



**ORDER NUMBER**  
**F-5-17**

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

and

British Columbia Hydro and Power Authority  
2015 Rate Design Application

**BEFORE:**

D. M. Morton, Commissioner/Panel Chair  
D. A. Cote, Commissioner  
K. A. Keilty, Commissioner

on March 17, 2017

**ORDER**

**WHEREAS:**

- A. On September 24, 2015, British Columbia Hydro and Power Authority (BC Hydro) filed with the British Columbia Utilities Commission (Commission), pursuant to sections 58-61 of the *Utilities Commission Act*, the first module of a rate design application (2015 RDA). In the 2015 RDA, BC Hydro sought approvals related to residential, general service and transmission service rates as well as approval to amend the terms and conditions in BC Hydro's Electric Tariff;
- B. The Commission established the following processes for the review of the 2015 RDA:
  - i) A procedural conference to determine the method and timing for further review of the 2015 RDA (Order G-156-15),
  - ii) An expedited review process on the proposed 100 percent Part 1 Pricing for Medium General Service and Large General Service customers (Order G-175-15),
  - iii) A streamlined review process on the freshet rate pilot study (Order G-175-15),
  - iv) A streamlined review process for the joint review of the proposed pricing principles for existing transmission service rates, excluding Rate Schedule 1823 (Order G-175-15),
  - v) A negotiated settlement process for the cost of service study and street lighting rate class segmentation (Order G-12-16),
  - vi) An oral hearing for the remaining issues in the 2015 RDA (Order G-12-16), and
  - vii) A written hearing to review the Residential E-Plus rate design (Order G-61-16);
- C. Thirty-seven requests for intervener status were approved by the Commission, of which 10 were rescinded as the issues the interveners wished to address were out of scope for this proceeding, and 14 fully participated;

D. On January 20, 2017, by Order G-5-17 with decision issued concurrently, the Commission made its final determinations on the 2015 RDA. The following supporting decisions were also issued during the proceeding:

- Order G-16-16 dated February 9, 2016 with reasons for decision approving the amendments to Rate Schedules 1500, 1501, 1510, 1511, 1600, 1601, 1610 and 1611,
- Order G-17-16 dated February 9, 2016 with reasons for decision approving Rate Schedule 1892 Freshet Rate and the two-year freshet rate pilot program,
- Order G-20-16 dated February 19, 2016 with reasons for decision approving Rate Schedules 1852, 1827, 1853, and 1253, and
- Order G-47-16 dated April 11, 2016 approving the March 31, 2016 Negotiated Settlement Agreement for BC Hydro's F2016 cost of service study and rate class segmentation;

E. The following participants filed Participant Assistance/Cost Award (PACA) applications with the Commission with respect to their participation in the proceedings:

Date	Participant	Application
November 14, 2016	British Columbia Sustainable Energy Association and Sierra Club of BC	\$78,464.16
November 16, 2016	Commercial Energy Consumers Association of British Columbia	\$177,275.99
November 21, 2016	E-Plus Homeowners Group	\$6,450.00
November 21, 2016	British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, B.C. Poverty Reduction Coalition, Council of Senior Citizens' Organizations of BC, Disability Alliance BC, Together Against Poverty Society, and The Tenant Resource and Advisory Centre	\$227,656.42
November 21, 2016	Zone II Ratepayers Group (Zone II RPG)	\$84,000.00
November 21, 2016	Clean Energy Association of BC	\$65,961.00
November 21, 2016	Non-Integrated Area Ratepayers Group (NIARG)	\$50,133.30
November 21, 2016	Association of Major Power Customers of British Columbia	\$112,278.00
December 6, 2016	Movement of United Professionals	\$58,363.20

F. By letter dated December 16, 2016, BC Hydro provided its comments on the PACA applications, stating that most applications were substantially consistent with the PACA Guidelines, but noted that Zone II RPG's request was substantially higher than that of the NIARG, while each group represented interests more relevant to Module 2 for the 2015 RDA. BC Hydro also noted that the areas probed by the Zone II RPG were largely related to Module 2 as well as items more specifically dealt with in the F2017-F2019 Revenue Requirements Application; and

- G. The Commission reviewed the PACA applications in accordance with the criteria and rates set out in the PACA Guidelines attached to Commission Order G-72-07 and concludes that cost awards should be approved.

