

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-4-14

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**

**British Columbia Hydro and Power Authority  
Residential Inclining Block Rate Re-Pricing Application**

**BEFORE:** R.D. Revel, Commissioner January 13, 2014

**O R D E R**

**WHEREAS:**

- A. On November 1, 2013, British Columbia Hydro and Power Authority (BC Hydro) filed its 2013 Residential Inclining Block (RIB) Rate Re-Pricing Application (Application) seeking approval for a pricing principle under which the F2015/F2016 revenue requirement application rate increases would apply uniformly to each of the RIB's three main elements, which are the Basic Charge, Step-1 energy rate and Step-2 energy rate. BC Hydro is not seeking any change to the RIB rate other than the proposed pricing principle;
- B. On November 7, 2013, the British Columbia Utilities Commission (Commission) issued Order G-181-13 ordering that the Application should proceed according to the Preliminary Regulatory Timetable attached as Appendix A to that Order;
- C. Six parties registered as Interveners: the B.C. Sustainable Energy Association and the Sierra Club of British Columbia (BCSEA), Canadian Office and Professional Employees Union Local 378 (COPE 378), the British Columbia Pensioners' and Seniors' Organization (BCPSO), FortisBC Utilities (FBCU), BC Ministry of Energy and Mines (MEM), and the Commercial Energy Consumers Association of British Columbia (CEC);
- D. Commission and Interveners' Information Requests (IRs) No. 1 were issued to BC Hydro on November 20, 2013, in accordance to the Preliminary Regulatory Timetable;
- E. By letter dated November 27, 2013, BC Hydro requested an extension to the December 12, 2013 filing date for the responses to IR No. 1 as well as amending the Preliminary Regulatory Timetable such that the new schedule is extended by four days from January 6 to January 10, 2014. BC Hydro further indicated that five out of six Registered Interveners indicated no objection to this proposed schedule with one Intervener COPE providing no indication at all;

- F. By Order dated November 28, 2013, the Commission Panel issued Order G-195-13 and established an Amended Regulatory Timetable for BC Hydro responses to IR No. 1, and the Applicant and Intervener submissions regarding review process;
- G. By letter dated December 19, 2013, BC Hydro proposed, among other things, procedural submission regarding the regulatory process going forward. BC Hydro identified three alternatives: (1) proceed directly to the written argument phase which will take place between January 22, 2014 to January 31, 2014; (2) allow a second round of IRs on January 20, 2014, with responses due on February 11, 2014, to be followed by a written argument phase between February 19, 2014 to February 26, 2014; and (3) proceed directly to a Streamline Review Process (SRP) to be held on January 29, 2014, with oral argument to take place on the same day. BC Hydro indicated that it preferred alternative (3) SRP if Interveners believe further information is needed prior to proceeding to argument;
- H. Three Interveners, BCSEA, BCPSO, and CEC, filed submissions with respect to review process. BCSEA views that the evidentiary record is sufficient and favours alternative (1), but would support alternative (3) and would have no objection to another round of IRs. BCPSO indicates that it prefers a written hearing with a second round of IRs after indicating that no form of process for the present Application can meaningfully address the needs of the province's most vulnerable ratepayers. CEC submits that a second round of IRs is recommended as proposed in alternative (2) but in the absence of further written process, it would prefer alternative (3) SRP to alternative (1) a written process;
- I. In Reply filed on January 10, 2014, BC Hydro informed the Commission that it has contacted BCPSO and CEC to understand the issues that they wish to explore. As a result of this understanding, BC Hydro recommends a SRP on January 29, 2014 as an effective and efficient way to proceed;
- J. The Commission Panel has considered the parties' positions and, for Reasons attached to this Order, determines that a SRP is the preferred alternative to review the 2013 RIB Application.

**NOW THEREFORE** the Commission, by this Order and the attached Reasons for Decision (Appendix A), determines as follows:

1. The review of the 2013 RIB Rate Re-pricing Application will proceed by way of a Streamline Review Process (SRP), to take place on January 29, 2013, commencing 9:00 a.m. at the Commission Hearing Room at 1125 Howe Street, Twelfth Floor, Vancouver.

**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER**      G-4-14

3

2. British Columbia Hydro and Power Authority (BCH) will contact Interveners and Commission staff to discuss outstanding issues in order to ensure the appropriate BC Hydro witnesses will be present in the SRP.

**DATED** at the City of Vancouver, in the Province of British Columbia, this      13<sup>th</sup>      day of January, 2014.

