



**ORDER NUMBER
F-32-24**

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

and

the *Insurance Corporation Act*, RSBC 1996, Chapter 228, as amended

and

Insurance Corporation of British Columbia
2024 Financial Allocation Methodology
Participant Cost Award Application

BEFORE:

B. A. Magnan, Commissioner

on September 3, 2024

ORDER

WHEREAS:

- A. On January 31, 2024, the Insurance Corporation of British Columbia (ICBC) filed an application for approval with the British Columbia Utilities Commission (BCUC) to update its existing Financial Allocation Methodology (FAM) for allocating revenues and costs among its universal compulsory automobile insurance (Basic insurance), optional insurance (Optional insurance) and non-insurance services (Non-insurance) business segments (ICBC 2024 FAM);
- B. By Order G-51-24 dated February 27, 2024, and amended by Order G-107-24 dated March 27, 2024, the BCUC established a regulatory timetable for the review of the ICBC 2024 FAM which included public notice, intervener registration, one round of BCUC and intervener information requests and final and reply arguments that concluded on May 31, 2024;
- C. The following parties registered as interveners in the proceeding:
 - British Columbia Old Age Pensioners' Organization et al. (BCOAPO); and
 - Credit Union Insurance Services Association;
- D. On July 12, 2024, by Decision and Order G-189-24 the BCUC approved ICBC's proposed changes to the FAM allocators as set out in the ICBC 2024 FAM;
- E. BCOAPO filed a Participant Cost Award (PCA) application with the BCUC with respect to its participation in the proceeding as follows:

Date	Participant	Application
July 30, 2024	BCOAPO	\$21,363.65

- F. By letter dated August 14, 2024, ICBC provided its comments on the PCA application, stating that it has no issues with the billed hours claimed by BCOAPO for its legal counsel, but that the number of hours billed by BCOAPO's consultant is disproportionately high relative to the volume of materials reviewed and drafted, as well as when applying the same comparisons of scope, complexity and volume of materials in this proceeding to ICBC's 2023 Revenue Requirements Application (2023 RRA) proceeding;
- G. By letter dated August 21, 2024, BCOAPO responded to ICBC comments; and
- H. The BCUC has reviewed the PCA application and the comments received in accordance with the criteria and rates set out in the Rules of Practice and Procedure for Participant Cost Awards, attached to BCUC Order G-72-23, and makes the following determinations.

NOW THEREFORE pursuant to section 118(1) of the *Utilities Commission Act*, and for the reasons outlined in the decision accompanying this order, the BCUC orders as follows:

1. Costs are awarded to the BCOAPO in the listed amount for its participation in the ICBC 2024 FAM proceeding:

Participant	Application	Award
BCOAPO	\$21,363.65	\$16,885.14

2. ICBC is directed to reimburse BCOAPO for the awarded amount in a timely manner.

DATED at the City of Vancouver, in the Province of British Columbia, this 3rd day of September 2024.

BY ORDER

Original signed by:

B. A. Magnan
Commissioner

Insurance Corporation of British Columbia
2024 Financial Allocation Methodology
Participant Cost Award Application

DECISION

1.0 Introduction

On January 31, 2024, the Insurance Corporation of British Columbia (ICBC) filed an application for approval with the British Columbia Utilities Commission (BCUC) to update its existing Financial Allocation Methodology (FAM) for allocating revenues and costs among its universal compulsory automobile insurance (Basic insurance), optional insurance (Optional insurance) and non-insurance services (Non-insurance) business segments (ICBC 2024 FAM).

The BCUC established a regulatory timetable for the review of the ICBC 2024 FAM, which included public notice, intervener registration, one round of BCUC and intervener information requests and final and reply arguments that concluded on May 31, 2024.¹

By Decision and Order G-189-24 dated July 12, 2024, the BCUC issued its final decision on the ICBC 2024 FAM.

The BCUC received one Participant Cost Award (PCA) application from British Columbia Old Age Pensioners' Organization et al. (BCOAPO) with respect to its participation in the ICBC 2024 FAM proceeding, which is reviewed in this decision.

2.0 Legislative Framework

Section 118(1) of the UCA provides that the BCUC may order a participant in a proceeding before the BCUC to pay all or part of the costs of another participant in the proceeding.

The BCUC PCA rules (PCA Rules) are set out in Part VI of the BCUC Rules of Practice and Procedure.² The PCA Rules stipulate the eligibility requirements and criteria used in assessing participant cost awards in BCUC proceedings, including the process for applying for a cost award, eligible costs, and maximum hourly or daily rates.

Rule 36.01 provides that the BCUC will determine the amount of a cost award, if any, in accordance with the purpose of the PCA Rules and that it will, so far as applicable, consider the following criteria:

- (a) whether such costs were necessarily and properly incurred in the conduct of the proceeding;
- (b) whether such costs are reasonable;
- (c) whether the participant has demonstrated through its participation that it has:
 - i. Contributed to a better understanding by the BCUC of one or more of the issues in the proceeding;
 - ii. Made reasonable efforts to combine or coordinate its participation with that of one or more participants with similar interests, in order to avoid duplication and reduce costs;

¹ Orders G-51-24 and G-107-24.

