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July 17, 2008

Ms. Erica M. Hamilton
Commission Secretary
British Columbia Utilities Commission
Sixth Floor – 900 Howe Street
Vancouver, BC V6Z 2N3

Via email: Commission.secretary@bcuc.com

Re: Project No. 3698488 – FortisBC OTR Project

Dear Ms. Hamilton:

Please find enclosed the Final Argument of SOFAR and Wiltse Holdings Ltd. with respect to this proceeding.

If you have any questions, please don't hesitate to call me.

Yours truly,



32
33
34
35
Kelly A. Cairns

1 **1. INTRODUCTION**

2
3 **Summary of the evidence**¹

4
5 The Alternate Upland Route (“AUR”) is technically viable, faces no showstoppers of any kind
6 whether they be environmental, First Nations, Crown licencing, other tenure holders, or other
7 factors. The Commission’s decision in this proceeding will endure for at least the next 50 years.
8

9 The vast majority of community opinion in the region is that the transmission corridor ought to
10 be moved out of the valley bottom and up to the AUR so as to free up valuable bottom land for
11 higher and better uses, to resolve existing land use conflicts, and to minimize future land use
12 conflicts. Residents have concerns about impacts on their views, their property values, and their
13 health. Furthermore, many in the affected communities are willing to contribute to the
14 incremental costs, if any, of relocating the line.
15

16 Leaving the line on the existing route through the Wiltse properties will, based on the
17 preliminary estimates under the high density scenario that were received in evidence², result in
18 approximately 1,166 (275 direct + 891 compromised) units being blocked from residential and
19 commercial development. Moving the line to another location on the Wiltse properties will not
20 appreciably improve the number of units blocked from development – under the high density
21 scenario approximately 1,096 will be lost (205 directly under the line + 891 compromised) if the
22 line is re-routed but remains on the Wiltse properties. In contrast, moving the line completely off
23 the Wiltse properties will, under the high density scenario, bring 1,166 units back into the land
24 supply. This would be consistent with the City of Penticton’s Official Community Plan.
25

26 The net present value of the revenue requirement for Option 2B (\$61.047 million), the preferred
27 transmission solution of SOFAR and Wiltse, is \$2.3 million *less* than Option 1A (\$63.375
28 million), the Applicant’s preferred transmission solution. Option 2B constructed on the AUR is
29 less costly to ratepayers than Option 1A.
30
31

¹ See footnotes for specific citations in support of each argument.

² Exhibit C-1-12, page 64, CTQ memo dated May 20, 2008, Tables “Existing Alignment” and “Proposed Onsite Realignment”; Exhibit C-1-13, Response to BCUC IR No. 1, A3.3, page 3

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Positions of SOFAR and Wiltse Holdings Ltd. (“Wiltse”)

For all of the evidence cited and reasons set out more fully in the following pages, SOFAR and Wiltse, with the support of the City of Penticton (“Penticton”) and the Regional District of Okanagan Similkameen (“RDOS”) and the residents they represent, submit that the OTR transmission corridor ought to be relocated from its existing location along the valley bottom to the Alternate Upland Route (“AUR”).

CTQ Consultants’ memo³ considers a 20 to 25 year development time horizon. Because moving the OTR corridor from one part of the Wiltse properties to another barely increases the supply of development land that would be made available for Penticton’s expansion plans, Wiltse (once again, with the support of Penticton and RDOS) takes the position that the OTR project ought to be moved to the AUR. See also the discussion of this issue in response to BUCU IR No. 1, Q3 in Exhibit C1-13-1.

SOFAR and Wiltse, although not opposed to the use of a single pole, double circuit configuration on the AUR (Cross Section C in Figure 4-3-1B on page 34 of Section 4 of Exhibit B-1-1), do not see such a configuration as necessary to resolve their concerns. Cross Section D is all that is required to meet their needs assuming the line is placed on the AUR.

If the Commission deems that Cross Section C is required for the AUR, its reasons will likely be related to minimizing the footprint of the transmission line to address environmental, aesthetic, First Nations, Crown permitting, and related concerns. If that is the case, then the incremental cost of Cross Section C on the AUR ought to be borne by ratepayers generally rather than only by those ratepayers between Shuttleworth Creek and RG Anderson station.

SOFAR members feel so strongly about moving the line out of the valley floor that they would pay higher electricity rates to offset the incremental cost of moving the corridor to the AUR.

That leads to the question of whether in fact there are any incremental costs associated with moving the line to the AUR. This question is answered in Section 2 below.

