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ORDER NUMBER
G-173-18

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

and

British Columbia Hydro and Power Authority
Review of the Regulatory Oversight of Capital Expenditures and Projects

BEFORE:
K. A. Keilty, Panel Chair/Commissioner
W. M. Everett, Q.C., Commissioner
R. I. Mason, Commissioner

on September 17, 2018

ORDER

WHEREAS:

A. On May 3, 2016, the British Columbia Utilities Commission (BCUC) issued Order G-58-16, establishing a proceeding to review the regulatory oversight of British Columbia Hydro and Power Authority's (BC Hydro) capital expenditures and projects (Review);

B. By Order G-126-18 dated July 12, 2018, the BCUC issued:

    1. A decision determining that the scope of the Review remains as determined in Order G-174-16; and

    2. An updated regulatory timetable determining:

        i. interveners and BCUC staff to file Notices of Intention to File Evidence together with a brief summary of the nature of the proposed evidence and its relevance; and

        ii. written submissions of parties on the proposed evidence summaries and their relevance.

C. On July 26, 2018, Commercial Energy Consumers Association of British Columbia (CEC) and BCUC staff filed Notices of Intention to File Evidence with a brief summary of the nature of the proposed evidence and its relevance; and on August 2, 2018, BC Sustainable Energy Association and Sierra Club BC (BCSEA), British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, Together Against Poverty Society, and the Tenant Resource and Advisory Centre (BCOAPO), BC Hydro and CEC filed submissions on the proposed evidence summaries;

D. By letter dated August 2, 2018, BC Hydro requested the opportunity to file rebuttal evidence if the BCUC determines that it is appropriate for BCUC staff and/or CEC to file evidence;

E. By letter dated August 10, 2018 (Exhibit A-17), BCUC staff withdrew its intention to file evidence;

F. By Order G-148-18 dated August 18, 2018, the BCUC set out a further regulatory timetable;

G. On August 27, 2018, CEC filed a letter providing a summary of the proposed evidence and requesting the Panel to confirm that the topics proposed in the evidence summary are in scope;

H. By letter dated August 29, 2018, the BCUC requested submissions from the parties on the CEC proposed evidence summary;

I. By letter dated September 5, 2018, BC Hydro submits that CEC's evidence summary presents topics that are outside of the scope of the proceeding, as they focus on management of BC Hydro or address information requirements already addressed in existing BCUC guidelines. For other evidence topics, BC Hydro submits that the summary is insufficient to determine whether the evidence would be within scope;

J. By letter dated September 6, 2018, BCOAPO submits that, in their view, CEC's evidence summary provides sufficient information as to the expected content of the proposed evidence and that the evidence topics were within the scope of the proceeding;

K. By letter dated September 10, 2018, CEC filed its response to BC Hydro and BCOAPO's submissions. CEC submits that the proposed evidence is within scope and will identify information that is relevant to the BCUC's review of the regulatory oversight of capital expenditures and projects; and

L. The BCUC has reviewed the submissions and considers that a further regulatory timetable for the Review should be established.

NOW THEREFORE for the reasons set out in Appendix A to this order, the BCUC orders that a further regulatory timetable for the Review be established, as provided in section 2 of these reasons.

DATED at the City of Vancouver, in the Province of British Columbia, this 17th day of September 2018.

BY ORDER

Original Signed by:

K. A. Keilty
Commissioner

Attachment

British Columbia Hydro and Power Authority
Review of the Regulatory Oversight of Capital Expenditures and Projects

REASONS FOR DECISION

1.0. Introduction

On May 3, 2016, the British Columbia Utilities Commission (BCUC) issued Order G-58-16, establishing a proceeding to review the regulatory oversight of British Columbia Hydro and Power Authority's (BC Hydro) capital expenditures and projects (Review).

By Order G-148-18, the BCUC set out a further regulatory timetable indicating Commercial Energy Consumers Association of British Columbia's (CEC) evidence to be due Monday, October 15, 2018. By letter dated August 27, 2018, CEC filed a summary of evidence which CEC intends to file on October 15, 2018. CEC submits that:

- the information requirements, which CEC proposes to identify in its evidence, should be available to the BCUC in order to assess and provide effective oversight of BC Hydro's capital expenditures and projects;
- the information set out in the proposed CEC evidence is within scope; and
- the information is directly supported by section 43(1)(b)(i) of the *Utilities Commission Act* (UCA) which provides that a public utility must provide all of the information that the BCUC requires.

