



ORDER NUMBER
G-113-23

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

and

British Columbia Hydro and Power Authority
Request to Amend Major Capital Project Filing Guidelines

BEFORE:

A. K. Fung, KC, Panel Chair
A. C. Dennier, Commissioner
W. M. Everett, KC, Commissioner

on May 9, 2023

ORDER

WHEREAS:

- A. On March 17, 2023, British Columbia Hydro and Power Authority (BC Hydro) filed an application with the British Columbia Utilities Commission (BCUC) to request to amend the Major Capital Project Filing Guidelines (Application);
- B. On December 2, 2019, by Order G-313-19, the BCUC approved the 2018 Major Capital Project Filing Guidelines (2018 Guidelines), including BC Hydro's commitment to submit applications to the BCUC for major capital projects with authorized cost estimates that exceed the following thresholds:
 - 1. \$100 million for Power System projects;
 - 2. \$50 million for Buildings projects; and
 - 3. \$20 million for Information Technology projects.
- C. In the Application, BC Hydro seeks approval of:
 - i. An increase to the major capital filing thresholds, escalated annually by their respective price index for the previously completed calendar year, starting from fiscal 2019; and
 - ii. BCUC confirmation that a Certificate of Public Convenience and Necessity is not required for Customer IPID 901943 Project.
- D. The BCUC has commenced its review of the Application and determines that the establishment of a public hearing and a regulatory timetable are warranted.

NOW THEREFORE the BCUC orders as follows:

1. A public hearing is established for the review of the Application in accordance with the regulatory timetable as set out in Appendix A to this order.
2. As soon as practicable, but no later than Friday, May 12, 2023, BC Hydro must publish the Public Notice, attached as Appendix B to this order, on its website and social media platforms. It must also publish weekly reminder notices on each platform until the conclusion of the public submissions period on Friday, May 26, 2023.
3. BC Hydro is directed to provide an electronic copy of the Application and this order on or before Friday, May 12, 2023, to all known affected or potentially affected parties, including, but not limited to: registered interveners in the BC Hydro F2023 – F2025 Revenue Requirements proceeding and potentially affected Indigenous groups.
4. BC Hydro is directed to provide to the BCUC, by Wednesday, May 17, 2023, confirmation of when the Public Notice has been posted, including a list of the platforms in which the Public Notice was posted.
5. BC Hydro is directed to provide to the BCUC, by Wednesday, May 17, 2023, a list of all parties directly notified of the Application and this order, including the method and date of notification.
6. BC Hydro is directed to file the further information as requested in Appendix C to this Order, by Friday, May 19, 2023.
7. Persons who wish to file a submission, on topics detailed in the cover letter to this Order, may do so by Friday, May 26, 2023.

DATED at the City of Vancouver, in the Province of British Columbia, this 9th day of May 2023.

BY ORDER

Original signed by:

A.K. Fung, KC
Commissioner

Attachment

British Columbia Hydro and Power Authority
Request to Amend Major Capital Project Filing Guidelines

REGULATORY TIMETABLE

Action	Date (2023)
Public Notice	Friday, May 12
BC Hydro provides list of notified parties	Wednesday, May 17
BC Hydro to submit further information	Friday, May 19
Submissions on BC Hydro's Application*	Friday, May 26
BC Hydro reply submission	Friday, June 2
Further process	To be determined

* Please refer to the cover letter accompanying Order G-113-23 for detailed information



We want to hear from you

BC HYDRO'S REQUEST TO AMEND MAJOR CAPITAL PROJECT FILING GUIDELINES

On March 17, 2023, BC Hydro filed its Request to Amend Major Capital Project Filing Guidelines Application requesting an increase to the threshold above which BC Hydro must file an application for BCUC approval of major capital projects. BC Hydro requests the thresholds under the existing guidelines to be escalated by their respective price index for the previously completed calendar year, backdated to Fiscal 2019. In the Application, BC Hydro also requests confirmation from the BCUC that a Certificate of Public Convenience and Necessity is not required for the Customer IPID 901943 Project. Please visit the [Proceeding webpage](#) on bcuc.com under "Our Work" to learn more.