³ Exhibit C-1-12, page 64, CTQ memo dated May 20, 2008,

1 **2. DETAILED ANALYSIS AND DISCUSSION**

2
3 **Opinions of Affected Communities**

4
5 Everyone involved in this Application agrees that the “single greatest issue of concern” is the
6 location of the transmission line from the Vaseux Lake substation to the RG Anderson substation
7 in Penticton.⁴ Everyone also agrees that the Commission’s decision in this Application will
8 endure for at least the next 40 or 50 years.⁵

9
10 A very large percentage of the local population, arguably the vast majority, opposes leaving the
11 transmission corridor on the valley floor and wishes to see the corridor relocated to the Alternate
12 Upland Route. The citizens of Penticton, as represented by their Mayor and Council, oppose the
13 existing route and wish to see the corridor relocated to the Alternate Upland Route. So do the
14 residents of the RDOS, as represented by their Board of Directors. And so do the more than 350
15 individual residents who are members of SOFAR.

16
17 Penticton wants the corridor moved out of the lower reaches of the valley so as to free up much-
18 needed land for higher and better uses such as residential and commercial development. The
19 City says that leaving the corridor in its existing location “...is expected to dramatically
20 compromise the opportunity to create a new community in this location [Wiltse Plateau and
21 Eastern Hillside].” An Order from the Commission that the transmission line be removed from
22 its existing location would be consistent with Penticton’s Comprehensive Development Plan and
23 Official Community Plan.⁶ An Order that the corridor remain where it is today would be
24 inconsistent with those Plans.

25
26 The RDOS also wishes the corridor moved to the Alternate Upland Route⁷. RDOS’s perspective
27 is that the line was installed before regional districts and land use planning existed in this area.
28 People were “prepared to live with that size and shape [of the existing transmission lines]”⁸.
29 Now that the RDOS exists and is responsible for land use planning, the Applicant is now
30 required to accommodate the requirements of the community as set out in official community

⁴ Exhibit B-1-1 page 2; transcript Volume 2, page 110, lines 8 - 21

⁵ Transcript Volume 2, page 110, line 22 to page 111, line 3

⁶ Exhibit C-15-1

⁷ Exhibit C-9-2

⁸ Transcript Volume 2A, page 16, lines 4 - 16

1 plans, bylaws, and the like. The Applicant may obtain one type of permission from the Utilities
2 Commission but it also must obtain other types of permission from local governments.

3
4 The RDOS goes so far as to point out that the Applicant has understated the need to obtain
5 RDOS permission to install towers greater than 10 meters in height⁹. One would think that
6 RDOS could potentially withhold its consent to such a variance and thereby stop the project in its
7 tracks. Instead of leaving things at such an apparent impasse, the RDOS helpfully says that if
8 FortisBC moves to the AUR, it will support FortisBC by ensconcing the transmission line into its
9 official community plan so as to protect the utility from future land use conflicts.¹⁰

10
11 RDOS also points out that FortisBC will have to apply for an environmental development permit
12 for Option 1A because the existing corridor is located in areas identified as environmentally
13 sensitive by RDOS whereas the AUR contains no such designation from RDOS¹¹. Once again
14 the Applicant has understated the challenges and delays that might attend upon Option 1A.

⁹ Transcript Volume 2A, page 18, lines 8 to 21

¹⁰ Transcript Volume 2A, page 21, lines 14 to 21

¹¹ Transcript Volume 2A, page 18, line 22 to page 19, line 19

1 **Analysis of FortisBC’s argument against the AUR**

2
3 **Urgency factor skews the debate**

4
5 The Applicant is concerned that a new transmission line on the AUR will delay, by as much as
6 two years, the in-service date of the OTR project. The Applicant agrees that delay, rather than
7 the actual nature of specific underlying factors, was a major contributor to its aversion to the
8 AUR.¹² And the Applicant agrees with SOFAR and Wiltse when they say that “...the closer
9 these applications are to an overload or emergency situation, the less important other factors
10 become and the more important getting the fastest solution becomes.”¹³

11
12 The point we are trying to make in this section is not that FortisBC delayed its OTR application.
13 Whether it did or did not delay is not relevant. What *is* relevant is that this Application has been
14 made in an environment of urgency. As Mr. Sam put it¹⁴ “First, I wouldn’t agree with your
15 assessment that we delayed our application. In general, [sic] with what you’ve said at the end,
16 that the priority weightings change depending on where you’re at and the environment you’re at
17 when you submit your application. I would agree with that.”

18
19 What we are trying to point out for the benefit of the Commission is that although everyone
20 agrees this is going to be a 50-year decision, in our view this Application has urgency written all
21 over it and the debate has been skewed in favour of those factors that help resolve the urgency to
22 the potential exclusion of factors that, if urgency was taken out of the equation, would cast the
23 choices between the existing route and the AUR in a completely different light.

24
25 When projects are facing an imminent deadline or when they can only be completed in the nick
26 of time to avert a critical overload (whether real or perceived), the urgency factor becomes more
27 and more predominant than it would otherwise have been had the issues and questions facing the
28 project been debated without the pressure of a looming crisis. Worse still, factors that in the
29 absence of urgency may well have been viewed as positive (like resolving all the land use
30 conflicts in the valley bottom by relocating to the AUR where the majority of conflicts would be
31 avoided), end up being portrayed as negative factors because they potentially cause further delay.

