

SIXTH FLOOR, 900 HOWE STREET, BOX 250  
VANCOUVER, BC V6Z 2N3 CANADA  
web site: <http://www.bcuc.com>



**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER** G-99-10

TELEPHONE: (604) 660-4700  
BC TOLL FREE: 1-800-663-1385  
FACSIMILE: (604) 660-1102

IN THE MATTER OF  
the *Utilities Commission Act*, R.S.B.C. 1996, Chapter 473

and

An Application by British Columbia Hydro and Power Authority  
for Review of its F2011 Revenue Requirement Application

**BEFORE:** D.A. Cote, Commissioner/Panel Chair  
M.R. Harle, Commissioner  
L.A. O'Hara, Commissioner

June 7, 2010

**O R D E R**

**WHEREAS:**

- A. British Columbia Hydro and Power Authority (BC Hydro) filed on March 3, 2010 with the British Columbia Utilities Commission (Commission), pursuant to sections 44.2 and 58 to 61 of the *Utilities Commission Act* (the Act), its F2011 Revenue Requirements Application (the F11 RRA, or Application) for, among other things, final approval of an across-the-board rate increase of 6.11 percent, effective April 1, 2010, and final approval to increase the Deferral Account Rate Rider from 1.0 percent to 4.0 percent, effective April 1, 2010. For the residential inclining block (RIB) rates schedules 1101 and 1121, BC Hydro is proposing to apply the 6.11 percent increase equally to the Basic charge and Step 1 and Step 2 energy charges; and
- B. The Application also seeks refundable interim relief pursuant to sections 58 to 61, 89 and 90 of the Act, and section 15 of the *Administrative Tribunals Act*, to allow BC Hydro to increase its rates by 6.11 percent on an across-the-board basis, and to increase its Deferral Account Rate Rider from 1.0 percent to 4.0 percent, both effective April 1, 2010, pending the hearing into the F2011 RRA and orders subsequent to that hearing, on the basis that on April 1, 2010 BC Hydro's current rates would otherwise no longer be fair, just and not unduly discriminatory; and
- C. On March 15, 2010, Commission Order G-47-10 established an Initial Regulatory Timetable. The Initial Regulatory Timetable included a Workshop on April 7, 2010, Commission and Intervener Information Requests, Responses by BC Hydro and a Procedural Conference on May 25, 2010. The Order also approved BC Hydro's request for interim rates subject to refund with interest at BC Hydro's weighted average cost of debt for its most recent fiscal year; and
- D. In accordance with Commission Order G-47-10, a Workshop was held on April 7, 2010; and
- E. On May 3, 2010, BC Hydro requested that the deadline for responding to Information Request No. 1 (IR No. 1) be amended from Thursday, May 13, 2010 to Thursday, May 20, 2010. BC Hydro also requested that the Procedural Conference established by Commission Order G-47-10 be rescheduled; and
- F. In a letter dated May 4, 2010, the Joint Industry Electricity Steering Committee (JIESC) supported BC Hydro's request to amend the deadline for responding to IR No. 1. The JIESC also requested that the date for the Procedural Conference be changed to Friday, May 28, 2010. On May 5, 2010, the Line Contractors Association of BC (LCA) filed a letter with the

**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER** G-99-10

2

Commission supporting the BC Hydro's request to amend the deadline for responding IR No. 1 to May 20, 2010, provided that the filing date of Participant Assistance/Cost Award Budget (PACA) for the LCA was amended from May 11, 2010 to May 27, 2010; and

- G. Commission Letter L-40-10 granted BC Hydro's request to file its response to IR No. 1 on May 20, 2010, amended the filing date of the LCA's PACA Budget to May 27, 2010, rescheduled the Procedural Conference to Friday, May 28, 2010 and amended the Regulatory Timetable; and
- H. The Procedural Conference took place on May 28, 2010; and
- I. The Commission has considered the Submissions received at the Procedural Conference and concludes that a Regulatory Timetable providing for a second Procedural Conference, following the responses to the second set of Information Requests, is required as set forth in Appendix A attached to this Order.

**NOW THEREFORE** as set out in the Reasons for Decision attached as Appendix B to this Order, the Commission orders as follows:

1. An amended Regulatory Timetable providing for a second Procedural Conference following the BC Hydro Evidentiary Update and responses to a second set of Information Requests is required as set forth in Appendix A attached to this Order. Included therein is a Default Schedule with potential dates for further process, which could be applied following submissions at the second Procedural Conference.
2. A second Procedural Conference regarding the regulatory review process will be held on Friday, August 20, 2010 commencing at 9:00 a.m. in the Commission Hearing Room on the Twelfth Floor, 1125 Howe Street, Vancouver, BC.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 8 day of June 2010.