To participate in the proceeding, visit www.bcuc.com/get-involved.

GET INVOLVED

- Make a submission
- Submit a letter of comment

IMPORTANT DATES

1. **Friday, May 26, 2023** – Deadline to make a submission with the BCUC.

Subscribe to a Proceeding on bcuc.com under "Get Involved" to receive email notifications when public documents are added to the proceeding.

CONTACT INFORMATION

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British Columbia Hydro and Power Authority
Request to Amend Major Capital Project Filing Guidelines

Request for Further Information

1.0 Request for Further Information

The BCUC has commenced review of the Application and requests further information from BC Hydro as follows:

- 1) Please confirm that BC Hydro is not seeking approval with respect to Items 1, 3, 5 and 6 listed on page 1 of the Application. If not confirmed, please explain.
- 2) Please complete the following table of major capital project filings since the 2018 Guidelines were approved, adding any additional projects as necessary. Under the column “Forecast Cost or Cost Range”, BC Hydro may respond by providing forecast cost, cost ranges, or high-level planning estimates as applicable. Under “Accuracy of Forecast Cost”, BC Hydro may respond by providing accuracy ranges or AACE classifications as applicable.

Project Name	IPID	Forecast Cost or Cost Range	Accuracy of Forecast Cost	Regulatory Filing Type	Actual or Anticipated Filing Date
Bridge River 1 – Replace Units 1-4 Generators and Governors	G000776			CPCN	2021 July ¹
Mainwaring Station Upgrade	92478			CPCN	2021 November ²
John Hart Dam Seismic Upgrade	G000585			44.2	2021 December
Peace to Kelly Lake Stations Sustainment	901821			44.2	2022 February ³
Energy Management Systems Upgrade	T002036			44.2	2022 March ⁴
Lower Mainland Reactive Power Reinforcement	900992			CPCN	2022 November
Ladore Spillway Seismic Upgrade	G000668				
Strathcona Upgrade Discharge	G000525				
Wilsey Dam	G004173				
BRT Project Evidentiary Update	92423				
Contact Centre Technology Foundation Refresh	T001397				
Kamloops Field Building Redevelopment	P201901				

¹ Decision and Order C-6-22, dated October 11, 2022

² Decision and Order C-4-22, dated August 16, 2022

³ Decision and Order G-57-23, dated March 20, 2023

⁴ Decision and Order G-39-23, dated February 28, 2023

APPENDIX C
to Order G-113-23

Project Name	IPID	Forecast Cost or Cost Range	Accuracy of Forecast Cost	Regulatory Filing Type	Actual or Anticipated Filing Date
Advanced Distribution Management System Replacement	T002016				
Stations Work Management	T002122				
SAP S/4 HANA Upgrade	T001379				
Customer IPID 901943	901943				
Seton Upgrade Unit	G003026				
West End Substation Construction and System Reinforcement	900598				
Distribution Design Modernization	T002549				
Bridge River 1 – Strip and Recoat Penstocks 1-4 Interior	G000485				
North Montney Region Electrification	901572				
Mica Townsite Apartment Accommodation	P202102				
2L146 – Victoria to Saanich Cable Replacement	901002				
Newell Substation	92479				
West Kelowna Transmission and Westbank Upgrade Projects	94032 and 94034				
System Wide Bulk Telecom Equipment Replacement	900019				
Mica U1 U2 Turbine Overhaul	G000183				
North Vancouver Field Facility Redevelopment	P201902				
Campbell River Field Facility Redevelopment	P202001 or P202202				
Chilliwack Field Facility Redevelopment	P201703				
Mica Replace U1-4 Circuit Breakers and Iso Phase Bus Replacement	G000181				
Revelstoke U1-4 Stator Replacement	G000252				
Mica- Discharge Facilities Seismic and Reliability Upgrades	G003365				
La Joie Dam Improvements	G000459				

Project Name	IPID	Forecast Cost or Cost Range	Accuracy of Forecast Cost	Regulatory Filing Type	Actual or Anticipated Filing Date
Kootenay Canal U1-4 Generators Refurbishment	G003058				
Seven Mile U1-3 Turbine Upgrade	G004155				
Cheakamus Dam Improvements	G000052				
East Vancouver Substation Construction	900266				