¹² Transcript Volume 2, page 111, line 21 to page 113, line 6

¹³ Transcript Volume 2, page 121, line 16 to page 123, line 3

¹⁴ Transcript Volume 2, page 122, line 24 to page 123, line 3

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We are simply urging the Commission to remove urgency as a factor in the decision-making equation (perhaps by ordering FortisBC to take other steps to manage the overload risk) and give proper weight to those factors (such as the wishes of the vast majority of the affected communities) that ought rightly to be considered in a 50-year decision.

Uncertainties and hurdles

FortisBC’s objections¹⁵ to the AUR are that choosing that option:

1. will cause a delay in the in-service date of the OTR because:
 - a. the AUR faces environmental hurdles;
 - b. the AUR faces First Nations hurdles;
 - c. FortisBC has been requested by the Integrated Land Management Bureau to pursue all other options before applying for permits for the AUR; and
 - d. the AUR may conflict with other land users such as forest companies, trappers, guide outfitters, and recreational users;
2. is costlier;
3. will be susceptible to more severe weather; and
4. is not required because a technically viable existing transmission route exists.

As we outline below, the actual evidence on each of these objections, in our respectful opinion, reveals them to be either greatly overstated or completely unsupported.

The Applicant concedes that the Alternate Upland Route is technically viable¹⁶.

The Applicant concedes that there are no environmental show stoppers to the AUR¹⁷. Instead, like the valley bottom route, studies would have to be conducted to ensure environmental impacts were mitigated.

¹⁵ Transcript Volume 2, page 111, line 4 to page 115, line12

¹⁶ Transcript Volume 2, page 111, lines 4 - 19

¹⁷ Transcript Volume 2, page 157, lines 1 - 12

1 The Applicant concedes that the First Nations issues facing the AUR are no different than
2 are faced by any developer of Crown land in BC¹⁸.

3
4 The Applicant raises the spectre of a timber claim by the Penticton Indian Band¹⁹, but
5 provides no specifics of how such a claim would detrimentally affect the OTR project. In
6 fact, the letter filed by the Band²⁰ simply says that, by providing its opinion on where the
7 OTR corridor should be located, the Band does not intend to abrogate or derogate from
8 its timber claim. The letter does not say that the timber claim is an impediment to the use
9 of the AUR. And it stands to reason that these issues are matters of consultation and
10 negotiation rather than showstoppers. It is not credible for the Applicant to say that its
11 project would be stopped until the Province resolved this issue. The logical outcome of
12 that line of reasoning is that all resource development on Crown land in British Columbia
13 would come to a halt until the Province resolved each and every claim.

14
15 The direct evidence, set out in the ILMB's letter to FortisBC,²¹ and conceded by the
16 Applicant²² is that although ILMB has a preference for the existing route, the ILMB has
17 not precluded the use of the AUR and has simply identified three consultations – grazing
18 leaseholders, First Nations, and the Ministry of the Environment – that the Applicant
19 must undertake.

20
21 The Application itself indicates that the difference in net present value between the
22 Applicant's preferred solution (1A which has monopoles) and the least expensive of the
23 AUR options (2B with two sets of wooden poles) is only approximately \$700,000. The
24 difference in the one time equivalent rate impact between Option 1A and 2B is only
25 0.03%.²³ Given all the inherent assumptions and variables involved in a \$141 million
26 project, this may not even be a statistically significant difference.

27

¹⁸ Transcript Volume 2, page 157, line 13 to page 158 line 7

¹⁹ Transcript Volume 2, page 117, lines 10 - 21

²⁰ Exhibit B-1-2, Appendix A, Item 16, page 18 of 29

²¹ Exhibit B-1-2, Appendix A, Item 5, page 6 of 29

²² Transcript Volume 2, page 275, lines 2 - 26

²³ Exhibit B-1-1, Section 4, page 40, Table 4-3-2A, and Transcript Volume 2, page 113, line 7 to page 114, line 24

1 In response to cross examination on this point,²⁴ and in response to a BCUC IR²⁵ it turns
2 out that the net present value of the revenue requirement for Option 2B is estimated to be
3 approximately \$2.3 million less than Option 1A. So the evidentiary record appears to
4 undermine the Applicant's assertion that Option 2B is more costly than Option 1A.

5
6 The Applicant concedes that the Crown, represented by the Integrated Land Management
7 Bureau, does not oppose the AUR but has requested FortisBC to "pursue all other options
8 with regards to the existing right-of-way."²⁶ Furthermore, the Applicant concedes "So to
9 definitively answer your question, the Integrated Land Management Bureau has
10 instructed us that if we wanted to seek an alternate route, we would need to consult with
11 tenure holders and other parties to that upland route. Obviously if we were successful in
12 that, I would agree with your statement that the Crown would likely grant us a permit."²⁷
13 This is hardly the major concern it was portrayed to be in the Application.

