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ORDER NUMBER
G-59-25

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

and

British Columbia Hydro and Power Authority
Distribution Extension Policy

BEFORE:
M. Jaccard, Panel Chair
T. A. Loski, Commissioner
W. E. Royle, Commissioner

on March 5, 2025

ORDER

WHEREAS:

A. On June 27, 2024, British Columbia Hydro and Power Authority (BC Hydro) filed its distribution extension policy application (Application) with the British Columbia Utilities Commission (BCUC), pursuant to sections 58 to 61 of the *Utilities Commission Act* (UCA), requesting approval of amendments to its Electric Tariff Terms and Conditions that govern distribution extensions, including to:

- Update Electric Tariff Section 8.3 in respect of the extension fee calculation, system improvement cost, and BC Hydro's maximum contribution to an extension, and establish a new Electric Tariff Section 11.5 in respect of BC Hydro's maximum contribution;
- Update Electric Tariff Section 8.4 in respect of guarantee requirements and reviews;
- Update Electric Tariff Section 8.5 in respect of refunds of extensions fees;
- Remove Electric Tariff Section 8.7 in respect of extensions in Rate Zone IB and Rate Zone 2;
- Update Electric Tariff Section 8.8 in respect of the uneconomic extension fund;
- Update Electric Tariff Section 11.1 in respect of minimum connection charges and Section 11.2 in respect of metering charges; and
- Make amendments, which BC Hydro identifies as administrative and housekeeping, to Electric Tariff Sections 1, 3, 4, 6, 8, and 11, and Rate Schedules 1640, 1641, 1642, and 1643;

B. BC Hydro proposes that these amendments be made effective the later of April 1, 2025, or four months following the approval of the proposed amendments by the BCUC;

C. BC Hydro provides in Appendix B to the Application a blacklined version of the Electric Tariff showing all proposed amendments to the Electric Tariff Terms and Conditions and Rate Schedules, which BC Hydro updated during the proceeding through the filing of Errata No. 1 to the Application;

D. BC Hydro requests that certain information in Appendix G to the Application (Confidential Information) be treated as confidential in accordance with Part IV of the BCUC's Rules of Practice and Procedure;

E. By Order G-199-24 dated July 23, 2024, Order G-277-24 dated October 30, 2024, and Order G-293-24 dated November 13, 2024, the BCUC established and amended a regulatory timetable for review of the Application, which included, among other things, intervener registration, one round of information requests (IRs), one round of Panel IRs and final and reply arguments; and

F. The BCUC has reviewed the Application, the evidence and the submissions in this proceeding and finds that the following determinations are warranted.

NOW THEREFORE pursuant to sections 58 to 61 of the UCA and for the reasons outlined in the decision accompanying this order, the BCUC orders as follows:

1. The amendments to the Electric Tariff Terms and Conditions and Rate Schedules as shown in Appendix B of the Application and as revised in Errata No. 1 to the Application are approved effective July 5, 2025, subject to the revisions to Sections 8.5.1 and 8.5.2 of the Electric Tariff Terms and Conditions required to reflect the approved effective date.

2. BC Hydro is directed to file for endorsement the amended Electric Tariff Terms and Conditions and Rate Schedules in accordance with the BCUC's approvals in this order and decision, at least 30 days before the effective date.

3. BC Hydro is directed to update the BC Hydro contribution calculation annually effective April 1 based on the interim or permanent annual general rate changes approved by the BCUC at the time, and to file with the BCUC its supporting calculations and updated tariff pages for endorsement by April 30.

4. BC Hydro is directed to file an evaluation report with the BCUC by December 5, 2028, in accordance with the requirements set out in Section 9.0 of the decision accompanying this order.

5. The Confidential Information will be held confidential unless the BCUC determines otherwise.

6. BC Hydro is directed to comply with all other directives and determinations set out in the decision accompanying this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 5th day of March 2025.

BY ORDER

Electronically signed by Mark Jaccard

M. Jaccard
Commissioner

DECISION

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Executive Summary

On June 27, 2024, British Columbia Hydro and Power Authority (BC Hydro) filed its distribution extension policy application (Application) with the British Columbia Utilities Commission (BCUC), seeking approval of amendments to its Electric Tariff Terms and Conditions that govern distribution extensions (collectively referred to as its Distribution Extension Policy).

The BCUC established a public hearing process to review the Application, in which twelve registered interveners participated.

The Distribution Extension Policy sets out the terms and conditions under which BC Hydro adds to or modifies its distribution system to connect new or increased customer loads. It establishes how costs for these extensions are allocated between BC Hydro and its customers, including provisions for extension fees, BC Hydro contributions, customer guarantees, extension fee refunds, and an uneconomic extension fund.

The Distribution Extension Policy was last substantively updated in 2008, and BC Hydro submits that stakeholders have expressed concerns regarding its ability to address cost equity, predictability, and affordability in light of the increasing complexity of developments, demand for electrification, and a shift in government priorities since that time. BC Hydro undertook a comprehensive review of the Distribution Extension Policy, including a 12-month engagement process with stakeholders, which informed the proposed amendments in the Application.

BC Hydro's proposed amendments to the Distribution Extension Policy include:

- Updates to the allocation of system improvement costs, which eliminate the need for direct customer contributions toward system improvement costs in all but extraordinary cases.
- Updates to the calculation of the maximum BC Hydro contribution towards new extensions, which remains based on the present value of distribution related costs and revenues from new extensions. The updates will increase the BC Hydro contribution towards all distribution extensions.
- Annual updates to the BC Hydro contribution to maintain future alignment with BC Hydro's costs and revenues.
- Updates to the provisions regarding the requirement and release of customer guarantees to better align released amounts with customers expected demand and to align with other updates to the Distribution Extension Policy.
- Updates to the eligibility criteria and process for administering extension fee refunds.
- Updates to standard charges to accurately reflect current costs and business practices.
- Updates to align the Distribution Extension Policy for non-integrated areas with integrated areas.
- Expansion of eligibility for the uneconomic extension fund.
- Housekeeping amendments to align the Electric Tariff terms and conditions with the proposed updates to the Distribution Extension Policy.

The Panel approves BC Hydro's proposed amendments to the Distribution Extension Policy pursuant to sections 58 to 61 of the *Utilities Commission Act*, subject to revisions to the effective date in the tariff pages. The Panel finds that the proposed amendments improve alignment with BC Hydro's current operating environment and stakeholder feedback; improve equity for new customers without unduly harming existing customers; support customer understanding and acceptance; better align with current costs, revenues, and business operations;

balance administrative efforts with the interests of BC Hydro customers; and reduce barriers to electrification in non-integrated area communities.

The Panel approves BC Hydro's proposed effective date of four months following the issuance of this decision and directs BC Hydro to provide an evaluation report on the Distribution Extension Policy by December 5, 2028.

1.0 Introduction

On June 27, 2024, British Columbia Hydro and Power Authority (BC Hydro) filed an application (Application) with the British Columbia Utilities Commission (BCUC) pursuant to section 58 to 61 of the *Utilities Commission Act* (UCA) for approval of amendments to its Electric Tariff Terms and Conditions that govern distribution[1] extensions (collectively referred to as the Distribution Extension Policy).[2]

The Distribution Extension Policy sets out the terms and conditions under which BC Hydro adds to or modifies its distribution system to connect new or increased customer loads. The Distribution Extension Policy outlines how costs for these extensions are allocated between BC Hydro and its customers and includes provisions governing extension fees, BC Hydro contributions, customer guarantees, refund processes, and the uneconomic extension fund. The Distribution Extension Policy was last substantively updated in 2008.[3]

BC Hydro submits that over the past decade, customer projects requiring new connections have become larger and more complex, and that high-density developments, multi-phase projects with substantial upfront costs, and increasing demand for electrification have created challenges under the existing framework. BC Hydro states that these changes and the shift in government priorities toward accelerating electrification and supporting affordable housing initiatives under programs such as CleanBC and Homes for People have highlighted limitations in its current policy's ability to address cost equity, predictability, and affordability.[4]

To address these issues, BC Hydro initiated a comprehensive review of the Distribution Extension Policy and undertook a 12-month engagement process to understand its customers' needs and views on the current policy. BC Hydro engaged with municipalities, First Nations communities, developers, industry representatives, and other stakeholders. This process identified key areas for improvement, including updating cost thresholds for system improvements, revising refund processes to enhance fairness and accessibility, and aligning policies across integrated service areas and non-integrated areas (NIAs). The proposed amendments also aim to expand eligibility for financial support through mechanisms like the uneconomic extension fund to better serve rural and remote communities.[5]

BC Hydro states that its proposed amendments will better align the Distribution Extension Policy with current costs, revenues, and business practices; and will support government policy on electrification and housing development by reducing barriers for customers to connect to BC Hydro's distribution system.[6]

The proposed amendments to the Distribution Extension Policy comprise the following updates and additions to BC Hydro's Electric Tariff:[7]

