



LETTER L-45-15

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VIA EMAIL

December 18, 2015

TO: Regulated Utilities

Re: British Columbia Utilities Commission
Annual Report Requirements

Background

On December 15, 1994, the British Columbia Utilities Commission (Commission) issued Letter L-36-94 setting out its public utility annual reporting requirements after undertaking a public consultation process. On April 10, 1995, the Commission issued Letter L-14-95, adding an additional employee compensation reporting requirement.

The annual reporting requirements were designed considering Part III of the *Utilities Commission Act* (the Act), which requires the Commission to “keep itself informed” about the utilities under its jurisdiction. Specifically, section 24 (formerly section 29) of the Act, regarding examination and inquiries, directs that:

In its supervision of public utilities, the commission must make examinations and conduct inquiries necessary to keep itself informed about

- (a) the conduct of public utility business,*
- (b) compliance by public utilities with this Act, regulations or any other law, and*
- (c) any other matter in the commission’s jurisdiction.*

The Commission is empowered to require the Annual Report filing pursuant to section 49 (formerly section 58) of the Act, which states that:

The commission may, by order, require every public utility to do one or more of the following:

- (a) keep the records and accounts of the conduct of the utility’s business that the commission may specify, and for public utilities of the same class, to adopt a uniform system of accounting specified by the commission;*
- (b) provide, at times and in the form and manner the commission specifies, a detailed report of finances and operations, verified as specified;*

Since the Commission’s issuance of L-36-94 and L-14-95, public utilities in British Columbia have reported to the Commission as set out by the letters. However, the Act has been modified on a number of occasions since those original letters were issued, resulting in changes to the numbering and of sections of the Act. The purpose of

this document is to incorporate relevant changes into the existing requirements as set out by L-36-94 and L-14-95.

Filing Requirements Updated for Changes to the Act

Consistent with past instruction, in order to keep itself informed about the utility activities, the Commission instructs the regulated public utilities under its jurisdiction to provide the following information pursuant to sections 24 and 45 of the Act:

- 1) In the years when an Long Term Resource Plan is not filed, the section 45(6) filings of capital budget statements and system plans should be made in the Annual Report to the Commission;
- 2) A detailed comparison between forecast and actual results for all completed or in progress capital projects above the utility's materiality limit. For capital projects with ongoing reporting, the explanation may refer to those reports. For capital projects below the utility's materiality limit, a summary report showing forecast and actual is required;
- 3) Copies of income tax assessment and reassessment notices pertaining to utility business;
- 4) A list of topics covered in the management letters. (The Commission may request copies of any management letters, or portions thereof, which have been prepared by the utility's external auditor in the course of the yearly audit of the utility's financial statements which address topics of concern to the Commission. The onus is on the utility to report any management letter issues to the Commission that would have a major impact on the utility);
- 5) A list of topics covered in the internal audit reports together with a brief description of each topic. (The Commission may request copies of the internal audit reports or executive summaries of the internal audit reports);
- 6) A reconciliation, prepared by the utility and attested to by a company officer, of the utility's year-end financial statements to the shareholders compared to the Annual Report to the Commission. Implicit in this is a requirement to include current year financial schedules indicating actual results for regulatory purposes. Ideally, these amounts will be presented with comparison to approved amounts for the same period and a description of variances in these two amounts. If no approved amounts are available, financial statements for the last financial period should be used;
- 7) A report, prepared by the internal auditor or equivalent and attested to by a company officer, which examines the utility's classification of certain expenditures, as specified by the Commission, according to a Uniform System of Accounting. (The Commission may request a subsequent review by the utility's external auditor); and
- 8) A report, prepared by the internal auditor or equivalent and attested to by a company officer, which confirms the utility's compliance with the Commission's financial directions contained in Decisions and Orders.

The above information should be provided on an annual basis and, where possible, this information should be contained in the Annual Report to the Commission.

In accordance with the utilities' request that a company officer attest to items 6, 7 and 8, the Commission requires that the Declaration must contain the following statement:

"That I have examined the content of this report and the information set out herein is complete and accurate, to the best of my knowledge, information and belief. I have read and understand sections 106 and 109.1 to 109.8 of the Utilities Commission Act."

Filing Deadlines

The Annual Report to the Commission is expected to be filed within four months following the end of the utility's fiscal year. If other significant filings are required, a utility may request an extension to the Annual Report filing deadline of up to six months. If the base year in a revenue requirements application has been updated for actual normalized results in sufficient detail to meet the Annual Report requirements, the utility may request the waiving of an Annual Report for that year.

Also, while this letter serves to update existing annual reporting requirements, please be advised that the Commission is currently assessing these requirements. Where appropriate, the Commission may conduct stakeholder feedback processes to discuss proposed future changes.

Yours truly,

Erica Hamilton

KB/cms