14
15 And in stark contrast to all the objections raised, hurdles identified, and delays predicted
16 because the AUR would be a greenfield route, the Applicant, a scant two years ago in
17 2006 successfully proposed, applied for, received approval for, and installed a 23 km
18 greenfield high voltage transmission line known as the Big White Supply Project. The
19 Applicant concedes²⁸ that project successfully overcame the same list of hurdles,
20 uncertainties and challenges (delay, environmental, Crown land tenure, First Nations,
21 water course, forestry and competing tenure holders) that the Applicant now says are
22 overwhelming barriers to the AUR.

23
24 The Applicant concedes that in the case of the Big White Supply project, despite the fact
25 that there was an existing utility corridor the Applicant chose to pursue a greenfield
26 transmission corridor. The Applicant quibbles²⁹ that the Department of Highways did
27 not support the use of that corridor for a portion of its route and that was sufficient
28 opposition in that case to render, in the Applicant's opinion, the existing Big White route
29 non-viable. The intervenors in this Application can only wish that such limited

²⁴ Transcript Volume 2, page 113, lines 14 - 20

²⁵ Exhibit B-3, FortisBC response to BCUC IR #1, Q45.4 and A45.4, page 195, lines 11 – 16, Table 4-3-2A.

²⁶ Transcript Volume 2, page 275, lines 2 - 26

²⁷ Transcript Volume 2, page 128, lines 17 - 24

²⁸ Transcript Volume 2, page 115, line 13 to page 121, line 15

²⁹ Transcript Volume 2, page 269, line 8 to page 271 line 14

1 opposition was all that was required to persuade the Applicant to abandon the pursuit of
2 an existing corridor.

3
4 The Applicant appears to pick and choose the factors it wants to use in any particular
5 application and calls them principles whereas it appears to SOFAR and Wiltse that the
6 Applicant easily rearranges its factors to suit its preferred option. If the Applicant wants
7 to use a greenfield corridor as in the Big White project, it simply claims that there is too
8 strong a regulatory headwind on the existing corridor. If, on the other hand, the
9 Applicant wants to use an existing corridor as in the case of the OTR project, the
10 Applicant quickly reverses its “principles” and says that the greenfield route would face
11 too strong a regulatory headwind. We would certainly agree that all factors should go
12 into the equation, including greenfield v. brownfield, but for the Applicant to say, citing a
13 quotation from a Commission decision in the Naramata substation decision, that a
14 brownfield route must be used as a matter of “principle” strains the limits of credibility.

15
16 What about the objection that the AUR is more costly? As has already been pointed out
17 the AUR is technically viable, faces no showstoppers of any kind whether they be
18 environmental, First Nations, Crown licencing, other tenure holders, etc. The net present
19 value of the revenue requirement for Option 2B (\$61.047 million) is \$2.3 million less
20 than Option 1A, the Applicant’s preferred transmission solution³⁰

21
22 In our respectful view, the vague assertions made by the Applicant about the uncertainties
23 and challenges associated with the AUR do not come anywhere close to outweighing
24 both the overwhelming community support for relocating the transmission corridor out of
25 the valley floor to a place where it will have limited impact for at least the next 50 years
26 and the obvious ease with which, in the face of the same list of uncertainties, FortisBC
27 recently installed a greenfield route for the Big White Supply project.

28
29 Golden Hills Strata Plan K268 did not present any evidence that the AUR, as its representatives
30 asserted³¹, would have “...an irreversible, lasting negative impact on the watershed for this

³⁰ Exhibit B-3, FortisBC response to BCUC IR #1, Q45.4 and A45.4, page 195, lines 11 – 16, Table 4-3-2A.

³¹ Exhibits C-14-1 and C-14-2

1 area.” There was some cross examination on this point³², but the bald assertion quoted above
2 was not proved in evidence, should not be given any weight and is an insufficient evidentiary
3 basis on which to reject the AUR. Golden Hills did not appear at either the oral hearing or the
4 community input session.

5
6 In 1965, this transmission line was in the wilderness but today it finds itself in the middle of a
7 residential and agricultural area. This Application is an excellent opportunity to get this decision
8 right for the majority of people and interests for the next 50 years.

9
10 The lowest cost argument taken to extremes

11
12 We only address this issue in case the Commission concludes that in fact there are some
13 incremental costs that should properly be borne by certain segments of the Applicant’s
14 ratepayers.

15
16 When it comes to the issue of where to locate its facilities (a common issue in its applications)
17 the Applicant often uses the argument, as it does in this case, that it must choose the lower cost
18 location as opposed to locations that the local community might support but that cost more to
19 acquire or install. The reasoning employed and often repeated is that the utility cannot make its
20 West Kootenay customers pay for a higher cost land use decision in Kelowna and vice versa.
21 This is a specious argument that, in order to fully consider this Application, needs to be subjected
22 to logical analysis and criticism.

23
24 The argument assumes, without any evidence to support that assumption, that the ratepayers of
25 both communities will always prefer lower electricity rates over better land use decisions. The
26 implicit assumption is that better land use choices are trumped by lower utility rates.

