



**ORDER NUMBER**  
**G-14-24**

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

and

British Columbia Hydro and Power Authority  
Reconsideration of the Performance Based Regulation Report Order G-388-21

**BEFORE:**

M. Jaccard, Panel Chair  
A. K. Fung, Commissioner  
E. B. Lockhart, Commissioner

on January 17, 2024

**ORDER**

**WHEREAS:**

- A. On December 21, 2021, the British Columbia Utilities Commission (BCUC) issued Decision and Order G-388-21 related to the British Columbia Hydro and Power Authority (BC Hydro) Performance Based Regulation (PBR) Report (PBR Report Decision) and directed BC Hydro to file, no later than December 31, 2023, a proposal for its next Revenue Requirements Application (RRA) that includes the following:
- i. A test period of at least five years;
  - ii. A proposed formula for as much as possible of the utility's controllable operations and maintenance and capital expenditures, incorporating cost inflation and productivity indices;
  - iii. A proposal for which, if any, of the years Fiscal 2022 to Fiscal 2025 should be used as the base year;
  - iv. Proposals for specific exclusions from the formula or index approach, if appropriate (including "Y factors" and "Z factors");
  - v. Consideration of whether a different approach is required for growth capital as compared to sustainment capital;
  - vi. A proposal for the criteria and reasons, if any, to abandon the PBR approach during the test period ("Off-Ramps"); and
  - vii. An assessment of whether annual reviews of BC Hydro's performance and rates during the test period are appropriate and what they should encompass and exclude;

- B. On December 21, 2023, BC Hydro filed for reconsideration of the PBR Report Decision (PBR Reconsideration Application) and its PBR Plan Application, the latter of which is filed in compliance with the PBR Report Decision;
- C. As it has been more than 60 days since the PBR Report Decision was issued, BC Hydro requests that the BCUC grant permission to file the PBR Reconsideration Application based on new facts and changes in circumstances, and just cause. BC Hydro submits that the BCUC should consider the merits of the PBR Reconsideration Application first, prior to reviewing the PBR Plan Application; and
- D. The BCUC determines that the following orders are warranted.

**NOW THEREFORE** the BCUC orders as follows:

- 1. BC Hydro's request for permission to apply for reconsideration of the PBR Report Decision is granted.
- 2. BC Hydro's PBR Reconsideration Application shall proceed to a hearing.
- 3. The BCUC's review of the PBR Plan Application will not commence until further order of the BCUC following the BCUC's final determinations on the PBR Reconsideration Application.
- 4. The regulatory timetable for the review of the PBR Reconsideration Application is established as set out in Appendix A to this order.
- 5. BC Hydro is directed to supplement the PBR Reconsideration Application with the additional information set out in Appendix B to this order by Thursday, February 1, 2024.
- 6. BC Hydro is directed to make the PBR Reconsideration Application available on its website and to provide a copy of this order to all registered interveners in the BCUC's Review of the PBR Report proceeding and the BC Hydro Fiscal 2023 to Fiscal 2025 RRA proceeding by Tuesday, January 23, 2024.
- 7. BC Hydro is directed to provide written confirmation to the BCUC that it has complied with Directive 6 of this order by Wednesday, January 24, 2024.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 17<sup>th</sup> day of January 2024.

BY ORDER

*Original signed by:*

M. Jaccard  
Commissioner

Attachments

British Columbia Hydro and Power Authority  
Reconsideration of the Performance Based Regulation Report Decision and Order G-388-21

**REGULATORY TIMETABLE**

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Action	Date (2024)
BC Hydro provides notice of the application	Tuesday, January 23
BC Hydro provides confirmation of compliance with notice requirements	Wednesday, January 24
Intervener registration	Wednesday, January 31
BC Hydro files Supplementary Information and final argument	Thursday, February 1
Intervener final argument	Thursday, February 15
BC Hydro reply argument	Thursday, February 29

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**SUPPLEMENTARY INFORMATION LIST**

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1. Please clarify why BC Hydro anticipates that separate review processes<sup>1</sup> for forecast costs are necessary under PBR as opposed to a combined process for the scheduled PBR review and forecast costs, similar to the review process used to set FortisBC's rates.<sup>2</sup> Please also clarify how the 18-month regulatory processes were estimated given that a portion of BC Hydro's previously forecast costs would be determined with a formula under a PBR plan.
2. Please discuss the pros and cons and feasibility of the following alternatives to BC Hydro's proposed review process under a PBR plan:
  - a. Bi-annual reviews to set rates that include updating the index-based formula elements, reviewing and approving forecast costs, applying for Z factors, reviewing Service Quality Indicators (SQIs), etc.
  - b. Bi-annual reviews to approve forecast costs, apply for Z factors, review SQIs, etc., and a separate annual process to set rates that includes updating the index-based formula elements.
  - c. Any other alternatives considered by BC Hydro that may involve less frequent and/or shorter scheduled reviews than proposed.
3. Please clarify why BC Hydro plans to file its fiscal 2026 to fiscal 2028 RRA in the fourth quarter of fiscal 2025 and whether it could be filed earlier (e.g. in August 2024).
4. Please provide an estimate, with support, of the percentage of the costs by major cost categories<sup>3</sup> that BC Hydro expects to be manageable within an index-based formula under a PBR plan: (i) in the absence of the energy transition and (ii) with consideration of the energy transition. In other words, what is the estimated quantitative impact of the energy transition on the proportion of index-based formula costs and the proportion of forecast costs?
5. Please explain why BC Hydro proposes the end of December 2028 as a reasonable timeframe to file a report with its assessment on whether its operating environment has changed such that PBR has become feasible. Based on that timing, please indicate the earliest date for filing of a PBR plan in the event that BC Hydro's report finds that PBR is feasible.

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<sup>1</sup> PBR Reconsideration Application, Figure 1, Revenue Requirements Schedule, p. 12.

<sup>2</sup> FortisBC's (collectively, FortisBC Energy Inc. and FortisBC Inc.) rates are set annually through an annual review process that do not include a separate process for the approval of forecast costs.

<sup>3</sup> For example: operating costs, capital costs, etc.