

19 **CROSS-EXAMINATION BY MR. WAIT:**

20 MR. WAIT:   Q:   Good afternoon, Commission, and Panel.

21 MR. SAM:    A:   Good afternoon.

22 MR. WAIT:   Q:   I gather from the discussion that B.C.  
23           Hydro is doing the design on pretty well all this, and  
24           BCTC on the actual lines? Is that who Fortis has  
25           hired?

26 MR. SHTOKALKO:   A:   That's not quite correct. B.C.

1 Hydro is providing engineering construction management  
2 and procurement services to FortisBC on the facilities  
3 owned by FortisBC. BCTC owns and operates half of the  
4 Vaseux substation, the 500 kV portion. So FortisBC  
5 will be contracting with BCTC to do work at that half  
6 of the Vaseux substation.

7 **Proceeding Time 1:44 p.m. T47**

8 MR. WAIT: Q: Yeah. I see there's a \$3 million charge  
9 to B.C. Hydro Services for the Bentley Substation, so  
10 that would be for the design of that, would it?

11 MR. SHTOKALKO: A: It's not just design. We're  
12 providing services which include the preparation of  
13 the contracts, the construction officers on site, the  
14 management, the supply contracts for the facility.

15 MR. WAIT: Q: Okay. Mr. Sam, maybe you could elaborate  
16 a little bit on the First Nations timber claim as to  
17 any idea of the scope of that claim, as to what they  
18 are looking at?

19 MR. SAM: A: What we have is -- I'll draw your  
20 attention to Exhibit B1-2 and it's Appendix A and it's  
21 specifically the Penticton Indian Band letter of  
22 comment that we received from them, which is page 18  
23 of that area. And specifically what we're referring  
24 to in the timber claim, and I'll just -- I'll read it  
25 here for the record, it's a letter signed by Grand  
26 Chief Stuart Phillip, it's addressed to Mr. Dufour,

1           it's dated August the 28<sup>th</sup>. It says, the first  
2           paragraph says:

3                     "The Penticton Indian Band Council would  
4                     like to see the upgraded power transmission  
5                     line remain on the existing right of way."

6           And the second paragraph of that letter is that:

7                     "Please be advised that this opinion does  
8                     not abrogate or derogate from the aboriginal  
9                     rights and aboriginal title interests of the  
10                    Penticton Indian Band, Okanagan Nation, in  
11                    particular to the outstanding band's  
12                    specific claim, Penticton Indian Reserve No.  
13                    2 timber claim."

14                    So we are drawing from that there is a  
15                    timber claim that the Penticton Indian Band has with  
16                    the provincial government that is yet to be resolved.

17 MR. WAIT:    Q:    Okay, but you have no idea of the size of  
18                it or --

19 MR. SAM:     A:    No, we do not.

20 MR. WAIT:    Q:    Okay. Now, one of the concerns on these  
21                lines or a single line is the dependability for  
22                lightning strikes, and if you look at tab 3, page 17  
23                of the original and probably the one, there's a chart  
24                of all the outages, transmission outages coming down  
25                from Vernon into Kelowna and from Penticton up to  
26                Kelowna. Okay? The ones highlighted in yellow are

1           where both lines went out due to lightning. And I'm  
2           wondering, was there something done between about 1997  
3           and further down in about 2000 when all of a sudden  
4           those lightning strike problems were compressed to 13  
5           seconds, which would be basically just switching?

6   MR. CHERNIKHOWSKY:   A:   First of all just to ensure that  
7           everyone is in the correct location, so this is Table  
8           3-1-3-4, section 3 you're referring to? There was no  
9           change to the lines. Essentially the outages that  
10          occurred, there was a group of them in 1997, and at  
11          that time there was upgrade work happening at the lead  
12          terminal. So for one reason or another the reclosing  
13          would have been turned off, so the outages were of a  
14          longer duration. After the work was completed the  
15          reclosing was turned on and the outages from then on  
16          were of shorter duration.

17   MR. WAIT:   Q:   Okay. Just automatically come back. If  
18          one line gets hit does it take both of them out  
19          because of the breakers, or?

20   MR. CHERNIKHOWSKY:   A:   No. The arrangements of the  
21          stations certainly allow one line to be tripped out of  
22          service, with the other one still remaining in  
23          service. Typically what causes that outage to both  
24          lines is, in the case of very extreme lightning  
25          events, it's actually possible for a lightning to  
26          bridge two circuits. It's unlikely but it does



1           there will be a period when the existing line is not  
2           in place.

3 MR. WAIT:    Q:    That's an interesting revelation.  Is it  
4           possible to move that line a little farther away from  
5           the existing line and still keep the existing 76 Line  
6           at least in place until the new lines are connected?

7 MR. BARNETT:  A:    Presently, the proposal is to locate  
8           the new line in the centre of the right-of-way so that  
9           it basically treats both sides the same as in respect  
10          to EMF.  There would be possibilities of leaving it  
11          further in place when we're erecting structures by  
12          using hot sticks, in other words, to hold the  
13          conductors off from the poles, and that is a further  
14          option that could be explored.  A lot of it will  
15          depend on the time of year when we're doing work in  
16          certain areas, based on the operating requirements of  
17          Fortis.

18 MR. WAIT:    Q:    Okay.  And the other question on that is,  
19          would it be possible to keep that existing line for a  
20          while, while the new line is up and operating?  Or are  
21          they too close together at that point?

22 MR. BARNETT:  A:    They will be too close together.

23 MR. WAIT:    Q:    Is it possible to move it far enough  
24          away?

25 MR. BARNETT:  A:    Then you're going to have right-of-way  
26          problems.

1 MR. WAIT: Q: Okay. I have a hand-out here.

2 This, I am informed, will be G11-4.

3 THE HEARING OFFICER: C11-4.

4 MR. WAIT: Q: B? B11-4.

5 THE HEARING OFFICER: C. C as in Charlie.

6 MR. WAIT: Q: E?

7 THE HEARING OFFICER: C.

8 MR. FULTON: C as in Charlie, 11-4.

9 MR. WAIT: Q: Thank you. I've got to get a hearing  
10 aid.

11 **(EXCERPT FROM APPENDIX C...OTRPLN, PAGE 6 OF 149, MARKED**  
12 **EXHIBIT C11-4)**

13 MR. WAIT: Q: This comes from Appendix C. The top part  
14 gives the options and down below I have summarized the  
15 costs of the various options from further -- actually,  
16 that's "G". As in George. And as far as I know, they  
17 are correct, subject to check.

18 But I'm looking here at specifically 2B,  
19 which is the upland route, which starts out for the  
20 double circuit at \$51 million, as compared to the  
21 double circuit 1A, which is the preferred option, of  
22 \$55 million dollars. And when we get down to the  
23 bottom, somehow we end up at 141 for the preferred  
24 option, total cost, and a total cost of 153 million  
25 dollars for the 2B option. Yet the main difference  
26 should be in the double circuit. The rest of it is





1 amount of distribution in there would go down and then  
2 subsequently that distribution would have to be picked  
3 up by other components as well.

4 So, those costs are evenly distributed  
5 throughout all components of the estimate.

6 MR. WAIT: Q: Yeah, I understand that. But what I see  
7 is that the cost -- here, I sure hope it's right.  
8 I've got \$51 million for 2B to put in a double circuit  
9 up to Penticton, and \$55 million on the 1A, which  
10 would be largely because of the different towers they  
11 use.

12 MR. DUFOUR: A: The other thing, too, as well, is 1A  
13 and 1B are escalated to 2010, whereas 2A, 2B and 3 are  
14 escalated to 2012. Therefore there are increased  
15 costs for construction in 2011 and 2012 as well, in  
16 terms of escalation.

17 MR. WAIT: Q: So is the 51 million for 2B, then, what  
18 you would expect the actual cost to be, even though  
19 it's being built out to 2012?

20 MR. DUFOUR: A: \$51 million for 2B is escalated costs  
21 for that construction out to 2012. Whereas the 55.5  
22 million for 1A are escalated costs for that  
23 construction out to 2010 only.

24 MR. WAIT: Q: Well, I'm still finding that difficult to  
25 understand.

26 MR. SAM: A: Mr. Wait, maybe I can help, and I'll just

1 look at the new Bentley terminal as an example.

2 MR. WAIT: Q: Okay.

3 MR. SAM: A: And I'll look to Mr. Shtokalko if my  
4 numbers are incorrect, but to put it into context,  
5 we've estimated the new Bentley terminal as you see  
6 here in option 1A as roughly \$31 million. And that is  
7 estimated with an in-service date of 2010. In the 2B  
8 option, the Bentley terminal would not go into service  
9 at earliest in 2012. And so what we have applied is  
10 additional market escalation factors on that two-year  
11 delay, assuming that costs are going to be higher two  
12 years from now to the tune of 5 to 6 percent per year.  
13 So effectively that gives us roughly 12 percent  
14 higher, which roughly explains the \$5 million  
15 difference between the two.

16 That the 2B and the 2A costs are in as-  
17 spent dollars. When we rolled the clock ahead and  
18 looked back, that would be the dollars that we'd  
19 expect to spend.

20 MR. WAIT: Q: Okay, that -

21 MR. SAM: A: Does that --

22 MR. WAIT: Q: That will account for some of that.

23 MR. SAM: A: Okay.

24 MR. SHTOKALKO: A: And then just to further clarify, if  
25 you look at the costs for the Bentley terminal between  
26 options -- alternatives 1A and 1B, that change from

1 the 30,990,000 to 31,564,000, that's a re-allocation  
2 of the common costs. Because the line is cheaper,  
3 some of the common costs then attribute more to the  
4 stations than they did for that line. So, between  
5 those two factors, that reference is the difference.

6 MR. WAIT: Q: Okay.

7 THE CHAIRPERSON: Mr. Wait, I wonder if I could just  
8 interject here, because I'm a little confused,  
9 gentlemen. Going back to the double circuit and the  
10 comparison between 1A and 2B, and what I thought I  
11 heard was that 2B is escalated to 2012.

12 MR. DUFOUR: A: That is correct.

13 THE CHAIRPERSON: And 1A is escalated to 2010.

14 MR. DUFOUR: A: Correct.

15 THE CHAIRPERSON: So if you did that, adjusted for the  
16 extra two years, the differential would be even  
17 greater than the -- whatever it is, \$5 million that we  
18 see --

19 MR. SAM: A: We need to recall that 1A is for the  
20 single-pole structure, 2A is for the single-pole  
21 structure upland, 2B is the cheaper double-circuit H-  
22 frame structure. So the 1A scope is not the same as  
23 the 2B scope. We need to compare 1A with 2A and 1B  
24 with 2B to compare the similar structures and  
25 construction.

26

**Proceeding Time 2:01 p.m. T50**

1 THE CHAIRPERSON: That's the kind of differential I was  
2 looking for. Thank you.

3 MR. WAIT: Q: Now, I would like to take a look at some  
4 of my IRs, the first set of IRs which I believe is B-  
5 9, the exhibit. It's B-8, they tell me. On question  
6 number 8, you find that on single poles with double  
7 circuits, lightning strikes will tend to take only  
8 one, and you've insulated that, the two sides  
9 differently if you use that option. And you expect  
10 that then to be the case?

11 MR. CHERNIKHOWSKY: A: We do intend to insulate the two  
12 lines differently, yes.

13 MR. WAIT: Q: So you have set up one to be more likely  
14 to take the lightning hit, and --

15 MR. CHERNIKHOWSKY: A: That is correct, I think.  
16 Probably --

17 MR. BARRETT: A: That's correct. The difference in  
18 insulation would be equivalent to about three disks or  
19 about 25 percent greater insulation on one circuit  
20 compared to the base.

21 MR. WAIT: Q: Okay. And Hydro's experience with that  
22 has been reasonably good?

23 MR. BARRETT: A: It has not been in use for that long.  
24 The first time we employed it was for the Columbia  
25 Power Corporation line that's north of Selkirk  
26 Substation that is shared with the existing B.C. Hydro

1 circuit.

2 MR. WAIT: Q: Okay. I'd like to look at question 13  
3 now and go on from that one. The T-2 transformer at  
4 the Oliver Substation, which is the 161, 138, 63 and I  
5 think 13 kV. What is required to fix the leak in the  
6 tank that is leaking into the main tank from the tap  
7 changer? Is it just a gasket or a bushing seal or?

8 MR. CHERNIKHOWSKY: A: No, it's a bit more complicated  
9 than that. Essentially what you have is the  
10 transformer tank is a very large physical tank which  
11 contains all of the transformer windings and then  
12 there's additional apparatus within it. The smaller  
13 tanks, which are called diverter tanks, sit from -- at  
14 the top of the transformer within that. And then  
15 there's various penetrations through the wall of that  
16 diverter tank into the main tank. Those are high  
17 voltage insulated bushings essentially that pass  
18 through there, and they're difficult to seal after the  
19 fact. They really need to be done from the original  
20 factory installation.

21 MR. WAIT: Q: So it's not something you can get into  
22 and change.

23 MR. CHERNIKHOWSKY: A: Well, anything can be done for a  
24 cost.

25 MR. WAIT: Q: Yeah, over a few weeks or so.

26 MR. CHERNIKHOWSKY: A: Correct.

1 MR. WAIT: Q: Because I'm looking at -- as we move away  
2 from the 161 kV, we don't want to be putting money  
3 into the 161, major changes into that. We want to try  
4 and back out of in an orderly fashion.

5 MR. BARRETT: A: That's correct and I think the OTR the  
6 way it's proposed right now is we've done the minimal  
7 amount of provisioning that's necessary to allow the  
8 161 to continue to exist, while allowing for some  
9 future conversion down the road but not by  
10 significantly increasing the cost of the project.

11 **Proceeding Time 2:06 p.m. T51**

12 MR. WAIT: Q: Yeah, I'm just wondering if we can't keep  
13 that transformer until the 161 is --

14 THE CHAIRPERSON: Mr. Wait, excuse me. I'm having a  
15 little trouble understanding where we are in our oral  
16 issues list, and where you're going with this. Can  
17 you help me with that?

18 MR. WAIT: I'm dealing with a transformer in the existing  
19 Oliver substation.

20 THE CHAIRPERSON: I don't know that that's within the  
21 scope of our oral hearing issues list. But perhaps  
22 I'm missing something.

23 MR. WAIT: I can pass that up and move along, if you  
24 wish.

25 THE CHAIRPERSON: Thank you.

26 MR. WAIT: Q: Go to my second round of IRs. My third

1 question. You provided a capacity for the various  
2 wires which are proposed. And I'm having a little  
3 problem understanding what the capacity of the three-  
4 wire line is going to be from those. Maybe you could  
5 help me on that. If you're using the Drake 795 line,  
6 is that going to give me about 350 megawatts of  
7 capacity?

8 MR. CHERNIKHOWSKY: A: For conductors, the conductor  
9 doesn't know what voltage it's being operated at, so  
10 we always quote conductor ampacities in terms of raw  
11 amperages. To convert it to MVA we would have to  
12 calculate that.

13 MR. BARNETT: A: It's about 1.1 voltage. It would be  
14 about 350, then. For the Drake conductor, it would be  
15 about 350 amps in the summer conditions.