- Amendments to Section 8.3 in respect of BC Hydro's extension fee calculation, system improvement cost, and maximum contribution to an extension;

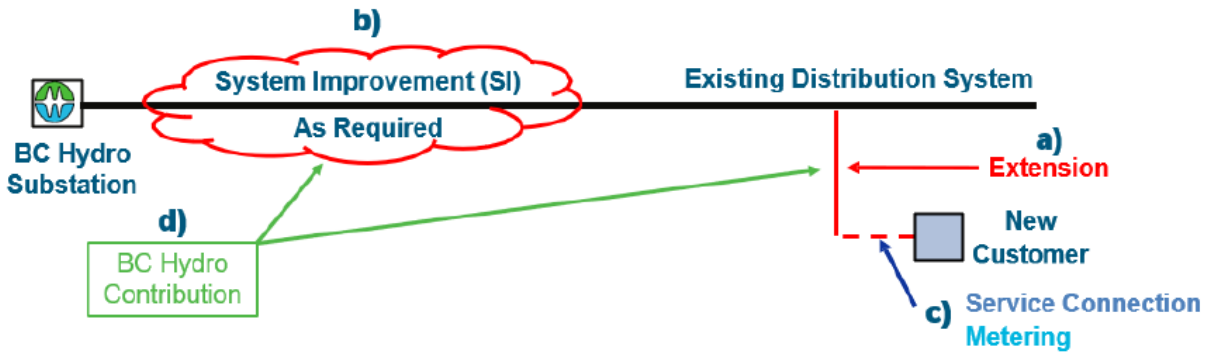
[1] Distribution refers to the portion of BC Hydro's system operating at 35 kilovolts (kV) or less. Exhibit B-1, p. 1-6.
[2] Exhibit B-1, p. 1-1.
[3] Ibid., p. 1-1. The current Distribution Extension Policy was approved by the BCUC by Order G-130-07 as part of BC Hydro's 2007 rate design application, which was subsequently amended by BCUC Order G-20-08. BC Hydro identifies that the policy was developed to align with the priorities of the 2007 Energy Plan, which it states emphasized energy conservation, efficiency, and self-sufficiency.
[4] Exhibit B-1, pp. 2-13 – 2-16.
[5] Ibid., pp. 1-1 – 1-3, 3-1.
[6] Ibid., pp. 1-2 – 1-3.
[7] Ibid., pp. 1-8 – 1-9.

- Establishment of a new Section 11.5 in respect of BC Hydro's maximum contribution towards an extension;
- Amendments to Section 8.4 in respect of guarantee requirements and reviews;
- Amendments to Section 8.5 in respect of refunds of extensions fees;
- Removal of Section 8.7 in respect of extensions in Rate Zone IB and Rate Zone II;
- Amendments to Section 8.8 in respect of the uneconomic extension fund;
- Amendments to Section 11.1 in respect of minimum connection charges and Section 11.2 in respect of metering charges; and
- Administrative and housekeeping amendments to Sections 1, 3, 4, 6, 8, and 11, and Rate Schedules 1640, 1641, 1642, and 1643.

1.1 Background

In the Application, BC Hydro provides the following overview of the various elements considered when a customer requests new or increased service as shown in Figure 1, below:[8]

Figure 1: Distribution Extension Overview[9]



- An extension is the addition to BC Hydro's infrastructure that extends the distribution system to the customer's location or an increase in the capacity of BC Hydro's distribution system to meet the customer's new or increased service requirements (Extension). For example, extending the existing system to an unserved customer site is an Extension;[10]
- System improvements are the upstream improvements, such as modifications or upgrades to BC Hydro's existing distribution system, to accommodate the incremental customer load (System Improvement). For example, increasing the conductor size of BC Hydro's existing system is a System Improvement;

[8] Ibid., pp. 1-6 – 1-7.
[9] Ibid., Figure 1-1, p. 1-6. For clarity, the BCUC interprets the black line to represent the existing distribution system that may be subject to System Improvements, and the red line to represent an extension that may include new infrastructure or upgrades to existing BC Hydro infrastructure to meet new service requirements.
[10] The BCUC understands "increases to capacity of BC Hydro's distribution system" to be a part of upstream system improvements, except where capacity increases serve only the customer requesting the upgrade, in which case it is a part of the extension. Exhibit B-1, p. 4-9, BC Hydro states: "System Improvements are improvements to BC Hydro's upstream system, which usually serve more than just the customer requesting new or increased Service."

- Service connection and metering are the last section of the wire or cable (Service Connection) and metering work (Metering) that connects the customer and meters the electricity consumed; and
- BC Hydro contribution is the maximum financial contribution that BC Hydro makes toward a distribution Extension in recognition of the future revenue BC Hydro will receive from the new or increased load (Contribution).

Under the current Electric Tariff for the integrated service area:[11]

- All customers requesting to connect to the distribution system or to upgrade their service pay an extension fee (Extension Fee) equal to the estimated construction cost of the Extension, less the BC Hydro Contribution. Customers are also required to pay Service Connection and Metering costs;
- If a customer's expected maximum demand is greater than 500 kilovolt amperes (kVA) and System Improvement is required, the Extension Fee will include the attributable System Improvement costs;
- If a subsequent customer connects to the same Extension, then the initial customer who paid the Extension Fee may be eligible for a refund due to the subsequent connection (Extension Fee Refund);
- Customers with larger loads may be required to provide financial guarantees to ensure that BC Hydro recovers its investment if expected demand does not materialize (Customer Guarantee); and
- A fund is available to provide financial assistance to residential customers and farms connecting to BC Hydro's distribution system, where more than one span of overhead distribution line is required along publicly maintained roads (Uneconomic Extension Fund).[12]

Under the current Electric Tariff for the NIA:[13]

- Customers are required to pay the total estimated cost of construction of the distribution Extension (including costs for the Extension, System Improvement, Service Connection, and Metering) as well as the present value of net operating and maintenance costs for the incremental load; and
- The BC Hydro Contribution and Extension Fee Refunds are not currently applicable to distribution Extensions.[14]

1.2 Legislative and Regulatory Framework

Sections 58 to 61 of the UCA pertain to the setting and amendment of rates. Pursuant to sections 60(1)(a) and (b) of the UCA, when setting rates, the BCUC must take into account all matters that it considers proper and relevant affecting the rate, and, amongst other things, must have due regard to setting a rate that is not unjust or unreasonable and not unduly discriminatory or unduly preferential. The Panel conducts its review of the Application based on this legislative authority.

BC Hydro states its proposals in the Application are guided by the eight rate design criteria identified by Dr. James Bonbright in *Principles of Public Utility Rates* (Bonbright Criteria). [15] In the Application, BC Hydro provides its assessment of the proposed amendments to the Distribution Extension Policy against the Bonbright Criteria.[16]

[11] Exhibit B-1, pp. 1-7 – 1-8.
[12] Ibid.
[13] Ibid., p. 1-8.
[14] Ibid.
[15] Ibid., pp. 2-3 – 2-4.
[16] Ibid., pp. 4-38 – 4-39.

1.3 Regulatory Process

The BCUC established a written public hearing process and a regulatory timetable for review of the Application, which included one round of BCUC and intervener information requests (IRs), one round of Panel IRs, and final and reply arguments.[17]

Twelve parties registered as interveners in the proceeding:

- FortisBC Energy Inc. and FortisBC Inc. (collectively, FortisBC);
- Movement of United Professionals (MoveUP);
- BC Sustainable Energy Association (BCSEA);
- City of Vancouver (CoV);
- Lulu Island Energy Company (LIEC);
- City of Richmond (CoR);
- District of North Vancouver (DNV);
- Metro Vancouver Regional District (Metro Vancouver);
- Commercial Energy Consumers Association of BC (the CEC);
- Nuu-Chah-Nulth Tribal Council (NTC);
- Residential Consumer Intervener Association (RCIA); and
- Kwadacha Nation and Tsay Keh Dene Nation, together the Zone II Ratepayers Group (Zone II RPG).

CoV, LIEC, CoR, DNV, and Metro Vancouver (collectively, Local Government Interveners or LGI) participated jointly in the proceeding as requested by the BCUC.[18]

The City of Victoria submitted a letter of comment.[19]

1.4 Decision Framework

This decision discusses the issues raised during this proceeding and provides the Panel's final determinations on BC Hydro's proposals in the Application, as follows:

- Section 2.0 discusses the Extension Fee updates;
- Section 3.0 addresses the changes to Customer Guarantees;
- Section 4.0 reviews the changes to Extension Fee Refunds;
- Section 5.0 deals with the changes to standard charges;
- Section 6.0 considers the changes to applicability of the Distribution Extension Policy to NIAs;
- Section 7.0 examines the changes to the Uneconomic Extension Fund;
- Section 8.0 addresses the housekeeping amendments to the Electric Tariff; and

[17] BCUC Orders G-199-24, dated July 23, 2024; G-277-24, dated October 30, 2024; G-293-24, dated November 13, 2024.
[18] Exhibit A-4.
[19] Exhibit D-1.

