



**ORDER NUMBER**  
**G-386-22**

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 December 23, 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:
1. 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
  2. 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 (DARR) 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. 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 (Account Credits Direction);
- D. The Account Credits Direction requires the BCUC to, among other things, order BC Hydro to provide bill credits to its residential and commercial customers, FortisBC Inc., and New Westminster;
- E. The Account Credits 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;

- F. The TIDA is one of BC Hydro's cost of energy (COE) deferral accounts, the balance of which is repaid or recovered using the 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 F2025;<sup>1</sup>
- G. 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;
- H. By Order G-344-22 the BCUC established an amended regulatory timetable for the review of the Application, which included, among other items, BC Hydro's written reply argument, BC Hydro's responses to the information requested by the BCUC regarding the Account Credits Direction, BC Hydro's and interveners' submissions regarding the Account Credits Direction, BC Hydro's reply submission regarding the Account Credits Direction, and a placeholder for an oral phase of argument;
- I. On December 15, 2022, BC Hydro provided its response to the information requested by the BCUC regarding the Account Credits Direction and submits that the Account Credits Direction has no impact on the recovery mechanism for the COE deferral accounts, the DARR, or the rates sought in the Application;<sup>2</sup>
- J. On December 21, 2022, the Lieutenant Governor in Council approved OIC No. 692, which enacted the Direction to the British Columbia Utilities Commission Respecting Cryptocurrency Mining Projects (Cryptocurrency Direction). The Cryptocurrency Direction requires the BCUC to, among other things, relieve BC Hydro from its obligation to supply service to certain cryptocurrency projects for an 18-month period; and
- K. The BCUC has considered the Account Credits Direction, BC Hydro's response to the information requested by the BCUC regarding the Account Credits Direction, and the Cryptocurrency Direction and determines that a Streamlined Review Process (SRP), which includes oral 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. The scope of the SRP is set out as follows:
  - i. The impact of the Account Credits Direction on the Application, including but not limited to the Cost of Energy Variance Accounts, the DARR, and the forecasts related to the specified costs defined in the Account Credits Direction; and
  - ii. The cost of energy forecasts, load forecasts, and Trade Income forecasts, as impacted by the fiscal 2022 actual results and the Cryptocurrency Direction.

<sup>1</sup> Exhibit B-2-1, Appendix A, Schedule 2.1.

<sup>2</sup> Exhibit B-48.

3. BC Hydro is directed to file responses to Panel Information Request (IR) No. 1 as set out in Appendix B to this order.
4. BC Hydro is directed to provide responses to BCUC and Intervener IR No. 3 during the SRP.

**DATED** at the City of Vancouver, in the Province of British Columbia, this      23<sup>rd</sup>      day of December 2022.

BY ORDER

*Original signed by:*

D. M. Morton  
Commissioner

Attachments

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

**REGULATORY TIMETABLE**

Action	Date (2023)
BC Hydro's Response to Panel Information Request (IR) No. 1	Tuesday, January 10
BCUC and Intervener IR No. 3 to BC Hydro based on the scope of the Streamlined Review Process (SRP) as set out in directive 2 of this order	Thursday, January 12
SRP with the scope as set out in directive 2 of this order	Monday, January 16

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

**PANEL INFORMATION REQUEST NO. 1**

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1. Provide the actual F2022 Trade Income, an updated forecast Trade Income, and the impact to the rates and bills in each year of the test period under the scenario that the Trade Income forecast is based on the 5-year average of actuals from F2018 to F2022.
2. Explain why BC Hydro has not requested to update the Trade Income forecast in the test period to take into account the actual F2022 Trade Income.
3. Explain why there was higher than forecasted Trade Income in F2022 and whether the contributing factors are expected to impact actual Trade Income in the test period.
4. The BCUC provides the following two alternative approaches to forecasting Trade Income and the recovery mechanism for the Trade Income Deferral Account (TIDA):
  - i. The forecast Trade Income included in the revenue requirement continues to be based on the five-year average of previous actuals. However, the actual ending balance in the TIDA in a given year is recovered from or repaid to ratepayers annually via a new Trade Income Rate Rider (TIRR), separate from the Deferral Account Rate Rider (DARR), once actuals are known.
  - ii. The forecast Trade Income included in the revenue requirement in a given year is zero and, similar to scenario (i) above, the actual ending balance in the TIDA in a given year is repaid to ratepayers annually via the TIRR, separate from the DARR, once actuals are known.

For each of alternative approaches outlined above, provide the following:

- a) The impact to rates, bills, the DARR, the TIRR, and the ending balances of the Cost of Energy (COE) Variance Accounts in the test period if the alternative approaches outlined in (i) and (ii) above are used commencing in F2023, such that the entire (\$103.6) million actual F2022 ending TIDA balance net of the \$400 million transfer from the TIDA in F2023 is repaid to ratepayers via the TIRR. Please provide any assumptions used.
  - b) The impact to rates, bills, the DARR, the TIRR, and the ending balances of the COE Variance Accounts from F2012 to F2022 if the alternative approaches outlined in (i) and (ii) above were used during those years. Please provide any assumptions used.
  - c) An analysis of how the alternative approaches outlined in (i) and (ii) above would impact how frequently the COE Variance Account balances are cleared.
  - d) The pros and cons of each alternative approach.
5. Provide the actual and forecast domestic energy sales in F2022 that are attributable to the (\$101.3) million variance in the Load Variance deferral account. As part of the response, please explain why there was higher than forecast load in F2022, including a table with a breakdown of domestic energy sales (in GWh) by major customer groups.
    - a) Discuss whether the reasons for the higher than forecast load in F2022 have been factored into the load forecast for the test period. If not, please explain why.
    - b) To the extent that the reasons for the higher than forecast load in F2022 would impact the load forecast in the test period, provide an updated load forecast and the impacts to the rates and bill for each year of the test period. Please provide any assumptions used.

6. For each year of the test period, provide the forecast load (in GWh) in the Application that is related to the cryptocurrency mining projects that are part of the Direction to the British Columbia Utilities Commission Respecting Cryptocurrency Mining Projects and the impact to the rates and bills if that load is removed from the test period.
7. For each year of the test period, provide the forecasts in the Application and the updated forecasts for labour costs, vegetation management costs, and fuel costs as provided in Exhibit B-48, broken down between inflationary pressures and new or modified activities, with an explanation for the contributing factors for all variances.
  - a) Explain how the updated forecasts provided in Exhibit B-48 for labour costs, vegetation management costs, and fuel costs for the test period were determined. Please provide any assumptions used.