16 MR. CHERNIKHOWSKY: A: 350.

17 MR. BARNETT: A: 350 MVA.

18 MR. CHERNIKHOWSKY: A: MVA.

19 MR. WAIT: Q: Okay, so that's basically what I kind of  
20 ball-parked. That, then, would give you the capacity  
21 on the two lines to run the full completed Vaseux Lake  
22 terminal station to the north. Is that correct? When  
23 you put a third transformer into it?

24 MR. CHERNIKHOWSKY: A: Correct. Because you would have  
25 350 for two lines.

26 MR. WAIT: Q: For two lines, yeah.

1 MR. CHERNIKHOWSKY: A: And the ultimate capacity of  
2 Vaseux Lake would be 750.

3 MR. WAIT: Q: Yes.

4 MR. CHERNIKHOWSKY: A: But some of that would obviously  
5 be used in the south Okanagan area, in the Oliver  
6 area.

7 MR. WAIT: Q: Yeah. Okay. Would there be a need at  
8 some future point to add another line so that you  
9 would have three lines going north? To meet your N  
10 minus one contingencies?

11 MR. CHERNIKHOWSKY: A: Again, that future capacity that  
12 we've just discussed, that 700 MVA of total capacity,  
13 includes the provision, or the addition of that future  
14 Vaseux Lake transformer number three, which does not  
15 currently exist. So to go beyond that supply capacity  
16 would require installing an additional transformer at  
17 Vaseux Lake, and that station is not equipped for  
18 that. So there would be no source for additional flow  
19 of power for a third line in this corridor.

20 MR. WAIT: Q: You would be able to use two lines -- my  
21 understanding is, and the IR -- the next one, number  
22 four, is Vaseux Lake designed for a third 250 MVA  
23 transformer? Yes, Vaseux Lake terminal is designed  
24 for an ultimate configuration of three 500 to 230 kV  
25 transformers.

26 MR. CHERNIKHOWSKY: A: That's correct. So what we're



1 saying is that today, we have a total of 500 MVA of  
2 installed capacity at Vaseux Lake. So we would not be  
3 using the full capacity of the two lines, because we  
4 would have 700 MVA of line capacity. So 200 of it  
5 would still be available.

6 MR. WAIT: Q: Yes.

7 MR. CHERNIKHOWSKY: A: When we add that third  
8 transformer in the future, it would bring our total  
9 transformation to 750, as stated in the IR. And that  
10 750 would be approximately equal to the line rating,  
11 heading north towards Anderson, of 700 MVA. Again,  
12 the remaining 50 would be used to supply the Oliver  
13 area, and Bentley.

14 MR. WAIT: Q: Okay. Okay, I think that's all I have.

15 THE CHAIRPERSON: Thank you, Mr. Wait.

16 **Proceeding Time 2:12 p.m. T52**

17 MR. FULTON: Mr. Chairman, that concludes the intervenors  
18 who indicated an intention to cross-examine at the  
19 outset of the proceedings this morning.

20 Are there any other intervenors present who  
21 wish to ask some questions of this panel before I  
22 commence my cross-examination?

23 MR. KREEFT: Yes, Paul Kreeft.

24 MR. FULTON: Come forward, Mr. Kreeft.

25 MR. KREEFT: Good afternoon, Commission members. Yes,  
26 good afternoon, Commission members and Fortis.

1 THE CHAIRPERSON: Mr. Kreeft.

2 **CROSS-EXAMINATION BY MR. KREEFT:**

3 MR. KREEFT: Q: I live on Heritage Boulevard, and  
4 having come up to the valley here five years ago, we  
5 initially took quite a good at all the real estate  
6 value and properties, what was available to us at the  
7 time. This was in 2000. Actually back in 2000. And  
8 we decided to purchase the property, which we did on  
9 Heritage Boulevard, in that same year, and we had a  
10 fellow come out from Kootenay Power with Art Ricard,  
11 who was the actual developer, in regards to the  
12 situation with the power lines prior to building our  
13 home, because it was going to be our retirement home.  
14 And they both came out and looked at it, and I  
15 questioned the fellow from Kootenay Power. One of the  
16 members here knew who it was. What will be the long-  
17 term effect with the power lines as they are now?  
18 Will they be upgrading? Anything done in the future.  
19 The comment that he stated and I know it's hearsay but  
20 he said that there would be no upgrading of these  
21 power lines, only strictly maintenance.

22 Having said that, we went ahead and built  
23 out home, and now we're in the situation where Fortis  
24 wants to upgrade these power lines. And the issue  
25 here today is not whether or not the power is needed.  
26 We all understand that the power is needed for the

1 North Okanagan.

2 But it comes down to the fact that the  
3 power lines were put in in 1965. Art Ricard, the  
4 developer, came in after and was allowed to develop  
5 that area for residential. And now we're kind of like  
6 -- what I'm trying to say is we're stuck in the middle  
7 with the power lines there. Knowing what we had, we  
8 didn't have a problem with it. Knowing what we're  
9 getting, we have a problem with it, mainly the health  
10 issue, the EMF, and it doesn't seem to be too much  
11 discussion on that today.

12 But having listened to a lot of experts on  
13 it on BBC Radio World, CBC Radio, as a matter of fact  
14 --

15 THE CHAIRPERSON: Mr. Kreeft, can I just interrupt you  
16 here?

17 MR. KREEFT: Yes.

18 THE CHAIRPERSON: There are opportunities for you to make  
19 your views known and express your concerns. What  
20 we're trying to accomplish here right now is to  
21 complete the cross-examination of this panel. If you  
22 have questions for members of the panel, we'd invite  
23 you to proceed with that, or we'd be quite happy to  
24 hear from you this evening or by way of some sort of a  
25 submission.

26 MR. KREEFT: Q: Okay, I understand what you're saying,

1 so I would like to ask a couple of panel members.

2 Dan, Mr. Grant, on the issue of real estate  
3 values, my understanding is that Fortis is saying that  
4 the impact on real estates values will be negative.  
5 Having worked in real estate for 15 to 20 years on the  
6 Lower Mainland, having gone from Osoyoos to as far as  
7 Shuswap looking at everything, I'm quite aware of  
8 property values even today, what they are, what's  
9 happened. In our particular circumstances right now,  
10 because of the power lines coming through the  
11 upgrades, there's quite a devaluation that will happen  
12 when these power lines do go in. It's not just the  
13 visual effect because it will -- one will be the  
14 visual impact, of course, because you're going to --  
15 now at present we have just horizontal line.

16 Basically what you're looking at is a horizontal --

17 MR. FULTON: Mr. Chairman, you had pointed out that the  
18 purpose of us dealing with this panel at this moment  
19 to ask them questions. And so, back to what the  
20 Chairman said, Mr. Kreeft, if you've got some  
21 questions, ask the questions. On the EMF issue, EMF  
22 issues are going to be dealt with tomorrow, so that's  
23 probably why you haven't heard any questions on EMF.

24 MR. KREEFT: I see.

25 MR. FULTON: So this is your opportunity to ask a  
26 question, not to state your position.

1 MR. KREEFT: All right.

2 MR. FULTON: Okay?

3 MR. KREEFT: Q: So Mr. Grant, would you say your  
4 capacity that values of properties would not drop  
5 there, is what you're saying, from what I understand  
6 what happened today from the discussion that's been  
7 going on?

8 MR. GRANT: A: I would say that these -- that if the  
9 upgrade to the steel tower, the double circuit steel  
10 tower line goes ahead and I think that's Option 1A, I  
11 think if that goes ahead, that there will be no  
12 measurable discernible change in the property values  
13 in that area.

14 MR. KREEFT: Q: My understanding talking to a number of  
15 realtors, I don't know if I'm allowed to say this but  
16 that they're telling me that at the present time, like  
17 my neighbour 308 that sold at quite a discount,  
18 because they have poles just northeast corner of their  
19 house which is 20 metres away from the corner of their  
20 house.

21 MR. GRANT: A: Okay.

22 MR. KREEFT: Q: They had to sell at quite a drop in the  
23 real estate -- as to value. Also --

24 THE CHAIRPERSON: Mr. Kreeft, excuse me. Could you  
25 please just confine yourself to the questions at this  
26 point? I mean I think you're getting into a story and

1 we would encourage you to share that with us, but if  
2 you would just --

3 MR. KREEFT: Well, perhaps then I should bring this all  
4 up in the evening is what you're suggesting?

5 THE CHAIRPERSON: That could well be the case, yes.

6 MR. KREEFT: Okay, thank you, I'll do that.

7 THE CHAIRPERSON: If you have questions of the panel,  
8 please feel free to direct them to them now.

9 MR. KREEFT: Q: Yeah, the only other thing I would ask  
10 at this time then is the Fortis members, what is your  
11 future projection for power needs in the North  
12 Okanagan? At the initial meeting we were told it was  
13 needed by the year 2012, these upgrades that are  
14 presently being applied for. What is Fortis's outlook  
15 beyond 2012 as far as power output for the North  
16 Okanagan and Penticton?

17 **Proceeding Time 2:19 p.m. T53**

18 MR. CHERNIKHOWSKY: A: First of all, the desired in-  
19 service date is the year 2010, to meet the load  
20 forecasts. In terms of the longer-term planning, it's  
21 important to note that the OTR project for N minus  
22 zero, all elements in service, meets the capacity of  
23 the area well out into the future -- out to 2024 or  
24 2026. So, the infrastructure that's being added here  
25 has significant long-term capacity.

26 With the addition of a future project in

1           2012 which is discussed in the application but has not  
2           specifically been requested, is the addition of an SVC  
3           in the Kelowna area that will even allow the OTR to  
4           have N minus one or single contingency capacity as  
5           well, well out to the planning horizon. So there's no  
6           reason to think that the OTR itself will, shall we  
7           say, run out of stream prior to 20 years. Any  
8           additional future capacity increases are likely going  
9           to be needed in the Kelowna area north of the south  
10          Okanagan, and those studies are underway right now,  
11          and have much broader-ranging implications, because  
12          they entail either transmission or resource additions  
13          in that area.

14                        But in the south Okanagan, at this time  
15          there is nothing on the planning horizon to indicate  
16          any additions or future upgrades of this system in the  
17          south Okanagan.

18 MR. KREEFT:    Q:    So would you not agree, then, from what  
19          we've just discussed, that -- would it not be better,  
20          then, to go the uplands route for -- in the event of  
21          future power, which you're obviously going to need,  
22          because we're talking perhaps 2012 to 2020, you're  
23          suggesting. You know that, with the growth in the  
24          north Okanagan and the south, but more so the north,  
25          Kelowna, right now IBM has applied and granted, I  
26          understand, in Kelowna, to have a facility built for

1       \$75 million, of data computer systems, which will  
2       employ 100 to 200 people. The power consumption they  
3       set -- this was on CHBC news, which is the Kelowna  
4       television station, is going to be quite, quite high,  
5       is what they're going to need.

6               So, looking at future growth, would you not  
7       say that the uplands route -- I know initially it's  
8       more of a cost, but if we're talking, say, 15, 20  
9       years from now, and you now have to increase power for  
10       the north, would it not make more sense to have that  
11       uplands route, because you could add and do whatever  
12       you want, 20, 30, 40, 50 years from now? The existing  
13       route, would you able to capacitate more power than  
14       what's presently being proposed, or applied for?

15   MR. CHERNIKHOWSKY:   A:   No, but it's important to  
16       realize that the upland route is a diversion of just  
17       one small section of the transmission line, between  
18       Vaseux Lake and RGA. The entire line is not proposed  
19       to be moved to an upland section. The southern  
20       portion would still remain in the bottom of the  
21       valley. So, first of all, the actual upland stretch  
22       is approximately -- I'll say 10 kilometres, subject to  
23       check by my colleagues. Any future reinforcement  
24       would certainly be a much longer right-of-way than  
25       just 10 kilometres.

26               The second issue, we have actually looked



1 at the potential of using that upland route for future  
2 upgrades as well. But the reality is that it's simply  
3 too far west. Any upgrade of some potential future  
4 high-voltage transmission line would likely be much  
5 further to the east, and we wouldn't be able to take  
6 advantage of that section in any case.

7 MR. KREEFT: Q: By what you've just said, in a sense,  
8 makes the fact that down the road it's only part of  
9 the uplands route, but could you not connect onto the  
10 uplands route in the future if you went on the uplands  
11 route?

12 MR. CHERNIKHOWSKY: A: It's possible, but again, it  
13 would probably wind up lengthening any additional  
14 route, because you would need to come back towards the  
15 west to join up with it, continuing north, and then  
16 head back east, just because of the geography of the  
17 area.

18 MR. KREEFT: Q: Has Fortis ever considered with global  
19 warming impact, a reservoir -- hydro -- we're talking  
20 hydro power now, okay? Alternatives to that? Because  
21 of global warming, stop -- a lot of scientists that --  
22 as again, I've listened to a lot of programs with top  
23 scientists and different people on these issues -- are  
24 saying that future -- with global warming, there could  
25 be major problems with hydroelectric because of water  
26 levels. Has Fortis ever taken something like this

1           into consideration for the future? And perhaps  
2           thought maybe of going with some wind power, tapping  
3           into the grid?

4 MR. SAM:    A:    I can speak to that. We're not going to  
5           predict global warming or anything, but a couple of  
6           things, to answer your question. So what we're  
7           talking about here today is the transmission  
8           reinforcement. We're also in the area talking about  
9           how we would secure long-term resources, as you  
10          mention, generation resources, whether it be wind r  
11          solar. So we've been fairly active over the last  
12          couple of months talking to all of our stakeholders in  
13          our service territory as to the applicability of those  
14          types of technologies.

15                    The other thing I'll note is that, in the  
16          Energy Plan, the B.C. government is expecting that 50  
17          percent of all new electricity needs by consumers will  
18          be met through conservation measures. So the  
19          provincial government has an appetite for all of us as  
20          consumers to reduce consumption as well. And so we'll  
21          have to see how that plays out with some of these  
22          other sources that we're talking about, whether it be  
23          wind, solar, hydro, gas, whatever the case might be.

24 MR. KREEFT:   Q:    Yeah, okay. Because I do know that  
25          back east they are planning on some upgrades with  
26          nuclear power, which is also, I suppose, another

1 option.

2 The other thing I would like to ask, and I  
3 don't know which member could answer this, but for  
4 example, 308, north of my home on Heritage Boulevard,  
5 it's the first home north of my home, it's 308  
6 Heritage Boulevard. The existing H-power line poles  
7 are approximately 20 metres from the corner of the  
8 back of their home. We are now going to be talking  
9 about twice that height plus maybe a bit more.

10 We recently, about a week or two ago, had a  
11 micro-burst storm which is thunderstorms with high  
12 winds, downdrafts. And the winds were really, really  
13 high. And I know I talked about global warming and  
14 they say that, two-three years from now, that could  
15 turn completely to colder weather, Ice Age. My -- but  
16 my concern here is, with the height of that pole on  
17 that corner of that home, say you're going 110 feet;  
18 if that pole ever came down, for whatever reason,  
19 winds, whatever, would that be a safe place to place a  
20 tower? It would probably hit my home.

21 I know it's not considered, but when you  
22 look back east what's happened a few years back, okay,  
23 the possibility is it can always happen here too.  
24 Never say no because it can happen. Environmental  
25 changes, weather changes.