CEC requests the BCUC to rule whether the proposed CEC evidence topics are in scope. CEC states it does not wish to take the risk of expending the time and costs associated with producing the evidence if it is to be deemed out of scope by the BCUC. [1]

By letter dated August 29, 2018, the BCUC requested submissions from the parties on CEC's proposed evidence summary. Specifically, the BCUC sought comments on whether:

- CEC's evidence summary provides sufficient information on the expected content of the proposed evidence; and
- the topics contained in CEC's evidence summary are within the scope of the Review.[2]

2.0. Summary of submissions

BC Hydro

BC Hydro considers that this proceeding should focus on the scope, timing and process of the regulatory proceedings, in which the BCUC reviews BC Hydro's capital projects and programs, including the threshold for major project applications. BC Hydro does not believe that it is appropriate to focus on a detailed review and listing of information requirements, as suggested by CEC's proposal. BC Hydro submits that CEC's proposal presents topics that are outside of the BCUC's scope, as they focus on management of BC Hydro, or address information requirements already covered by the BCUC's 2015 Certificate of Public Convenience and Necessity Application Guidelines (the CPCN Guidelines) approved by Order G-20-15. BC Hydro further submits that for the

[1] Exhibit C3-6, p. 1.
[2] Exhibit A-19, p. 1.

other topics within CEC's proposal, the outline is insufficient for the BCUC to determine in advance that the proposed evidence is in scope.[3] BC Hydro also notes that CEC has not provided any linkage to the scope set out in Appendix B to Order G-63-16.[4]

BCOAPO

British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, Together Against Poverty Society, and the Tenant Resource and Advisory Centre (BCOAPO) states that CEC's evidence summary provides sufficient information as to the expected content of the proposed evidence. BCOAPO further notes that the proposed evidence is not focused on BC Hydro's actual internal processes but rather on what information the BCUC should reasonably expect to be available and would require for the review and oversight of capital expenditures. Accordingly, BCOAPO submits that the scope of the evidence is in line with the BCUC's determinations regarding the scope of the current proceeding.

BCOAPO also submits, in contrast to BC Hydro's proposals which are based largely on past practice and what has been historically provided to the BCUC, that CEC takes an alternative and more comprehensive approach to the question of what the BCUC's filing requirements regarding BC Hydro's capital expenditures should be. In BCOAPO's view the evidence will make a useful contribution to the current proceeding and it should be allowed to be put on the record, tested and considered.

CEC's reply submission

CEC submits that BC Hydro's submissions "fundamentally mischaracterize the evidence that CEC is proposing to provide in this proceeding" and reiterates its submission in Exhibit C3-6.[5] CEC submits that it is simply asking that the BCUC consider additional information requirements to be filed by BC Hydro as part of the capital review processes, so that the BCUC can effectively exercise its statutory jurisdiction to oversee BC Hydro.[6] CEC states the BCUC may or may not accept the evidence of CEC as persuasive in regards to expanding the information requirements sought from BC Hydro during capital review processes.[7]

CEC submits that expansion of information requirements is clearly within scope in terms of achieving the appropriate regulatory oversight of capital expenditures and projects; and that BC Hydro should not be the party determining what level of information should be required in order to enable the BCUC to exercise its statutory jurisdiction to provide regulatory oversight.

CEC states it is not intending to encourage the BCUC to impinge on the management of BC Hydro, since the BCUC has the express statutory jurisdiction to request information from BC Hydro and its proposed evidence is not intended to be a review of the CPCN Guidelines, but rather to provide information that CEC submits would be a benefit to the BCUC in its review of the capital expenditures of BC Hydro.

In response to BC Hydro's submission that its evidence summary provides insufficient information on the content of the proposed evidence, CEC submits that the general statement in G-63-16 Item 1 is sufficiently general to reasonably conclude that the scope includes evidence asserting a public interest need for more

[3] Exhibit B-9, p. 1.
[4] Ibid., p. 4.
[5] Exhibit C3-7, p. 1.
[6] Ibid., pp. 2-3.
[7] Ibid., p. 3.

information from BC Hydro in capital project filings.[8] CEC also acknowledges and agrees with BCOAPO's submission.