- Section 9.0 discusses the implementation, monitoring, and evaluation of the changes to the Distribution Extension Policy.
- Section 10.0 summarizes the Panel's overall determinations on the Application.

2.0 Extension Fee

The Extension Fee is the amount a customer, who requests to connect to the distribution system or to upgrade their service, pays to BC Hydro for the addition or modification of distribution infrastructure to serve their new or increased load.[20] Section 8.3 of BC Hydro's Electric Tariff sets out how the Extension Fee for a customer is determined.[21]

Under both the existing and proposed Distribution Extension Policy, the Extension Fee includes the estimated construction cost of the Extension (Extension Cost), the customer portion of System Improvement costs and the estimated service connection costs, less the BC Hydro Contribution.[22] Under the existing Distribution Extension Policy, the BC Hydro Contribution cannot be applied to offset Service Connection costs. In the proposed policy, BC Hydro will allow the Contribution to offset Service Connection costs.[23]

Table 1, below, describes BC Hydro's calculation to determine the Extension Fee, and summarizes the key changes proposed.

Table 1: Extension Fee Calculation[24]

Extension Fee =		
	Estimated Extension Cost	**No change to methodology** Based on the estimated construction cost of the Extension as discussed in Section 2.1 below.
+	Estimated System Improvement cost in excess of BC Hydro's maximum investment	**Updated cost allocation** For extensions with estimated system improvement costs that exceed $1 million, the customer will be allocated estimated construction costs of the System Improvement that exceed BC Hydro's maximum investment of $1 million per MVA, up to a maximum of $10 million, as discussed in Section 2.2 below.
+	Estimated Service Connection cost	**No change to methodology** Based on standard minimum connection charges where applicable, or the estimated construction cost of the service connection. BC Hydro's proposed changes to its standard charges are discussed in Section 5.0 below.
-	BC Hydro Contribution	**Updated methodology and inputs** Based on the estimated incremental revenue BC Hydro expects to receive from the new load. BC Hydro proposes to allow the BC Hydro Contribution to offset Service Connection costs, which

[20] Exhibit B-1, p. 4-4.
[21] Ibid., p. 4-3.
[22] Ibid., p. 4-5.
[23] Ibid., p. 4-15.
[24] Ibid., p. 4-5. Table prepared by the BCUC.

		cannot currently be offset. BC Hydro Contribution is discussed in Section 2.3 below.

2.1 Extension Costs

Extension Costs are the costs of BC Hydro's infrastructure that are necessary to extend BC Hydro's distribution system to the customer's location and/or provide an increase in the capacity to meet the customer's new or increased service requirements.[25]

BC Hydro proposes no changes to its current methodology to determine the Extension Cost, which is based on the estimated construction cost specific to each Extension.[26] BC Hydro explained that it considered alternatives to simplify the construction costs paid by customers, such as unitized cost based on averages; however, customers expressed a preference for Extension Costs to remain based on estimated construction costs, which they considered to be fair and well understood.[27]

Positions of the Parties

NTC expresses concern that relying on estimates of construction costs will give incentive for BC Hydro to pad estimates, if it is assuming cost risk for those jobs. NTC submits that there should be some reconciliation of construction estimates with actual costs to mitigate this incentive and assure customers that BC Hydro estimates are never far out of line with actual costs.[28]

In reply, BC Hydro submits that there is no basis for NTC's assertion that it would have incentive to pad its estimates. BC Hydro notes that this current practice is well understood and supported by customers and therefore aligns well with the Bonbright Criteria of customer understanding and acceptance. BC Hydro further notes that no customer raised concerns regarding construction cost estimate accuracy during its engagement process.[29]

Panel Discussion

The Panel is satisfied that the use of construction cost estimates provides upfront cost certainty and accepts BC Hydro's evidence that this is well understood and accepted by customers. The Panel accepts BC Hydro's proposal to continue using construction cost estimates as a reasonable basis to determine the Extension Cost.

2.2 System Improvement Costs

System Improvements are the upstream improvements, such as modifications or upgrades to BC Hydro's existing distribution system, to accommodate the incremental customer load.[30]

Current Policy

Currently, customer requests with an expected maximum demand exceeding 500 kVA that trigger the immediate need for System Improvement are required to pay all costs of System Improvements arising from

[25] Ibid., p. 1-6.
[26] Ibid., pp. 4-5 – 4-6.
[27] Ibid., pp. 3-10 – 3-11.
[28] NTC Final Argument, pp. 7 – 8.
[29] BC Hydro Reply Argument, p. 4.
[30] Exhibit B-1, pp. 1-6, 4-6.

their Extension. For customer requests with an expected maximum demand of 500 kVA or less, the customer is not required to pay any portion of the System Improvement costs.[31]

BC Hydro submits that the intention of the current policy was that only Extensions requiring extraordinary System Improvements would be charged for System Improvement costs. However, BC Hydro explains that projects are becoming larger with BC Hydro's distribution system encountering more frequent capacity constraints, particularly in high growth areas. As a result, the "extraordinary" threshold for System Improvement is more frequently triggered. BC Hydro notes this often results in disproportionate burdens for customers, because in cases where multiple customers are dependent on a common System Improvement, System Improvement costs are only allocated to the first customer.[32]

Proposed Policy

BC Hydro proposes to replace the current 500 kVA threshold with a new load-dependent maximum System Improvement investment by BC Hydro. Under this approach, BC Hydro's maximum System Improvement investment will be:

- $1 million for Extensions with expected maximum demand less than 1 megavolt-amp (MVA); and
- $1 million per MVA of expected demand, prorated by kVA and up to a maximum total contribution of $10 million per Extension, for Extensions with expected maximum demand of 1 MVA or greater.

Customers will be responsible for any System Improvement costs exceeding these thresholds.[33]

BC Hydro submits that the proposed $1 million per MVA investment will protect smaller customers from significant System Improvement costs that can arise from minor upgrades or clustered developments and is expected to eliminate the need for direct customer contributions toward System Improvement in all but extraordinary cases. BC Hydro also submits that it validated the reasonableness and sufficiency of this threshold through stakeholder feedback sessions, and notes that the proposed threshold roughly aligns with BC Hydro's expected costs to modify and upgrade the distribution system to accommodate load growth of $1.3 million per MVA.[34]

BC Hydro considers that the proposed cap of $10 million per Extension, regardless of load, limits BC Hydro's exposure to extraordinary System Improvement costs and is likely to affect only a small number of customers. BC Hydro found that no connections between fiscal 2018 to fiscal 2022 resulted in System Improvements exceeding $10 million, but notes that it typically receives one or two customer inquiries per year exceeding 10 MVA of load where the System Improvement is expected to exceed $10 million.[35]

BC Hydro states that the proposed changes recognize that all customers contribute to the eventual need for System Improvement and aim to allocate costs more equitably among customers while ensuring that extraordinary System Improvement costs are borne by the customers who trigger them. BC Hydro submits that the updated threshold will enhance cost predictability and ensure that all customers receive a proportionate level of BC Hydro support.[36]

As a result of the proposed changes, BC Hydro expects that its revenue will decrease by approximately $13 million per year, which is the amount it currently collects in System Improvement fees from customers.

[31] Ibid., p. 4-6; Exhibit B-3, BCUC IR 4.1.
[32] Ibid., pp. 4-8 – 4-9.
[33] Ibid., pp. 4-7 – 4-8.
[34] Exhibit B-3, BCUC IR 2.1, 2.7.
[35] Ibid., BCUC IR 2.5.
[36] Exhibit B-1, p. 4-9.

BC Hydro states that this will largely be offset by a corresponding reduction in the BC Hydro Contribution calculation, which is discussed in Section 2.3 below, and notes that the overall upward rate impact of all proposed changes to the Distribution Extension Policy is forecast at approximately 0.015 percent per year over 41 years.[37] BC Hydro submits the proposed changes will provide a more predictable and equitable allocation of System Improvement costs, reduce barriers to electrification, and support provincial efforts to increase housing supply.[38]

BC Hydro considered alternative approaches to allocating System Improvement costs during its stakeholder engagement process, including a unitized System Improvement fee, where customers would pay an average fee regardless of their specific connection requirements; and a simplified Extension Fee, which would include a System Improvement cost component in a single Extension Fee. BC Hydro submits that its proposed approach is better than the alternatives at achieving fairness and cost predictability and better aligns with stakeholder feedback.[39]

Positions of the Parties

BCSEA, the CEC, LGI, and RCIA support the changes to System Improvement cost allocation. Statements of support from these interveners include that the changes will provide a more predictable and equitable allocation of System Improvement costs, reduce barriers to electrification, and support provincial efforts to increase housing supply. [40]

NTC agrees with BC Hydro that the significant reduction in System Improvement costs to developers will encourage future connections and electrification,[41] but submits that BC Hydro should take a more proactive approach in undertaking System Improvements to expand its distribution system in advance of customer need to encourage electrification.[42]

