



ORDER NUMBER

G-15-18

IN THE MATTER OF

the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

British Columbia Hydro and Power Authority
Waneta 2017 Transaction Application

BEFORE:

D. M. Morton, Commissioner / Panel Chair
R. I. Mason, Commissioner
A.K. Fung, QC, Commissioner

on January 19, 2018

ORDER

WHEREAS:

- A. On October 30, 2017, the British Columbia Hydro and Power Authority made an application requesting the following orders from the British Columbia Utilities Commission (Commission):
1. Pursuant to section 44.2(3) of the *Utilities Commission Act* (UCA), acceptance of the expenditure schedule in regard to the Waneta 2017 Transaction as shown in the filing;
 2. Pursuant to sections 58–61 of the UCA, approval of the Teck Wheeling Agreement and Waneta Interconnection Agreement; and
 3. Pursuant to section 49(a) of the UCA, approval of three adjustments to the Non-Heritage Deferral Account (NHDA) as described in the filing (Application);
- B. The Waneta Dam is a concrete hydroelectric dam located close to the Canada-US border, near the mouth of the Pend d'Oreille River just before it enters the Columbia River, near Trail, BC. The Waneta Dam was originally constructed in 1954 to generate power specifically for use at Teck Metals Ltd.'s (Teck) Trail smelter. Generating units at the dam have a capacity of approximately 490 Megawatts (MW) and they currently produce approximately 2,670 Gigawatt hours per year. In 2010, BC Hydro purchased a one-third interest in Waneta for \$825 million (the Waneta 2010 Transaction). Teck remained the owner of the remaining two-thirds interest;
- C. As part of the Waneta 2010 Transaction, a right of first offer (ROFO) was established in regard to the subsequent sale by either party of their interest in Waneta, which permitted the non-selling party the first right to acquire the seller's interest. In May 2017, following a competitive sales process, Teck informed BC Hydro that it had reached an agreement to sell its two-thirds interest in Waneta and related transmission assets to Fortis Inc. for \$1.2 billion;

- D. On June 1, 2017, Teck delivered a Sale Notice to BC Hydro which provided BC Hydro with the opportunity to match Fortis Inc.'s offer and purchase Teck's two-thirds interest in Waneta under terms substantially equivalent to the Fortis offer. On August 1, 2017, BC Hydro delivered a Reply Notice to Teck which, together with the Sale Notice, constituted BC Hydro's legally binding election to purchase Teck's two-thirds interest in the Waneta Dam and associated assets. Attached to the Reply Notice was an executed Waneta Purchase Agreement which sets out the sale by Teck and purchase by BC Hydro of Teck's two-thirds interest in Waneta for \$1.203 billion cash. The parties agreed that closing of the Waneta 2017 Transaction must occur by August 1, 2018;
- E. On November 24, 2017, pursuant to Order G-169-17, the Commission determined a public hearing is necessary for the review of the Application and established a regulatory timetable including intervenor registration, one round of information requests and further process to be determined;
- F. On December 22, 2017, by Order G-199-17, the Commission amended the regulatory timetable to include a Community Input Session, extend the deadline for intervenor registration, and add a second round of information requests;
- G. On December 28, 2017, BC Hydro submitted a letter to the Commission requesting to shorten the deadline for intervenor information requests and proposing to add intervenor evidence to the regulatory timetable with a deadline for intervenor notice of intention to file evidence;
- H. On January 3, 2018, FortisBC Inc. submitted a letter to the Commission stating that it has no objections to the dates BC Hydro proposes in its December 28, 2017 letter, subject to when BC Hydro files the Waneta Transmission Agreement, Teck Wheeling Agreement and Waneta Interconnection Agreement, and the timing and/or process on access to the currently redacted information; and
- I. The Commission has determined that a further regulatory timetable for the review of the Application should be established including a procedural conference, an extension to the deadline for second round of information requests and an intervenor evidence filing deadline (if required).

NOW THEREFORE the Commission orders as follows:

- 1. A further regulatory timetable for the review of BC Hydro's Waneta 2017 Transaction Application is established as set out in Appendix A to this order.
- 2. A Procedural Conference will be held at 9:00 a.m. on Friday, February 16, 2018, in the Commission's Hearing Room on 12th Floor, 1125 Howe Street, Vancouver, BC V6Z 2K8.

DATED at the City of Vancouver, in the Province of British Columbia, this 19th day of January 2018.

BY ORDER

Original signed by:

D. M. Morton
Commissioner

Attachment

British Columbia Hydro and Power Authority
Waneta 2017 Transaction Application

REGULATORY TIMETABLE

Action	Date (2018)
BC Hydro response to information request no. 1	Friday, January 26
Procedural Conference	Friday, February 16
Commission information request no. 2	Monday, February 19
Intervener information request no. 2	Thursday, February 22
BC Hydro response to information request no. 2	Thursday, March 8
Intervener evidence (if required)	Tuesday, March 20
Further process	To be determined