



ORDER NUMBER

G-47-18

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 March 1, 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. On March 6, 2014, B.C. Reg. 28/2014 enacted Direction No. 7 (Direction No. 7) to the Commission pursuant to section 3 of the *Utilities Commission Act* (UCA). Direction No. 7, among other things, requires the Commission to approve average rate increases of no more than 4.0 percent, 3.5 percent and 3.0 percent effective April 1, 2016, 2017 and 2018, respectively. Further, Direction No. 7 requires the Commission to approve the portions of the allowed revenue requirement not recovered by the rate increases directed by Direction No. 7 be deferred to the Rate Smoothing Regulatory Account (RSRA);
- C. By Orders G-130-16A, G-144-16 and G-7-17 dated August 9, 2016, September 7, 2016 and January 20, 2017, respectively, the Commission established a regulatory timetable and a written hearing process for the review of the Application, which included two rounds of information requests (IR) to BC Hydro, Intervener Evidence and IRs on that evidence, Rebuttal and additional evidence from BC Hydro and IRs on that evidence, followed by final and reply arguments from all parties. The regulatory timetable was further amended through Orders G-20-17 and G-50-17 on February 17, 2017 and March 30, 2017, respectively;
- 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 fiscal 2019 are to be deferred to the 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; and
- I. The Commission has considered the Application, the Amended Application and the evidence and submissions filed in the proceeding and makes the following determinations.

NOW THEREFORE, pursuant to sections 58–61 of the *Utilities Commissions Act*, and for the reasons outlined in the decision issued concurrently with this order, the Commission orders as follows:

- 1. The requested final rate increases of 4.0 percent, 3.5 percent and 3.0 percent to be applied as set out in Appendix T of the Application, are approved effective April 1, 2016, April 1, 2017 and April 1, 2018, respectively.
- 2. The requested final OATT rates for fiscal 2017, fiscal 2018 and fiscal 2019 as set out in Appendix T of the Application, and as corrected in Errata No. 1 are approved effective April 1, 2016, April 1, 2017 and April 1, 2018, respectively. The difference between the final OATT rates and the interim refundable OATT rates is to be collected from applicable OATT customers through a one-time charge as described in Chapter 9 of the Application.
- 3. BC Hydro is directed to re-calculate its revenue requirements, including its rate of return, based on the updates, errata and commitments made by BC Hydro as summarized in Part Thirteen of its Final Submission and the Commission directives in the proceeding.
- 4. Pursuant to Direction No. 7, BC Hydro is directed to record in the RSRA for each year of the test period the difference between BC Hydro's recalculated revenue requirements and the revenues expected to be collected under the approved rates.
- 5. The requested depreciation rates for property, plant and equipment at the Burrard synchronous condense facility as set out in Table 8-1 of the Application are approved.
- 6. The requested changes to deferral and regulatory accounts and associated financial treatment, as described in Chapter 7 and summarized in Table 7-9 of the Application and clarified in Part Nine E and F of the Final Submission, are approved, with certain exceptions as described in sections 3.4.2 and 3.4.4 of the Decision accompanying this order.

7. The requested demand side management expenditure schedule for fiscal 2017, fiscal 2018 and fiscal 2019, as set out in Table 10-1 of the Application and revised in BC Hydro's response to BCUC IR 314.3, is accepted, for a total expenditure over the test period of \$361.1 million.
8. BC Hydro is directed to file within 60 days of this order a revised Appendix A to the Application and updated rate schedules, reflecting the Commission's Order and Decision and BC Hydro's commitments articulated in Part Thirteen of its Final Submission.
9. BC Hydro is directed to comply with all other directives in the Decision accompanying this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 1st day of March 2018.

BY ORDER

Original signed by:

D. M. Morton
Commissioner