



ORDER NUMBER
G-16-18

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

and

British Columbia Hydro and Power Authority
F2017 to F2019 Revenue Requirements Application

BEFORE:

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

on January 22, 2018

ORDER

WHEREAS:

- A. On July 28, 2016, the British Columbia Hydro and Power Authority (BC Hydro) filed its Fiscal 2017 to Fiscal 2019 Revenue Requirements Application with the British Columbia Utilities Commission (Commission) requesting, among other things, final approval to increase rates by an average of 4.0 percent effective April 1, 2016, 3.5 percent effective April 1, 2017 and 3.0 percent effective April 1, 2018 (Application);
- B. By Order G-130-16A dated August 9, 2016 and Order G-144-16 dated September 7, 2016, the Commission established a regulatory timetable for the review of the Application;
- C. By Order G-7-17 dated January 20, 2017, the Commission established a written hearing process and a regulatory timetable setting out an option for BC Hydro to file rebuttal evidence and an option without consideration of rebuttal evidence. The regulatory timetable was further amended through Orders G-20-17 and G-50-17;
- D. BC Hydro's Final Argument and Intervener Final Arguments were submitted on May 23, 2017 and June 13, 2017, respectively, followed by a Reply Argument from BC Hydro on July 4, 2017;
- E. On November 8, 2017, BC Hydro requested certain amendments to its fiscal 2019 rates, in particular, BC Hydro seeks approval to:
 - 1. change its requested rate increase for fiscal 2019 from 3 percent to 0 percent, and
 - 2. maintain its 2018 Open Access Transmission Tariff rates for fiscal 2019 (Amended Application);
- F. BC Hydro submits in its Amended Application that the portions of the allowed revenue requirement not recovered in rates in that fiscal year are to be deferred to the Rate Smoothing Regulatory Account (RSRA),

consistent with Direction No. 7 to the Commission. The resulting impact is expected to increase the transfer to the RSRA in fiscal 2019 by approximately \$140 million;

- G. By Order G-171-17 dated November 27, 2017, the Commission established a regulatory timetable for the review of the Amended Application. The regulatory timetable was further amended through Commission letters dated December 7, 2017 and December 13, 2017;
- H. BC Hydro's Final Argument and Intervener Final Arguments regarding the Amended Application were submitted on December 21, 2017 and the period from January 11 to 16, 2018, respectively, followed by a Reply Argument from BC Hydro on January 19, 2018;
- I. On January 16, 2018, Premier Horgan commented on "blanket reductions or freezes" with respect to affordability. These comments are included as Appendix B to this order; and
- J. The Commission determines that a process to hear parties' views on the Premier's comments as it relates to the Amended Application is warranted and finds that a further regulatory timetable should be established.

NOW THEREFORE, the British Columbia Utilities Commission orders the following:

- 1. A further regulatory timetable for the review of BC Hydro's Amended Application is established as set out in Appendix A to this order.
- 2. The scope of the parties' comments in its final and reply submissions be limited to matters related to the Premier's comments as it relates to the Amended Application.

DATED at the City of Vancouver, in the Province of British Columbia, this 22nd day of January 2018.

BY ORDER

Original signed by:

D. M. Morton
Commissioner

Attachments

British Columbia Hydro and Power Authority
F2017 to F2019 Revenue Requirements Application

REGULATORY TIMETABLE

Action	Date (2018)
BC Hydro Final Argument on the Premier's comments	Wednesday, January 24
Intervener Final Argument on the Premier's comments	Friday, January 26
BC Hydro Reply Argument on the Premier's comments	Tuesday, January 30

Premier John Horgan Press Conference – January 16, 2018

Reporter: The BC Hydro [inaudible]. I'm wondering what you would say that. And I'll ask you a two-part question [inaudible] related to that. What's happening with the global [inaudible]?

Horgan: Thanks for that. I like your second part better than your first part. The challenges at BC Hydro are well known, certainly by me and by those of you who have been following these issues for the past number of years. The runaway deferral accounts are already in the sights of the auditor general, and she's going to be putting in place a rigorous review there. I've asked the new board chair to ensure that we are doing everything we can to make a transparent process for the auditor general, and also doing what we can to drive down those deferral accounts as quickly as possible.

On the rate freeze, it was a commitment we made during the election campaign. We've asked Hydro to apply for a zero percent increase, and we'll see how that unfolds. I am now more convinced than ever that the better course of action on affordability is not blanket reductions or freezes but targeted to those who can best benefit from relief in this area. Andrew, you and I have talked about this, and I've spoken about a thing called lifeline rates. That's the generic name for it, but basically means testing. Those that are seeing significant increases in their Hydro bills, if they can't find Power Smart ways to reduce those costs, then perhaps relief from the utility or from the province is a way to do that. I've directed the board chair to take a look at that. That's not new. That's underway. That was one of the first things I did. We haven't got progress yet. Good question.¹

¹ Today's News Online, Media Scrum with John Horgan, recorded at the BC Legislature, January 16, 2018.