27
28 When the Applicant argues for a lower cost land use decision in the Okanagan, the existing OTR
29 route for example, it assumes on behalf of West Kootenay ratepayers, without providing them a
30 voice in Okanagan land use decisions, that they always prefer the lower cost land use choice.
31 And vice versa when they make land use choices in the West Kootenay. Put another way, it
32 assumes that all ratepayers would prefer to have their views marred, their development lands

³² Transcript Volume 3, page 538 line 15 to page 545 line 19

1 foreclosed from residential and commercial development, and their farms and parks transected
2 by transmission lines rather than incur a single nickel of extra expense to have the facilities
3 relocated to lands that are least objectionable. Does it really make sense that ratepayers
4 everywhere prefer inappropriate land use decisions in exchange for lower electricity rates?
5

6 The utility divides and conquers its ratepayers on this issue because they are not given an
7 effective opportunity to say to the utility, as SOFAR members are saying in this Application,
8 “We are willing to pay a premium to have the facility relocated to an area that resolves our land
9 use conflicts and where there are far fewer conflicts with other land uses or ratepayers”. It stands
10 to reason that if the Commission asked the ratepayers of the Okanagan and the West Kootenay,
11 at the same time, if they would support increased rates and a general policy whereby extra costs
12 may be incurred in cases where communities wanted facilities located in outlying areas, there
13 would be a very good chance that the Commission would get a positive response from the
14 majority.
15
16

17 Comparing Options 1A and 2B 18

19 The Applicant’s insistence that one should not compare Option 1A with Option 2B, because that
20 would not be an “apples to apples”³³ or “fair” comparison, is illogical. It is illogical because:
21

- 22 a. 2B is a perfectly viable technical and financial third alternative to 1A. The
23 Applicant has provided five alternatives. I can think of no principle that precludes
24 comparing one against another and choosing among them. One would have
25 thought that was the whole idea behind providing alternatives.
26
- 27 b. Furthermore, Option 1B is, in practical terms, a fiction because it is highly
28 unlikely the Applicant would be able to obtain an additional 10 meter right of way
29 along the existing route. Therefore, Option 1A must be compared to either 2A,
30 2B or 3. They are all viable options and there is no reason to stifle the debate by
31 insisting that Intervenors should only be permitted to compare the costs of 1A
32 with those of 2A.

³³ Transcript Volume 2, page 114, lines 6 - 24

1
2 c. Just because the Applicant would likely be forced to buy a Cadillac set of towers
3 to fit onto the existing route doesn't necessarily mean a Cadillac set of poles is
4 required on the AUR.
5

6 When one then compares 1A with 2B, we see that there are no incremental costs associated with
7 selecting the AUR as the corridor because Option 2B has a lower net present value of revenue
8 requirements than the Applicant's preferred Option 1A (see Table 4-3-2A at Exhibit B-3, page
9 195). SOFAR and Wiltse's preferred option is cheaper than installing Cross Section C on the
10 existing corridor.

11
12 Nonetheless, if a contribution to the incremental costs was required to persuade the Commission
13 to order the OTR be placed on the AUR, a special rate for all current and future ratepayers
14 between the point at which the AUR departs from its current location near Shuttleworth Creek
15 and RG Anderson station ought to be considered.

16
17 A more detailed discussion of how the Commission might address the issue of community
18 contributions toward the incremental costs of using the AUR is set out in more detail below.

19
20 Community contributions – by what method?

21
22 If the Commission finds that Option 2B is more costly than 1A, the question arises as to how
23 those who wish to contribute toward the incremental costs can do so. The Applicant expressed
24 reticence, in response to Commission questioning, to establishing a method by which the
25 ratepayers between Shuttleworth Creek and RG Anderson station would shoulder the
26 incremental cost of relocating the OTR to the AUR³⁴. The Applicant says such a method would
27 be administratively complex and that the Applicant would require unanimity before it could
28 proceed. This line of reasoning ignores the fact that BC Hydro and the Applicant do a very
29 similar sort of thing to deal with a variety of non-standard situations that require a customized
30 rate schedule. I urge the Commission to take judicial notice of BC Hydro's Electric Tariff³⁵ in