LGI highlights disparities that will arise under BC Hydro's proposed approach to System Improvement costs, noting that a District thermal energy system (TES)[43] with a 15 MVA maximum demand that serves 15 buildings would only be eligible for $10 million in System Improvement contributions, whereas independent Extensions of 1 MVA to 15 individual buildings would be eligible for $15 million in aggregate. LGI requests that BC Hydro be directed to work with stakeholders and establish a unique class of service for distribution Extensions to District TES such that large System Improvement investments are treated in an equal manner as smaller connections.[44]

In reply, BC Hydro submits that a separate rate class for District TES is outside of the scope of this proceeding. BC Hydro submits that it has provided evidence to support the $10 million maximum System Improvement investment as a reasonable and appropriate balance between new connecting and existing customers. BC Hydro further submits that the appropriateness of the maximum system investment threshold will be evaluated for all customer types in the evaluation report BC Hydro proposes to file following the three-year anniversary of the effective date of the amendments to the Distribution Extension Policy (Evaluation Report).[45]

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[37] Ibid., p. 4-10.
[38] Ibid., pp. 4-6, 4-18.
[39] Ibid., pp. 4-10 – 4-11.
[40] BCSEA Final Argument, pp. 3-4; CEC Final Argument, pp. 4-6; LGI Final Argument, pp. 1-2; RCIA Final Argument, p. 5; NTC Final Argument, p. 8.
[41] NTC Final Argument, pp. 4-5, 12.
[42] Ibid., p. 10.
[43] LGI referred to Stream B TES in its submission. Prior to issuing this Decision, the BCUC issued changes to its regulatory framework for TES in which Stream B TES were renamed District TES. As such, all references to Stream B TES in the parties' submissions are referred to as District TES in this decision. District TES are TES that do not qualify for any of the BCUC's TES class exemptions and typically extend across multiple sites.
[44] LGI Final Argument pp. 4-5.
[45] BC Hydro Reply Argument, p. 14.

Panel Determination

The Panel approves BC Hydro's proposed amendments to Section 8.3 of its Electric Tariff regarding the treatment of System Improvement costs, including a maximum BC Hydro System Improvement investment of:

- **$1 million for Extensions with expected maximum demand less than 1 MVA; and**
- **$1 million per MVA of expected demand, prorated by kVA and up to a maximum total contribution of $10 million per Extension, for Extensions with expected maximum demand of 1 MVA or greater.**

The Panel is satisfied that BC Hydro's proposed changes improve alignment with its current operating environment and stakeholder feedback. The Panel agrees that the current policy's 500 kVA threshold is no longer reflective of an extraordinary circumstance as it was in 2008 and considers that BC Hydro's proposal that all connections receive a level of support proportionate to their expected load improves equity among new customers. The Panel considers that the proposed limit on BC Hydro's System Improvement investment ($10 million per Extension) strikes a reasonable balance between new and existing customers by ensuring that extraordinary costs are not borne by existing BC Hydro ratepayers, while new customers are not disproportionately burdened for System Improvements that typically benefit multiple customers.

The Panel acknowledges the concerns raised by the LGI regarding disparities in System Improvement investment for District TES arising from the $10 million limit but considers that this limit is appropriate to protect existing customers from extraordinary System Improvement costs. Accordingly, the Panel does not consider the direction recommended by LGI to be necessary. The Panel notes that BC Hydro will evaluate appropriateness of the maximum system investment threshold for all customer types after three years in the Evaluation Report.

2.3 BC Hydro Contribution

BC Hydro Contribution refers to the maximum allowance BC Hydro will contribute towards a distribution Extension, based on the estimated incremental future revenue BC Hydro expects to receive from the new or increased load. For this purpose, BC Hydro uses forecast distribution capital related costs as a proxy to estimate the incremental expected revenue from a new connection.[46]

Current Policy

The current BC Hydro Contribution was calculated based on BC Hydro's fiscal 2008 cost of service study and has not been updated to reflect changes in BC Hydro's revenue since it was approved in 2008. BC Hydro states that its costs and revenues have increased over time, which has resulted in a misalignment between the current BC Hydro Contribution and the costs customers are required to pay to connect to BC Hydro's distribution system. Therefore, BC Hydro states it is necessary to update the BC Hydro Contribution to align with current costs and revenue based on BC Hydro's fiscal 2023 cost of service study, escalated to fiscal 2025 dollars.[47]

The current BC Hydro Contribution was calculated based on the present value of 20 years of distribution related capital revenue from the expected 40-year average distribution asset life of the connection at the time of BC Hydro's 2007 rate design application. This calculation excluded the remaining 20 years of revenue to account for a portion of associated upstream distribution System Improvement costs that are incurred by BC Hydro but not recovered from new customers.[48] Further, this calculation used BC Hydro's 2007 nominal weighted average

[46] Exhibit B-1, p. 4-11, Table 4–2, p. 4-13, Appendix F, p. 1; Exhibit B-3, BCUC IR 3.3.
[47] Ibid., pp. 4-11, 4-13, Appendix F, pp. 1, 3, 10–11.
[48] Ibid., p. 4-12, Appendix F, pp. 10–12.

cost of capital (WACC) of 8 percent as the discount rate[49] and assumed BC Hydro's revenue and load remain constant.[50]

Proposed Policy

BC Hydro proposes to update the inputs used to calculate the BC Hydro Contribution including: the capital cost; average distribution asset life; discount rates used to calculate present values; incorporating forecast revenue, customer and load assumptions; the method of reflecting System Improvement investments paid by BC Hydro; and future adjustments.[51] BC Hydro submits that the updates more accurately estimate the current and future costs and revenues.[52]

Specifically, BC Hydro proposes to update the methodology to calculate the present value of the forecast distribution related costs by excluding BC Hydro's average distribution capital costs that are related to System Improvement (estimated by BC Hydro to be 25 percent of all distribution capital related costs), rather than excluding 20 years of revenue as a proxy, over 41 years based on its updated average distribution asset life as is done under the current policy. BC Hydro explains that by excluding the System Improvement related distribution capital investments, all new and future customers will contribute to System Improvement costs through receiving a reduced BC Hydro Contribution.[53]

BC Hydro submits that the proposed updates more accurately account for BC Hydro's System Improvement investments[54] and are consistent with the Bonbright Criterion of fair apportionment of costs among customers, since System Improvement investment is not simply allocated to the new customer who immediately triggers the need for System Improvements, but to all new customers on a per unit basis in proportion to their estimated load.[55]

BC Hydro considers that it is fair for all new customers to contribute to the cost of System Improvements as all new customers contribute to the eventual need for System Improvement.[56] BC Hydro submits that stakeholders supported the concept of allocating System Improvement costs proportionally to all new customers; and that allocating System Improvement cost to all customers provides greater cost predictability and stability for customers while supporting the Bonbright Criteria of customer understanding and acceptance.[57]

BC Hydro also submits that the proposal avoids undue discrimination, since it applies equally to all new customers, and all new customers contribute to System Improvement costs by receiving a reduced BC Hydro Contribution on a per-unit basis that is proportional to the customer's requested load size.[58]

BC Hydro states that incorporating future revenue and load growth assumptions and annual adjustments into the calculation of the BC Hydro Contribution supports its rate design objective of flexibility by providing better cost alignment over time, and avoids the need for frequent reviews or amendments to the BC Hydro Contribution calculation inputs.[59] Further, BC Hydro states that updating the BC Hydro Contribution to reflect a current estimate of the incremental expected revenue from a new connection is also aligned with its rate design

[49] Ibid., Appendix F, p. 11.
[50] Ibid., p. 12.
[51] Ibid., p. 4-12, Appendix F, pp. 10–12.
[52] Ibid., pp. 4-12, 4-15, Appendix F, pp. 1–2, 12.
[53] Ibid., p. 4-12, Appendix F, pp. 3–4, 10–12; Exhibit B-3, BCUC IR 3.3.
[54] Exhibit B-1, p. 4-12, Appendix F, p. 12.
[55] Ibid., p. 4-38; Exhibit B-3, BCUC IR 3.3.2.
[56] Exhibit B-1, Table 4–8, p. 4-38; Exhibit B-3, BCUC IRs 3.3, 3.3.2.
[57] Ibid., p. 4-11; BC Hydro Final Argument, p. 33.
[58] Exhibit B-3, BCUC IR 3.3.2.
[59] Exhibit B-1, Table 4–9, p. 4-39; BC Hydro Final Argument, p. 32.

objectives of affordability and decarbonization.[60] BC Hydro explains that the higher BC Hydro Contribution levels will make the cost for most connections more affordable[61] and reduce financial barriers for all new customers, which supports the Government of B.C.'s Homes for People action plan's goal of increasing the supply of affordable homes.[62] BC Hydro submits that this is consistent with its mandates to meet growing demand and support electrification and the affordability of new housing in B.C.[63]

BC Hydro provides details of the BC Hydro Contribution calculation, as well as a comparison of the 2007 and 2024 inputs and methodologies used in the calculation of BC Hydro Contribution, in Appendix F to the Application. Table 2 below presents the proposed and existing maximum BC Hydro Contribution by rate class.