BY ORDER

*Original signed by:*

R.D. Revel  
Commissioner

Attachment

**British Columbia Hydro and Power Authority  
Residential Inclining Block Rate Re-Pricing Application**

**REASONS FOR DECISION**

---

**BACKGROUND**

Commission Order G-45-11 issued on March 14, 2011, at the conclusion of the 2011 Residential Inclining Block (RIB) Rate Re-Pricing Application (2011 RIB Application), directed that British Columbia Hydro and Power Authority (BC Hydro) should implement a RIB rate that would increase each of the three components of the RIB rate (Step-1 energy rate, Step 2 energy rate, Basic Charge) as follows:

- (i) The Step-2 energy rate to increase up to the higher of the class average rate change or 10 percent bill impact, subject to the Step-1 energy rate increasing by no less than the annual rate of inflation;
- (ii) The Step 1-energy rate is calculated residually but is increased by no less than the annual rate of inflation;
- (iii) The Basic Charge is increased by the amount of any approved general rate increase.

The method will apply for BC Hydro's Fiscal 2012 to Fiscal 2014 inclusive.

This Commission Panel notes that the evidence for the Long Run Marginal Cost in the 2011 RIB Application was based on the 2009 Call For Tender and was estimated at \$130.20 per MWh on April 1, 2011. This Commission Panel also notes that Order G-45-11 also ordered BC Hydro to file a more comprehensive RIB rate application on or before December 1, 2013.

The proceeding at hand, the 2013 Residential Inclining Block Rate Re-Pricing Application (2013 RIB Application) is requesting, among other things, the approval of a pricing methodology where the F2015/F2016 revenue requirement application rate increases would apply to each of the RIB's three main elements equally, and that the effective period for this proposed methodology or pricing principle would be F2015 and F2016.

By Orders G-181-13 and G-195-13, the Commission determined that the review of this proceeding would include at least one round of Information Requests with the subsequent written process to determine if there is interest in pursuing a Streamlined Review process (SRP), or whether review of the 2013 Application should continue as a written hearing and if so whether a second round of IRs is appropriate prior to the argument phase.

**SUBMISSIONS FROM BC HYDRO AND INTERVENERS ON PROCESS**

BC Hydro's Position

BC Hydro has identified three alternatives for the regulatory process going forward:

- (1) Proceed directly to the written argument phase which will take place between January 22, 2014 to January 31, 2014;
- (2) Allow a second round of IRs on January 20, 2014 with responses due on February 11, 2014, to be followed by a written argument phase between February 19, 2014 to February 26, 2014; and
- (3) Proceed directly to a Streamline Review Process (SRP) to be held on January 29, 2014, with oral argument to take place on the same day.

BC Hydro indicated that it preferred the SRP alternative if Interveners believe further information is needed prior to proceeding to argument, that is, the third alternative.

#### Interveners' Position

Three Interveners, BCSEA, BCPSO and CEC, filed submissions with respect to review process.

BCSEA views that the evidentiary record is sufficient and further IRs are not required. It submits that it favours alternative (1), but would support alternative (3) and would have no objection to another round of IRs.

BCPSO submits that it prefers a written hearing with a second round of IRs after indicating that in its opinion, no form of process for the present Application can meaningfully address the needs of the province's most vulnerable ratepayers. The Commission Panel notes that BCPSO did not indicate whether it was dissatisfied with the responses in the first round of IRs and did not indicate the area which it would focus on in the second round of IRs.

CEC submits that a second round of IRs is recommended as proposed in alternative (2) but in the absence of further written process, it would prefer alternative (3) SRP to Alternative (1) a written process. The Commission Panel also notes that similar to BCPSO's submission, CEC did not indicate whether the responses to IR No. 1 was deficient or require clarification and did not indicate the area which it would focus on in the second round of IRs.

#### Reply

BC Hydro submits to the Commission that it contacted BCPSO and CEC to understand their issues in the second round of IRs. BC Hydro submits that given two of the Interveners' desire to explore Application-related issues, it recommends a SRP on January 29, 2014 as an effective and efficient way to proceed.

#### Commission Panel Determination

The Commission Panel considers that the issues BCPSO and CEC wish to explore in the second round of IRs can and should be accommodated in a SRP. Furthermore, the Commission Panel considers the small number of participants should allow oral argument to take place on the same day.

The review of the 2013 RIB Re-Pricing Application will proceed directly to a SRP on January 29, 2014. BC Hydro is to canvass Interveners on the issues before the SRP takes place.

The link to the SRP Policy, Guidelines and Procedures can be found below:

[http://www.bcuc.com/Documents/Guidelines/2012/DOC\\_30215\\_03-12-Streamlined%20Review%20Process%20Guidelines.pdf](http://www.bcuc.com/Documents/Guidelines/2012/DOC_30215_03-12-Streamlined%20Review%20Process%20Guidelines.pdf)