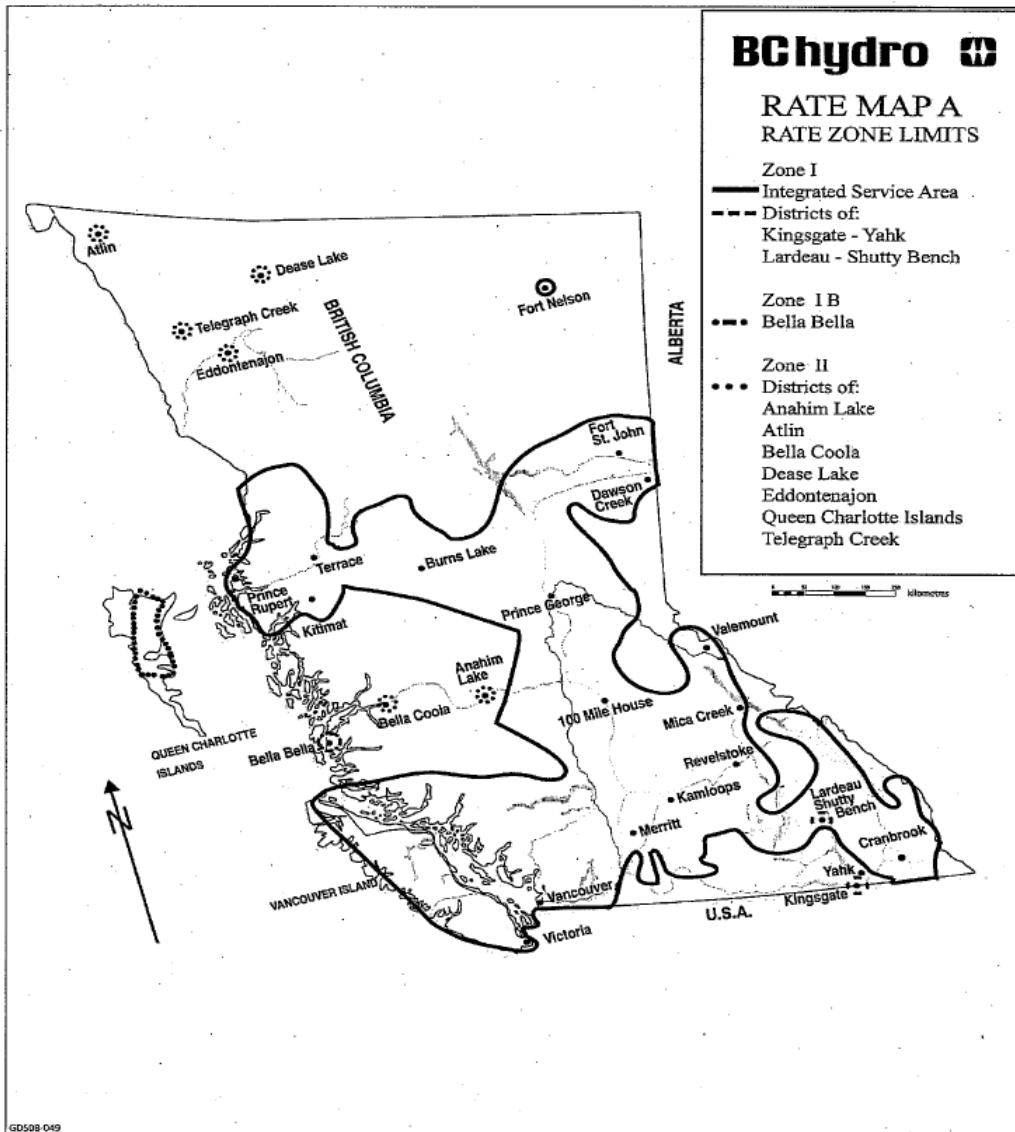
³⁴ Transcript Volume 2, page 259, line 26 to page 262, line 1

³⁵ http://www.bchydro.com/rx_files/policies/policies1459.pdf

- 1 which that utility has several zones and various rate schedules in effect in different parts of the
- 2 province.
- 3

1 For example, BC Hydro has more than one geographic zone as shown in the map below (see
2 citation 35 above).
3

BC Hydro
Terms and Conditions
Effective: 01 April 2008
Original Page 9



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Residential service in Zone II (Schedules 1107 and 1127) are different that residential service in BC Hydro's Integrated Service Area. Rate Schedules 1141, 1142, 1143, 1144 and 1145 apply in special geographic zones. Schedule 1253 deals with IPP station service. Schedule 1289 is a net metering service. Schedule 1401 is for Irrigation. The list goes on but the theme is the same – it

1 is perfectly normal for electric utilities to develop rate schedules to deal with specific situations
2 not covered by the core electric tariff rate schedules. The reasons for these customized rate
3 schedules tend to come and go. The utility responds in due course by applying for modifications
4 to its rate design from time to time. There is no reason FortisBC cannot develop a rate schedule
5 to deal with incremental costs, if any. And there is an upcoming opportunity to resolve the
6 question of who pays for incremental costs (assuming there are any).

7
8 Although the RDOS said by letter³⁶ that "...the Directors are not in favour of reimbursing the
9 costs associated with moving the lines...", funds for which would have to be raised by property
10 taxes, RDOS did not say ratepayers in certain areas of the regional district ought not to shoulder
11 part of the burden. Penticton did not respond to this question³⁷. One wonders if all ratepayers
12 who might be affected by such a cost allocation have had an adequate opportunity to participate
13 in the debate over this question.