Table 2: Proposed and Existing BC Hydro Contribution by Rate Class[64]

Rate Class	Proposed Maximum BC Hydro Contribution	Existing Maximum BC Hydro Contribution
Residential (per Dwelling)	$2,690	$1,475
General Service (per kW of estimated Billing Demand)	$501	$200
Street Lighting (per fixture)	$174	$150
Irrigation (per kW of estimated Billing Demand)	$479	$150

BC Hydro states that despite the differences in calculation methodology, the increases in BC Hydro Contribution are mainly driven by the increase in total distribution related capital costs between 2007 and 2024 and the updated discount rates to calculate present values.[65]

As noted in Section 2.2 of this decision, BC Hydro estimates that the proposed updates to the Distribution Extension Policy as a whole will result in a revenue reduction of $37.7 million over 41 years and a corresponding annual rate increase for all ratepayers of 0.015 percent per year for 41 years, resulting in a cumulative rate increase of 0.6 percent. The proposed updates to the BC Hydro Contribution are forecast to represent 65 percent[66] of the total revenue and rate impact, or $24.4 million of the revenue reduction over 41 years.[67]

During this proceeding, an alternative of offering different BC Hydro Contribution amounts for different residential service sizes, as opposed to continuing to offer a single BC Hydro Contribution amount per residential dwelling regardless of size, was explored. BC Hydro noted that while different BC Hydro Contributions for different residential Extensions could potentially offer fairer apportionment of costs, expected revenue from residential service to one dwelling can be influenced by many variables in addition to the service connection size. Further, BC Hydro stated that the average service connection size per dwelling in a multi-unit premises is typically lower than the service connection of a single detached dwelling, yet the revenue received from these two types of dwellings could be similar. Based on its assessment, BC Hydro expects offering different BC Hydro Contribution amounts for different residential service sizes would be more complex for customers to understand

[60] Exhibit B-1, Table 4–9, pp. 4-39 – 4-40.
[61] Ibid., p. 4-16.
[62] Ibid., pp. 4-18 – 4-19, Appendix C, p. 2; Exhibit B-4, BCSEA IR 3.1, NTC IR 4.2.
[63] Exhibit B-1, Appendix D, pp. 1, 5, 7; BC Hydro Final Argument, pp. 33–34.
[64] Exhibit B-1, Table 4–2, p. 4-13.
[65] Ibid., p. 4-13.
[66] Exhibit B-1-2, pp. 4-36 – 4-37, calculated by the BCUC as $24,400,000/$37,700,000.
[67] Ibid., Table 4–7, pp. 4-36 – 4-37.

and would provide less support for housing densification. Overall, BC Hydro expects that the impact on electrification of continuing to offer a single BC Hydro Contribution amount per residential dwelling, as opposed to different BC Hydro Contribution amounts for different residential service sizes, will be minimal, because customers' decisions to electrify a dwelling are influenced by various other factors.[68]

Future Updates

To ensure the BC Hydro Contribution is kept up to date, BC Hydro requests that the BC Hydro Contribution calculation be updated annually on April 1 based on the interim or final annual general rate changes approved by the BCUC through the relevant revenue requirements applications to stay in alignment with BC Hydro's future costs and revenues. BC Hydro explains that to provide customers with cost certainty and to minimize administrative effort to update Extension Fee quotes in progress or issued to customers but not yet paid, the BC Hydro Contribution would not be updated when the final general rate changes are approved by the BCUC. As the differential between interim and final annual general rate changes are typically minor, BC Hydro submits that the benefit of customer cost certainty and BC Hydro administrative efficiency outweigh the potential minimal difference in the maximum BC Hydro Contribution customers would receive and the resulting difference in the Extension Fees that customers would have to pay.[69]

To facilitate these updates, BC Hydro proposes to add a new Electric Tariff Section 11.5 Distribution Extensions – BC Hydro Maximum Contribution with a table of BC Hydro Contribution by rate class to enable regular updates. BC Hydro will include Section 11.5 in future annual compliance filings each year to update tariff pages.[70]

In addition, as discussed in Section 9.0 of this decision, BC Hydro proposes to assess the alignment of the BC Hydro Contribution with changes in costs and revenues after three years in its Evaluation Report to determine if there is a need to update the BC Hydro Contribution methodology at that time.[71]

Positions of the Parties

BCSEA, the CEC and RCIA support BC Hydro's updates to the BC Hydro Contribution calculation.[72]

NTC submits BC Hydro should use a load-index factor to calculate a more equitable residential BC Hydro Contribution based on forecast load, rather than using the same contribution for small condos and large houses.[73] In reply, BC Hydro submits that while such a case-by-case approach could provide a fairer apportionment of costs to service different types of residential premises, it would be more complex for customers to understand and would not provide customers with cost certainty and predictability. BC Hydro also submits that a case-by-case application of BC Hydro Contribution would create additional administrative burden for BC Hydro and align poorly with policy considerations, such as provincial housing policy.[74]

LGI recommends that the BCUC direct BC Hydro to update the Distribution Extension Policy within 24 months of the Application being approved to give equal access to the BC Hydro Contribution for both Extensions to new buildings and electrical service upgrades to existing buildings, including all types of residential dwellings.[75] In reply, BC Hydro clarifies that, consistent with the current practice, the BC Hydro Contribution is not intended to be available to residential service upgrades where no new dwelling is added because it is calculated based on

[68] Exhibit B-3, BCUC IR 7.1.
[69] Exhibit B-1, p. 4-14.
[70] Ibid.
[71] Ibid., p. 4-15.
[72] BCSEA Final Argument, p. 5; The CEC Final Argument, pp. 8–12; RCIA Final Argument, p. 6.
[73] NTC Final Argument p. 13.
[74] BC Hydro Reply Argument, pp. 7–8.
[75] LGI Final Argument p. 5.

the average load of a dwelling and the average distribution capital related revenue BC Hydro expects to receive from a new residential customer.[76] BC Hydro notes that when a new dwelling connects to the BC Hydro system, it receives the applicable BC Hydro Contribution on a per dwelling basis, regardless of expected load. BC Hydro submits that this approach provides an allowance for subsequent residential service upgrades as the unitized, per dwelling BC Hydro Contribution accounts for potential variability in residential service connections on an average basis. Accordingly, BC Hydro submits that it is not appropriate for the BC Hydro Contribution to be available to residential service upgrades where no new dwelling is added.[77]

With respect to BC Hydro's proposed future updates to the BC Hydro Contribution calculation, BCSEA and the CEC support BC Hydro's proposal.[78] However, some interveners made recommendations as discussed below.

LGI recommends that the BCUC direct BC Hydro to include any updates to its approved load forecasts in its annual updates to the BC Hydro Contribution, reflecting both changes in forecast customer numbers as well as changes in load per customer.[79]

RCIA submits that the BCUC should direct BC Hydro to update the BC Hydro Contribution calculation in future based on the most recent Fully Allocated Cost of Service (FACOS) and cost of capital studies.[80]

In reply, BC Hydro submits that its recommended updates to the BC Hydro Contribution generally capture the impact of the various inputs cited by RCIA and LGI. BC Hydro explains that its annual general rate changes are approved as part of BC Hydro's revenue requirements applications, which are developed based on the latest available load, revenue, and cost forecasts. Further, BC Hydro explains that its annual FACOS studies are conducted based on actual revenues and costs, while the BC Hydro Contribution is based on forecast distribution capital related costs. As the costs in the contribution calculation are amortized over the life of the assets, any variance between forecast and actual costs in one year would result in minor changes, if any, to the BC Hydro Contribution amounts. Accordingly, BC Hydro submits that its proposal is a practical approach to maintain alignment of the contribution to BC Hydro's costs and revenue. In addition, BC Hydro states that it will include an assessment of the BC Hydro Contribution after three years in the Evaluation Report to validate the alignment of future BC Hydro Contribution to the input assumptions.[81]

Panel Determination

The Panel approves BC Hydro's proposed amendments to Section 8.3 of its Electric Tariff regarding the BC Hydro Contribution. The Panel recognizes that the existing BC Hydro Contribution was calculated based on BC Hydro's fiscal 2008 cost of service study and has not been updated to reflect changes in BC Hydro's costs and revenue since it was last approved. Therefore, the Panel finds it reasonable for BC Hydro to update the Contribution to align with current costs and revenue as proposed. The Panel is satisfied that the updates to the Contribution calculation incorporate customer feedback, which supports the Bonbright Criterion of customer understanding and acceptance. The Panel also notes that most interveners support BC Hydro's proposed updates to the BC Hydro Contribution calculation.