26 **Proceeding Time 2:27 p.m. T54**

1 MR. BARRETT: A: That particular structure you're  
2 talking about, if you refer to -- I think it's BCUC IR  
3 40.2, where they list the structure numbers and it's  
4 given as structure number 95. There is a deflection  
5 angle in the line and that deflection angle -- and I  
6 call it based on the direction if you're going from  
7 Vaseux to RGA, is a left angle. So what it is, the  
8 line tension is actually away from your house. So I'm  
9 just using it as an example.

10 Say the guy wire is broke or whatever in  
11 one of these storms, is that the natural tendency the  
12 conductors would take it away from your house. But  
13 the lines themselves are designed for very extreme  
14 conditions of ice and wind, and bear with very high  
15 windstorms.

16 They also have safety factors on them on  
17 top of that. So in as far as in my experience within  
18 B.C. Hydro, there's only one instance where we did  
19 lose a line, that was early 1960s and it was for  
20 extreme ice. We've learned from that and carry along  
21 with higher loading.

22 MR. KREEFT: Q: I've also heard a lot here today about  
23 environmental issues, the bighorn sheep. I have some  
24 information -- or an exhibit here, which I know I  
25 can't present now because it's too late. I don't have  
26 a computer any more, I'm retired, so I kind of didn't

1 -- wasn't able to get in touch with everybody about  
2 everything. Regarding the bighorn sheep.

3 Heritage Boulevard, which I'm sure the  
4 panel is aware of for Fortis, they're down around our  
5 homes summer, winter. I've got photographs here of  
6 them in the summer right down where the mailboxes are  
7 on our property. The deer is plentiful. There are  
8 all kinds of animals. They come down to Heritage  
9 Boulevard because we all have such nice gardens and  
10 nice plants for them to eat, so it's like a salad bar  
11 for the deer, okay?

12 But my contention is that there's been a  
13 lot of talk about endangered species and the lambing  
14 process with the bighorn sheep and the location is  
15 correct, where they do have the lambing like the  
16 gentleman there said. But we as human beings, you  
17 know, it's always looked at, well, it's the  
18 environment, it's this, it's that. But it's never  
19 about human beings. We are human beings. We live in  
20 those areas for whatever reason we've decided to  
21 build, we can't say, well, we didn't know this, we  
22 didn't know that. We live there now. And now what  
23 we're looking at is this upgrade with the health and  
24 other issues. Okay.

25 Why is it that -- example First Nations  
26 always have rights. Everybody has rights. The

1 environmentalists have rights. But we as residents of  
2 that whole area, approximately 80 homes, don't seem to  
3 have any rights.

4 MR. MACINTOSH: Mr. Chair, Mr. Kreeft's been cautioned  
5 four times, I believe, about the fact that tonight  
6 would be a time when he could make these submissions,  
7 and the panel perhaps could be questioned now.

8 THE CHAIRPERSON: I thought he was getting to a question  
9 with the word "why" but it took a while to get there.

10 MR. MACINTOSH: Yes.

11 THE CHAIRPERSON: If you have any more questions, direct  
12 questions, sir, without a long preamble, please put  
13 them to the panel.

14 MR. KREEFT: I'd like to thank the Commission and Fortis  
15 and I'll bring these other issues up in the evening, I  
16 think would be better. Thank you for your time.

17 THE CHAIRPERSON: Thank you. Mr. Fulton.

18 MR. FULTON: Thank you, Mr. Chairman.

19 **Proceeding Time 2:31 p.m. T55**

20 **CROSS-EXAMINATION BY MR. FULTON:**

21 MR. FULTON: Q: Panel, my questions principally are  
22 going to reference Exhibit B-11 and Exhibit B-1. I  
23 will stray from those exhibits from time to time, but  
24 not very much.

25 So, I'd like to begin with B-11, and the  
26 response to BCUC IR 93.3. This response was touched

1 on briefly by Ms. Khan earlier today in her cross-  
2 examination. My questions are a little bit different,  
3 though. So, if I could refer you to the drawing that  
4 appears at BCUC IR 93.3, it's Revision A. And it  
5 shows the existing Fortis right-of-way, the Wiltse  
6 preferred route, the Wiltse proposed route, the upland  
7 route, et cetera. Do you have that document before  
8 you?

9 MR. DUFOUR: A: Yes, we do.

10 MR. FULTON: Q: All right, thank you. And the Wiltse  
11 proposed route is shown in red, and the preferred  
12 route in green.

13 MR. DUFOUR: A: That is correct.

14 MR. FULTON: Q: Okay. And in the response to BCUC IR  
15 93.3, you refer to the need to acquire new right-of-  
16 way across Crown land, private property and municipal  
17 land on the segment between points 2 and 3. Correct?

18 MR. DUFOUR: A: That is correct.

19 MR. FULTON: Q: And then there's the need to acquire  
20 new right-of-way across private property in the  
21 segment between points 4 and 5.

22 MR. DUFOUR: A: Yes.

23 MR. FULTON: Q: Can you tell us to what extent Fortis  
24 has investigated the Wiltse modification to the  
25 routing and, from that, I'm looking to whether or not  
26 Fortis has flown over the area by helicopter, for

1 example?

2 MR. DUFOUR: A: We have flown the area by helicopter.

3 MR. FULTON: Q: Okay.

4 MR. DUFOUR: A: As discussed earlier, we've been in  
5 discussions with Mr. Wiltse since 2002.

6 MR. FULTON: Q: Okay. And has someone from Fortis also  
7 walked the area?

8 MR. DUFOUR: A: We haven't walked that route. We've  
9 been up in that area and on the right-of-way in that  
10 area, on the Wiltse property area, above Evergreen,  
11 yes.

12 MR. FULTON: Q: Have you talked to the private  
13 landowners who would be directly affected?

14 MR. DUFOUR: A: No, we haven't.

15 MR. FULTON: Q: Okay. Have you spoken to the  
16 municipality?

17 MR. DUFOUR: A: No, we haven't.

18 MR. FULTON: Q: In the response to BCUC IR 102.1, as I  
19 take the answer, it is that you agree that the Wiltse  
20 proposed routing could be modified in a way so that  
21 the new right-of-way would be solely on the Wiltse  
22 property?

23 MR. DUFOUR: A: Yes, it could, and I might add that all  
24 discussions in the past prior to this application have  
25 been that the proposed routing would be entirely on  
26 the Wiltse property.



1 MR. FULTON: Q: Are there any technical or  
2 environmental reasons why the Wiltse proposed routing  
3 must go on land that is not owned by Wiltse?  
4 MR. DUFOUR: A: Can you -- can you --  
5 MR. FULTON: Q: So, I'm not talking about the modified  
6 proposal, but on the Wiltse proposal that shows that  
7 there is some -- some of the right-of-way will come  
8 from the municipality, will come from private land  
9 owners, is there a technical or environmental reason  
10 why the route needs to cross those prospective lands?  
11 MR. SAM: A: No, I'd say that the primary reasons are  
12 to deal with negotiations with those affected  
13 stakeholders, as opposed to technical concerns for the  
14 line routing that would be on Mr. Wiltse's property.  
15 MR. FULTON: Q: And at this point have you learned of  
16 any concerns from local residents if the routing was  
17 modified in the manner that's on -- if the routing  
18 took place on the Wiltse modified route?  
19 MR. DUFOUR: A: No, we don't know of any concerns from  
20 local residents, if the route was modified to be  
21 entirely on the Wiltse property.  
22 MR. FULTON: Q: Now, I'd like to try and get some  
23 understanding as to what Fortis sees happening if the  
24 Wiltse proposed routing is ultimately adopted by  
25 Fortis. And what impact that would have on the OTR  
26 application, and the Commission's response to the

1 present application? Does Fortis expect that it will  
2 continue to request a CPCN from the Commission based  
3 on one of the routing alternatives that's set out in  
4 the application?

5 **Proceeding Time 2:32 p.m. T56**

6 MR. SAM: A: We are expecting a disposition that would  
7 determine the routing, at least in general, as part of  
8 the OTR project. Obviously there may be some  
9 conditions associated with it from an accommodation  
10 perspective for Wiltse Developments.

11 MR. FULTON: Q: And if one assumes that the application  
12 for the CPCN is approved, and if Fortis and Wiltse  
13 subsequently work out an arrangement for a diversion  
14 to the routing, would FortisBC then report that change  
15 in the project to the Commission?

16 MR. SAM: A: I think that would be a prudent thing to  
17 do.

18 MR. FULTON: Q: And would you anticipate, Mr. Sam, that  
19 the report would address such matters as the results  
20 of environmental and archaeological assessments,  
21 together with public consultation?

22 MR. SAM: A: Yes, that would be preferable. I guess  
23 the one concern that FortisBC would have is, who would  
24 be accountable to do that, and whether that would be  
25 FortisBC or Wiltse Developments.

26 MR. FULTON: Q: All right. And sitting here now, who

1           does Fortis believe that should be responsible for  
2           reporting on those matters?

3 MR. SAM:    A:    Well, we would look to see that Wiltse  
4           Holdings has those issues addressed, prior to us  
5           entering an arrangement to alter the line.

6 MR. FULTON:  Q:    All right, thank you.  And do you also  
7           contemplate that this report, if it becomes necessary,  
8           would also address issues such as the impact on  
9           project schedules?

10 MR. SAM:    A:    Yes, we would include that, and I think  
11           that would go part and parcel if there's any  
12           incremental costs associated with any scheduled  
13           delays.  So, we would consider that a requirement.

14 MR. FULTON:  Q:    All right.  So it would also address  
15           the financial impacts.

16 MR. SAM:    A:    Yes, it would.

17 MR. FULTON:  Q:    At this point, has Fortis given any  
18           consideration to whether or not, if there is another  
19           routing other than the Fortis's proposed routing, if  
20           you come to an agreement with Wiltse, for example,  
21           whether or not there's going to be some need by the  
22           Commission to initiate some public process, some  
23           further public process, for that alternative?  And we  
24           can use the Wiltse proposal as an example.

25 MR. SAM:    A:    There's two points, I guess, to that  
26           question that we would answer.  One is, clearly, the

1 process we're in has some, at least, public  
2 consultation associated with an alternate route, maybe  
3 not necessarily to the right audience of stakeholders  
4 that are adjacent to Mr. Wiltse. And I guess that is  
5 the reason why we have suggested that if Wiltse route  
6 is accepted, that we would look to see letters of  
7 support for any stakeholders or property owners or  
8 tenure holders within a 500-metre radius of that  
9 alternate route that Wiltse Developments would  
10 propose, and we would see that as being sufficed to  
11 address -- assuming those were all positive, to  
12 address any public consultation concerns.

13 MR. FULTON: Q: Okay. And in the event that they were  
14 not positive, and there was significant public  
15 opposition to the Wiltse proposal, has Fortis  
16 contemplated what it might do in those circumstances,  
17 in terms of a public process?

18 MR. SAM: A: I guess in that case our position would be  
19 that that would start to affect the timeline of our  
20 OTR project. And assuming that the disposition of the  
21 application is for a 2010 timeline, that would have  
22 some concerns from our perspective on how we could  
23 maintain service to other FortisBC customers. And so  
24 our position at this time would be that, if there  
25 isn't general public support, that we would continue  
26 with the existing right-of-way alignment.

1 **Proceeding Time 2:41 p.m. T57**

2 MR. FULTON: Q: I'd next like to turn to the issue of  
3 capacitor banks and SVC. And if we could start with  
4 the table at -- Table A96.5, at the response to BCUC  
5 IR number 396.5. That table shows the scenario for  
6 installing an SCV for 2010 and no capacitor banks  
7 until 2030, with a net present value of \$18.934  
8 million, correct?

9 MR. CHERNIKHOWSKY: A: That is correct.

10 MR. FULTON: Q: And in the response to IR 96.4, IR 3-  
11 96.4 from the BCUC, can you confirm that with the two  
12 capacitor banks that are part of the OTR application,  
13 and to meet an N minus one criterion, Fortis estimates  
14 that the SCV would not be needed until 2018/2019.

15 MR. CHERNIKHOWSKY: A: Yes.

16 MR. FULTON: Q: And I take -- thank you.

17 MR. CHERNIKHOWSKY: A: Yes, that is correct.

18 MR. FULTON: Q: Okay. Has Fortis prepared a table  
19 similar to 96.5A for the scenario of two capacitor  
20 banks now and an SVC in 2018/2019?

21 MR. CHERNIKHOWSKY: A: No, it has not, again because  
22 the SVC was not requested as part of this project, and  
23 that will form part of a future CPCN application for  
24 that SVC.

25 MR. FULTON: Q: Can you file a table that would show  
26 that alternative as an undertaking?

1 MR. CHERNIKHOWSKY: A: Yes, we could.

2 **Information Request**

3 MR. FULTON: Q: Okay. If I could ask you to do that,  
4 then, thank you.

5 Mr. Chairman, I see the time. This would  
6 be a good time to take the afternoon recess.

7 THE CHAIRPERSON: Fine. We will take a 15-minute break  
8 and reconvene at 3 p.m.

9 **(PROCEEDINGS ADJOURNED AT 2:44 P.M.)**

10 **(PROCEEDINGS RESUMED AT 3:00 P.M.)**

**T58**

11 THE CHAIRPERSON: Thank you.

12 Mr. Fulton.

13 MR. FULTON: Thank you, Mr. Chair.

14 MR. FULTON: Q: Panel, I'm going to come back to  
15 Exhibit B-11, but if I could ask you now to turn to  
16 the application B-1-1, Chapter 4, I've got some  
17 questions about pole design and poles in general. And  
18 I'd like to just generally ask you to clarify for me  
19 if you could, the type of makeup for the poles.

20 On page 32 and 33, the description of the  
21 alternative for lines 75 and 76 sometimes refers to  
22 steel poles and sometimes it doesn't say anything  
23 about the construction of the poles. There is a  
24 reference on page 39 to steel structures as well.

25 Can you tell us, whether the configuration  
26 is for single poles or for the H-frames, are the poles

1 all going to be steel poles?

2 MR. BARNETT: A: For Option 1A they will all be steel  
3 poles. For Option 1B I know it was mentioned that  
4 there could be some wood ones, and that's true. So  
5 the very low poles, if it was approximately a 90-foot  
6 pole, could be, but a majority of the poles will be in  
7 excess of that and they will require steel just  
8 because of availability. And taking that back, it  
9 would be somewhat imprudent to have 10 percent wood  
10 and 90 percent steel. For Option 1C, we've indicated  
11 those would be all steel poles.

12 And the other options, as far as shown as  
13 the H-frame type structures, they would typically be  
14 wood poles. They could be steel poles in areas where  
15 they would be remote and concerned about fire damage,  
16 but again that would be a decision that would have to  
17 be made at the time of purchasing based on what is the  
18 best value.

19 MR. FULTON: Q: Now, just to summarize 1A and 1B, 1A is  
20 the double circuit built on single steel poles that  
21 are referred to as mono poles?

