



**ORDER NUMBER**  
**G-246-20**

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

and

British Columbia Hydro and Power Authority  
Fiscal 2020 to Fiscal 2021 Revenue Requirements Application

**BEFORE:**

D. M. Morton, Panel Chair  
A. K. Fung, QC, Commissioner  
E. B. Lockhart, Commissioner  
R. I. Mason, Commissioner

on October 2, 2020

**ORDER**

**WHEREAS:**

- A. On February 25, 2019, the British Columbia Hydro and Power Authority (BC Hydro) filed its Fiscal 2020 to Fiscal 2021 (F2020–F2021) Revenue Requirements Application (Application) with the British Columbia Utilities Commission (BCUC) pursuant to sections 44.2, 58 to 61 and 99 of the *Utilities Commission Act* (UCA) requesting, among other things:
- (i) approval of a reduction of the Deferral Account Rate Rider (DARR) from 5 percent to 0 percent effective April 1, 2019;
  - (ii) approval of an increase in rates by 6.85 percent effective April 1, 2019;
  - (iii) approval of an increase in rates by 0.72 percent effective April 1, 2020; and
  - (iv) approval of the F2020–F2021 Open Access Transmission Tariff (OATT) rates as set out in Table 9-8 of the Application effective April 1, 2019 and April 1, 2020, respectively;
- B. BC Hydro requested these changes be made effective on an interim basis, pending a final BCUC decision on the Application;
- C. By Order G-45-19, the BCUC approved, on an interim basis, the requested rate increase of 6.85 percent and the reduction of the DARR to 0 percent, effective April 1, 2019, and the requested OATT rates for F2020. Order G-45-19 also established the regulatory timetable for the review of the Application;
- D. By Orders G-146-19, G-218-19, G-268-19, G-279-19, G-312-19 and G-63-20, the BCUC amended the regulatory timetable for the review of the Application, which included a BC Hydro workshop, four rounds of BCUC and intervener IRs and two rounds of Panel IRs to BC Hydro, Intervener Evidence and IRs on that

evidence, rebuttal evidence from BC Hydro, an oral hearing, followed by written final and reply arguments from all parties, and an oral phase of argument with BC Hydro, written submissions from all parties, and a written reply submission from BC Hydro;

- E. On August 22, 2019, BC Hydro filed an evidentiary update to the Application (Evidentiary Update), adjusting its rate request effective April 1, 2020 from an increase of 0.72 percent to a decrease of 0.99 percent and revising its F2020-F2021 OATT rates as set out in Table E-2 of Appendix E to the Evidentiary Update;
- F. On January 21, 2020, BC Hydro filed a correction to the Evidentiary Update, further adjusting its rate request effective April 1, 2020 from a decrease of 0.99 percent to a decrease of 1.01 percent and further revising its F2020-F2021 OATT rates;
- G. On February 14, 2020, BC Hydro applied for approval of interim and refundable rates reflecting the 1.01 percent decrease effective April 1, 2020 and interim approval of the requested OATT rates for F2021;
- H. By Order G-32-20, the BCUC approved, on an interim basis, the requested rate decrease of 1.01 percent, effective April 1, 2020, and the requested OATT rates for F2021;
- I. On July 6 and 15, 2020, the BCUC sought further submissions from BC Hydro and registered interveners on certain matters; and
- J. The BCUC has considered the Application and the evidence and submissions filed in the proceeding and makes the following determinations.

**NOW THEREFORE**, pursuant to sections 44.2, 45, 46, 56, 58 to 61, 90 and 99 of the UCA, and for the reasons outlined in the decision issued concurrently with this order, the BCUC orders as follows:

- 1. The requested final rate increase of 6.85 percent to be applied as set out in Appendix EE of the Application is approved, effective April 1, 2019.
- 2. The requested final rate decrease of 1.01 percent is approved, effective April 1, 2020, subject to the adjustments resulting from the determinations and directives contained in the decision issued concurrently with this order.
- 3. The requested final reduction of the DARR from 5 percent to 0 percent is approved effective April 1, 2019.
- 4. The following requested changes to deferral and regulatory accounts and the associated financial treatment are approved:
  - a. Amortize into rates, over the fiscal 2020 to fiscal 2021 test period, the fiscal 2019 net closing balance and the forecast fiscal 2020 and fiscal 2021 net additions and net interest applied to the Cost of Energy Variance Accounts;
  - b. Defer any variances related to the accounting for electricity purchase agreements determined to be leases under International Financial Reporting Standard (IFRS) 16, which are not eligible for deferral treatment under existing BCUC orders, to the Non-Heritage Deferral Account;
  - c. Defer low-carbon electrification expenditures up to the undertaking costs to the Demand-Side Management Regulatory Account;

- d. Remove the reference to the “Prescribed Standards” from the description of what may be deferred to the Site C Regulatory Account;
  - e. Closure of the Capital Project Investigation Costs Regulatory Account at the end of fiscal 2021;
  - f. Closure of the Rate Smoothing Regulatory Account in fiscal 2020;
  - g. Closure of the Arrow Water Systems Provision Regulatory account in fiscal 2020; and
  - h. Closure of the Arrow Water Systems Regulatory Account in fiscal 2020.
5. The following requested changes to deferral and regulatory accounts and the associated financial treatment are denied:
- a. Defer any variances between forecast and actual amounts related to the Biomass Energy Program, which are not eligible for deferral treatment under existing BCUC orders, to the Non-Heritage Deferral Account; and
  - b. Continue to defer, on an annual and ongoing basis, any variances between forecast and actual dismantling costs to the Dismantling Cost Regulatory Account, continue to apply interest to the balance of the account and recover the forecast interest charged to the account each year, and continue to recover the forecast account balance at the end of a test period over the next test period.
6. The requested depreciation rates for the Burrard synchronous condense facility, for new Water Rights, and LED Streetlights and asset classes for three new asset classes for agreements recognized as leases under IFRS 16, *Leases* are approved on an ongoing basis.
7. The requested depreciation rate for Infrastructure Rights are approved for fiscal 2020 and fiscal 2021 only.
8. The requested final OATT rates for fiscal 2020 and fiscal 2021, as set out in Table E-2 of the correction to the Evidentiary Update, are approved effective April 1, 2019 and April 1, 2020, as applicable, subject to any adjustments resulting from the determinations and directives contained in the decision issued concurrently with this order.
9. The requested demand side management (DSM) expenditure schedule of \$90.8 million in fiscal 2020 and \$89.1 million in fiscal 2021, including transfers of up to 25 percent of expenditures from one program area to another, is accepted.
10. The request for reconsideration of Directive 3 of the BCUC’s Decision on BC Hydro’s Fiscal 2017 to Fiscal 2019 Revenue Requirements Application which directs BC Hydro to file a certificate of public convenience and necessity (CPCN) application for the Northwest Substation Upgrade project is allowed, and Directive 3 is varied to no longer require BC Hydro to file a CPCN for the Northwest Substation Upgrade project.
11. The requested reconsideration is allowed with respect to the following directives, which are rescinded:
- a. Directive 61 of the BCUC’s Decision on BC Hydro’s Fiscal 2005 to Fiscal 2006 Revenue Requirements Application from Order G-96-04 which directed that a prorated amount of costs from portfolio-level initiatives be added to the cost of each DSM program to assess cost effectiveness; and
  - b. Directive 57 of the BCUC’s Decision on BC Hydro’s Fiscal 2009 to Fiscal 2010 Revenue Requirements Application from Order G-16-09 which directed that BC Hydro revenue requirement applications filed after January 1, 2011 contain financial information that follows the BCUC’s Uniform System of Accounts.

12. BC Hydro is directed to re-calculate its revenue requirements based on the determinations and directives contained in the decision issued concurrently with this order.
13. 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 terms of this order and the determinations and directives contained in the decision issued concurrently with this order.
14. BC Hydro is directed to comply with all other directives contained in the decision issued concurrently with this order.

**DATED** at the City of Vancouver, in the Province of British Columbia, this        2<sup>nd</sup>        day of October 2020.

BY ORDER

*Original signed by:*

D. M. Morton  
Commissioner