With respect to NTC's recommendation that BC Hydro should use a load-index factor to calculate a more equitable residential BC Hydro Contribution, the Panel is persuaded by BC Hydro that while this case-by-case approach could provide a fairer apportionment of costs, the expected revenue from one residential service relies on many variables in addition to the service connection size and can be difficult to predict. In the Panel's

[76] BC Hydro Reply Argument, p. 6.
[77] Ibid.
[78] BCSEA Final Argument, p. 5; The CEC Final Argument, p. 12.
[79] LGI Final Argument, pp. 5–6.
[80] RCIA Final Argument, p. 6.
[81] BC Hydro Reply Argument, pp. 5–6.

view, any benefit of this approach is outweighed by the complexity and administrative burden it would add, which would align poorly with the Bonbright Criterion of customer understanding and acceptance.

The Panel declines LGI's recommendation to direct BC Hydro to update the Distribution Extension Policy to give equal treatment to electrical service upgrades in existing buildings, including all types of residential dwellings. Under BC Hydro's proposed approach, when a new dwelling connects to the BC Hydro system, it receives the applicable BC Hydro Contribution on a per dwelling basis, regardless of expected load. The Panel agrees with BC Hydro that the proposed approach contemplates potential variability in residential service connections on an average basis and accordingly, it accounts for subsequent residential service upgrades. As such, the Panel considers it appropriate that the BC Hydro Contribution continue not to be available to service upgrades where no new dwelling is added.

Further, **the Panel approves BC Hydro's proposal to establish a new Electric Tariff Section 11.5 Distribution Extensions – BC Hydro Maximum Contribution. BC Hydro is directed to update the BC Hydro Contribution calculation annually effective April 1 based on the interim or permanent annual general rate changes, and to file with the BCUC its supporting calculations and updated tariff pages for endorsement by April 30.** The Panel finds BC Hydro's proposal to update the BC Hydro Contribution each year appropriately ensures the BC Hydro Contribution calculation is kept up to date, while providing customers with cost certainty and minimizing administrative effort for BC Hydro.

With respect to RCIA and LGI's submissions regarding BC Hydro's proposed future updates to the BC Hydro Contribution calculation, the Panel considers that the proposed updates to the BC Hydro Contribution are a practical approach to maintain alignment with BC Hydro's costs and revenue. Accordingly, the Panel considers the directions recommended by RCIA and LGI are not necessary. The Panel also notes that BC Hydro will include an assessment of the BC Hydro Contribution in the proposed three-year Evaluation Report to validate its future alignment to the input assumptions. The Evaluation Report is further discussed in Section 9.0 of this decision.

3.0 Customer Guarantee

Section 8.4 of BC Hydro's Electric Tariff sets out the criteria for when BC Hydro may require a customer to provide a guarantee for their requested connection, the period of time for which BC Hydro will hold the guarantee, and the conditions for the release of the guarantee.[82]

Current Policy

Currently, customers with a maximum demand over 100 kilowatts may be required to provide a guarantee to BC Hydro for a period of up to five years. This holding period is required to ensure that the incremental revenue collected from new customers aligns with BC Hydro's Contribution to the customer's Extension Costs. To determine how much of the Customer Guarantee BC Hydro returns to the customer, BC Hydro evaluates a customer's average billing demand over the five-year guarantee period. If the average billing demand is less than the initial expected load, BC Hydro recalculates its initial contribution based on the actual average billing demand and uses the difference in contribution to determine how much of the Customer Guarantee's security is to be returned.[83]

Proposed Policy

BC Hydro proposes to update the evaluation of a customer's average billing demand to only include the last three years of the guarantee period. BC Hydro submits that new customers' load sometimes takes time to ramp up from its initial connection, so a customer's billing demand in the initial period may not be representative of

[82] Exhibit B-1, p. 4-19.
[83] Ibid., p. 4-20.

their average billing demand when their load is fully realized. BC Hydro considers that this approach will improve fairness for customers, noting that the last three years of the guarantee period are more representative of the customer's normal loads.[84]

BC Hydro also proposes adding an additional requirement for customers to provide security for System Improvement investments exceeding $1 million. This update is intended to align the Customer Guarantee policy with BC Hydro's updated approach to System Improvement costs where BC Hydro invests more than $1 million in System Improvements to connect a customer.[85]

Overall, BC Hydro submits that the proposed updates strike a reasonable balance between efficiency, protecting existing customers from the potential adverse impacts of new customer connections and ensuring that customers who trigger costs will pay for BC Hydro System Improvement investments if expected load does not materialize.[86]

Positions of Parties

The CEC submits that the proposed amendments are fair and reasonable. The CEC considers that the new security requirement where BC Hydro's System Improvement investment exceeds $1 million is important and must be included to protect existing ratepayers.[87]

BCSEA supports the proposed amendments and agrees with BC Hydro that the amendments improve equity for new customers while protecting existing ones.[88]

RCIA submits that, while it is supportive of the Application and states that there are no major points or areas where it disagrees with BC Hydro's proposal, it is concerned that BC Hydro did not set out objective criteria for where a guarantee is required and therefore it may be applied in an unfair or discriminatory manner.[89]

In reply, BC Hydro submits that RCIA's concern is unfounded. BC Hydro submits that while it can exercise some discretion, its assessment of whether to require a guarantee is informed by objective, measurable factors such as customer type, anticipated load growth, load density, and site location.[90]

Panel Determination

The Panel approves BC Hydro's proposed amendments to Section 8.4 of its Electric Tariff to update the terms and conditions regarding Customer Guarantees.

The Panel finds it acceptable for BC Hydro to evaluate new customer connections' average load for only the last three years of the five-year guarantee period. The Panel considers it reasonable to expect that new customers may take time to ramp-up demand as their facilities start-up, and using the latter three years of the five-year period better reflects a customer's likely future load.

Further, considering BC Hydro's proposed Extension Fee updates, the Panel finds that requiring guarantees for customers with significant BC Hydro System Improvement investments is a reasonable update to protect

[84] Ibid.
[85] Ibid., pp. 4-20 – 4-21.
[86] BC Hydro Final Argument p. 36.
[87] CEC Final Argument, p. 13.
[88] BCSEA Final Argument, p. 6.
[89] RCIA Final Argument, p. 7.
[90] BC Hydro Reply Argument, p. 10.

existing customers from paying for unnecessary System Improvement costs if the anticipated load does not materialize.

With respect to RCIA's submission, the Panel is satisfied that BC Hydro's assessment of whether to require a guarantee is sufficiently objective, noting that factors that inform BC Hydro's decision include anticipated load growth and load density.

4.0 Extension Fee Refund

Section 8.5 of BC Hydro's Electric Tariff sets out the eligibility criteria for, and the administration of, Extension Fee Refunds.[91]

Current Policy

Under the existing Distribution Extension Policy, initial customers who have paid for Extensions that are then used by subsequent customers within five years of construction, are eligible for an Extension Fee Refund. This refund acknowledges that subsequent customers benefit from the initial customer's original Extension.[92]

Under the existing policy, BC Hydro automatically refunds small Extensions (i.e.: Extension Fees under $5,000) 20 percent of the Extension Fee. Customers with larger Extensions must apply to BC Hydro for an Extension Fee review either on an annual basis or at the end of a five-year period. BC Hydro states that the reasons for the two-tiered approach was to balance administrative costs with customer needs. BC Hydro submits that customer connections have since become larger, more expensive and multi-phased with longer timelines, and the existing Extension Fee refund policy has become outdated and inequitable for initial customers.[93]

Proposed Policy

BC Hydro proposes three changes to how Extension Fee Refunds are processed.

BC Hydro's first proposed change is to set a minimum eligibility threshold for Extension Fee Refunds at $25,000. This $25,000 threshold was chosen after BC Hydro performed an audit of approximately 18 percent of all Extensions that connected in fiscal 2018 and found that none of the Extensions under $25,000 audited would have qualified for an Extension Fee Refund.[94] Further, BC Hydro states that it would require an additional annual administrative effort of 3,000 employee hours annually to evaluate eligibility for Extension Fee Refunds for projects between $5,000 and $25,000.[95] Accordingly, BC Hydro submits that establishing a minimum eligibility threshold for Extension Fee Refunds of $25,000 is reasonable.[96]

BC Hydro's second proposed change is to extend the maximum refund period up to 15 years. BC Hydro submits that customer feedback indicated that it is necessary to increase the refund period based on the amount of the Extension Fee paid to accommodate developments that are more expensive and have longer timelines. Accordingly, BC Hydro proposes to increase the refund period from the current approach of five years for all Extension Fees over $5,000 to an approach where the period ranges from five years to 15 years, depending on the Extension Fee amount. BC Hydro summarizes its proposed refund period ranges in Table 3 below.[97]

[91] Exhibit B-1, p. 4-1.
[92] Ibid., p. 4-21.
[93] Ibid., pp. 4-21 – 4-22.
[94] Ibid., p. 4-22, Exhibit B-3, BCUC IR 11.2.
[95] Exhibit B-3, BCUC IR 12.1.
[96] Exhibit B-1, p. 4-22.
[97] Ibid., p. 4-23.