22 MR. BARNETT: A: That's correct, and those are for the  
23 tangent structures.

24 MR. FULTON: Q: Right. And 1B is a double circuit on  
25 H-frame structures.

26 MR. BARNETT: A: Correct. Repeat that again? I was

1           just --

2 MR. FULTON:   Q:   1B is the double circuit on H-frame  
3           structures?

4 MR. BARNETT:   A:   Correct.

5 MR. FULTON:   Q:   And if you turn to page 34, cross  
6           section C is 1A?

7 MR. BARNETT:   A:   Correct.

8 MR. FULTON:   Q:   And cross section E is 1B.

9 MR. BARNETT:   A:   Correct.

10 MR. FULTON:   Q:   Okay. Turn forward to page 41, and I  
11          believe one of these amounts was touched on this  
12          morning. The total capital cost of alternative 1A is  
13          \$141.4 million?

14 MR. DUFOUR:   A:   Correct.

15 MR. FULTON:   Q:   And that's about 11 and a half million  
16          dollars higher than the cost for Alternative 1B,  
17          correct?

18 MR. DUFOUR:   A:   That is correct.

19 MR. FULTON:   Q:   If you next turn to page 44 and the  
20          non-financial comparison, addressing first the column  
21          for Alternative 1A, that shows a ranking of -- a  
22          weighted ranking of 400, which is 20 numbers higher  
23          than the 380 for Alternative 1B.

24 MR. DUFOUR:   A:   Right.

25 MR. FULTON:   Q:   Yes? And do those ten numbers, as I  
26          think they do, represent the differences to



1 environmental aesthetics and EMF?

2 MR. SHTOKALKO: A: That is correct.

3 **Proceeding Time 3:06 p.m. T59**

4 MR. FULTON: Q: Okay. If I could then ask you to turn  
5 back to Exhibit B-11, and the response to IR -- BCUC  
6 IR 103.3, Figure A, 103.3.

7 And I'll try these questions with you, and  
8 if you form the view that they should be punted to  
9 tomorrow, that's fine, but I'm hoping that you can  
10 address these questions now. The figure 103.3A, and  
11 then also if you could look at 103.3D, please.

12 All right. And if we start with 103.3A,  
13 that shows a maximum EMF of 38 milligauss for  
14 alternative -- for section C, and 53 milligauss for  
15 section E. Correct?

16 MR. SHTOKALKO: A: Correct.

17 MR. FULTON: Q: And does Fortis continue to believe  
18 that the difference between alternative 1A and 1B is  
19 the difference of five that we spoke of in the earlier  
20 non-financial comparison? That those -- that the five  
21 fairly represents the differential in the non-  
22 financial rating? And the five is in the weighted  
23 rankings in Table 4-3-3D.

24 MR. SHTOKALKO: A: That is correct, but it's made in  
25 the context of not just the calculated EMF values, but  
26 also the location for some of the other alternatives.

1 MR. FULTON: Q: Okay. And could you tell us what  
2 impact the locational differences have?

3 MR. SHTOKALKO: A: For example, I believe the wording,  
4 if I refer back to the table, 4-3, with regards to  
5 EMF, we talked about comparing not only the magnetic  
6 field, or EMFs, generated by the different  
7 alternatives but also relative to where those  
8 alternatives had less exposure to development. So it  
9 was kind of assessing EMF relationships to people who  
10 might be along the right-of-way, not just the pure  
11 generation of EMF.

12 MR. FULTON: Q: All right, thank you. If you then turn  
13 back to A, 103.3D, does that diagram then reference  
14 the differences that you were speaking about?

15 MR. SHTOKALKO: A: It references the differences to  
16 magnetic fields generated along the right-of-way  
17 alternatives. For example, alternative -- or section  
18 1A -- or sorry, the section where the IR number says  
19 57.1, or cross section C, refers to the EMFs generated  
20 by alternative structure types that we would see in  
21 cross section C, they're used for alternatives 1A and  
22 1B.

23 MR. FULTON: Q: Okay.

24 MR. SHTOKALKO: A: Whereas the -- on cross section D is  
25 used for alternative 2B, which is only used for the  
26 alternate upland route. So although it has moderate

1 -- to semi-moderate EMF production, because that route  
2 that that section would be located on is upland and  
3 away from currently developed areas, it ranked higher  
4 than 1A or 1B.

5 **Proceeding Time 3:12 p.m. T60**

6 MR. FULTON: Q: All right, thank you. If we return to  
7 the non-financial comparison table, item A  
8 "Aesthetics" and there is a five number difference in  
9 aesthetics between alternative 1A and 1B. Is that  
10 difference due to the mitigation from using some non-  
11 glare conductor and aesthetic style poles?

12 MR. SHTOKALKO: A: It's primarily due to the use of  
13 aesthetic-style poles. The single pole structure is  
14 less visually filling if you happen to be somebody who  
15 is nearer the structure type, as opposed to somebody  
16 who is far away and only looking at conductors.

17 MR. FULTON: Q: And would you agree -- sorry.

18 MR. SHTOKALKO: A: I'm sorry, and in addition to that,  
19 if you happen to have one of those structures on your  
20 property, on the right of way, it uses more of your  
21 potentially usable yard or other ability to use the  
22 right of way too. So it impedes your ability to enjoy  
23 your property more than alternative 1A.

24 MR. FULTON: Q: Thank you. Would you agree with me that  
25 the application and the cost estimate are based on  
26 using the non-glare conductors and aesthetic style

1 poles?

2 MR. SHTOKALKO: A: That is what's contained in  
3 alternative 1A as proposed to the Commission.

4 MR. FULTON: Q: Then just turning back to the typical  
5 right of way cross-sections which are found at page  
6 34, that shows the single poles as being somewhat  
7 higher than the H-frame structures. Can you confirm  
8 that the difference in height was considered in the  
9 aesthetics ranking for the two alternatives?

10 MR. SHTOKALKO: A: It was one of the considerations but  
11 not considered that significant since the height  
12 difference between the structures is not that  
13 significant.

14 MR. FULTON: Q: Thank you. Now, on the subject of  
15 environmental factors, in the response in Exhibit B-3,  
16 and you don't need to turn to that exhibit unless you  
17 feel the need to, but in the response to BCUC IR No.  
18 1, question 40.1, Fortis stated that alternative A1  
19 has a softer environmental footprint than the more  
20 imposing double circuit H-frame structures. Do you  
21 recall that evidence, Mr. Morck?

22 MR. MORCK: A: Yes. Again, as mentioned a little  
23 earlier, the construction footprint between the two is  
24 somewhat different. When we have an H-frame  
25 structure on a side hill for example, there might be  
26 two tracks going in, two disturbances one for each

1 footing of the structure, and so the -- that was  
2 largely where the difference was interpreted. It was  
3 also a potential on a H-frame, because you have a  
4 wider span of the conductors, as I understand, and Mr.  
5 Barnett can probably elaborate on it, but if you have  
6 a wider span on the conductors, then it increases the  
7 width of your tree free or hazard zone that you need  
8 to manage too.

9 MR. BARNETT: A: That's correct. And also too, as an  
10 addition, just adding to what Mr. Morck spoke about,  
11 on steep terrain it can actually result in a third  
12 bench into the site, in other words to set the crane  
13 to set the cross arms and cross braces between the  
14 poles. There essentially is a -- 1B is more  
15 realistically, is a flatter land type of structure.

16 MR. FULTON: Q: Okay. If residence along the right of  
17 way were indifferent between the two alternatives,  
18 would Fortis be reluctant to proceed with the project  
19 using H-frame structures?

20 MR. SAM: No, if they were indifferent we would support  
21 cross-section E to H-frame structures.

22 **Proceeding Time 3:17 p.m. T61**

23 MR. FULTON: Q: In responding to BCUC IR 73.1, which is  
24 found in Exhibit B-8, Fortis states that lines 75 and  
25 76 double circuits could be a mix of H-frames and  
26 monopole structures. And in the response to IR 73.2

1 on page 34 Fortis states that it does not believe that  
2 this would result in any significant financial impact  
3 due to maintenance. Agreed?

4 MR. BARNETT: A: Generally it would be agreed. There  
5 would be differences in having to work in two  
6 different types of structures, which would add some  
7 incremental minor cost.

8 MR. FULTON: Q: But no significant financial impact due  
9 to maintenance.

10 MR. BARNETT: A: No. There could be complaining from  
11 the crews, as usual, but --

12 MR. FULTON: Q: I'm sorry, your voice trailed off at  
13 the end.

14 MR. BARNETT: A: No, the crews would probably complain  
15 a little bit, but that's normal.

16 MR. FULTON: Q: Then in the response to BCUC IR 73.3  
17 Fortis states that using monopole structures in more  
18 built up areas would involve about 20 structures at a  
19 direct cost of approximately \$150,000 per structure,  
20 agreed?

21 MR. SHTOKALKO: A: That's correct, but it was also  
22 further modified, that we indicated further  
23 engineering will be required to refine those costs  
24 once specific locations were identified.

25 MR. FULTON: Q: And would that then represent about \$3  
26 million before loadings were added?

1 MR. SHTOKALKO: A: I think that would be correct but I  
2 have to take a calculator out to do so.

3 MR. FULTON: Q: Well, you can accept that subject to  
4 check then?

5 MR. SHTOKALKO: A: Yes.

6 MR. FULTON: Q: If residents in these areas wanted  
7 monopole structures rather than the H-frames, does  
8 Fortis -- what's Fortis's view on who should pay the  
9 incremental cost of the design?

10 MR. SAM: A: I guess there's some -- it's a little bit  
11 dependent on the scale. So it's a little bit hard to  
12 answer your question. If four residences wanted four  
13 different types of structure, that's pretty difficult  
14 to accommodate obviously. If there's a volume of say  
15 half of the residences along this line in a certain  
16 linear length of the line wanted structure A and  
17 another half -- or the remaining of that linear line  
18 wanted structure B, that's probably something the  
19 company could accommodate. However if it got more of  
20 piecemeal checkerboard type of thing along the right  
21 of way, that becomes quite complicated to manage and  
22 obviously quite costly as well.

23 MR. FULTON: Q: In terms of the payment, though, would  
24 the cost be treated as a contribution in aid of  
25 construction?

26 **Proceeding Time 3:21 p.m. T62**

1 MR. SAM: A: Thank you. First, we'll assume that there  
2 will be no schedule impact. And then if we look at  
3 the incremental costs of engineering two types of  
4 structures, it's in the range of a million dollars.  
5 The company's policy would be that FortisBC would pay  
6 for that, and the reason being is that that would  
7 still reduce the overall costs of what our preferred  
8 solution would be. So it would be within what we've  
9 proposed as our preferred solution.

10 MR. FULTON: Q: Thank you. I'm going to come back to  
11 Exhibit B-8 briefly, but I would like to turn again to  
12 Exhibit B-11. And the response to BCUC IR 100.7. And  
13 in that response, the answer appears that compared to  
14 using the Drake conductor for lines 75 and 76, the  
15 cost premium for using Bunting conductor is 6 percent  
16 of the direct cost. Agreed?

17 MR. BARNETT: A: I agree with that.

18 MR. FULTON: Q: Okay. And then in the response to BCUC  
19 IR number 2, IR 78.2, that response appears to show a  
20 direct cost for lines 75 and 76 for alternative 1B of  
21 \$39.18 million.

22 MR. SHTOKALKO: A: Could you repeat which IR that was,  
23 please?

24 MR. FULTON: Q: Yes. It's the response to BCUC IR 78  
25 point -- actually, I may have given you the wrong IR  
26 number. 70.5, Exhibit B-8, I'm sorry. There's a



1 table that appears on that page, and -- there are two  
2 tables, actually. And if you go down to the second  
3 table, it looks to me like the direct cost for lines  
4 75 and 76 for alternative 1B is 39.180 million, on  
5 line 1.

6 MR. DUFOUR: A: That would be excluding common service  
7 costs with regard to the B.C. Hydro contract.

8 MR. FULTON: Q: Okay. Is the cost premium for using  
9 Bunting conductor 6 percent of this number, or about  
10 2.35 million?

11 Do you want to take that as an undertaking?  
12 I'm trying to understand what the impact is of the  
13 premium for using the Bunting conductor in that total  
14 number.

15 MR. DUFOUR: A: Yes, we will.

16 **Information Request**

17 MR. FULTON: Q: Thank you. And if it's not the 2.35  
18 million, or 6 percent, if you could tell me what the  
19 number is?

20 MR. DUFOUR: A: Yes, we will.

21 **Information Request**

22 **Proceeding Time 3:26 p.m. T63**

23 MR. FULTON: Q: And the percentage. Thank you.

24 Still in Exhibit B-8, if you turn back to  
25 the response to BCUC IR No. 2, question 64.1, on lines  
26 8 and 9 Fortis states that the maximum nameplate

1 rating with full cooling is 250 MVA on the 500/230 kV  
2 tap. Would there be any merit at this time to  
3 increase the size of conductor for lines 75 and 76 so  
4 that either line would have the thermal capacity to  
5 handle the capacity of the two Vaseux transformers  
6 less the amount of power that would be delivered over  
7 Line 46?

8 MR. CHERNIKHOWSKY: A: There's a number of issues with  
9 respect to that. One is that just because the  
10 conductor ampacity is sufficient to carry the power  
11 doesn't mean that you can actually transmit it,  
12 because the underlying system needs to have the  
13 equipment designed to receive it, specifically  
14 reactive support equipment. That's one aspect of it.

15 The second one is in terms of conceivable  
16 contingencies. The project we've studied out to N  
17 minus 2 contingencies, which would, if you look at the  
18 various combinations there, it would be the loss of  
19 say for example the two circuits between Vernon and  
20 Kelowna, which would mean that all of Vaseux Lake  
21 would be used to supply the South Okanagan, but you'd  
22 have the two lines from Vaseux Lake to Penticton that  
23 would be sharing a load. So that's one scenario.  
24 Another one would be the loss of those two lines  
25 between Penticton and Vaseux Lake, and if they're both  
26 out of service then it's irrelevant what the capacity

1 is.

2 One remaining scenario is you'd have one  
3 line from the north and one line from the south  
4 sharing the load. So in that scenario you don't need  
5 to have the ability to transport all the power from  
6 Vaseux Lake to Penticton, because you do still have a  
7 single circuit from Vernon into Kelowna.

8 So the only conceivable scenario where this  
9 would become an issue would be an N minus 3 case where  
10 you've lost both of the two transmission lines between  
11 Vernon and Kelowna, and you have only one remaining  
12 transmission line between Vaseux and Penticton. And  
13 certainly the OTR system as proposed is not designed  
14 to handle that.

15 MR. FULTON: Q: If you were to increase the size of the  
16 conductor for Lines 75 and 76, would the result be  
17 that the period before the Vaseux to Penticton line  
18 would need to be expanded would be materially  
19 extended?

20 MR. CHERNIKHOWSKY: A: No, FortisBC doesn't expect that  
21 there would be any difference.

22 MR. FULTON: Q: And why is that?

23 MR. CHERNIKHOWSKY: A: Simply because of what I was  
24 saying before, that even the only conceivable scenario  
25 where the capacity of any single circuit becomes an  
26 issue, results from the loss of multiple other

1 transmission lines. In the case where only one single  
2 circuit is remaining, the ampacity of the circuit  
3 would not be the limiting factor for getting power  
4 into the Kelowna and Penticton areas. The underlying  
5 system would not be able to support that transfer of  
6 power.