CEC states that should the BCUC render a decision that the CEC's proposed evidence is in scope for this proceeding, it requests six weeks from the date of such a decision in order to prepare such evidence and would request the schedule for this proceeding to be adjusted accordingly.

BCUC determination

The Panel finds CEC's proposed intervener evidence, focusing on potential additional information requirements to be filed by BC Hydro as part of the capital review processes, to be within the scope of the Review.

The Panel agrees with CEC and BCOAPO that consideration of intervener evidence outlining additional proposed information requirements to be sought from BC Hydro during regulatory processes to review capital expenditures may help inform the Panel's review of the regulatory oversight of BC Hydro's capital expenditures and projects and BC Hydro's request for an Order, pursuant to sections 45 to 46 and 59 to 61 of the UCA, to approve its proposed 2018 Guidelines. As noted by CEC, while the Panel may or may not accept the intervener evidence as persuasive in regards to expanding the information requirements sought from BC Hydro during capital review processes, consideration of such evidence may make a useful contribution to the Review.

Regarding BC Hydro's concerns that certain topics proposed by CEC are outside the jurisdiction of the BCUC, the Panel notes BC Hydro's previous statement:

> In accordance with the approved scope of this proceeding, BC Hydro has focussed this filing on the regulatory processes by which the Commission oversees BC Hydro's capital expenditures, with the goal of having updated Capital Filing Guidelines approved by the Commission. In this context, BC Hydro's view is that the adequacy of BC Hydro's planning and execution related to large capital projects is properly the subject of review in its revenue requirements applications or major project applications, where it could inform the Commission's determinations on the reasonableness of BC Hydro's capital expenditure or additions forecasts or the prudence of completed projects.[9]

CEC's reply submission has sufficiently clarified that its proposed evidence is intended to provide information that would be a benefit to the BCUC in its review of the capital expenditures of BC Hydro. As suggested by BC Hydro, information on the adequacy of planning and execution of capital projects could inform BCUC determinations in its review of the regulatory proceedings related to capital projects and programs.

Notwithstanding that the Panel finds CEC's proposed intervener evidence focusing on potential additional information requirements to be filed as part of the capital review processes to be within the scope of the Review, the Panel's ultimate determination on Participant Assistance/Cost Award (PACA) will depend on a future determination on the criteria outlined in Section 4.3 the PACA Guidelines.[10]

The Panel also approves CEC's request to amend the schedule for further regulatory process to provide approximately six weeks from the date of this order to prepare its proposed evidence. Accordingly, the table below contains the schedule for further regulatory process.

[8] Ibid., p. 4.
[9] Exhibit B-7, p. 23.
[10] Order G-97-17.

British Columbia Hydro and Power Authority
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REGULATORY TIMETABLE

Action	Date	
CEC to file Evidence	Monday, October 29, 2018	
BCUC, BC Hydro and Interveners Information Requests (IRs) on CEC Evidence	Monday, November 12, 2018	
CEC Responses to IRs on CEC Evidence	Monday, November 26, 2018	
BC Hydro notice of intention to file Rebuttal Evidence	Thursday, November 29, 2018	
	Without Rebuttal Evidence	**With Rebuttal Evidence**
BC Hydro to file Rebuttal Evidence (if any)	n/a	Tuesday, December 4, 2018
BCUC and Intervener IRs on BC Hydro Revised Proposal and Rebuttal Evidence (if any)	Monday, December 10, 2018	Tuesday, December 18, 2018
BC Hydro Responses to IRs on BC Hydro Revised Proposal and Rebuttal Evidence (if any)	Wednesday, January 2, 2019	Tuesday, January 8, 2019
BC Hydro Final Argument	Wednesday, January 9, 2019	Tuesday, January 15, 2019
Intervener Final Arguments	Wednesday, January 23, 2019	Tuesday, January 29, 2019
BC Hydro Reply Argument	Wednesday, January 30, 2019	Tuesday, February 5, 2019