² Established by Order G-178-22 dated June 30, 2022, and amended by Order G-72-23 dated April 3, 2023.

- iii. Engaged in conduct or activity that resulted in a more efficient and/or shorter proceeding;
 - iv. Refrained from conduct or activity that unnecessarily lengthened the duration of the proceeding or resulted in unnecessary costs;
 - v. Refrained from conduct or activities which the BCUC considers inappropriate or irresponsible;
 - vi. Made reasonable efforts to ensure participation in the proceeding, including information requests, issues raised, evidence, cross-examination, and arguments, was within the scope of the proceeding or not unduly repetitive;
 - vii. Engaged in conduct consistent with the participant's approved scope of participation in the proceeding;
 - viii. Incurred time participating in the proceeding that was proportionate to the scope of the proceeding and/or the complexity or novelty of the proceeding;
 - ix. Complied with the BCUC's orders, directions, and rules; and
- (d) any other matter the BCUC determines appropriate in the circumstances.

3.0 PCA Application

BCOAPO is a party representing a group of community-based, not-for-profit organizations that represent a diverse cross-section of individual ICBC policyholders.³

The following table summarizes the components of the cost award sought by BCOAPO in its PCA application:

Professional- Fees/ Disbursements	# of Hrs	Rate	Subtotal	Taxes	Total
Legal-Counsel	20.8	10.3-hrs.-@-\$350/hr; ⁴ and 7.5-hrs.-@-\$285/hr	\$5,742.50	\$689.10	\$6,431.60
Consultant	60.5	\$235.00/hr	\$14,217.50	\$710.87	\$14,928.37
Disbursements			\$3.50	\$0.18	\$3.68
Total-Costs					\$21,363.65

In accordance with Rule 35, ICBC was provided the opportunity to comment on BCOAPO's PCA application. In its letter dated August 14, 2024, ICBC stated that it had no issues with the billed hours claimed by BCOAPO for its legal counsel, but that the number of hours billed by BCOAPO's consultant is disproportionately high relative to the volume of materials reviewed and drafted, as well as when applying the same comparisons of scope, complexity and volume of materials in this proceeding to ICBC's 2023 Revenue Requirements Application (2023 RRA) proceeding.

BCOAPO replied to ICBC's comments by letter dated August 21, 2024, submitting that it is not useful or fair to compare ICBC's recent RRA proceedings to the 2024 FAM proceeding as the proceedings are very different. In BCOAPO's view, given the complexity and novelty of the issues in the 2024 FAM proceeding, it is reasonable that its consultant spent 60.5 hours or approximately seven days on this proceeding. BCOAPO notes the last time that the ICBC FAM was reviewed was almost 20 years ago and "huge contextual changes have altered the very

³ Exhibit C2-1, p. 2.

way that the Insurer operates.” As such, BCOAPO states that the context in which the 2024 FAM review took place required additional time of the consultant working on the file so that they could appropriately evaluate ICBC’s proposal from a private policyholder’s perspective.

Panel Determination

The Panel is satisfied that BCOAPO is eligible for a cost award in accordance with the PCA Rules and has contributed to a better understanding of the issues in this proceeding. However, having reviewed the components of the award sought and the breakdown of the time incurred, the Panel finds that the total amount of BCOAPO’s requested cost award is excessive in the circumstances. The Panel takes no issue with the amount of disbursements, or the requested rates or number of hours claimed by BCOAPO for legal services but considers that the number of hours claimed by BCOAPO for its consultant (60.50 hours) is not reasonable. The Panel acknowledges that a considerable amount of time has passed since the last complete review of the ICBC FAM, and thus may warrant the consultant to spend additional time on the issue. Notwithstanding this, the Panel finds that the actual time incurred, the details of which are itemized in the PCA application, was not proportionate to the overall complexity or novelty of the 2024 FAM proceeding on the basis of its limited scope. While the Panel makes no determination on the comparison of the 2024 FAM proceeding to ICBC’s RRA proceedings as ICBC had suggested, the Panel finds that a reduction of 30 percent to the costs awarded to BCOAPO for its consultant’s services (from 60.50 hours to 42.35 hours) to be appropriate.

The Panel therefore reduces the amount payable to the BCOAPO consultant to \$10,449.86, and awards BCOAPO \$16,885.14 in PCA costs, inclusive of disbursements and applicable taxes, calculated as follows:

Professional Fees/ Disbursements	# of Hrs	Rate	Subtotal	Taxes	Total
Legal Counsel	20.80	10.3 hrs @ \$350/hr; and 7.5 hrs @ \$285/hr	\$5,742.50	\$689.10	\$6,431.60
Consultant	42.35 ⁴	\$235.00/hr	\$9,952.25	\$497.61	\$10,449.86
Disbursements			\$3.50	\$0.18	\$3.68
Total Award					\$16,885.14

DATED at the City of Vancouver, in the Province of British Columbia, this 3rd day of September 2024.

Original signed by :

B. A. Magnan
Commissioner