14
15 In our respectful view, the fairest and most open method to address the question of who pays for
16 incremental costs would be during a rate design application. Since FortisBC is anticipating filing
17 a Rate Design Application ("RDA") by the late summer or fall of 2008 (the current BCUC
18 Anticipated Utility Filings shows the FortisBC RDA hearing during the first quarter of 2009),
19 this is a perfect opportunity for everyone who may not have had a voice in the OTR application
20 to have a voice in the RDA as to whether they should pay for these incremental costs. This
21 would be a fair and open method of dealing with this question and would perhaps add only the
22 most modest amount of work to FortisBC's proposed RDA.

23
24 SOFAR and Wiltse recommend that the Commission, if it actually comes to the conclusion that
25 there are material incremental costs related to the OTR being placed on the AUR that ought
26 fairly to be borne by ratepayers in a certain geographic area, make an order under this
27 proceeding that FortisBC develop a new rate schedule for the ratepayers between Shuttleworth
28 Creek and RG Anderson station.

36 Exhibit B-1-2, Appendix A, Item 17

37 Transcript Volume 2, page 132, lines 11 - 16

1 Who pays?

2

3 SOFAR and Wiltse have made certain commitments or comments about making contributions to
4 incremental costs if that is necessary, but before that question can be posed, the larger question
5 of whether all ratepayers should pay for the costs of relocating the line needs to be addressed.

6 Out of a total of 100,736 direct and indirect customers, only 1,995 are located in the Vaseux to
7 Penticton corridor³⁸. Less than 2% of the ratepayers in FortisBC's Okanagan service territory
8 will receive a benefit from the OTR. They should not be asked to shoulder the entire incremental
9 cost, if any. And as far as incremental costs are concerned, we don't believe there are any from a
10 net present value perspective. And we believe the Commission understands that net present
11 value is the best way to compare two different revenue or cost streams, so we don't propose to
12 debate that unless the Commission wishes to hear further from us on it.

13

14

15 Environmental studies and costs

16

17 The OTR project is not required by law to have an environmental assessment conducted.
18 FortisBC has undertaken these studies voluntarily.³⁹ The Reviewable Projects Regulation of the
19 Environmental Assessment Act⁴⁰ states that environmental studies are required only for electric
20 transmission lines with voltages equal to or greater than 500 kV and that are proposed to be 40
21 km in length or more. Therefore, the cost of any environmental studies associated with the OTR
22 project, assuming the Commission approves their inclusion in the cost of the OTR project, ought
23 to be shouldered by all ratepayers rather than the intervenors, including Wiltse Holdings Ltd. and
24 SOFAR, who wish the line to be relocated to the AUR. It is only FortisBC policy that has
25 prompted these studies and led to the inclusion of their costs in this Application.

26

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³⁸ Exhibit B-11, SOFAR and Wiltse IR #2, Q18.1 and A18.1, SOFAR IR2 Table A18.1

³⁹ Transcript Volume 2, page 130, line 11 to page 131, line 1

⁴⁰ Environmental Assessment Act, SBC 2002, Chapter 43, Reviewable Projects Regulation (B.C. Reg. 373/2002); http://www.qp.gov.bc.ca/statreg/reg/E/EnvAssess/370_2002.htm

1 BCOAPO

2

3 The BCOAPO appears to be concerned about achieving the upgrade at the lowest cost. Location
4 does not appear to be a concern of the BCOAPO. Option 2B, which now appears to have an
5 NPV of \$2.3 million less than Option 1A, appears more suited to the BCOAPO's position on
6 costs.

7

8 Cross Section C may well be the cost of installing a high voltage 230 kV transmission line in
9 beautiful British Columbia where developable land is in limited supply, competition for that land
10 is high, and aesthetics and health are of major importance to many residents. While aesthetics,
11 health and property values may have had limited importance when the line was installed in 1965
12 they are of high importance today, particularly in this area of the province.

13

14 National Research Council's Dominion Radio Astrophysical Observatory ("DRAO")

15

16 The evidence in this proceeding that addresses the NRC's concern about its DRAO is contained
17 in the NRC's letter to the Commission with a map attached⁴¹. We draw the Commission's
18 attention to this map. There is no other evidence.

19

20 The letter states "We emphasize that the proposed high-level route is not within line of sight of
21 any of our existing telescopes. However, it can be "seen" from other parts of our site..." It goes
22 on to say in the caption to Figure 1 (the map) "The pink areas are in direct line of sight from the
23 telescope site and potential sites shown. The proposed route of the transmission line, shown as a
24 blue line, impinges on the pink area in three places. If the line is moved to a slightly lower
25 altitude it can avoid the pink areas, and terrain shielding will protect DRAO against any potential
26 radio-frequency interference."

27

28 Since the exact location of the AUR has not yet been finalized, we recommend the Commission
29 order the Applicant to adjust the precise location of the AUR to avoid the three light pink areas
30 that might be "seen" from any future potential telescope sites.

31

32

⁴¹ Exhibit C-23-3

1 Photographs and photo representations

2

3 We urge the Commission to view the photographic evidence and reproductions with caution.

4 Each side may make different use of various perspectives (far away, close in), different camera

5 angles (wide or narrow), different reproductive techniques (shrinking or enlarging images),

6 various media (small paper, big paper, or computer screens). It can be difficult to obtain an

7 accurate depiction of reality from these pieces of evidence.

