

**ORDER NUMBER
G-32-17**

IN THE MATTER OF
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

British Columbia Hydro and Power Authority
Supply Chain Applications Project Application

BEFORE:

D. A. Cote, Panel Chair/Commissioner
R. I. Mason, Commissioner

on March 15, 2017

ORDER

WHEREAS:

- A. On December 21, 2016, British Columbia Hydro and Power Authority (BC Hydro) filed its Supply Chain Applications Project Application (Application) and statement of capital expenditures with the British Columbia Utilities Commission (Commission) under section 44.2(1)(b) of the *Utilities Commission Act* (UCA) requesting acceptance of a portion of the capital expenditures (Phase One) pursuant to section 44.2(3)(a) of the UCA;
- B. BC Hydro states in the Application that it will seek acceptance of the remainder of the project capital expenditures (Phase Two) at the completion of the Phase One work and that it anticipates Commission approval of Phase Two expenditures by the end of April 2018;
- C. On January 13, 2017, the Commission issued Order G-4-17 and established the preliminary Regulatory Timetable for the review of the Application which included one round of information requests and a procedural conference;
- D. The Procedural Conference was held on March 10, 2017 in Vancouver. The following parties attended the Procedural Conference and made submissions on hearing process options, intervener evidence, the regulatory timetable, the merits of a two-phase approval process and Participant Assistance/Cost Awards (PACA):
 - BC Hydro;
 - Commercial Energy Consumers;
 - British Columbia Old Age Pensioners' Organization *et al.*; and
 - ABB Enterprise Software (ABB);

Mr. R. Landale filed written submissions with the Commission on March 8, 2017; and

- E. The Commission has considered the written and oral submissions made by the parties and has determined that the Regulatory Timetable should be revised.

NOW THEREFORE, for reasons set out in Appendix A of this order, the British Columbia Utilities Commission orders as follows:

1. A written hearing process is established for the review of the British Columbia Hydro and Power Authority (BC Hydro) Supply Chain Applications Project Application. A Regulatory Timetable is set out in Appendix B to this order and includes two scenarios: one in which BC Hydro files rebuttal evidence and one in which BC Hydro does not file rebuttal evidence.
2. A determination on Participant Assistance/Cost Awards (PACA) will be made following the Commission's decision on Phase One of the Application. Intervener costs associated with any second-phase process will be considered through a separate PACA process.

DATED at the City of Vancouver, in the Province of British Columbia, this 15th day of March 2017.

BY ORDER

Original signed by:

D. A. Cote
Commissioner

Attachment

An Application by British Columbia Hydro and Power Authority
Supply Chain Applications Project Application

REASONS FOR DECISION

1.0 BACKGROUND

On December 21, 2016, British Columbia Hydro and Power Authority (BC Hydro) filed its Supply Chain Applications Project Application (Application). On January 13, 2017, the British Columbia Utilities Commission (Commission) issued Order G-4-17 establishing a regulatory timetable leading to a procedural conference scheduled to be held on Friday, March 10, 2017.

By letter of March 3, 2017, the Commission provided the parties with the following list of items upon which participants were invited to make submissions at the procedural conference:

1. Process options for review of the Application, including but not limited to:
 - written hearing;
 - oral hearing; or
 - some combination of processes, as appropriate;
2. Proposed intervenor evidence, if any, and its nature;
3. The regulatory timetable, including further information requests, intervenor evidence etc. BC Hydro's proposed regulatory timetable provided in the Application and attached as Appendix A to the Commission's letter was provided as a common reference for participants to consider prior to making timetable submissions;
4. Merits of a two-phase regulatory process, as opposed to a single approval of the total capital expenditures for the Supply Chain Applications Project; and
5. Other matters that will assist in the efficient review of the Application.

At the March 10, 2017 Procedural Conference, submissions were made by the following parties:

- BC Hydro;
- Commercial Energy Consumers (CEC);
- British Columbia Old Age Pensioners' Organization *et al.* (BCOAPO); and
- ABB Enterprise Software (ABB).

In addition, Mr. R. Landale filed written submissions with the Commission on March 8, 2017.

2.0 MATTERS ARISING AT THE PROCEDURAL CONFERENCE

2.1 Process options for review of the Application and regulatory timetable

BC Hydro, CEC and BCOAPO were all in agreement that a written process was most appropriate for review of the Application. They also agreed that the regulatory timetable proposed by BC Hydro in the Application was appropriate. With regard to process, BC Hydro stated three reasons in support of its position:

1. The Application contemplates an IT project and given its nature, has a narrower scope than a typical infrastructure project thereby reducing the complexity of the proceeding;
2. The topics in scope for the Application are technical in nature and can be addressed in a written format; and
3. The written record already reflects a solid evidentiary foundation as the application filed is comprehensive and detailed.¹

ABB's position is that there is some benefit to having an oral hearing noting that "it's very easy for things to be either too detailed or missing in nature of what the goal represents." ABB contends that there may be some inaccuracies within the information that has been presented by BC Hydro and believes "the benefits may be a bit overstated." ABB contends that a written dialogue would draw things out and having an oral hearing would make it easier to work through the information.²

BC Hydro points out that ABB's characterization of the evidence in terms of inaccuracies is a topic of disagreement but is not necessarily reason to have an oral hearing. BC Hydro contends that a written process provides numerous opportunities for those topics to be explored noting there is likely to be a second round of information requests (IRs) and an opportunity for ABB to present contrary evidence.³

2.2 Intervener evidence

ABB was the only intervener to indicate that it intended to file evidence. ABB was not clear as to what this evidence would consist of.

