



**ORDER NUMBER
G-73-24**

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, KC, Commissioner
E. B. Lockhart, Commissioner

on March 15, 2024

ORDER

WHEREAS:

- A. On December 21, 2023, British Columbia Hydro and Power Authority (BC Hydro) filed an application with the British Columbia Utilities Commission (BCUC) for reconsideration of BCUC Decision and Order G-388-21 related to the BC Hydro Performance Based Regulation (PBR) Report (PBR Report Decision) (Application), requesting the BCUC to vary the directive in Order G-388-21 to:
- (a) permit BC Hydro to file its revenue requirements applications (RRAs) based on a forecast cost of service approach until further order of the BCUC; and
 - (b) require BC Hydro to file a report by the end of December 2028 assessing whether its operating environment has changed such that PBR has become feasible;
- B. On December 21, 2021, the BCUC issued the PBR Report Decision and directed BC Hydro to file, no later than December 31, 2023, a proposal for its next 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;
- C. BC Hydro states that its request for reconsideration of the PBR Report Decision is on the grounds of new facts and changes in circumstances since the PBR Report Decision was issued, and just cause;
- D. By Order G-14-24, the BCUC granted BC Hydro’s request for permission to apply for reconsideration of the PBR Report Decision 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 intervener registration, the filing of supplementary information by BC Hydro, and final and reply arguments; and
- E. The BCUC has reviewed the Application, evidence, and arguments filed in this proceeding and determines that the following orders are warranted.

NOW THEREFORE pursuant to section 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. The BCUC directive in Order G-388-21 requiring BC Hydro to file, no later than December 31, 2023, a proposal for its next RRA including the elements specified in Recital B of this order, is rescinded.
2. BC Hydro is directed to file a report with the BCUC by December 31, 2028 assessing whether its operating environment has changed such that PBR has become feasible.

DATED at the City of Vancouver, in the Province of British Columbia, this 15th day of March 2024.

BY ORDER

Original signed by:

M. Jaccard
Commissioner