



**ORDER NUMBER  
G-154-23**

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

on June 19, 2023

**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 (OATT) 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. By Order G-47-22, the BCUC approved, on an interim and refundable basis, the requested fiscal 2023 rate increase of 0.62 percent, the requested OATT rates, and the requested DARR, effective April 1, 2022. By Order G-60-23, the BCUC approved, on an interim and refundable basis, the requested fiscal 2024 rate increase of 0.97 percent, the requested OATT rates, and the requested DARR, effective April 1, 2023;
- 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. 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. The BCUC issued Order G-341-22 in response to the Direction;
- F. Subsequent to the enactment of the Direction and the issuance of Order G-341-22, and in accordance with Orders G-344-22, G-386-22, and G-10-23, parties provided submissions regarding, among other things, the effect of the Direction and how the balances in the Cost of Energy Variance Accounts and in particular, the TIDA, should be recovered from or refunded to ratepayers;
- G. By Order G-66-23, the BCUC reopened the evidentiary record to accommodate Panel information requests (IR)s regarding BC Hydro's finance charges;
- H. On March 31, 2023, BC Hydro filed a letter with the BCUC seeking approval, as part of the proceeding to review the Application, to reinstate a \$320 million regulatory liability in the TIDA, which would effectively offset the transfer from the TIDA to the customer credit regulatory account that occurred pursuant to the Direction and Order G-341-22;
- I. By Order G-74-23, the BCUC established a regulatory timetable to allow an opportunity for parties' submissions with respect to BC Hydro's request to reinstate a \$320 million regulatory liability in the TIDA;
- J. By Order G-90-23, the BCUC established a regulatory timetable to allow for Panel IR no. 3 regarding BC Hydro's finance charges;
- K. On April 21, 2023, the BCUC issued the Decision and Order G-91-23 to the Application (Initial Decision), which, among other things, ordered the following:
  - (i) approved the rates requested in the Application, subject to the adjustments resulting from the corrections identified by BC Hydro in the proceeding, the determinations and directives contained in the Initial Decision, and any future determinations and directives made by the BCUC in the proceeding with respect to the topics of BC Hydro's request to reinstate a \$320 million regulatory liability in the TIDA and BC Hydro's finance charges;
  - (ii) the rates requested in the Application that have been approved on an interim basis by Orders G-47-22 and G-60-23 remain unchanged until further order of the BCUC; and
  - (iii) Within 30 days of the issuance of a BCUC order approving rates for fiscal 2023 to fiscal 2025 on a permanent basis, BC Hydro is to re-calculate its revenue requirements and file a revised Appendix A to the Application and updated rate schedules, reflecting the corrections to the Application identified in the errata filed in the proceeding, the terms of Order G-91-23, the determinations and directives contained in the Initial Decision, and any future BCUC determinations and directives issued in the proceeding.
- L. Subsequent to the issuance of the Initial Decision, by Order G-111-23, the BCUC established a regulatory timetable to allow for final and reply arguments on the topics of BC Hydro's request to reinstate a \$320 million regulatory liability in the TIDA and BC Hydro's finance charges;

- M. On May 30, 2023, BC Hydro filed a letter with the BCUC seeking clarification on Directives 70 and 71 of the Initial Decision with respect to the Fiscal 2022 Depreciation Study Impact Regulatory Account. In its letter, BC Hydro submitted three options for consideration to address the remaining \$11.9 million balance in the regulatory account;
- N. On June 6, 2023, the BCUC invited parties' submissions on how the remaining balance in the Fiscal 2022 Depreciation Study Impact Regulatory Account should be addressed; and
- O. 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 58 to 61 of the *Utilities Commission Act*, and for the reasons outlined in the decision issued concurrently with this order, the BCUC orders as follows:

1. The following are approved on a permanent basis subject to the adjustments resulting from the corrections to the Application identified in the errata filed in the proceeding, the determinations and directives contained in the Initial Decision and the determinations and directives contained in the decision issued concurrently with this order:
  - a. The requested rate increases of 0.62 percent, 0.97 percent, and 2.18 percent as applied for in the Application, effective April 1, 2022, April 1, 2023, and April 1, 2024, respectively;
  - b. The requested OATT rates as set out in Appendix II, Table II-2 of the Application, effective April 1, 2022, April 1, 2023 and April 1, 2024, respectively;
  - c. The requested DARR of (2.0) percent, effective April 1, 2022 for fiscal 2023 and (1.0) percent, effective April 1, 2023 for fiscal 2024.
2. BC Hydro is directed to refund or recover the difference between the rates approved on a permanent basis by this order and the rates approved on an interim basis by Orders G-47-22 and G-60-23, with interest at BC Hydro's weighted average cost of debt.
3. BC Hydro is approved to reinstate a \$320 million regulatory liability in the TIDA as requested by BC Hydro.
4. BC Hydro is approved to recover the \$11.9 million, plus any applicable interest applied to the balance of the account at BC Hydro's weighted average cost of debt, related to the variances arising in fiscal 2022 resulting from the application of the depreciation rates approved in the Initial Decision, from the Fiscal 2022 Depreciation Study Impact Regulatory Account over the fiscal 2023 to fiscal 2025 test period.
5. BC Hydro is directed to comply with all other directives contained in the Initial Decision and contained in the decision issued concurrently with this order.

**DATED** at the City of Vancouver, in the Province of British Columbia, this                      19<sup>th</sup>                      day of June 2023.

BY ORDER

*Original signed by:*

D. M. Morton  
Commissioner