2.3 Merits of a two-phase regulatory process

BC Hydro and all of the interveners for various reasons favour a two-phase process for review of the Application. BC Hydro summarizes its reasons for breaking the proceeding into two phases as follows:

1. to bring the project to the Commission before spending a significant percentage of project costs.
2. to avoid a lengthy delay between definition and implementation phases of the project.
3. to provide the Commission a chance to review the project at two key stages.⁴

However, BC Hydro, noting that a two-phase process is more costly, does acknowledge that a single approval of the project cost is the normal approach to project approvals and is a viable and reasonable process for this proceeding. BC Hydro also acknowledges it would be "reasonable" to provide conditional approval based on an approved cost range but noted that the "Commission has stated in the past that it can't provide conditional approval on a 44.2 application." Therefore, it would be challenging to draft an order in a way that would avoid a conditional approval. While favouring a two stage process BC Hydro points out there is no need to make a determination on whether to proceed with a two or one-phase process in this Procedural Conference. It would be reasonable to wait until the end of this proceeding before making the choice.⁵

¹ Transcript Volume 1, pp. 6–8, 16 and 17.

² Ibid., pp. 18–19.

³ Ibid., p. 25.

⁴ Ibid., p. 10.

⁵ Ibid., pp. 9, 12, 14–15.

To deal with the conditional approval conundrum concerning potential cost overruns and any arising issues CEC suggests a procedural conference be scheduled after the verification report is filed. At this time any issues related to what has been filed can be put forward.

2.4 Participant Assistant/Cost Awards (PACA)

Both CEC and BCOAPO commented that if the process is to extend to phase two it will make for a lengthy process and have requested that PACA funding be made available following the phase one decision and treat them as two separate proceedings.⁶

BC Hydro is supportive of the submissions concerning PACA funding.⁷

Commission determination

The Panel has considered the positions of the parties and determines that a written hearing is an appropriate process for a review of this Application. The regulatory timetable originally filed by BC Hydro has been adjusted to be inclusive of a second round of IRs, intervenor evidence, rebuttal process options and final submissions, and is attached as Appendix B. In the event BC Hydro chooses not to file rebuttal evidence the dates for final submissions will be moved forward as outlined in the regulatory timetable.

ABB was the only party favouring an oral hearing stating that there may be some inaccuracies within the information presented and that an oral hearing would make it easier to work through the information. The Panel is not persuaded that an oral hearing is needed in this instance. As pointed out by BC Hydro, the written record is comprehensive and detailed and provides a solid evidentiary foundation. None of the participants disagreed with this assertion and the Panel notes that the regulatory timetable is inclusive of a second round of IRs and has provided ABB the opportunity to file evidence to deal with issues related to the veracity of the information BC Hydro has filed. The Panel finds these additional processes will provide a more than adequate opportunity to explore the issues, fill out the evidentiary record and provide a solid basis for the decision. Therefore, for these reasons and in consideration of the additional time requirements and costs related to an oral proceeding, the Panel is not satisfied a case has been made to justify moving away from the proposed written process.

With respect to the merits of a two-phase regulatory process as opposed to a single phase as is usually employed, there was common agreement among the parties that some type of two-phase review is the best option. The Panel agrees that a two-phase process is appropriate. However, the forum that process should take is better determined with the evidentiary record complete. Parties are invited to provide any additional comments on future process as part of their Final Submissions.

The Panel is agreeable to CEC and BCOAPO's request for PACA funding to be made available at the end of this proceeding regardless of whether a second phase is initiated. Given the length of time involved, the Panel finds the request reasonable and CEC and BCOAPO is free to apply for PACA for this phase of the proceeding following the Panel's Decision.

⁶ Ibid., pp. 16–18.

⁷ Ibid., pp. 24.

British Columbia Hydro and Power Authority
Supply Chain Applications Project Application

REGULATORY TIMETABLE

| ACTION | DATE (2017) WITH REBUTTAL EVIDENCE | DATE (2017) WITHOUT REBUTTAL EVIDENCE |
|---|---|--|
| ABB Intervener Evidence | Thursday, April 6 | Thursday, April 6 |
| Commission and Intervener Information Request (IR) No. 2 to BC Hydro | Thursday, April 13 | Thursday, April 13 |
| IRs on ABB Intervener Evidence | Thursday, April 13 | Thursday, April 13 |
| BC Hydro Response to IR No. 2 | Friday, May 12 | Friday, May 12 |
| ABB Response to IRs on ABB Intervener Evidence | Friday, May 12 | Friday, May 12 |
| BC Hydro Notice of Intent to File Rebuttal Evidence | Wednesday, May 17 | Wednesday, May 17 |
| BC Hydro Rebuttal Evidence | Friday, May 19 | |
| IRs on BC Hydro Rebuttal Evidence | Friday, June 2 | |
| BC Hydro Response to Rebuttal Evidence IRs | Friday, June 16 | |
| BC Hydro Final Submission | Friday, June 23 | Friday, May 26 |
| Intervenors Final Submissions | Friday, July 7 | Friday, June 9 |
| BC Hydro Reply Submission | Friday, July 21 | Friday, June 23 |