



**ORDER NUMBER**  
**G-43-24**

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

and

British Columbia Hydro and Power Authority  
Application for Approval to Set the Fiscal 2025 Deferral Account Rate Rider and Trade Income Rate Rider and  
Reconsideration Related to the Trade Income Rate Rider

**BEFORE:**  
M. Jaccard, Commissioner

on February 20, 2024

**ORDER**

**WHEREAS:**

- A. On October 30, 2023, British Columbia Hydro and Power Authority (BC Hydro) filed an application with the British Columbia Utilities Commission (BCUC) pursuant to Directives 77 and 79 of the Fiscal 2023 to Fiscal 2025 Revenue Requirements Application (RRA) Decision and Order G-91-23 (Application). In the Application, BC Hydro seeks the following:
- i. Approval to recover the balances in the Cost of Energy Variances Accounts through the Deferral Account Rate Rider (DARR) using the DARR table mechanism and set the DARR at (2.5) percent for fiscal 2025;
  - ii. Leave to apply to reconsider Directive 77, and an order varying Directive 77 to set the Trade Income Rate Rider (TIRR) at (2.3) percent on customer bills for fiscal 2025 with the remainder of the TIRR balance that would otherwise have been refunded on customer bills in fiscal 2025 pursuant to Directive 77 being deferred to a new Rate Smoothing Regulatory Account; and
  - iii. Approval to establish a new Rate Smoothing Regulatory Account to:
    - Capture the remainder of the TIRR balance that would otherwise have been refunded on customer bills in fiscal 2025 pursuant to Directive 77; and
    - Apply interest to the balance of the account based on BC Hydro's current weighted average cost of debt;
- B. Directive 77 of Decision and Order G-91-23 directed BC Hydro, commencing in fiscal 2025, to:
- Recover the Test Period Trade Income forecast from a rate rider rather than through the general revenue requirement (i.e. a Trade Income Rate Rider or TIRR);
  - Recover or repay the Trade Income Deferral Account (TIDA) balance from/to customers via the TIRR, instead of the DARR, over a 3-year amortization period, and limit the amortization of a deficit in the TIDA balance to the amount of forecast Trade Income that year. As a result, the TIRR will not be less than zero;

- Set the TIRR annually at the beginning of each fiscal year based on the most recently available actual results; and
  - File for approval of the TIRR annually in a filing separate from its RRA filings;
- C. Directive 79 of Decision and Order G-91-23 directed BC Hydro, commencing in fiscal 2025, to:
- Set the DARR annually, using BC Hydro's proposed DARR table mechanism, at the beginning of each fiscal year, based on the most recently available actual net Cost of Energy Variance Account balances without the TIDA balance. For example, commencing April 1, 2024, set the DARR based on the actual ending F2023 balances, with the same process to follow for each subsequent fiscal year; and
  - File for approval of the DARR annually in a filing separate from its RRA filings;
- D. In the Application, BC Hydro states that the issuance of a final BCUC decision on the Application prior to February 29, 2024 would enable customer bills to be updated in time for fiscal 2025 and therefore it requests permission to file for reconsideration of Directive 77 and an order varying Directive 77 to set the TIRR at (2.3) percent for fiscal 2025. BC Hydro states that its request for reconsideration and variance of Directive 77 is on the basis of new information, a material change in circumstances and just cause;
- E. By Order G-300-23, the BCUC approved BC Hydro's request for permission to apply for reconsideration of Directive 77 of Order G-91-23 and determined that the request for reconsideration should proceed to a hearing. The order also established a regulatory timetable for the review of the Application, which included public notice requirements, one round of BCUC Information Requests to BC Hydro, letters of comment, and BC Hydro's reply submission; and
- F. The BCUC has reviewed the Application, evidence, letters of comment, and BC Hydro's reply submission and makes the following determinations.

**NOW THEREFORE** pursuant to sections 59 to 61 and 99 of the *Utilities Commission Act*, and for the reasons stated in the decision issued concurrently with this order, the BCUC orders as follows:

1. BC Hydro is approved to recover the balances in the Cost of Energy Variance Accounts through the DARR using the DARR table mechanism and set the DARR at (2.5) percent for fiscal 2025 pursuant to Directive 79 of Order G-91-23.
2. Directive 77 of Order G-91-23 is varied to set the TIRR at (2.3) percent for fiscal 2025, as set out in the decision issued concurrently with this order, with the remainder of the TIRR balance that would otherwise have been refunded on customer bills in fiscal 2025 pursuant to Directive 77 of Order G-91-23 being deferred to the Rate Smoothing Regulatory Account established pursuant to Directive 3 of this order.
3. BC Hydro is approved to establish the Rate Smoothing Regulatory Account to capture the remainder of the TIRR balance that would otherwise have been refunded on customer bills in fiscal 2025 pursuant to Directive 77 of Order G-91-23. BC Hydro is to apply interest to the balance of the account based on BC Hydro's current weighted average cost of debt.
4. BC Hydro is directed to file for endorsement with the BCUC updated rate schedules for fiscal 2025 within 30 days of the date of this order.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 20<sup>th</sup> day of February 2024.

BY ORDER

*Original signed by:*

M. Jaccard  
Commissioner