8

9 Having said that, we would also urge the Commission to take note of the fact that Wiltse and the

10 many members of SOFAR are sufficiently upset about the impact that these proposed higher,

11 larger and more numerous lines will have on their views, property values, and land use plans,

12 along with stoking their fears (whether backed by science or not) about health consequences, that

13 they have taken a lot of time out of their regular lives and put a lot of energy and resources into

14 making their views known. There was even some evidence⁴² that properties were being put up

15 for sale because of the OTR project. All of these facts should be sufficiently convincing

16 evidence that these proposed transmission lines will have a material, and long-lasting impact on

17 the views, property values and psyches of many intervenors.

18

19 EMF

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21 Fear of EMF is a major concern of many residents along the corridor. Moving the transmission

22 to the AUR would allay these fears.

23

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⁴² Transcript Volume 3, page 510, lines 1 – 23.

1 **SOFAR and Wiltse backup positions**

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3 The Commission is well aware that SOFAR and Wiltse’s preferred positions are that the OTR
4 should be placed on the AUR. Should the Commission not accede to the SOFAR and Wiltse
5 request to relocate the corridor to the AUR, our clients have the following positions:

6
7 **SOFAR:**

- 8
- 9 1. Cross Section C ought to be used throughout.
 - 10
11 2. The Commission ought to order the Applicant to meet the commitment it made to consult
12 with individual landowners on pole locations and set out by the Applicant at SOFAR IR
13 No. 2 A22.1.
 - 14
15 3. SOFAR members are not willing to contribute funds toward a transmission line that
16 remains on the existing corridor.

17
18 **Wiltse:**

- 19
- 20 1. Cross Section C ought to be used throughout. The cost of using Cross Section C should
21 be borne by ratepayers generally, not Wiltse.
 - 22
23 2. The OTR be relocated from its existing location on the Wiltse lands to another location to
24 the east of the existing corridor, the routing of which is to be agreed upon between Wiltse
25 and the Applicant. The new routing would enter and leave the Wiltse properties at the
26 points where the existing line enters and leaves the Wiltse properties.
 - 27
28 3. Wiltse must remain in control of whether to accept the Applicant’s cost estimates and
29 agree to have FortisBC move the line or whether to leave the line on the existing right of
30 way if the incremental costs are deemed too high. Wiltse cannot agree to permit
31 FortisBC to move the line and accept the incremental costs, whatever they might be. The
32 cost estimates provided to Wiltse by the Applicant have already increased at an alarming
33 rate. Wiltse would support a Commission order that:
- 34

- 1 a. Confirms Wiltse retains the right to negotiate a re-alignment proposal with the
2 Applicant that is acceptable to Wiltse;
3
4 b. If the parties cannot agree on the cost elements that are truly incremental, the
5 parties may refer the matter to the Commission to render a final and binding
6 decision on the elements that would be included in a final cost estimate;
7
8 c. the Applicant provide proof to Wiltse of the actual incremental costs incurred in
9 relocating the line and provide Wiltse an opportunity to have those incremental
10 costs audited; and
11
12 d. the parties may refer any dispute about the incremental costs to the Commission
13 to be finally adjudicated by the Commission.
14
15

16 3. SUMMARY

17

18 In summary, the City of Penticton, the Regional District of Okanagan Similkameen, and the vast
19 majority of the people who live near the valley bottom between Shuttleworth Creek and RG
20 Anderson Station, including SOFAR and Wiltse all want the line moved. The only hearing
21 participants standing in the way of what the community clearly wants are FortisBC and a couple
22 of registered intervenors who neither showed up to the hearing nor provided any evidence to
23 substantiate their concerns about the AUR.
24

25 Fortis understates the challenges of the existing corridor and overstates the vague challenges that
26 might be faced by the AUR. Many of the reasons used by the Applicant to oppose Option 2B
27 were recently and easily overcome by the Applicant in the Big White Supply project.
28
29
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1 Since the net present value of the revenue requirements of Option 2B is \$2.3 million less than
2 Option 1A, the residents and intervenors should not have to shoulder any burden for the
3 incremental costs of relocating the line. The whole cost of the project should be borne by
4 ratepayers generally. If monopolies are ordered to be used, that is for general reasons not for
5 relocation reasons.

6
7 Perhaps Judy Brock best captured the sentiments of SOFAR, Wiltse and others when she said⁴³
8 “I don’t have a sense of a compelling reason why we *wouldn’t* choose that alternate route.”

9
10
11 ALL OF WHICH IS RESPECTFULLY SUBMITTED,
12 THIS 17TH DAY OF JULY, 2007:

13
14 THOMAS BUTLER LLP



15
16 Per: _____
17 Kelly A. Cairns

⁴³ Transcript Volume 3, page 578, lines 6 - 10