7 MR. FULTON: Q: So what size of conductor would you  
8 need for a 500 MVA?

9 MR. CHERNIKHOWSKY: A: To transport 500 MVA of power,  
10 you would need a conductor suitable to handle that  
11 ampacity, but again just because you have that  
12 conductor ampacity doesn't mean that you can actually  
13 transport 500 MVA over that circuit if the underlying  
14 system is incapable of accepting it.

15 MR. FULTON: Q: But can you tell us what size of  
16 conductor you would need, even if you couldn't  
17 transport the power immediately?

18 MR. BARNETT: A: Probably around 1400 KC mil. If you'd  
19 take a look at the -- or maybe a little bit larger, if  
20 you'd look at the VITR project, that's a 1590 KC mill  
21 and that's for a reading at 600 MVA per circuit.

22 MR. FULTON: Q: Thank you.

23 Mr. Sam, I'd like to return to your opening  
24 statement briefly, and in particular page 4, lines 16  
25 and 17. And there you've stated that Fortis proposed  
26 to update the project cash flow of the selected

1 solution upon disposition of the application. So,  
2 correct?

3 **Proceeding Time 3:32 p.m. T64**

4 MR. SAM: A: Yes.

5 MR. FULTON: Q: Has either the cost estimate or the  
6 cash flow for the proposed solution changed from the  
7 number that is in the filed application?

8 MR. SAM: A: Our overall project total cost estimate  
9 has not changed. So, it's still estimated \$141.4  
10 million. The reason I put that in there for the  
11 project cash flow is, depending on the timing of when  
12 this application may be disposed of, is that the  
13 timing may shift from one year to another year. But  
14 it's not expected that the material project costs will  
15 change significantly, or any materiality.

16 MR. FULTON: Q: Right, thank you. And then just a few  
17 questions about the contract between Fortis and B.C.  
18 Hydro engineering services. And B.C. Hydro  
19 engineering services has been engaged as an  
20 independent contractor to perform the planning, design  
21 engineering and procurement and construction for the  
22 project. Correct?

23 MR. SAM: A: Yes, with one clarification. The planning  
24 has been predominantly performed with FortisBC. B.C.  
25 Hydro has provided all the engineering associated with  
26 that planning skill.

- 1 MR. FULTON: Q: And the estimate for the B.C. Hydro  
2 services, excluding any construction and supply  
3 contracts under the agreement, is \$19.4 million before  
4 inflation and contingency?
- 5 MR. DUFOUR: A: That is correct, yes.
- 6 MR. FULTON: Q: Can you tell us what the effective  
7 start and end dates for the EPC contract are?
- 8 MR. DUFOUR: A: The EPC contract started with the  
9 development phase of this project, in the fall of  
10 2006. And the end date is after energization of this  
11 project.
- 12 MR. FULTON: Q: Are there any prior commitments that  
13 B.C. Hydro engineering has that Fortis is aware of  
14 that, in the event that Fortis receives approval from  
15 the Commission for the project, might make it  
16 difficult for B.C. Hydro engineering to complete their  
17 obligations under the contract?
- 18 MR. DUFOUR: A: There is none that we're aware of.
- 19 MR. FULTON: Q: Okay. And from B.C. Hydro's  
20 perspective?
- 21 MR. SHTOKALKO: A: B.C. Hydro -- of course, B.C. Hydro  
22 has the contract, and we've assessed our workloads,  
23 and definitely things are tight for everybody, but we  
24 do not see any major risks in us fulfilling our  
25 contract with FortisBC.
- 26 MR. FULTON: Q: Does Fortis anticipate that there --

1 anticipate any resource problems for B.C. Hydro in  
2 terms of fulfilling its contract obligations? I think  
3 Mr. Shtokalko, you've probably answered that question  
4 from the B.C. Hydro perspective, and --

5 MR. SAM: A: I would just add to that, Mr. Shtokalko  
6 has explained it from a B.C. Hydro employee  
7 perspective. Obviously the contract that we have with  
8 B.C. Hydro is we expect B.C. Hydro to go out on our  
9 behalf to contract with other third-party resources,  
10 be they line trades and such, construction-type work  
11 forces. So we're currently in a volatile market for  
12 that. So we'll have to see what happens with that as  
13 we go out for tenders. But that would be the one  
14 thing I would add to that.

15 MR. FULTON: Q: All right, thank you.

16 Thank you, Mr. Chairman, those are my  
17 questions.

18 THE CHAIRPERSON: Thank you. Mr. Macintosh?

19 MR. MACINTOSH: Thank you, Mr. Chair. I have some re-  
20 examination. The one evidentiary piece I would ask  
21 you to have handy for --

22 THE CHAIRPERSON: Excuse me. I'm sorry, sir, I think  
23 I've gotten a little ahead of myself.

24 MR. MACINTOSH: Oh, yes?

25 THE CHAIRPERSON: The panel may have a question or two,  
26 and I've neglected to --

1 MR. MACINTOSH: Yes, thank you.

2 THE CHAIRPERSON: Sorry. Okay, Commissioner Nicholls has  
3 some questions.

4 **Proceeding Time 3:37 p.m. T65**

5 COMMISSIONER NICHOLLS: Mr. Fulton has dealt with most of  
6 mine, so I just have a couple of follow-ups.

7 Mr. Grant, I'd like you to just clarify  
8 your views regarding the difference between the impact  
9 on property values of an existing transmission line,  
10 and a change, in this case, to the double lines. So  
11 the incremental impact. For example, I understand  
12 your testimony to be that the proposed OTR changes  
13 would not have any incremental impact on the property  
14 values as a whole. Is that correct?

15 MR. GRANT: A: Yeah, I think my response was any  
16 measurable --

17 COMMISSIONER NICHOLLS: Yes.

18 MR. GRANT: A: -- impact that you could actually find  
19 in the market place.

20 COMMISSIONER NICHOLLS: And you were referring in that  
21 case, were you, to the incremental impact of OTR?

22 MR. GRANT: A: Yes, and I was referring to encumbered  
23 properties.

24 COMMISSIONER NICHOLLS: Yes. But it's not -- you weren't  
25 meaning that putting the existing transmission line  
26 doesn't have any impact on specific properties, were



1           you?

2 MR. GRANT:    A:    No, I didn't say that.

3 COMMISSIONER NICHOLLS:    Yes.

4 MR. GRANT:    A:    Although I believe that the existing  
5 line probably does have a -- you know, in the 5  
6 percentile range on property values. From everything  
7 that I've done over the last 35 years, it would be  
8 unlikely that it doesn't have some small impact on  
9 values that could possibly have been measured when  
10 they were raw lots.

11 COMMISSIONER NICHOLLS:    Yeah, thank you for confirming  
12 that. I just thought there might have been some  
13 confusion from the question you had --

14 MR. GRANT:    A:    It varies between lots that are  
15 adjacent, lots that are encumbered, that there's  
16 plenty of room still in the lot for a building  
17 envelope and lots that are encumbered with tight  
18 space, you know. And every one of those situations  
19 exists on this line, so each one would be ever so  
20 slightly different.

21 COMMISSIONER NICHOLLS:    And it would depend very much on  
22 where the structures were located, as well as the  
23 wires.

24 MR. GRANT:    A:    That's correct, yes.

25 COMMISSIONER NICHOLLS:    Thank you.

26                               Mr. Sam, Mr. Cairns asked you about the

1 possibility of a customer contribution of X dollars  
2 per year that you're going to figure out for a 40-year  
3 period as a rate rider on a bill.

4 MR. SAM: A: Yes.

5 COMMISSIONER NICHOLLS: And I was just wondering if you  
6 can explain a bit how that would work from a practical  
7 and legal perspective. I wasn't sure as part of the  
8 CPCN application if we could put a rate rider on 500  
9 customers' bills and --

10 MR. SAM: A: This has come up in other applications  
11 that the company has been involved in, and it's  
12 challenging to say the least, just from an  
13 administrative perspective and system perspective, to  
14 segregate which bills get which payments, so there's  
15 administrative costs to that.

16 The second piece that is, is the  
17 practicality of it is it -- are the people that are  
18 willing to pay for it are they volunteering to pay for  
19 it, or is FortisBC forcing them to pay for it? And I  
20 bring that up from some past experiences where in a  
21 previous project we've gone out and asked people that  
22 had similar aesthetics concerns as to whether or not  
23 they'd be willing to pay for it. And in the end we  
24 could not get consensus of having everybody to pay for  
25 it. And obviously the rate rider assumes that you  
26 have a fixed amount of money you need to recover, and

1           everybody's willing to pay for that rate rider.

2                           And so there's some practicality concerns  
3           associated with that that obviously our company has a  
4           concern with.

5   COMMISSIONER NICHOLLS:   Yeah, that's what I was  
6           wondering. Say you got 400 to agree out of the 500,  
7           then what do you do and what's our --

8   MR. SAM:   A:   Yes, and that's what we found in a  
9           previous application, where the approach was that all  
10          had to agree and all had to contribute in a volunteer  
11          basis, and we were unable to get that support to that  
12          level.

13   COMMISSIONER NICHOLLS:   So if we ventured into that area  
14          we'd need to make a conditional on unanimous support?

15   MR. SAM:   A:   Yes, which I think will be --

16   COMMISSIONER NICHOLLS:   Difficult.

17   MR. SAM:   A:   -- difficult to get, if at all.

18   COMMISSIONER NICHOLLS:   And even if you had unanimous  
19          support, do you think we could as part of the CPCN  
20          application, if we granted the CPCN, could we order a  
21          rate rider to be imposed? Or would that be a --

22   MR. SAM:   A:   I think the Commission can order what they  
23          deem appropriate. I would like to confirm whether any  
24          other future implications we'd have from a company  
25          perspective to implement a specific rate rider for a  
26          set number of customers.

1 COMMISSIONER NICHOLLS: Okay. Thank you.

2 THE CHAIRPERSON: Commissioner Harle?

3 MR. HARLE: Not now.

4 THE CHAIRPERSON: Thank you.

5 Earlier today, the issue of the NRC was  
6 dealt with, and I think, Mr. Barnett, you were  
7 addressing or responding to that in terms of the --  
8 I'm sorry. I've got two questions side by side here.

9 My question was, and I'm not sure who was  
10 responding to it, on the radio telescope arrangement  
11 and there was, I thought, some concern expressed that  
12 with the upland route there was some marginal concern,  
13 and it wasn't clear to me just what that concern was  
14 and what if anything could or should be done to  
15 mitigate that.

16 **Proceeding Time 3:43 p.m. T66**

17 MR. SHTOKALKO: A: I believe the NRC in their response  
18 to the Commission indicated what they felt should be  
19 done. I think the first thing was that they were --  
20 appeared to be quite concerned that FortisBC does not  
21 use a power line carrier communications system --

22 THE CHAIRPERSON: I'm sorry, I didn't quite hear.

23 MR. SHTOKALKO: A: A power line carrier communications  
24 system on the upland route. And I believe they also  
25 expressed concerns that the line in portions was on  
26 the periphery of their visibility for future use of

1           their site.

2   THE CHAIRPERSON:    So in the event that the alternate  
3           route, the upland route was chosen, let's say, what  
4           steps would you take in order to address that? Or  
5           could be taken?

6   MR. SHTOKALKO:    A:   I guess number one, of course, is  
7           Fortis would have to determine whether or not they'd  
8           ever want to maintain the option open for power line  
9           carrier. Secondly, the NRC was provided with what we  
10          call a "shaped file", indicating where the alternate  
11          route currently is. If FortisBC has to proceed with  
12          an upland route, the route that's in the application  
13          is not necessarily the route that would end up being  
14          approved by the parties, and so it would become  
15          another limiting factor in routing of the upland  
16          route.

17   THE CHAIRPERSON:   And would that routing, in your view,  
18          resolve the difficulty NRC has?

19   MR. SHTOKALKO:    A:   It may bring into conflict between  
20          different parties during that route selection process,  
21          because the NRC would want you to go lower, and other  
22          parties might want you to go higher.

23   THE CHAIRPERSON:   And higher is not better, from their  
24          perspective.

25   MR. SHTOKALKO:    A:   Correct, from their perspective,  
26          right.

1 THE CHAIRPERSON: Okay, thank you. My question for Mr.  
2 Barnett was related to downtime during construction,  
3 and I think you were discussing that with Mr. Wait, of  
4 the lines going south. And that created a question in  
5 my mind about the reliability of the system in -- I  
6 mean, you're capacity-constrained right now, as I  
7 think I understand it. And that's just going to  
8 exacerbate that, in some form.

9 How does that get addressed during the  
10 course of the construction period?

11 MR. BARRETT: Well, the major points of concern where  
12 the line would have to be removed will be at angle  
13 points, because that's where -- because of the right-  
14 of-way construction is, we could not offset structures  
15 to do it, so we would have to take down the existing  
16 structures. Mitigative things are to build a by-pass  
17 around temporarily, just outside the right-of-way. In  
18 the estimate that we've done for the project, we have  
19 allowed money for moving conductors around, to  
20 maintain it.

21 THE CHAIRPERSON: Oh, so you --

22 MR. BARNETT: A: The other thing is to do the work in  
23 sections, so that what you do is, you get one section  
24 done, then that can be re-energized, or have the  
25 possibility of re-energized.

26 THE CHAIRPERSON: I see. So you would maintain the

1 existing capacity in some form or another by temporary  
2 measures or, as you say, by sequencing the  
3 construction in some fashion.

4 MR. BARNETT: A: Yes. While the workers were in  
5 proximity to the line, the line would be off.

6 THE CHAIRPERSON: Right.

7 MR. BARNETT: A: What it would be is available for  
8 service. So, if a situation came on, then the  
9 switching could be carried out to bring it back into  
10 service.

11 THE CHAIRPERSON: So that's really a scheduling and --

12 MR. BARNETT: A: Correct.

13 THE CHAIRPERSON: -- related issue, on time of day, time  
14 of year, that sort of thing.

15 MR. BARNETT: A: Correct.

16 THE CHAIRPERSON: Thank you.

17 MR. CHERNIKHOWSKY: A: I would just like to add to that  
18 as well. You're correct, certainly we do have the  
19 capacity limitations. Again, those capacity limits  
20 for the most part occur at peak times, in the winter  
21 and the summer. By careful scheduling of the project  
22 construction, primarily the work will be done in the  
23 shoulder seasons in the spring and fall. And in those  
24 cases, the load is low enough that we do have existing  
25 transmission capacity which will be sufficient to meet  
26 all the area load.

1                   The system will certainly be more  
2           vulnerable to additional outages during that time, but  
3           there will not be customer outages that will result  
4           directly from the construction.

5 THE CHAIRPERSON:   Thank you. Mr. Fulton was discussing  
6           capacity constraints in terms of B.C. Hydro, and the  
7           challenges you have resourcing the project. And I  
8           think you addressed it as well, Mr. Sam. Have you  
9           taken, or are you planning some sort of risk  
10          mitigation in the event that there is a difficulty in  
11          the contract, and do you have the capacity within your  
12          own organization to address that? Or --

13 MR. SAM:    A:    Oh, I guess there's two points to that.  
14           From a risk mitigation perspective, with our contract  
15           with B.C. Hydro, we don't have the capacity internal.  
16           Which is one of the reasons we've hired B.C. Hydro to  
17           perform this project for us. Obviously there would be  
18           impacts, likely from a schedule perspective, as we  
19           would secure other resources to take over what B.C.  
20           Hydro was unable to do. So far to date we don't  
21           anticipate that happening.