**NOW THEREFORE** pursuant to section 118(1) of the *Utilities Commission Act*, and as outlined in the Reasons attached to this order, the British Columbia Utilities Commission orders as follows:

1. Funding is awarded to the following interveners in the listed amounts for their participation in the British Columbia Hydro and Power Authority 2015 Rate Design proceeding:

Participant	Award
British Columbia Sustainable Energy Association and Sierra Club of BC	\$78,464.16
Commercial Energy Consumers Association of British Columbia	\$138,755.14
E-Plus Homeowners Group	\$6,450.00
British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, B.C. Poverty Reduction Coalition, Council of Senior Citizens' Organizations of BC, Disability Alliance BC, Together Against Poverty Society, and The Tenant Resource and Advisory Centre	\$227,656.42
Zone II Ratepayers Group	\$42,000.00
Clean Energy Association of BC	\$65,961.00
Non-Integrated Area Ratepayers Group	\$50,133.30
Association of Major Power Customers of British Columbia	\$112,278.00
Movement of United Professionals	\$58,363.20

2. British Columbia Hydro and Power Authority is directed to reimburse the above-noted participants for the awarded amounts in a timely manner.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 17<sup>th</sup> day of March 2017.

BY ORDER

*Original signed by:*

D. M. Morton  
Commissioner

Attachment

British Columbia Hydro and Power Authority  
2015 Rate Design Application – Module 1

Applications for Participant Assistance/Cost Awards

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**REASONS FOR DECISION**

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**1.0 INTRODUCTION**

On September 24, 2015, British Columbia Hydro and Power Authority (BC Hydro) filed its first comprehensive Rate Design Application (RDA) since 2007 and only the third such application in BC Hydro's history (Application).

The review process for this Application included an array of different British Columbia Utilities Commission (Commission) processes and, on January 20, 2017 by Order G-5-17 with the decision issued concurrently, the Commission made its final determinations on the 2015 RDA.

Applications for Participant Assistance/Cost Awards (PACA) were received from the following participants and are evaluated in these Reasons for Decision:

- British Columbia Sustainable Energy Association and Sierra Club of BC;
- Commercial Energy Consumers Association of British Columbia;
- E-Plus Homeowners Group;
- British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, B.C. Poverty Reduction Coalition, Council of Senior Citizens' Organizations of BC, Disability Alliance BC, Together Against Poverty Society, and The Tenant Resource and Advisory Centre;
- Zone II Ratepayers Group;
- Clean Energy Association of BC;
- Non-Integrated Area Ratepayers Group;
- Association of Major Power Customers of British Columbia; and
- Movement of United Professionals.

**2.0 PACA GUIDELINES**

The PACA Guidelines applicable to this Application are based on those attached to Commission Order G-72-07. These Guidelines address eligibility requirements and criteria used to assess the amount of an award, the process for applying cost awards and eligible costs and rates.

The Commission Panel must first determine whether a participant has a substantial interest in a substantial issue in the proceedings. Where the Participant has met the "substantial interest in a substantial issue" criteria, the Panel determines the entitlement to an award considering the criteria in Section 1 of the PACA Guidelines which follow:

- (i) Will the Participant be affected by the outcome?

- (ii) Has the Participant contributed to a better understanding of the issues by the Commission?
- (iii) Are the costs incurred by the Participant for the purposes of participating in the proceeding fair and reasonable?
- (iv) Has the Participant joined with other groups with similar interests to reduce costs?
- (v) Has the Participant engaged in any conduct that tended to unnecessarily lengthen the duration of the proceeding? (This criterion will not, by itself, disqualify a Participant for pursuing a relevant position in good faith and with reasonable diligence)
- (vi) Any other matters appropriate in the circumstances.

If the Commission Panel finds it to be appropriate, it may consider the participant's ability to participate in the proceeding without an award. In addition, there are some circumstances where "an individual Participant that does not qualify for an award, pursuant to Participant eligibility criteria as set forth in section 1, may be reimbursed for disbursements to travel to a proceeding that is more than 100 km from the Participant's residence."

A participant intending to apply for a cost award is required to submit a budget estimate as prescribed in the Guidelines. Commission staff responds with a review letter that includes an estimate of proceeding days and preparation days that may be funded as well as identifying any issues with the participant's estimate. Commission staff advice is not binding on either the participant or the Commission Panel and is provided to forewarn participants of potential issues that could affect funding.

Section 4 of the PACA Guidelines states that the term "proceeding day" may include workshop days, negotiation days, pre-hearing conference days, hearing days and oral argument days. In addition to this, specific allowance is made for disbursements such as travel expenses for out of town participants and direct expenses related to the participant's participation in the proceeding but does not include travel time.

