



**ORDER NUMBER
G-336-20**

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

and

British Columbia Hydro and Power Authority
Application for Reconsideration and Variance of Directives Regarding Powerex Net Income in the BC Hydro Fiscal
2020 to Fiscal 2021 Revenue Requirements Application Decision

BEFORE:

D. M. Morton, Panel Chair
R. I. Mason, Commissioner
T. A. Loski, Commissioner

on December 17, 2020

ORDER

WHEREAS:

- A. On February 25, 2019, the British Columbia Hydro and Power Authority (BC Hydro) filed its Fiscal 2020 to Fiscal 2021 Revenue Requirements Application (F2020–F2021 RRA) with the British Columbia Utilities Commission (BCUC) pursuant to sections 44.2, 58 to 61 and 99 of the *Utilities Commission Act* (UCA);
- B. On October 2, 2020, the BCUC issued Order G-246-20 and the accompanying decision in the matter of the F2020–F2021 RRA (RRA Decision). In the RRA Decision, the BCUC issued, among other things, Directive 17, which states, “[t]herefore, the Panel directs that no actual Powerex net income be captured in the Trade Income Deferral Account absent further review and approval by the BCUC.” The RRA Decision also states, “[t]herefore, in its next RRA, BC Hydro is required to file, in confidence if necessary, a summary of Powerex’s net income, in sufficient detail to enable the BCUC to determine whether any amount of actual Powerex net income is appropriate for inclusion in the Trade Income Deferral Account.” (Directive 17A);
- C. On December 1, 2020, BC Hydro filed an application for reconsideration and variance of Directives 17 and 17A in the RRA Decision (Reconsideration Application). In the Reconsideration Application, BC Hydro requests that the BCUC rescind these Directives and vary them as follows:
 1. BC Hydro should file (in confidence if necessary), as part of the Fiscal 2023 RRA, a proposal, with supporting rationale, as to how to treat Powerex’s net income for regulatory purposes going forward. BC Hydro should include sufficient information to permit the BCUC to assess the extent to which the current regulatory approach based on the BCUC’s Heritage Contract Report (including an allocation of risk associated with Powerex trade activity and the use of transfer pricing to “ring-fence” Powerex) remains valid or whether any adjustments are necessary; and
 2. With respect to the Trade Income Deferral Account (TIDA):

- a) BC Hydro should continue to record variances between forecast and actual Trade Income in the TIDA;
 - b) BC Hydro should include a proposal in the Fiscal 2022 RRA for the disposition of any balance in the TIDA from the current test period; and
 - c) The outcome of the BCUC's Fiscal 2023 RRA determinations regarding Powerex net income will be reflected in the TIDA for future disposition;
- D. Part V of the BCUC's Rules of Practice and Procedure, which are attached to Order G-15-19, sets out the Rules for the reconsideration process (Reconsideration Rules); and
- E. The BCUC has commenced its review of the Reconsideration Application in accordance with the Reconsideration Rules and determines that the establishment of a public hearing and regulatory timetable is warranted.

NOW THEREFORE, pursuant to 99 of the UCA, the BCUC orders as follows:

1. A public hearing is established, as set out in the regulatory timetable attached as Appendix A to this order.
2. Web-based oral submissions are to be held on Monday, January 11, 2021, commencing at 9 a.m. In particular, submissions should address whether the BCUC should summarily rescind Directives 17 and 17A and direct BC Hydro to include, in its 2023 RRA, a proposal on the appropriate allocation of Powerex net income to BC Hydro ratepayers.
3. BC Hydro must provide, electronically where possible, a copy of the Reconsideration Application and this order to all registered interveners and interested parties in the F2020–F2021 RRA proceeding by Monday, December 21, 2020.

DATED at the City of Vancouver, in the Province of British Columbia, this 17th day of December 2020.

BY ORDER

Original signed by:

D. M. Morton
Commissioner

Attachment

British Columbia Hydro and Power Authority
Application for Reconsideration and Variance of Directives Regarding Powerex Net Income in the BC Hydro Fiscal
2020 to Fiscal 2021 Revenue Requirements Application Decision

REGULATORY TIMETABLE

Action	Date
BC Hydro to provide notice to all registered interveners and interested parties in the BC Hydro F2020 to F2021 RRA proceeding	Monday, December 21, 2020
Web-based oral submissions*	Monday, January 11, 2021, commencing at 9:00 a.m.

*The BCUC invites parties who participated in the BC Hydro F2020–F2021 RRA proceeding to provide oral submissions, if they wish to do so, regarding their position with respect to BC Hydro’s requests in its Reconsideration Application for the BCUC to rescind and vary Directives 17 and 17A in the RRA Decision and to have a *de novo* review in the Fiscal 2023 RRA of the issues and findings underlying these Directives. The BCUC invites BC Hydro to provide an oral reply to interveners’ submissions.

Parties who wish to participate in the web-based oral submissions must register with the BCUC by emailing the Commission Secretary at Commission.Secretary@bcuc.com by **4:00 p.m. on Thursday, January 7, 2021**. Those not participating in the web-based oral submissions can stream the web broadcast at <https://www.allwestbc.com/webcast.html>. The web-based oral submissions will be transcribed for the proceeding record.