22                   On the construction side of it, our largest  
23           risk mitigation is to get tenders out quickly for the  
24           market, and to rely on competitive bidding and  
25           expanding the reach that we need to, such to secure  
26           those resources. And so that is our primary risk



1 mitigation on the construction side of it.

2 From an internal capacity perspective, we  
3 do have some capacity internal. However, diverting  
4 those resources to this project then means that we've  
5 got other projects that we don't have the required  
6 resources allocated to them any more. And so for the  
7 construction of this project, we're relying fairly  
8 heavily on the external market forces from a  
9 construction perspective.

10 THE CHAIRPERSON: So that's just an ongoing challenge,  
11 then, for you.

12 MR. SAM: A: I think it's an ongoing challenge for all  
13 the utilities in Western Canada these days.

14 THE CHAIRPERSON: Indeed. Thank you.

15 Just to follow up on a question that  
16 Commissioner Nicholls put to you, with respect to a  
17 potential rider, or contribution in aid of  
18 construction, have you addressed or thought about  
19 whether the rider, if you ever got to that point,  
20 would attach to the owner of the property or to the  
21 property, or the connection, if you wish, because of  
22 an intergenerational sort of thing? When the property  
23 changes hands? Or how does one address that?

24 **Proceeding Time 3:49 p.m. T67**

25 MR. SAM: A: Obviously -- there's a couple of forms of  
26 how that could take. The cost could be recouped in

1 the form of a contribution in aid of construction,  
2 which would be a one-time cost today to offset those  
3 costs.

4 THE CHAIRPERSON: Right.

5 MR. SAM: A: So effectively it could be the property  
6 owner today.

7 The second piece was a rate rider. We'd  
8 have to get that rate rider over a certain length of  
9 time, so it would ultimately have to be tied to the  
10 property, which is obviously one of the concerns.

11 And I guess the third part that I mentioned  
12 a little bit earlier with Commissioner Nicholls is  
13 that what we found is that we found that people are  
14 interested in contributing until they actually have to  
15 contribute. And so that really speaks to the  
16 practicality that I mentioned around the feasibility  
17 of a rate rider, and what we found is that people are  
18 interested in contributing until they find out what  
19 the amount is, and then it's not as big a concern to  
20 them as what they maybe thought it was.

21 So that would sort of be the summary of  
22 those three pieces.

23 THE CHAIRPERSON: Thank you. I think we're ready for  
24 your counsel to come forward now, finally. Second  
25 time around. My apologies for the earlier kafuffle.

26 MR. MACINTOSH: Not at all, Mr. Chair, thank you.

1 MR. MACINTOSH: There's one document that I would ask you  
2 to have handy for part of my re-examination, and  
3 that's in Exhibit B1-2, and that's the appendices to  
4 the application. And I'm going to ask a question  
5 that's going to touch on Appendix A. So at an early  
6 stage I will go there, thank you.

7 **RE-EXAMINATION BY MR. MACINTOSH:**

8 MR. MACINTOSH: Q: Now, my first question in re-  
9 examination, Mr. Sam, I'll direct to you and it arises  
10 from a question asked by Mr. Cairns, or a series of  
11 questions. And he observed that at Big White, when  
12 Fortis put in the new 138 kV line, it went to a  
13 Greenfield, it went to a new corridor. And you recall  
14 that questioning?

15 MR. SAM: A: Yes, I do.

16 MR. MACINTOSH: Q: And he observed that in that  
17 instance there had been a pre-existing corridor or a  
18 Brownfield corridor, correct?

19 MR. SAM: A: That's correct.

20 MR. MACINTOSH: Q: And perhaps the inference was, well,  
21 you went to a Greenfield there so why not go to one  
22 upland, a new corridor here? Can you tell the  
23 Commission the basic difference in the two  
24 circumstances, please?

25 MR. SAM: A: First I would just like to iterate that  
26 the company's position is to expand Brownfield when

1           there's no other viable -- sorry, expand Greenfield  
2           when there's no other viable alternatives.

3                         Referring back to the Big White situation,  
4           to put it back in context, there is an existing  
5           distribution line that feeds up Idabelle Lake and up  
6           to Big White. It's a 25 kV distribution line and it  
7           follows Highway 33, and the actual line is within the  
8           right of way allowance of the highway. And so when  
9           looking at options to increase supply to the Big  
10          White, we looked at the feasibility of putting a 138  
11          kV structure on top of the existing 25 kV, effectively  
12          an overbuild along the existing municipal right of  
13          way.

14                        For anyone who's driven Highway 33 north of  
15          Kelowna will know that as you start to climb an  
16          elevation, the road is extremely narrow and it's  
17          extremely twisty with a lot of switchbacks. And  
18          effectively the road has been cut into the side of a  
19          hill with a steep bank on one side and a sharp drop-  
20          off on the other side. So effectively the geography  
21          of that road is very limiting.

22                        And so the company assessed that route and  
23          decided that it was not a viable route for the  
24          construction impacts associated with trying to squeeze  
25          now a transmission line on that existing roadway.  
26          From an operational safety perspective, visibility is

1           limited because it's twisting. And we also received  
2           advice from the Ministry of Transportation that they  
3           would not support construction of a transmission line  
4           on Highway 33.

5                        So in that case we deemed that that was not  
6           a viable alternative to use an existing Brownfield  
7           corridor, which is somewhat different from this  
8           application where we believe we do have a viable  
9           Brownfield corridor to build from.

10   MR. MACINTOSH:   Q:    So with Big White the conclusion was  
11           that the Brownfield corridor, the existing corridor  
12           was unusable for you.

13   MR. SAM:        A:    That's correct.

14   MR. MACINTOSH:   Q:    All right, thank you.

15                        And the second topic has to do with First  
16           Nations, and Mr. Cairns pointed out that you have an  
17           agreement with a First Nations Band with respect to  
18           the Bentley Terminal. You'll recall that.

19   MR. SAM:        A:    Yes, I do.

20   MR. MACINTOSH:   Q:    And I want to question you, Mr. Sam  
21           and Mr. Dufour, a little bit on this. And this was  
22           asked by Mr. Cairns in the context of you pointing out  
23           that for this project which brings us here, you have  
24           uncertainty of aboriginal negotiation upland. Do you  
25           recall that context?

26   MR. SAM:        A:    Yes, I do.

1 MR. MACINTOSH: Q: Would you just explain very briefly  
2 what the arrangement is at Bentley.

3 MR. SAM: A: Okay. The Bentley Substation, we entered  
4 into an agreement with the Osoyoos Indian Band a  
5 number of years ago, and this is land that is on the  
6 reserve. And so we entered negotiations with the  
7 Osoyoos Indian Band to secure a 99-year lease for what  
8 is now known as the Bentley site in this application.  
9 Clearly at the time, the Osoyoos Indian Band was  
10 interested in negotiating with us. They saw some  
11 benefits for their future developments in the area and  
12 the need for power. So we entered a commercial  
13 arrangement that was good for them and also good for  
14 FortisBC customers.

15 And the difference I see in this case is  
16 that we don't have support of either of the bands for  
17 an upland route, in which case we believe negotiations  
18 is going to be challenging, and as I mentioned earlier  
19 with reference to the provincial government, we  
20 believe it's out of our control. And so that's one of  
21 the very important differences we see between the  
22 Osoyoos Indian Band arrangement and what we have for  
23 the upland route.

24 MR. MACINTOSH: Q: And in that regard, Mr. Dufour, if  
25 you could reference this book that I've referenced for  
26 the Commission, and that is Exhibit B1-2, and that

1 contains Appendix A. And Appendix A is written  
2 feedback you've had with respect to the position of  
3 various parties with respect to the upland or the  
4 existing route, is that correct?

5 **Proceeding Time 3:56 p.m. T68**

6 MR. DUFOUR: A: That is correct.

7 MR. MACINTOSH: Q: And within Appendix A, if you could  
8 turn -- the pages are numbered, and if you could turn  
9 to page 18 of 29, and that should give you the  
10 response of the Penticton Indian Band. Do you have  
11 that?

12 MR. DUFOUR: A: Yes, I do.

13 MR. MACINTOSH: Q: And in the first paragraph, the Band  
14 indicates at the end of the paragraph that it would  
15 like to see the upgraded line remain on the existing  
16 right-of-way and then it says, in any event, this is  
17 without prejudice to their timber claim. Does that --  
18 has that remained their position throughout? Is that  
19 their position?

20 MR. DUFOUR: A: Yes, it is. We actually did formal  
21 presentations to all three First Nation Bands. The  
22 Osoyoos Indian Band, the Penticton Indian Band as well  
23 as the Okanagan Nation Alliance.

24 MR. MACINTOSH: Q: And regarding the Okanagan Nation  
25 Alliance, if you'll turn at that tab A to page 26 --

26 MR. DUFOUR: A: Yes.

1 MR. MACINTOSH: Q: And do you have a letter from the  
2 Okanagan Nation Alliance?

3 MR. DUFOUR: A: Yes, we do.

4 MR. MACINTOSH: Q: And in the first paragraph the  
5 concurrence of the alliance is set out. Do you see  
6 that?

7 MR. DUFOUR: A: Yes, it is.

8 MR. MACINTOSH: Q: But you'll see in the last sentence  
9 of the first paragraph that the support is subject to  
10 this happening on the existing right-of-way.

11 MR. DUFOUR: A: It is subject to this happening on the  
12 existing right-of-way, and they further expound that,  
13 should the route be proposed, the alternative route,  
14 that the Okanagan Nation Alliance, as you can see --  
15 it's signed by Chief Stewart Philip, who is also the  
16 Chief of the Penticton Indian Band, has basically  
17 acknowledged that they will be involved in all aspects  
18 of review, and part of the decision-making process for  
19 acceptance, rejection and modification of the  
20 proposal.

21 MR. MACINTOSH: Q: All right. And lastly, and this  
22 doesn't touch directly on an Indian Band, but it's  
23 important on this issue, in the same Appendix A, if  
24 you'll turn to page 6, back toward the beginning, and  
25 that is the letter of the Integrated Land Management  
26 Bureau. Do you have that?



1 MR. DUFOUR: A: Yes, we do.

2 MR. MACINTOSH: Q: And I direct your attention to the  
3 second paragraph, where their expression of  
4 preference, and then in that paragraph, them  
5 encouraging you to:

6 "... to pursue all other options to use the  
7 existing right-of-way."

8 Does that remain their position?

9 MR. DUFOUR: A: That remains their position. We met  
10 with the ILMB on a number of occasions and actually  
11 made a formal presentation to them as well. The  
12 meeting with the ILMB actually took place after the  
13 second round of public consultation, when we decided  
14 to pursue the upland route even further. They were --  
15 they, as stated in the letter, they encouraged us to  
16 pursue all other options with regards to the existing  
17 right-of-way. And that they would entertain an  
18 application for the upland route, but prior to that,  
19 they requested that we do pursue those options. They  
20 also requested that we discuss this proposal with  
21 First Nations even further, as well as further  
22 consultation with the Ministry of Environment.

23 MR. MACINTOSH: Q: All right.

24 MR. DUFOUR: A: And sign off, like, grazing  
25 leaseholders on that route.

26 MR. MACINTOSH: Q: All right, thank you. And my third

1           topic, Mr. Chernikhowsky, if I could direct this to  
2           you, sir. Mr. Cairns was suggesting that this  
3           application should have been timed earlier, and one of  
4           his suggestions to you was that earlier timing would  
5           have made the upland route more viable. So there were  
6           two topics. One is the timing of this application,  
7           and secondly, what impact does that have on viability  
8           of the low route versus the upland route?

9   MR. CHERNIKHOWSKY:    A:    Correct. And I think it's  
10           important to note that the OTR project itself could  
11           not have been completed prior to previous work which  
12           was done in the system, specifically the Vaseux Lake  
13           project. And if I could, what I'd like to do is just  
14           take you through a chronology of events, just to show  
15           how we've gotten from the original conception of  
16           various system solutions to where we are today.

17                            So, where the process all began was, even  
18           in the late 80s and the early 90s, it was recognized  
19           that there were supply deficiencies in the Okanagan.  
20           And ultimately all of that information culminated in  
21           the creation of the so-called West Kootenay Power  
22           Master Plan, which was created in 1998. And that  
23           addressed a number of large-scale deficiencies in the  
24           system, primarily in the Kootenays and in the  
25           Okanagan.

26                            At the time it was felt that the issue in

1 the Kootenays was more severe, and warranted immediate  
2 action. And that solution was started soon after the  
3 filing and acceptance of that 1998 report. So, the  
4 Kootenay 230 kV system development project, as it was  
5 known, started in approximately 1999 and continued for  
6 about four years after that.

7           Soon after that project actually was  
8 underway, planning did begin within FortisBC in the  
9 year 2000 for the solution for the Okanagan capacity  
10 issue. And there were a number of issues that were --  
11 or a number of options, sorry, that were originally  
12 conceived to resolve that. The option that was  
13 settled on in the end was the construction of the  
14 Vaseux Lake terminal station, and that was chosen as  
15 the correct solution in the interests of the  
16 provincial benefit. It wasn't just in the net -- in  
17 the sense of being a benefit for FortisBC, but being  
18 in the interests of the province as a whole.

19           And even at that time, it was envisioned  
20 that there would be a future growth on that system.  
21 So, the south Okanagan solution, work for that started  
22 essentially in 2000. Approval for that solution was  
23 granted in 2003. And the project then started, and  
24 construction proceeded until approximately 2006.  
25 While that construction was underway, we then began  
26 the next major revision of the FortisBC long-term

1 plan. And that essentially happened in 2003 and 2004,  
2 and that plan was filed late 2004, and that was the  
3 2005 system development plan that we refer to it as.

4 That was the first time where the OTR  
5 solution as we see it today was proposed. That plan  
6 was approved -- well, specifically the capital plan  
7 associated with the system development was approved in  
8 2005. The system development plan wasn't actually  
9 submitted to the Commission for approval *per se*, but  
10 the concepts within it were to be used as guiding  
11 principles for any capital projects that resulted.  
12 And the Commission did submit that there was agreement  
13 with the overall principles.

14 So that now -- again, we were in mid-2005  
15 with the agreement with the system development plan.  
16 FortisBC then undertook an extensive process to  
17 determine who would be the consultant that would  
18 assist us with this project, because given the scope  
19 of it, we would not have the internal resources to do  
20 that. That process, which was fairly lengthy, took us  
21 until essentially September, 2006, when the B.C. Hydro  
22 engineering services agreement was signed between  
23 FortisBC and B.C. Hydro.

24 **Proceeding Time 4:04 p.m. T69**

25 Once that agreement was signed, B.C. Hydro  
26 was then able to take our initial planning scopes and

1 do some engineering designs to produce things such as  
2 line renderings, station designs, and we needed that  
3 information prior to going to open house consultation.  
4 And that process began with the first round of open  
5 houses in March 2007, another round in May 2007.

6 Following those open houses, we then  
7 produced the CPCN application which, roughly speaking,  
8 took approximately six months. It was a very large,  
9 comprehensive document, required a lot of input and  
10 preparation. And that was filed late in 2007. And  
11 the regulatory process from that point takes us to  
12 where we are today.