### **3.0 PROCEEDING AND PREPARATION DAYS**

Given the description of a proceeding day in accordance with the applicable PACA Guidelines, the Commission Panel has determined the appropriate number of days to be:

Procedural Conference (January 19, 2016)	1.0
Freshet SRP (January 25, 2016)	1.0
Cost of Service Study NSP (March 7-8, 2016)	2.0
Oral Hearing (August 16-18, 23-24, 2016)	5.0
Total Proceeding days	9.0

The PACA Guidelines provide that the Commission will typically award costs for preparation days on a ratio of up to two days per proceeding day. However, following the proceeding, the Commission Panel may adjust this ratio with adequate justification from participants. The PACA Guidelines also state that the number of proceeding days and the ratio used to calculate awards may vary among participants and members of the participant's team.

The Commission Panel considers the Application and its review processes to be a unique circumstance given the complexity of the evidence and the scope of the proceeding. Added to this is the fact that the review of the Application involved a number of complex issues with an array of review processes. **Due to these considerations, the Commission Panel finds it appropriate to vary the typical 2:1 ratio of preparation to proceeding days. Accordingly, the Commission Panel has determined that in this instance, a maximum ratio of 3 preparation days for each proceeding day is more appropriate for those participants that have contributed to the Panel's better understanding of the full range of issues covered in this proceeding.**

Based on this assessment, the maximum number of days allowed for a fully participating intervener is 36 days for this proceeding ( $9.0 + [9.0 \times 3 = 27.0] = 36$ ). This will serve as a basis for the Commission Panel's review of the intervener PACA applications for legal, consultant, and case manager resources.

#### **4.0 SUMMARY OF PACA APPLICATIONS**

Intervener PACA applications are summarized as follows:

<b>Date</b>	<b>Participant</b>	<b>Application</b>
November 14, 2016	British Columbia Sustainable Energy Association and Sierra Club of BC	\$78,464.16
November 16, 2016	Commercial Energy Consumers Association of British Columbia (CEC)	\$177,275.99
November 21, 2016	E-Plus Homeowners Group	\$6,450.00
November 21, 2016	British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, B.C. Poverty Reduction Coalition, Council of Senior Citizens' Organizations of BC, Disability Alliance BC, Together Against Poverty Society, and The Tenant Resource and Advisory Centre	\$227,656.42
November 21, 2016	Zone II Ratepayers Group (Zone II RPG)	\$84,000.00
November 21, 2016	Clean Energy Association of BC	\$65,961.00
November 21, 2016	Non-Integrated Area Ratepayers Group (NIARG)	\$50,133.30
November 21, 2016	Association of Major Power Customers of British Columbia	\$112,278.00
December 6, 2016	Movement of United Professionals	\$58,363.20

BC Hydro was provided the opportunity to comment on these PACA applications. In its response to the Commission dated December 16, 2016, BC Hydro stated that most PACA applications were substantially consistent with the PACA Guidelines, but noted that Zone II RPG's request was substantially higher than that of the NIARG, while each group represented interests more relevant to Module 2 for the 2015 RDA. BC Hydro also noted that the areas probed by the Zone II RPG were largely related to Module 2 as well as items more specifically dealt with in the F2017-F2019 Revenue Requirements Application.

## **5.0 DETERMINATION OF PACA AWARD AMOUNTS**

The Commission has reviewed all of the PACA applications collectively in order to assess each applicant's contribution to the Panel's better understanding of the issues and determinations made in this proceeding. Based on this evaluation and in accordance with the criteria set out in the applicable PACA Guidelines, the Panel approves in full the following applicant's funding requests:

- British Columbia Sustainable Energy Association and Sierra Club of BC;
- E-Plus Homeowners Group;
- British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, B.C. Poverty Reduction Coalition, Council of Senior Citizens' Organizations of BC, Disability Alliance BC, Together Against Poverty Society, and The Tenant Resource and Advisory Centre;
- Clean Energy Association of BC;
- Non-Integrated Area Ratepayers Group; and
- Association of Major Power Customers of British Columbia;
- Movement of United Professionals.

The Panel has made adjustments to the funding requests of CEC and Zone II RPG. The reasons for these adjustments follow.

### **5.1 Commercial Energy Consumers (CEC) Association of British Columbia**

CEC's PACA application was for a total of \$177,275.99, including taxes. The application was based on 41.95 days of legal counsel totalling \$84,580.67 and 70.63 days of consultant totalling \$92,695.32. On February 10, 2016, CEC submitted a budget estimate totalling \$139,212.50. Staff's letter of February 18, 2016, indicated that as long as CEC's intervention and the evidence it plans to submit is within scope and will assist the Panel with a better understanding of the issues it intends to pursue, the CEC may be awarded costs according to the PACA Guidelines.