Table 3: Proposed Review Frequency by Extension Fee[98]

Extension Fee	Review Frequency
$25,000 to $999,999	Fifth anniversary date of energization of the Extension.
$1,000,000 to $4,999,999	Fifth and tenth anniversary date of energization of the Extension.
$5,000,000 or more	Fifth, tenth, and fifteenth anniversary date of energization of the Extension.

BC Hydro considers that its proposed tiered approach balances the interests of new customers with the administrative costs to review Extensions and deliver Extension Fee Refunds. BC Hydro submits that applying the same 15-year Extension Fee Refund period to all customers with Extension Fees greater than $25,000 would require an additional 2,700 employee hours on an annual basis.[99]

BC Hydro's third proposed update is to eliminate the need for customers to apply for refunds and instead automatically review Extensions for refund eligibility at the end of the fifth, 10th and 15th year as applicable in Table 33 to improve customer experience. Additionally, recognizing that larger developments have large upfront costs, BC Hydro is proposing to allow customers with Extension Fees that exceed $5 million to request more frequent reviews, up to once each year for 14 years.[100]

BC Hydro forecasts that the impact to revenue requirements arising from the proposed changes to Extension Fee Refunds will be $203,000, or 0.5 percent[101] of the total $37.7 million cumulative 41-year revenue requirement impact arising from all proposed updates to the Distribution Extension Policy. As noted previously, BC Hydro forecasts that proposed updates to the Distribution Extension Policy as a whole will result in a cumulative 0.6 percent increase in rates after 41 years.[102]

Positions of Parties

BCSEA and the CEC support BC Hydro's Extension Fee Refund proposals.[103]

RCIA accepts BC Hydro's evidence that, for Extensions with small extension Fees (below $25,000), there were no subsequent customers connected, and does not dispute the administrative burden and cost if Extension Fees below $25,000 remain eligible for a refund. However, RCIA submits that an alternative approach could be taken where Extension Fees below $25,000 receive an automatic refund.[104]

In reply, BC Hydro submits that automatic refunds for Extension Fees below $25,000 would be inappropriate as they would provide refunds to customers who should not receive them. BC Hydro cites its review of 165 connections with Extension Fees less than $25,000, where none would have resulted in a refund.[105]

[98] Ibid., Table 4-3, p. 4-23.
[99] Exhibit B-3, BCUC IR 12.1.
[100] Exhibit B-1, pp. 4-23 – 4-24.
[101] Exhibit B-1-2, pp. 4-36 – 4-37, calculated by the BCUC as $203,000/$37,700,000.
[102] Exhibit B-1, p. 4-37, updated by Errata No. 1 to the Application, Exhibit B-1-2.
[103] BCSEA Final Argument, p. 6; CEC Final Argument, p. 14.
[104] RCIA Final Argument, p. 8.
[105] BC Hydro Final Argument, pp. 10-11.

NTC agrees that extending the refund period to 15 years is justified but submits that that the refund mechanism for pioneer customers is not clear, especially regarding System Improvement costs.[106]

In reply, BC Hydro states that it is not proposing changes to the methodology for calculating Extension Fee Refunds. BC Hydro submits that it will review its communication materials and processes regarding Extension Fee Refunds, and include further clarification, if appropriate.[107]

Panel Determination

The Panel approves BC Hydro's proposed amendments to Section 8.5 of its Electric Tariff regarding the eligibility criteria and process for administering Extension Fee Refunds. The Panel finds that the amendments to the Extension Fee Refund process will improve equity for initial customers by increasing their eligibility for refunds when subsequent customers benefit from the initial Extensions. Further, the Panel considers that existing customers are not unduly harmed by this change as refunds come only from excess BC Hydro Contributions, which are the direct result of incremental distribution revenue from new customers.

The Panel finds based on the evidence that a minimum refund eligibility threshold of $25,000 is reasonable, given that no customers in BC Hydro's study with extension fees less than $25,000 would have received a refund. Further, the Panel agrees with BC Hydro that a tiered approach for eligibility periods of up to 15 years and automatic eligibility reviews is a reasonable approach to balance administrative efforts and BC Hydro's customers' request for longer eligibility periods.

With respect to NTC's concern regarding further clarity on how Extension Fee Refunds will be calculated, the Panel notes that, while BC Hydro is not proposing changes to its calculation methodology as part of this Application, it has committed to reviewing communication materials and related processes to ensure clarity. Therefore, the Panel does not consider that any further action is required.

5.0 Standard Charges

BC Hydro currently collects standard charges, including minimum connection charges for Service Connection installations and Metering charges under Sections 11.1 and 11.2 of its Electric Tariff, respectively. These existing standard charges have not been updated since BC Hydro's 2015 rate design application and therefore reflect BC Hydro's fiscal 2016 labour rates and material costs, and processes in place at that time. Accordingly, BC Hydro proposes to update these minimum Service Connection and Metering charges to more accurately reflect current costs and business processes, and to improve efficiency, predictability and transparency.[108] These updates include:

- Updating the cost inputs used to calculate standard charges to reflect fiscal 2025 labour rates and materials costs, and BC Hydro's current practice of using a mix of internal and external labour to perform Service Connections;
- Excluding the first meter installation cost from Service Connection standard charges and applying a separate Metering charge when customers request a Service Connection. This will enable the BC Hydro Contribution to offset Service Connection costs, as discussed in Section 2.1 of this decision;
- Charging a flat fee for Service Connection requests up to 200 Amp;

[106] NTC Final Argument, p. 10.
[107] BC Hydro Reply Argument, pp. 11-12.
[108] Exhibit B-1, pp. 4-24 – 4-26, Appendix B-1, p. 48; BC Hydro Final Argument, p. 39.

- Adding three-phase overhead and underground standard connection charges for smaller service sizes that are less complex; and
- Adding standard charges that are currently posted on BC Hydro's website but not included in the Electric Tariff, such as 400 Amp. and 600 Amp. overhead and underground Service Connection charges.[109]

BC Hydro provides the updated minimum connection charges and metering charges in Tables 4–4 and 4–5 of the Application as revised by Errata No. 1 to the Application.[110] BC Hydro states that the updated minimum connection charges have increased below the general rate of inflation over the last eight years because of BC Hydro's efficiency initiatives, including the use of external contractors for certain types of work.[111]

Positions of the Parties

BCSEA and the CEC support BC Hydro's proposal to update its standard charges to reflect current costs.[112] Other interveners took no position on this proposal.

Panel Determination

The Panel approves BC Hydro's proposed amendments to Sections 11.1 and 11.2 of its Electric Tariff to update the standard charges. The Panel finds BC Hydro's updates to its standard charges reasonable as they reflect BC Hydro's current costs and business operations and improve transparency.

6.0 Extension Fees and Electric Tariff Treatments for Extensions in the NIA

Currently, Section 8.7 of BC Hydro's Electric Tariff sets out the Extension Fee for distribution extensions in the NIAs. Under the current tariff, a NIA customer is required to pay the total estimated cost for constructing the distribution Extension and the present value of net operating and maintenance costs for the incremental load.[113] BC Hydro does not currently offer the BC Hydro Contribution or Extension Fee Refunds to offset the cost of distribution Extensions in the NIA. [114]

BC Hydro proposes to apply the same Distribution Extension Policy and standard charges to customer connections in the NIA as customers in the integrated service area. BC Hydro's proposed updates to the Distribution Extension Policy will enable customers in the NIA to offset the estimated cost of construction, which include Extension Costs, System Improvement costs, Service Connection costs, Metering costs and net operating and maintenance costs for any incremental loads. BC Hydro expects that the updates will result in lower Extension Fees for all distribution Extensions in the NIA.[115]

The NIA includes 12 First Nations communities and 2 civic governments. BC Hydro states that it engaged with NIA communities in a combined engagement process for this Application and the 2024 rate design application.[116] In addition to these engagement efforts, BC Hydro proposes to engage with representatives of NIA communities to determine how best to reach customers in those areas; and to provide education,

[109] Exhibit B-1, pp. 4-24 – 4-26; Exhibit B-3, BCUC IR 14.1; BC Hydro Final Argument, p. 39.
[110] Ibid., Tables 4–4 and 4–5, pp. 4-26 – 4-27; Exhibit B-1-2, Table 4–4, p. 4-27; Exhibit B-3, BCUC IRs 14.3 and 14.4.
[111] Exhibit B-1, footnote 32, p. 4-26.
[112] BCSEA Final Argument, p. 6; The CEC Final Argument, p. 14.
[113] Exhibit B-1, p.1-8.
[114] Ibid., p. 4-28.
[115] Ibid.
[116] Ibid., p. 3-4.

communications support, and capacity funding if it is deemed appropriate and necessary to facilitate the implementation of changes resulting from this Application and the 2024 rate design application.[117]

BC Hydro submits these updates support reconciliation with First Nations communities and enhance equity for customers in the NIA.[118] In addition, BC Hydro notes that these updates will result in a minimal impact to its ratepayers and result in a revenue impact of approximately $81,000 per year.[119]