13 MR. MACINTOSH: Q: All right, thank you, and then the  
14 related part of my question from Mr. Cairns' question  
15 was, what impact does the timing of this application  
16 have on the viability of the upland route as compared  
17 with the existing route?

18 MR. CHERNIKHOWSKY: A: In FortisBC's opinion,  
19 ultimately the timing isn't relevant on the balance,  
20 because that's obviously the overriding concern is  
21 that we're always look at a balance between costs,  
22 environment, schedule. The reusing of the existing  
23 Brownfield route would still be preferential to going  
24 to the upland route.

25 MR. MACINTOSH: Q: And thank you, sir.

26 Mr. Morck, the second last point I have by

1 way of re-examination had to do with the reference  
2 this morning to the hunting and guiding tenures, and  
3 there are two on the upland route as I understand?  
4 MR. MORCK: A: Yes, that's what I understand too.  
5 MR. MACINTOSH: Q: And just two questions. Are such  
6 tenures from your own work and your own experience  
7 compatible with good practice in environmental and  
8 wildlife management?  
9 MR. MORCK: A: Yes, typically they are because they're  
10 factored into the planning. And in this particular  
11 case the Land Resource Management Plan, which is used  
12 by both Ministry of the Environment and the ILM, used  
13 those considerations that are integrated into the  
14 plan.  
15 MR. MACINTOSH: Q: And again in your experience, is  
16 wildlife better able to be managed and in a sense  
17 protected, but in long-term management is wildlife  
18 better able to be managed with such tenures as opposed  
19 to opening access through new corridors?  
20 MR. MORCK: A: Again, I would confirm that that's the  
21 case. The tendency is to -- when you have tenure  
22 holders like that, they manage that, the excessive use  
23 of those resources within their area of influence.  
24 And if you open it up with a corridor coming through  
25 t, you create some unfettered access which can permit  
26 additional harassment and poaching in an area. So the

1           tendency then is that the tenure holders manage it.  
2 MR. MACINTOSH:   Q:   All right, thank you.  And finally,  
3           Mr. Sam, I direct this question to you.  It arises  
4           from questioning with Mr. Fulton and it has to do with  
5           Fortis's position vis-à-vis Wiltse and what the  
6           development company of the Wiltse family may wish to  
7           do with the site.  And it wasn't clear, at least to  
8           me, exactly what the concluding points were on the  
9           wishes of the company of Fortis in dealing with  
10          Wiltse.

11 MR. SAM:    A:    Okay.  First I'd like to say that FortisBC  
12          is fully prepared to accommodate with Wiltse  
13          developments, but not to the extent where it's  
14          detrimental to our other FortisBC customers in terms  
15          of incremental cost or incremental risk from  
16          reliability perspective.

17                    If we look at Wiltse Developments, there's  
18          a number of routes that have been proposed in the  
19          application, and I'll deal with -- there's routes that  
20          have been proposed that are outside of Wiltse  
21          development, and then there's a suggestion that the  
22          Wiltse route should be fully within Wiltse-owned  
23          property.  And I'll deal with the route if it were to  
24          be fully within Wiltse property first.  And in that  
25          case, we would look to Wiltse Developments to provide  
26          the public support, as I mentioned, within the 500

1           metre radius of that line. We haven't specifically  
2           looked for public input onto that, nor would we intend  
3           to. We would expect that Wiltse Developments would  
4           provide us with the easement and the right of way  
5           documentation that we need for that new route on their  
6           property. We would expect Wiltse Developments to pay  
7           all of the incremental costs including schedule costs  
8           associated with that route on Wiltse Developments.  
9           And we would look for that all to happen within the  
10          timelines that we've mentioned in IR 102.6 of the  
11          BCUC, which specifically outlines that within 30 days  
12          of disposition of the this application we would look  
13          for an estimate from Wiltse Developments, or payment  
14          from Wiltse Developments so we could proceed with the  
15          engineering estimate, so as not to expand our schedule  
16          to the detriment of other FortisBC customers. And  
17          then there is also a date that's proposed within that  
18          as to when we'd actually have to get confirmation that  
19          we are going to proceed with the costs associated with  
20          that project.

21                        If we look at the alternatives that have  
22                        some portion of line routing off of the Wiltse  
23                        Development, which is sort of referred and proposed  
24                        that we've heard in the application, the company would  
25                        take the position that all of the above still remain,  
26                        with the addition of two conditions. One condition



1 would be is that all the environmental impacts or  
2 assessment studies that need to be done would be to  
3 the account of Wiltse Developments, and they would  
4 shepherd that to happen and lead that to happen; and  
5 that Wiltse Development would also look to secure  
6 whatever right of ways and easements are necessary for  
7 those alternate routes, which would then be  
8 transferred to FortisBC. Again, based on the  
9 principle that there's no incremental cost or  
10 detriment to FortisBC customers. And we'd look for  
11 that in the same timeline as I mentioned for a route  
12 that would also -- that would be on the Wiltse  
13 Developments.

14 MR. MACINTOSH: Q: Thank you.

15 That's my re-examination, Mr. Chair, thank  
16 you.

17 THE CHAIRPERSON: Thank you. I think we're at the stage  
18 where this panel can be released, unless there's  
19 something else, Mr. Fulton, that you're aware of?

20 MR. FULTON: Yes, I understand that certain members of  
21 the panel will be coming back for the EMF Panel, so  
22 you would be releasing those who don't need to come  
23 back for the EMF Panel tomorrow.

24 THE CHAIRPERSON: Whoever they may be.

25 MR. MACINTOSH: That's right, the total EMF Panel will  
26 include three people from this current assembly, plus

1 Dr. Bailey, so there'll be four people on EMF tomorrow  
2 in that panel.

3 THE CHAIRPERSON: Well then, those --

4 MR. MACINTOSH: The panel could stand down, and I can  
5 name them if need be.

6 THE CHAIRPERSON: That's fine. Those who aren't  
7 reappearing tomorrow are released and the others,  
8 we'll see you tomorrow.

9 MR. FULTON: Before you release them, Mr. Chairman, Mr.  
10 Cairns has said that he would like to follow up on a  
11 question that Mr. Macintosh asked in re-examination.  
12 This would be unusual and Mr. Cairns would need to  
13 have leave.

14 So you will need to hear him on his request  
15 and then Mr. Macintosh in reply.

16 THE CHAIRPERSON: Mr. Cairns.

17 **Proceeding Time 4:11 p.m. T70**

18 MR. CAIRNS: Just one question would be a follow-up to  
19 the Big White 138 kV transmission line. Mr. Macintosh  
20 raised the issue that he wanted to clarify things, and  
21 I think that some additional information was added,  
22 but leaves incomplete where the rest of that line  
23 might go. And that would be my question to Mr. Sam,  
24 with your leave.

25 THE CHAIRPERSON: Mr. Macintosh?

26 MR. MACINTOSH: Rather than oppose that, Mr. Chair,

1           because you know how we can get as lawyers, we can go  
2           back and forth forever, perhaps Mr. Cairns could put  
3           the question and if, in my respectful submission, if  
4           that is a fair wrap-up, I would remain forever silent,  
5           at least on this, and then -- but if something else  
6           needed to get out because of it, I would ask to add  
7           another question. That's probably faster than if we  
8           quarrel about his rights.

9   THE CHAIRPERSON:    Okay. Is that acceptable?

10  MR. CAIRNS:        I'm afraid he's right about lawyers.

11  THE CHAIRPERSON:    No comment. Please proceed.

12  **CROSS-EXAMINATION BY MR. CAIRNS (Continued):**

13  MR. CAIRNS:        Q:    Mr. Sam, if we follow back -- the point  
14                       where the 138 kV transmission line to Big White goes  
15                       up the hill off Highway 33, if we go back towards  
16                       Kelowna, the 138 basically follows the highway all the  
17                       way back to town, is that right?

18  MR. SAM:         A:    Yes, it traverses back to the Joe Rich  
19                       substation, which is -- I wouldn't say it's in  
20                       Kelowna, but it's close to Kelowna.

21  MR. CAIRNS:        Q:    Right, and it's along the highway.

22  MR. SAM:         A:    Yes.

23  MR. CAIRNS:        Q:    All right, thank you.

24  MR. MACINTOSH:     I have nothing more. Thank you, Mr.  
25                       Chair.

26  THE CHAIRPERSON:    Thank you. Gentlemen, as we discussed

1 earlier, those of you who aren't re-appearing are free  
2 to go. We'll look forward to seeing the rest of you  
3 tomorrow.

4 (PANEL ASIDE)

5 THE CHAIRPERSON: Mr. Fulton, are we at the SOFAR panel  
6 next, I believe?

7 MR. FULTON: Actually, it will be the Wiltse panel.

8 THE CHAIRPERSON: The Wiltse panel?

9 MR. FULTON: Yes.

10 THE CHAIRPERSON: Fair enough. Mr. Cairns -- ?

11 MR. FULTON: And so --

12 THE CHAIRPERSON: Do we need a five-minute break just to  
13 stand these folks down, and --

14 MR. FULTON: That would be -- yes, that would be helpful,  
15 Mr. Chairman, and it also will give me the opportunity  
16 to find out who wants to cross-examine the Wiltse  
17 panel, and --

18 THE CHAIRPERSON: That would be useful. We're getting  
19 where -- 4:15-ish, and if we have a chance of getting  
20 a little bit further today, we might think about  
21 pushing the closing time back a little while. So I'll  
22 give you -- what do we need, five minutes?

23 MR. FULTON: Yes, thank you, Mr. Chairman.

24 THE CHAIRPERSON: Thank you.

25 **(PROCEEDINGS ADJOURNED AT 4:13 P.M.)**

26 **(PROCEEDINGS RESUMED AT 4:20 P.M.)**

**T71**

1 THE CHAIRPERSON: Thank you.

2 Mr. Cairns?

3 MR. CAIRNS: Mr. Chairman, panel members, we have the  
4 Wiltse panel, Mr. Ed Grifone and Mr. Ted Wiltse.

5 **WILTSE PANEL:**

6 **ED GRIFONE, Affirmed:**

7 **TED WILTSE, Affirmed:**

8 **EXAMINATION IN CHIEF BY MR. CAIRNS:**

9 MR. CAIRNS: Q: Mr. Wiltse, can you tell the Commission  
10 what city you live in, what your occupation is, and  
11 your relationship to the registered intervenor Wiltse  
12 Holdings Ltd.?

13 MR. WILTSE: A: I live in the city of Penticton. My  
14 relationship is that I have an interest in Freddy  
15 Wiltse Holdings, which owns a 22 and a half percent  
16 interest in Wiltse Holdings.

17 What was the other question you asked, sir?

18 MR. CAIRNS: Q: Your occupation.

19 MR. WILTSE: A: Chartered accountant.

20 MR. CAIRNS: Q: Do you have with you Exhibit C1-12,  
21 which contains Mr. Grifone's written testimony?

22 MR. WILTSE: A: I do.

23 MR. CAIRNS: Q: And you authorized Mr. Grifone to  
24 prepare that testimony on behalf of Wiltse Holdings,  
25 Ltd., is that correct?

26 MR. WILTSE: A: I do.

1 MR. CAIRNS: Q: And you're here today to represent your  
2 company and answer questions, correct?

3 MR. WILTSE: A: Correct.

4 MR. CAIRNS: Q: Mr. Grifone, can you tell the  
5 Commission where you live, your occupation and your  
6 company's relationship to Wiltse Holdings?

7 MR. GRIFONE: A: I live in Kelowna, British Columbia.  
8 I'm a senior planner and principal with CTQ  
9 Consultants, Ltd. CTQ is a firm of professional  
10 engineers, planners and urban designers. And we're  
11 retained by Wiltse Holdings out of Penticton to  
12 conduct the area structure plan for their 600 acres.

13 MR. CAIRNS: Q: And do you have Exhibit C1-12, which in  
14 its last few pages, at least, contains your written  
15 testimony?

16 MR. GRIFONE: A: I do.

17 MR. CAIRNS: Q: And can you confirm that that is your  
18 direct testimony filed in this proceeding?

19 MR. GRIFONE: A: Yes.

20 MR. CAIRNS: Q: Do you have any changes you'd like to  
21 make to that testimony?

22 MR. GRIFONE: A: No.

23 MR. CAIRNS: Mr. Chairman, we do have -- oh, right. Mr.  
24 Fulton's looking after me today.

25 MR. CAIRNS: Q: Mr. Grifone, do you adopt the evidence  
26 that you've filed as your evidence in this proceeding?

1 MR. GRIFONE: A: Yes, I do.

2 MR. CAIRNS: Thank you, Mr. Fulton.

3 Mr. Chairman, we have a number of witness  
4 aids. They're exhibits that have already been filed,  
5 but they're -- I'm never quite certain whether large  
6 enough and legible enough copies come through, but  
7 I've arranged with Mr. Bemister to have these numbered  
8 already, and I can hand them in at this time.

9 All right. C1-16 is a diagram of the  
10 Wiltse Holdings properties.

11 **(DIAGRAM OF THE WILTSE HOLDINGS PROPERTIES, MARKED**  
12 **EXHIBIT C1-16)**

13 MR. CAIRNS: C1-17 is a City of Penticton map with area  
14 build-out estimates.

15 **(CITY OF PENTICTON MAP WITH AREA BUILD-OUT ESTIMATES,**  
16 **MARKED EXHIBIT C1-17)**

17 MR. CAIRNS: C1-18 is the Wiltse Holdings property. It's  
18 a diagram of the Wiltse Holdings properties, with  
19 development pods noted on them.

20 **(DIAGRAM OF WILTSE HOLDINGS PROPERTIES, WITH NOTED**  
21 **DEVELOPMENT PODS, MARKED EXHIBIT C1-18)**

22 MR. CAIRNS: C1-19 is Schedule B to the Penticton  
23 Official Community Plan in response to BCUC IR 3.2.

24 **(SCHEDULE B TO THE PENTICTON OFFICIAL COMMUNITY PLAN,**  
25 **MARKED EXHIBIT C1-19)**

26 MR. CAIRNS: C1-20 is the diagram of the Wiltse Holdings

1 property with an alternate transmission corridor that  
2 is entirely within Wiltse Holdings properties, and  
3 that was in response to BCUC IR number 1.2.

4 **(DIAGRAM OF WILTSE HOLDINGS PROPERTY WITH ALTERNATE**  
5 **TRANSMISSION CORRIDOR, MARKED EXHIBIT C1-20)**

6 MR. CAIRNS: And finally, Mr. Chairman, C1-21, which is  
7 an ortho photo of the Wiltse Holdings properties once  
8 again with the existing transmission line shown on it.

9 **(DIAGRAM OF WILTSE HOLDINGS PROPERTY WITH EXISTING**  
10 **TRANSMISSION LINE, MARKED EXHIBIT C1-21)**

11 **Proceeding Time 4:25 p.m. T72**

12 MR. CAIRNS: Mr. Grifone will now provide his opening  
13 statement, and then the panel will be ready for  
14 questions.

15 THE CHAIRPERSON: Thank you, Mr. Cairns. And sir, just  
16 before you go ahead, I neglected to mention when we  
17 reconvened that what we intend to do today is to go  
18 through this process until 5:00, or I believe Ms. Kahn  
19 is the first one up following the opening statement,  
20 so we'll go till she's finished or 5:00, whichever  
21 comes first. And then we'll proceed from there.

