



ORDER NUMBER
G-344-22

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

and

British Columbia Hydro and Power Authority
Fiscal 2023 to Fiscal 2025 Revenue Requirements Application

BEFORE:

D. M. Morton, Panel Chair
A. K. Fung, KC, Commissioner
R. I. Mason, Commissioner
A. Pape-Salmon, Commissioner

on November 29, 2022

ORDER

WHEREAS:

- A. On August 31, 2021, the British Columbia Hydro and Power Authority (BC Hydro) filed its Fiscal 2023 to Fiscal 2025 Revenue Requirements Application (Application) with the British Columbia Utilities Commission (BCUC) pursuant to sections 44.2, and 58 to 61 of the *Utilities Commission Act* requesting, among other things, interim and, after certain future determinations in other proceedings, permanent approval of the following:
- (i) Increase in rates by 0.62 percent, effective April 1, 2022, by 0.97 percent, effective April 1, 2023 and by 2.18 percent, effective April 1, 2024; and
 - (ii) The fiscal 2023, fiscal 2024, and fiscal 2025 Open Access Transmission Tariff rates as set out in Table 9-4 of the Application;
- B. In the Application, BC Hydro also requested to set the Deferral Account Rate Rider on an interim and permanent basis at (2.0) percent, effective April 1, 2022 for fiscal 2023; and, on a permanent basis at (1.0) percent, effective April 1, 2023 for fiscal 2024 and (0.5) percent, effective April 1, 2024 for fiscal 2025;
- C. By Order G-284-22 the BCUC established an amended regulatory timetable for the review of the Application, which included, among other items, BC Hydro's and interveners' written final arguments, BC Hydro's written reply argument, and a placeholder for an oral phase of argument;
- D. On November 18, 2022, the Lieutenant governor in Council approved Order in Council (OIC) No. 571, which enacted the Direction to the British Columbia Utilities Commission Respecting Residential and Commercial Customer Account Credits (Direction);

- E. The Direction requires the BCUC to, among other things, order BC Hydro to provide bill credits to its residential and commercial customers, to FortisBC Inc., and to New Westminster.
- F. The Direction also requires the BCUC to issue orders so that BC Hydro may make certain changes to its regulatory accounts, including transfers from the Trade Income Deferral Account (TIDA) of \$320 million, \$6 million, and \$74 million to a customer credit regulatory account, the Customer Crisis Fund regulatory account, and an inflationary pressures regulatory account, respectively;
- G. The BCUC issued Order G-341-22 in response to the Direction;
- H. The TIDA is one of BC Hydro's cost of energy (COE) deferral accounts, the balance of which is repaid or recovered using the Deferral Account Rate Rider (DARR). The Application provides the following forecast balances of the TIDA for F2022 and over the test period, which are repayable to ratepayers: (\$234) million at the end of F2022, (\$126) million at the end of F2023, (\$71) million at the end of F2024, and (\$44) million at the end of F2025¹;
- I. In the Application, BC Hydro is requesting approval of the DARR calculated using the proposed DARR table mechanism and based on the forecast net balance in the COE deferral accounts at the end of the immediately preceding year; and
- J. The BCUC has considered the Direction and finds that it may have a material impact on the balances of various deferral accounts and therefore on the DARR requested in the Application and determines that an amended regulatory timetable that allows for BC Hydro to provide information with respect to the Direction and an opportunity for parties' submissions is warranted.

NOW THEREFORE the BCUC orders as follows:

- 1. The regulatory timetable is amended, as set out in Appendix A to this order.
- 2. BC Hydro is directed to file responses to the following by Thursday, December 15, 2022:
 - i) Provide the TIDA balance for actual ending F2022 and the updated forecast at the end of each year of the test period, taking into account the actual ending F2022 TIDA balance and the \$400 million transfer from the TIDA in F2023.
 - ii) Provide the net COE deferral accounts balance for actual ending F2022 and the updated forecast at the end of each year of the test period, taking into account the actual ending F2022 balance and the \$400 million transfer from the TIDA in F2023.
 - iii) Recalculate the DARR for each year of the test period taking into account the actual ending F2022 net COE deferral accounts balance and the \$400 million transfer from the TIDA for F2023.
 - iv) Provide any updated forecast test period costs for each of the following cost items:
 - a) Labour costs as set out in line 20 in Schedule 5 of Appendix A to the Application, other than the operating cost portion of current service pension costs;
 - b) Vegetation management costs as set out in Table 5-27 of the Application, other than labour costs related to vegetation management; and

¹ Exhibit B-2-1, Appendix A, Schedule 2.1

- c) Fuel costs as set out in lines 5 and 6 on page 5E-44 of chapter 5E of the Application, other than the portion of fuel costs allocated to capital overhead.
- v) Discuss whether BC Hydro is requesting BCUC approval of the application of carrying charges on the customer credit regulatory account and the inflationary pressures regulatory account as part of the proceeding. If not, please explain why carrying charges will not be applied and the consistency of this treatment with the treatment of similar regulatory accounts.
- vi) Provide an update on the impact of the Direction on the rates and the DARR requested in the Application.

DATED at the City of Vancouver, in the Province of British Columbia, this 29th day of November 2022.

BY ORDER

Original signed by:

D. M. Morton
Commissioner

Attachment

British Columbia Hydro and Power Authority
F2023 to F2025 Revenue Requirements Application

REGULATORY TIMETABLE

Action	Date (2022)
BC Hydro's Response to directive 2 of this order	Thursday, December 15
BC Hydro's Submission on the Direction to the British Columbia Utilities Commission Respecting Residential and Commercial Customer Account Credits (Direction)*	Thursday, December 15
BC Hydro Written Reply Argument	Thursday, December 22

Action	Date (2023)
BCUC Decision on the Oral Phase of Argument and the Scope	On or before Tuesday, January 3
Intervener's Submission on the Direction*	Tuesday, January 3
Oral Phase of Argument**	Monday, January 16
BC Hydro's Reply Submission on the Direction***	Monday, January 16

*The Panel invites parties to provide submissions on the following with respect to the Direction:

- 1) The impact of the Direction on the recovery mechanism for the cost of energy deferral accounts, the Deferral Account Rate Rider, and the rates sought in the Application.
- 2) The impact of the Direction in relation to the inflation deferral account on the BCUC's review of the following costs as part of the proceeding:
 - a) Labour costs as set out in line 20 in Schedule 5 of Appendix A to the Application, other than the operating cost portion of current service pension costs;
 - b) Vegetation management costs as set out in Table 5-27 of the Application, other than labour costs related to vegetation management; and
 - c) Fuel costs as set out in lines 5 and 6 on page 5E-44 of chapter 5E of the Application, other than the portion of fuel costs allocated to capital overhead.

**Details regarding the Oral Phase of Argument will be provided in due course.

***BC Hydro's Reply Submission on the Direction will be provided orally as part of the oral phase of argument, or written if there is no oral phase of argument.