#### **Commission determination**

The Panel notes that the daily rates claimed for legal and consultant services are in accordance with the applicable PACA Guidelines and considers them to be appropriate given the qualifications of the resources employed. However, the number of days claimed for consultant services exceeds the 36 days determined in Section 3.0 as being representative of the fair and reasonable cost award for interveners that have participated fully in the proceeding. Accordingly, the Panel determines that a reduction to the number of days claimed for consulting services is necessary.

The Panel also notes that CEC provided evidence in this proceeding related to its proposal for BC Hydro to provide a non-firm interruptible rate pilot for Medium General Service and Large General Service customers. Pertaining to this issue, the Commission refers to BC Hydro's submission that CEC's request for the Rate Pilot "is premature and that the Rate Pilot proposal is more appropriately addressed as part of Module 2 of BC Hydro's

2015 RDA.”<sup>1</sup> Subsequently, in Order G-128-16, the Panel directed BC Hydro to commence consultation with CEC and if appropriate to bring the matter forward in BC Hydro’s Module 2 rate design application.<sup>2</sup> Based on CEC’s invoices provided in its PACA application, the Panel notes the consultant invoice<sup>3</sup> of \$19,687.50 (or \$20,671.88 including taxes) plus additional legal fees of \$6,075<sup>4</sup> (\$6,804 including taxes) are related to the CEC’s evidence regarding its proposal for a non-firm interruptible rate pilot. This equates to approximately 15.75 consulting days plus an additional 3.375 legal days related to this issue. **Given CEC’s proposal is to be addressed in Module 2, the Panel determines it is appropriate for CEC to recover 50 percent of these amounts in this proceeding. CEC may resubmit the remaining portion of its fees related to the issue of non-firm interruptible rate pilot in BC Hydro’s Module 2 proceeding.** Final approval of this remaining amount will be dependent on the outcomes and final determinations of the Panel assigned to adjudicate Module 2.

**Given the above adjustments, the Commission Panel determines that the allowed number of legal days be reduced by 50 percent of that portion related to Module 2 and consultant days will be reduced to the 36 days plus 50 percent of that portion related to Module 2. The Panel directs BC Hydro to reimburse the CEC in the amount of \$138,755.14 inclusive of expenses and applicable taxes, as calculated in the table below:**

	# days claimed	Adjustment for Module 2 issues	Further Adjustment	# days Approved	daily rate	Total \$ (incl. Taxes)
Legal	41.95	<1.6875>		40.2625	\$1,800	\$81,169.20
Consultant	70.63	<7.875>	<18.88>	43.875	\$1,250	\$57,585.94
						\$138,755.14

## 5.2 Zone II Ratepayers Group (Zone II RPG)

On November 21, 2016, Zone II RPG submitted its PACA application totalling \$84,000, split evenly between two consultants. The application was based on a total of 48 days of consulting services at a rate of \$1,250 per day for each.

Zone II RPG’s budget estimate, submitted on February 9, 2016, totalled \$84,000 or \$160,000, depending on the utilization ratio of either 2:1 or 3:1 of preparation to hearing days. Based on the issues the Zone II RPG had intended to pursue, Staff’s response letter dated February 18, 2016, considered the budget to be excessive (regardless of the 2:1 or 3:1 ratio) and forewarned that Zone II RPG would be at serious risk of having their funding request denied. Staff also noted that Zone II RPG should attempt to justify its extent for participation in Module 1 and how its participation would inform issues in Module 2.

### Commission determination

The Panel notes that the daily rates claimed for consultant services are in accordance with the applicable PACA Guidelines and considers them to be appropriate given the qualifications of the resources employed. However, the Panel recognizes that both Zone II RPG and NIARG’s interests were more aligned with Module 2 issues. The

<sup>1</sup> Exhibit B-35

<sup>2</sup> 2015 Rate Design Decision, p. 7

<sup>3</sup> Consultant Invoice #BCH2015RDA07

<sup>4</sup> Legal Invoice #187488



Panel also agrees with BC Hydro that some narrow issues pursued by Zone II RPG in this proceeding are more appropriately dealt with in the F2017-F2019 Revenue Requirements Application. This was in spite of the Panel making several attempts during the oral hearing<sup>5</sup> to encourage Zone II RPG to focus on and properly articulate their issues and concerns.

Therefore, the Panel finds that the participation and efforts of the Zone II RPG were not particularly helpful to the Panel's understanding of the issues or determinations made in this proceeding. For these reasons, **the Panel determines that the Zone II RPG cost award shall be reduced by 50 percent. The Commission Panel directs BC Hydro to reimburse the Zone II RPG in the amount of \$42,000, which is inclusive of taxes.**

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<sup>5</sup> Transcript Volume 6, pp 1148-1150; pp. 1153-1156; pp. 1163-1166