22 THE CHAIRPERSON: All right, go on, Mr. Grifone.

23 MR. GRIFONE: A: Thank you, Mr. Chairman.

24 I am representing Wiltse Holdings, and of  
25 course indirectly the City of Penticton, with regard  
26 to the City's future land use and of course the



1 development potential of the said lands. I have about  
2 15 interrelated comments or statements.

3 Number one is that the comprehensive  
4 development plan and the official community plan of  
5 the City of Penticton position is right now to phase  
6 in the Wiltse Flats as an area for early development,  
7 and that essentially indicates that the City is in a  
8 position to develop new lands or require new land, and  
9 the Wiltse Flats is well positioned to accommodate  
10 development.

11 Number two, residential demand for the City  
12 of Penticton has been forecast through the  
13 comprehensive development plan as recent as 2005, the  
14 last comprehensive development plan that was done for  
15 the City. It projected a need of approximately 9200  
16 residential units over a 20-year timeframe, using  
17 approximately a 2.5 percent average annual growth  
18 rate. The CDP suggested at least 800 units,  
19 incremental units, plus some commercial developments  
20 will be accommodated on the Wiltse Holdings land.  
21 Now, this is a significant portion of the total that's  
22 required, and the majority of the short-term supply for  
23 the entire city. And essentially that means that the  
24 new residential that's going to be required in the  
25 city will largely be accommodated on the Wiltse land  
26 in the very short-term foreseeable future.

1                   The City of Penticton has very recently  
2                   approved an area structure plan for the Wiltse area,  
3                   and that essentially indicates to the public, and to  
4                   the landowners, that the City is prepared to allow  
5                   development to proceed in a very short-term basis so  
6                   that the area structure plan could look at details of  
7                   the land use, serving, access and so forth. That is  
8                   of course going to be subject to City Council approval  
9                   and public review and scrutiny.

10                   We think it's very important for the  
11                   Commission to understand that the City of Penticton,  
12                   all of the background planning work that's being done  
13                   for the City of Penticton in recent years shows that  
14                   the land supply for Penticton is very very finite.  
15                   It's probably one of the only areas in the city --  
16                   sorry, in the valley, that has a finite land supply  
17                   right now, restricting its growth, has restricted its  
18                   growth for quite some time, largely due to steep  
19                   terrain, the agricultural land reserve, First Nations  
20                   surrounding the city, and environmentally sensitive  
21                   land. As such, the city's identified growth areas  
22                   will be developed to their maximum in 25 years. So  
23                   not a very large land supply at all. The city's  
24                   official community plan that was just recently updated  
25                   forecasts even a slower growth rate at 2.1 percent,  
26                   but still not enough land out there.



1 found that even with their strategy for densification  
2 in the inner city with multi-family development and  
3 redevelopment of the Brownfield areas, rural areas and  
4 the surrounding community in the region around the  
5 city are having to accommodate considerable single-  
6 family residential development, meaning that the City  
7 of Penticton just does not have the supply for single  
8 family. Consequently, what's happening is, you're  
9 getting considerable sprawl up and down the valley.  
10 It's going into the outlying areas of the Regional  
11 District of Okanagan Similkameen, and to attest to  
12 that, in the 10 years between 1995 and 2005, over 800  
13 new homes were built outside of the city, meaning that  
14 the City of Penticton itself lost a lot of that  
15 potential and as a matter of fact, 76 percent of the  
16 new homes were single-family. And the feeling is  
17 that, if in fact that trend continues, as the sprawl  
18 continues unchecked, it's -- the sprawl is just going  
19 to get even worse and worse and continue -- and  
20 Penticton will continue to lose out in that ability to  
21 accommodate single-family.

22 So a little bit of background with regard  
23 to where the City of Penticton is going with regard to  
24 their planning.

25 Specifically, with regard to the Wiltse  
26 lands, they have been part of the city's sound

1 development strategy. They are now wanting to open up  
2 those single-family areas. They are very close to  
3 access and servicing, and consequently the opportunity  
4 is now there to start to service the Wiltse lands. As  
5 I mentioned earlier, the area's structure plan is now  
6 underway for the Wiltse area, which will give -- which  
7 will determine the definitive build-out and uses for  
8 that particular area.

9 Preliminary planning for the area suggests  
10 that flatter lands, lands of less than 30 percent  
11 cross-slopes, will be the best to accommodate future  
12 development of residential neighbourhoods. So, the  
13 power line has always been an issue in this particular  
14 area, and both the city and the landowner's hope has  
15 always been to move that transmission right-of-way so  
16 that the flatter lands could be freed up for higher  
17 and better use. And some of the exhibits that Mr.  
18 Cairns referred to and passed around show that much of  
19 the land, much of the land of the 600 acres on the two  
20 blocks both within the city and outside the city, a  
21 lot of the very significant portion of that flat land  
22 is compromised by the transmission -- by the existing  
23 transmission power line going through there -- right-  
24 of-way going through the area.

25 The preliminary slope analysis and  
26 environmental inventory that we have done shows that

1           there are various pods of land throughout the two  
2           parcels, both in the city and outside the city, that  
3           can accommodate anywhere between 350 and over 2,000  
4           units, depending, of course, upon density factors. So  
5           that we know that that area can accommodate a very,  
6           very significant portion of the future demand for the  
7           City of Penticton, if in fact it's allowed to be  
8           developed and if in fact we can move that power line.  
9           And that range is quite significant, because it really  
10          does depend on how fast the development occurs, short-  
11          term and longer-term and at what kind of density.

12                        Our feeling is, in more detailed planning  
13          that we have been doing, it's more than likely based  
14          on present market conditions, that probably the build-  
15          out will be somewhere between 800 and 1,000 units in  
16          that particular area. And again, depending on how far  
17          up that slope we would be allowed to go, or the city  
18          would permit development to go.

19                                                **Proceeding Time 4:34 p.m. T74**

20                        And lastly, Mr. Chairman, critical to these  
21          lands and their development success will be the  
22          implications of proximity between the transmission  
23          line and the development nodes, especially with regard  
24          to the effect on views and compromised aesthetics.  
25          The further removed the line can be, the greater  
26          potential for a successful neighbourhood and ability

1 to meet the city's long-term sustainable planning  
2 goals. And I guess it just goes back to the point  
3 that was discussed earlier today with regard to how  
4 the values of land, new lands or existing homes, are  
5 going to be affected by the proximity of the  
6 transmission lines. I won't get into the numbers, but  
7 you can see from a lot of the exhibits that we have  
8 submitted, and tables we have submitted, that there  
9 are direct impacts right under the line, compromised  
10 areas, as we call them, along that line, and of course  
11 impacted views by that line in new development.

12 So, a considerable amount of new units  
13 could be affected if in fact that transmission line  
14 was to stay in the existing corridor.

15 That concludes my remarks. Thank you.

16 THE CHAIRPERSON: Thank you. Mr. Cairns, anything more  
17 before we get underway?

18 MR. CAIRNS: Nothing further, Mr. Chairman. The panel's  
19 ready to take everyone's questions.

20 THE CHAIRPERSON: Thank you. Ms. Khan?

21 **CROSS-EXAMINATION BY MS. KHAN:**

22 MS. KHAN: Q: I think I might have over-represented the  
23 number of questions I have for this panel to Mr.  
24 Fulton when he asked me earlier. I have just a few.

25 First of all, have you had any discussions  
26 with property owners who will be affected by the Wiltse

1 proposed and preferred routes? Discussions relating  
2 to whether or not they'd be willing to consent to  
3 rights-of-way on their lands?  
4 MR. WILTSE: A: At the present time, I would say no.  
5 MS. KHAN: Q: What about the Crown and First Nations  
6 who have lands -- or Crown lands in that area, or  
7 First Nations who might have claims?  
8 MR. WILTSE: A: Which area are you talking? Are you  
9 talking our property, or are you talking outside the  
10 --  
11 MS. KHAN: Q: Outside of your property. So where  
12 rights-of-way would be required for the route  
13 proposals that you've put forward.  
14 MR. WILTSE: A: No, we haven't. There's -- on the one  
15 route there's a small spike that goes up above our  
16 property and no, we have not had discussions with  
17 First Nations.  
18 MS. KHAN: Q: Okay. Or the Crown?  
19 MR. WILTSE: A: Or the Crown.  
20 MS. KHAN: Q: And on that spike of property, is that  
21 owned by the Crown? Or is it owned by private  
22 property owners?  
23 MR. WILTSE: A: It would be the Crown.  
24 MS. KHAN: Q: The Crown owner. Okay. And do you know  
25 what -- you know, which department has control over  
26 it, or --



1 MR. WILTSE: A: Couldn't tell you, no.

2 MS. KHAN: Q: Okay. But there are -- are there other  
3 private property owners who would -- who might be  
4 affected by the routes that you're proposing?

5 MR. WILTSE: A: It's possible, on the upper route.  
6 It's possible, when it comes back into the -- along  
7 the creek into the city, that there is some private  
8 property that would be affected there. Based on the  
9 proposed route.

10 MS. KHAN: Q: Okay. And you haven't had any  
11 discussions with those owners.

12 MR. WILTSE: A: No direct discussions yet, no.

13 MS. KHAN: Q: So that, I guess this answers the next  
14 question, then. You don't have any letters from any  
15 of those owners that signified that they'd be willing  
16 to consent.

17 MR. WILTSE: A: No, I don't.

18 MS. KHAN: Q: In reference -- this is -- I'm going to  
19 refer to a table that we referred to earlier. I don't  
20 know that you need to turn to it, but it's at -- it's  
21 table -- pardon me. It's in response to B.C.  
22 Utilities Commission IR number 2, it's on page 56 of  
23 that binder, and it's BCUC Table A83.2. And in that  
24 table FortisBC sets out the Wiltse route option  
25 incremental costs for alternative 1A. So they set out  
26 the costs for the proposed and preferred routes for

1 the routes that you're proposing.

2 And earlier today we heard that those are  
3 estimated costs only, and that it is likely that the  
4 costs could rise above the costs set out in that  
5 table. If the costs are higher, then would Wiltse  
6 Holdings Ltd. be prepared to cover any cost over-runs?

7 MR. WILTSE: A: We'll have to see what Fortis comes  
8 down with in the end. I mean, when we had preliminary  
9 discussions, there was a value of seven, eight hundred  
10 thousand. Of that amount, I believe there was  
11 probably \$250,000 was set aside for a full-blown  
12 Commission hearing. I don't believe that was  
13 mentioned in that seven, eight hundred thousand  
14 dollar.

15 You know, it depends where the costs go. I  
16 mean, if the sky is the limit, we will have to look at  
17 it.

18 MS. KHAN: Q: Well, here in this table the costs for  
19 the proposed route are set at 1.55 million dollars and  
20 the costs for the preferred route are set at 3.7  
21 million dollars.

22 MR. WILTSE: A: I agree, this is -- you know, a large  
23 increase from what -- the discussions we had with  
24 Fortis.

25 MS. KHAN: Q: Right. And are you okay with these  
26 costs, as set out here?

1 MR. WILTSE: A: Well, at the present time, no, I'm not.

2 MS. KHAN: Q: No, you're not. Okay. So if the  
3 Commission was to approve this CPCN with the proposed  
4 -- with -- allowing Fortis the opportunity to  
5 negotiate regarding one of these proposed or preferred  
6 routes that you've put forward, you may not be willing  
7 to cover the costs of those routes.

8 MR. WILTSE: A: There is a limit how much we could put  
9 out. I mean, as I said, we had preliminary  
10 discussions. Probably the preliminary discussions  
11 were four or five hundred thousand. But all of a  
12 sudden it's jumped.

13 MS. KHAN: Q: Right. What is your limit?

14 MR. WILTSE: A: I don't have a limit right now. I  
15 can't make that decision. That would have to be made  
16 by the shareholders of the company.

17 MS. KHAN: Q: And when would that decision be made?  
18 Would it be made before the Utilities Commission makes  
19 their decision in this proceeding? Or would it be  
20 after?

21 MR. WILTSE: A: It would have to be made after.

22 MS. KHAN: Q: After.

23 MR. WILTSE: A: When we sit down and start negotiating  
24 with Fortis.

25 MS. KHAN: Q: Do you have a ballpark idea of what the  
26 shareholders might be willing to --

1 MR. WILTSE: A: I don't have. I'm not going to make a  
2 comment there.

3 MS. KHAN: Q: Okay. And so, you're saying that the  
4 numbers here, the 1.5 and the 3.7 million dollars, you  
5 don't know whether the shareholders would be willing  
6 to consent to those amounts.

7 MR. WILTSE: A: It's a terrific amount higher than what  
8 we had discussed with Fortis. I think Fortis made the  
9 comment today that, when we had discussions  
10 approximately a year ago that the value was 700 to  
11 800, which included a full-blown hearing.

12 MS. KHAN: Q: So in other words, it might not be worth  
13 it for Wiltse Holdings to pay for the route to be  
14 moved -- to pay for the lines to be moved off the  
15 property. It might not be cost-effective.

16 MR. WILTSE: A: Yeah. I mean, we're -- we're going to  
17 have to have meetings and understand what all these  
18 costs are. I mean, right now, nobody knows what  
19 Fortis is after with this 3.7 million dollars, so --

20 MS. KHAN: Q: Well, Fortis has said what they're after.  
21 They've set it out in the table, and they've made --  
22 they've said that those costs are generally  
23 reasonable, however they expect that they're -- or  
24 they say that it's possible that there could be over-  
25 runs. But you're saying you're not even sure if  
26 you're willing to pay for these costs.

1 MR. WILTSE: A: That's something we'll have to decide  
2 once we come up with a final figure.

3 MS. KHAN: Q: Okay. And do you know when that meeting  
4 would take place with the shareholders?

5 MR. WILTSE: A: Well, I think it's -- they have a  
6 report here that we have to get together within 45  
7 days of the Commission hearing.

8 MS. KHAN: Q: Okay, thank you. Those are my questions.

9 THE CHAIRPERSON: Thank you. I think probably we should  
10 adjourn, unless there's any closing matters.

11 MR. FULTON: No, I would be able to effectively use the  
12 time in speaking with counsel about the proposal for a  
13 viewing in any event, Mr. Chairman, so --

14 THE CHAIRPERSON: Excellent.

15 MR. FULTON: -- from my perspective, now would be a good  
16 time to recess until tomorrow.

17 THE CHAIRPERSON: Thank you. We had -- sorry, Mr.  
18 Cairns?

19 MR. CAIRNS: No, I was anticipating your call to order.  
20 Sorry.

21 THE CHAIRPERSON: Just one more matter. We had discussed  
22 the possibility of starting at 8:30 tomorrow rather at  
23 9:00. Does that cause any problems for anyone?

24 MR. FULTON: No dissenters, Mr. Chairman.

25 THE CHAIRPERSON: Okay. Then I think we're done, and  
26 we'll adjourn until 8:30 tomorrow morning. Thank you.

1                   And a reminder, of course, that we do have  
2           the community input session starting here at seven  
3           o'clock tonight.

4 MR. FULTON:     Thank you, Mr. Chairman.

5 THE CHAIRPERSON:     Thank you.

6           **(PROCEEDINGS ADJOURNED AT 4:43 P.M.)**

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