BY ORDER

*Original signed by:*

Dennis A. Cote  
Commissioner/Panel Chair

Attachments

### AMENDED REGULATORY TIMETABLE

ACTION	DATE (2010)
BC Hydro Evidentiary Update on F2011 RRA	Friday, July 9
Intervener Information Request No. 2	Monday, July 19
Commission Information Request No. 2	Wednesday, July 21
BC Hydro Responses to Information Request No. 2	Monday, August 16
Second Procedural Conference	Friday, August 20
<b>DEFAULT SCHEDULE</b>	
Commission and Intervener Information Request No. 3	Wednesday, August 25
BC Hydro Responses to Information Request No. 3	Wednesday, September 15
<b>Proposed: If a Negotiated Settlement Process</b>	<b>Proposed Dates</b>
Negotiated Settlement Process	Wednesday, September 22
<b>Proposed: If NSP Fails</b>	<b>Proposed Dates</b>
Intervener Evidence	Friday, October 1
Commission and BC Hydro Information Request No. 1 on F2011 RRA Intervener Evidence	Friday, October 8
Intervener Response to Information Request No. 1 on F11 RRA Intervener Evidence	Friday, October 22
Oral Hearing and Deadline for BC Hydro Rebuttal Evidence	Monday, November 1

### SECOND PROCEDURAL CONFERENCE

<b>DATE:</b>	Friday, August 20, 2010
<b>TIME:</b>	9:00 a.m.
<b>LOCATION:</b>	Commission Hearing Room Twelfth Floor, 1125 Howe Street Vancouver, BC



**IN THE MATTER OF**

**BRITISH COLUMBIA HYDRO AND POWER AUTHORITY  
F2011 REVENUE REQUIREMENTS APPLICATION**

**REASONS FOR DECISION  
PROCEDURAL CONFERENCE - AMENDED REGULATORY TIMETABLE**

**June 7, 2010**

**BEFORE:**

D.A. Cote, Panel Chair/Commissioner  
L.A. O'Hara, Commissioner  
M.R. Harle, Commissioner

**TABLE OF CONTENTS**

**PAGE NO.**

<b>1.0</b>	<b>BACKGROUND .....</b>	<b>3</b>
<b>2.0</b>	<b>OPTIONS FOR REVIEW OF THE APPLICATION AND REGULATORY TIMETABLE .....</b>	<b>3</b>
<b>3.0</b>	<b>COMMISSION DETERMINATION .....</b>	<b>4</b>

## **1.0 BACKGROUND**

On March 3, 2010, the British Columbia Hydro and Power Authority (BC Hydro) filed its F2011 Revenue Requirements Application (RRA) under sections 44.2 and 58 to 61 of the *Utilities Commission Act* (the Act).

On March 15, 2010, the British Columbia Utilities Commission (Commission) issued Order G-47-10 which established, among other things, a Procedural Conference to take place on May 25, 2010 and an Initial Regulatory Timetable for the Application.

By Commission Letter No. L-40-10 dated May 7, 2010, the Commission Panel, among other things, rescheduled the Procedural Conference to May 28, 2010 and established an Amended Regulatory Timetable. The Procedural Conference was held in Vancouver on that date.

The Parties were requested to make submissions on the following issues:

- the options for review of the Application; and
- the regulatory timetable.

In addition, BC Hydro was asked to include in its submissions its views on the impact of Bill 17 (the Clean Energy Act) on the proceedings based on the assumption the Bill is passed in its present form. In addition to the Applicant, the following Interveners entered appearances and made oral submissions at the Procedural Conference:

- British Columbia Transmission Corporation (BCTC)
- FortisBC Inc.
- Joint Industry Electricity Steering Committee (JIESC),
- Independent Power Producers Association of British Columbia (IPPBC),
- Commercial Energy Consumers Association of BC (CEC),
- British Columbia Old Age Pensioners' Organization *et al.* (BCOAPO),
- B.C. Sustainable Energy Association and Sierra Club of British Columbia Chapter (BCSEA),
- Canadian Office and Professional Employees Union Local 378 (COPE),
- Line Contractors Association, and
- VW Ruskin and Associates (Mr. Ruskin).

## **2.0 OPTIONS FOR REVIEW OF THE APPLICATION AND REGULATORY TIMETABLE**

BC Hydro submits that the impacts of Bill 17 on the current Revenue Requirements Application are such that an Evidentiary Update will be required. In keeping with this, BC Hydro developed and distributed a proposal (Exhibit B-7) for a hearing process which would allow for a "hiatus" in the proceedings until July 9, 2010, when the Evidentiary Update will be filed. Thereafter, the proposal is broken into two parts. The first part covers the period to August 20, 2010 when a second Procedural Conference will be held to address further process issues. This Conference will be preceded by a second round of Information Requests (IRs) and responses.

The second part of the proposal deals with what BC Hydro describes as a Default Schedule, which is provisional in nature (T1: 43-44) and subject to submissions at the Procedural Conference on August 20. The schedule would involve a Negotiated Settlement Process (NSP) on September 22, 2010 that would be preceded by a third round of IRs if required. If the NSP were to fail, the balance of the schedule contemplates an Oral Hearing on November 1, 2010 and related processes leading up to it. BC Hydro further noted verbally that if there were no third round of IRs, the Default Schedule could be moved forward by about 3 weeks (T1: 48-49).