- 3) In the Application, BC Hydro requested confirmation from the BCUC that a Certificate of Public Convenience and Necessity is not required for Customer IPID – 901943 Project. Please provide further information about this project and explain how the public interest would be best served by the BCUC confirming that a CPCN is not required for the project.
- 4) On page 5 of the Application, BC Hydro provides Table 1, as follows:

**Table 1 Expenditure Thresholds Escalated by
Statistic Canada Price Indices¹⁰**

Category (\$ million)	F2019 Beginning	F2020 Beginning	F2021 Beginning	F2022 Beginning	F2023 Beginning	F2024 Beginning	F2025 Beginning	F2026 Beginning
CPI change (%)	N/A	2.7	2.3	0.8	2.8	6.9	3.8	2.5
Power System	100	103	105	106	109	116	121	124
Information Technology	20	21	21	21	22	23	24	25
Non-residential building construction price index change (%)	N/A	6.0	2.0	0.2	7.5	9.8	3.8	2.5
Buildings	50	53	54	54	58	64	66	68

In footnote 10, BC Hydro states: “The values in the table for fiscal years 2020 to 2024 for Power System and Information Technology projects are based on BC-CPI (Consumer Price Index (CPI) - Province of British Columbia (gov.bc.ca), whereas for Buildings projects the index is based on the non-residential building construction price index for Vancouver
<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1810013501>.”

- A) Please provide further explanation and justification of the escalation percentages selected for each of:
 - i. BC-CPI for Power System projects;
 - ii. BC-CPI for Information Technology projects; and
 - iii. Non-residential building construction price index change (%) for Vancouver for Buildings projects.

- B) Please further explain why BC Hydro is proposing to backdate the escalation in thresholds to F2019 and what major capital projects may be affected by such backdating
- C) Please explain how the escalation in thresholds will work in the context of a multi-year Revenue Requirements Application. i.e., How BC Hydro will determine if a project is over or under the threshold when dealing with a multi-year time period?
- 5) The BC Hydro major capital projects filing thresholds were set in Decision and Order G-313-19.⁵ On page 25 of the Decision, the BCUC stated:

BC Hydro expects 20 projects included in the F2020 to F2024 Capital Plan will meet the major project thresholds (though not all may be filed with the BCUC in this period), and that approximately 20-30% of BC Hydro's non-exempt capital expenditures would be reviewed by the BCUC in a major project filing in the next ten years.The table below identifies the non-exempt capital expenditures expected to be reviewed in major project applications for F2019 to F2028.

Table 2: Non-exempt Capital Expenditures Reviewed in Major Project Applications (\$ million)¹²²

	F2019	F2020	F2021	F2022	F2023	F2024	F2025	F2026	F2027	F2028
Total Non-Exempt Capital Expenditures	\$2,764	\$1,664	\$1,735	\$1,703	\$1,860	\$2,057	\$2,231	\$2,271	\$2,218	\$2,652
Major Project Applications / Non-Exempt Capital Expenditures	53%	19%	22%	28%	31%	31%	21%	16%	23%	22%

- A) Please reproduce Table 2, with updated historic and forecast information for the year F2019 through F2028, under each of the following scenarios:
- i. The thresholds remain at the levels set in Decision and Order G-313-19; and
 - ii. The thresholds are changed as proposed in the Application.
- B) Please confirm whether the percentage of non-exempt capital expenditures reviewed in major project applications between F2019 and today has been more than 30 percent, and explain whether this percentage of major capital projects reviewed separately by the BCUC is reasonable.
- C) Please confirm whether the percentage of non-exempt capital expenditures forecast to be reviewed in major project applications between today and F2028 is expected to be greater than 30 percent, under each of: the 2018 Guidelines, and the revised thresholds proposed in the Application. For each, please explain whether this percentage of major capital projects reviewed separately by the BCUC is reasonable.

⁵ Decision and Order G-313-19 dated December 2, 2019, British Columbia Hydro and Power Authority Review of the Regulatory Oversight of Capital Expenditures and Project.