Based on the submissions of BC Hydro, the Commission Panel is of the view that the principal matter to be determined is whether the schedule up to and including the August 20, 2010 Procedural Conference is appropriate as a means of moving this process forward. We do not see BC Hydro's Default Schedule as a matter requiring determination at this time. The Commission believes this to be provisional in nature and any determination on this matter will be made following the proposed Procedural Conference scheduled for August 20, 2010.

With respect to the timetable and the process there was general agreement by almost all of the Interveners with the proposal put forward by BC Hydro in Exhibit B-7. Mr. Ruskin was the lone dissenter and expressed the view that he was in favour of an open process and against a negotiated settlement process. None of the Interveners expressed concern with the first four steps of the process and timetable, which would take the proceedings through to the Procedural Conference on August 20, 2010. Further, none of the Interveners raised concern with respect to setting aside dates for potential processes as outlined in steps 5 through 11 of BC Hydro's process proposal.

BCUC staff raised a concern with respect to the timing of IR #2 requesting that the date be moved from July 19 to July 23, 2010. It is BCUC staff's position that this extra time is necessary for the broader public interest to be served in ensuring the record is as complete as possible in moving forward (T1: 108). BCOAPO, COPE, the CEC and FortisBC indicated they had no issue with the extension requested by BCUC staff (T1: 110-112). No other Intervener commented. Further, none of the Interveners requested additional time to prepare IRs.

BC Hydro stated it was not supportive of BCUC staff's request to move the date of IR #2 from the July 19 to July 23 unless everything moved. BC Hydro further noted that such a change in dates was not desirable (T1: 114).

A number of Interveners made submissions underlining the importance of BC Hydro's Evidentiary Update in making the proposed process successful. IPPBC notes that the timetable will be affected by responses to additional IRs and "the extent, scope and impact of the evidentiary update" (T1: 58). BCOAPO submits that from its perspective, the success of what has been proposed with respect to process and schedules will depend upon the information provided by BC Hydro in the update as well as responses to the next round of IRs which follows (T1: 73). BCOAPO further outlined its concern that the passing of Bill 17 could result in the consolidation of BCTC and BC Hydro in a manner which reduces the capability of Interveners to determine whether an effective job is being done to mitigate the rate impact of these changes (T1: 72). Accordingly, BCOAPO emphasized the importance of a comprehensive baseline record (T1: 64).

### **3.0 COMMISSION DETERMINATION**

The Commission Panel is mindful of the consensus of the parties with respect to items 1-4 of the process proposal submitted by BC Hydro in Exhibit B-7 and accepts the need for a hiatus until July 9, 2010 to allow BC Hydro to prepare a sufficiently robust Evidentiary Update. The Commission Panel also agrees that the timing of a further Procedural Conference on August 20, 2010 will provide the parties sufficient time to assess the information in the Evidentiary Update and conduct a further round of IRs prior to this date. However, we acknowledge the concerns raised by BCUC staff

regarding the movement of the July 19 timing of the second round of IRs to July 23 and subsequent concerns raised by BC Hydro that it would necessitate an undesirable change in dates for the second Procedural Conference and further proposed activities. The Panel believes the process should be expedited as quickly as possible but understands the role played by BCUC staff in the IR process is an important one.

As only BCUC staff requested an extension in the date for filing its second round of IRs, the Commission Panel is of the view that providing some accommodation to staff, while preserving the schedule for the filing of the second round of IRs by other Interveners should not prejudice the schedule leading up to the second Procedural Conference in any significant way. BC Hydro will still be in a position to begin the development of its responses to the second round of IRs of the Interveners in the interim. However, the Panel is not prepared to grant staff's request in its entirety. **The Commission Panel extends the timing of BCUC staff IRs to July 21, 2010. All other Intervener IRs will be required on July 19 as per the original schedule.**

As to the Default Schedule outlined in steps 5 through 11 of BC Hydro's submission, the purpose of the August 20, 2010 Procedural Conference is to determine an acceptable process and agree on a timetable. **Accordingly, the Commission Panel accepts the Default Schedule as a placeholder only.**

Further to the submissions of IPPBC and BCOAPO, the Commission Panel provides additional comment on the Evidentiary Update being prepared by BC Hydro. Because of the unique circumstances related to this Application with respect to Bill 17 and the potential for the results of this proceeding to set the stage for future RRA hearings, the Commission Panel would like to emphasize the importance of BC Hydro providing as clear, realistic and detailed a picture of the consolidated company as possible in the Evidentiary Update. Failure to do so could risk placing the Default Schedule in jeopardy.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 8<sup>th</sup> day of June 2010.

*Original signed by:*

\_\_\_\_\_  
DENNIS A. COTE  
PANEL CHAIR/COMMISSIONER