Positions of the Parties

The CEC supports BC Hydro's proposals for distribution Extensions in the NIA, affirming that these updates are sensible, provide fair treatment to all customers and are critical for reconciliation considerations.[120]

BCSEA supports BC Hydro's updates on the grounds of Reconciliation with First Nations and further concurs with BC Hydro that its proposal for the NIA is equitable.[121]

NTC submits that BC Hydro's updates to the NIA are long overdue and should be welcomed by all remote communities.[122]

Zone II RPG submits it is concerned about the significant time BC Hydro has taken to align the cost of distribution Extensions in the NIA with similar costs for Extensions in the integrated service area. Zone II RPG recommends that BC Hydro be directed to review other policies, business practices, and rate schedules for any other dissimilar treatments between the NIA and integrated service area.[123] Zone II RPG also suggests that BC Hydro monitor its contributions to supporting the potential economic benefits and affordability of new housing in the NIA.[124]

While Zone II RPG acknowledges that BC Hydro's implementation plan is in development, it indicates an immediate need for capacity funding to provide education and communications support to NIA communities regarding any updates to the Distribution Extension Policy.[125]

In reply, BC Hydro states that further review of its policies, business practices, rate schedules and other relevant service provisions is not necessary as this Application and the 2024 rate design application fully eliminate differences in electric tariff rates between NIA and integrated service areas.[126]

BC Hydro submits that it will engage with community representatives to determine the appropriate supports for the implementation of approved changes in the NIA.[127] BC Hydro further states that it intends to seek feedback from customers and stakeholders in the NIA on the proposed policy's contributions towards electrification and housing development, and that it will include results of this feedback in the three-year Evaluation Report.[128]

[117] Exhibit B-4, Zone II RPG IR 9.1.
[118] Exhibit B-1, p. 4-3.
[119] Exhibit B-4, Zone II RPG, IR 3.2. Exhibit B-1-2, Errata No. 1 to the Application.
[120] The CEC Final Argument, p. 14.
[121] BCSEA Final Argument, p. 6.
[122] NTC Final Argument, p. 14.
[123] Zone II RPG Final Argument, p. 4.
[124] Ibid., p. 6.
[125] Ibid., p. 4.
[126] BC Hydro Reply Argument, p. 8.
[127] Ibid., p. 9.
[128] BC Hydro Final Argument, pp. 12-13.

Panel Determination

The Panel approves BC Hydro's proposal to remove Section 8.7 of its Electric Tariff and apply the same Distribution Extension Policy, including standard charges, to the NIA as the integrated service area. The Panel considers it reasonable to adopt the same policy throughout the entire BC Hydro system, and notes that alignment is consistent with the treatment of NIA rates approved by the BCUC in Decision and Order G-42-25.[129] In Decision G-42-25, the BCUC found that postage-stamp rates for the NIA had a cost-of service basis and were consistent with the principle of postage-stamp rates that had been approved by the BCUC in numerous previous instances. The Panel expects that applying the same Distribution Extension Policy to NIA will support customer understanding and acceptance and significantly lower Extension Fees and reduce barriers to electrification in the NIA while resulting in minimal impacts to other customers.

The Panel declines Zone II RPG's request to direct BC Hydro to undertake a review of its policies, business practices, rate schedules, etc. for any dissimilar treatments between the NIA and the integrated service area. In the context of the scope of this proceeding, the Panel is satisfied with BC Hydro's submission that the proposals in the Application and in BC Hydro's 2024 rate design application address the differentiation in the Electric Tariff between the integrated service area and the NIA, except for certain integrated service area rates that are not available in the NIA at this time, as discussed in BCUC Decision and Order G-42-25.

With regards to Zone II RPG's request for BC Hydro to provide capacity funding to understand and implement the proposed changes, the Panel is satisfied with BC Hydro's statement that it will continue to engage with NIA customers to provide appropriate support during the transition.

7.0 Uneconomic Extension Fund

Section 8.8 of BC Hydro's Electric Tariff sets out the availability of BC Hydro's Uneconomic Extension Fund. This fund provides financial assistance to residential customers and farms connecting to BC Hydro's distribution system where a distribution Extension is required.[130]

BC Hydro states its Uneconomic Extension Fund, with a budget of $1.5 million per year, has been significantly underutilized due to a low volume of eligible requests[131] since its inception in 1990.[132]

BC Hydro proposes to increase the utilization of this fund within the existing budget by expanding the eligibility to include general service Extensions where construction of a facility would provide benefit and enjoyment for a community and expanding the application of the fund to include three-phase Extensions.[133]

Positions of the Parties

BCSEA, the CEC, RCIA, NTC, and Zone II RPG support BC Hydro's proposal to expand the availability of the Uneconomic Extension Fund.[134]

[129] BC Hydro 2024 Rate Design Application, Decision and Order G-42-25 dated February 24, 2025.
[130] Exhibit B-1, p. 4-1.
[131] Ibid., p. 4-29.
[132] Exhibit B-4, BCUC IR 7.1.
[133] Exhibit B-1, p. 4-30.
[134] BCSEA Final Argument p. 7, The CEC Final Argument p. 15, RCIA Final Argument p. 8, NTC Final Argument p. 7, Zone II RPG Final Argument p. 5.

Zone II RPG suggests that BC Hydro monitor usage of the Uneconomic Extension Fund and report on the findings on a regular basis, including whether the budget needs to be increased.[135] Further, Zone II RPG recommends that BC Hydro provide education to communities on its expanded eligibility criteria.[136]

In reply, BC Hydro states it will report on the utilization of the Uneconomic Extension Fund in its Evaluation Report, which will be provided after three years.[137] BC Hydro further submits it will provide information regarding the Uneconomic Extension Fund through its implementation plan for the Distribution Extension Policy in the NIA.[138]

Panel Determination

The Panel approves BC Hydro's proposed amendments to Section 8.8 of its Electric Tariff to expand the availability of the Uneconomic Extension Fund to include general service Extensions intended to provide benefit and enjoyment for a community, and three-phase Extensions.

The Panel acknowledges Zone II RPG's requests for BC Hydro to monitor the usage of the Uneconomic Extension Fund and provide information on its expanded eligibility criteria. However, we are satisfied that BC Hydro will provide information on the utilization of the Uneconomic Extension Fund in the Evaluation Report, and that its NIA implementation plan includes providing education to NIA communities regarding the Uneconomic Extension Fund. As such, we do not consider further reporting on the fund necessary.

8.0 Proposed Housekeeping Amendments

BC Hydro proposes amendments in Electric Tariff Sections 1, 3, 4, 6, 8, 11, and Rate Schedules 1640, 1641, 1642, and 1643, which BC Hydro submits are housekeeping in nature. BC Hydro submits that these housekeeping amendments will align the Electric Tariff Terms and Conditions with the updates to the Distribution Extension Policy and enhance clarity. The changes include updates to definitions, terms, cross-references, and the removal of redundant provisions.[139]

Positions of the Parties

None of the parties made submissions specifically regarding the proposed housekeeping amendments.

Panel Determination

The Panel approves BC Hydro's proposed housekeeping amendments to Electric Tariff Sections 1, 3, 4, 6, 8, 11, and Rate Schedules 1640, 1641, 1642, and 1643. The Panel agrees that the proposed housekeeping amendments will better align the Electric Tariff Terms and Conditions with the updates to the Distribution Extension Policy.

[135] Zone II RPG Final Argument, p. 5.
[136] Ibid.
[137] BC Hydro Reply Argument, p. 12.
[138] Ibid., p. 9.
[139] Exhibit B-1, pp. 4-30 – 4-36.

9.0 Implementation, Monitoring, and Evaluation

BC Hydro proposes that the amendments to the Distribution Extension Policy be made effective the later of April 1, 2025, or four months following BCUC approval; to allow sufficient time to implement the updates to the Distribution Extension Policy and communicate these changes to stakeholders.[140]

BC Hydro intends to evaluate the changes to the Distribution Extension Policy after three years and to provide its Evaluation Report to the BCUC five months following the third anniversary of the effective date. BC Hydro notes that as Extension projects typically take multiple years to complete, a period of at least three years is necessary to gather sufficient data to evaluate the impacts of the updated Distribution Extension Policy.[141]

BC Hydro expects the scope of the Evaluation Report to include:[142]

- Overall number and costs of Extensions;
- Evaluation on the appropriateness of BC Hydro's maximum System Improvement investment of $1 million per MVA, including an evaluation of the number of Extensions where the customer was required to pay for System Improvement costs in excess of BC Hydro's maximum investment;
- Assessment of the alignment of the BC Hydro Contribution to future costs and revenue;
- Analysis of Small-Scale Multi-Unit Housing (SSMUH) Extension requests; and
- Customer and stakeholder satisfaction and feedback.

BC Hydro notes that it will not be able to conduct an analysis of Extension Fee Refunds in this report due to the timelines for Extension Fee Refunds exceeding three years.[143]

Positions of the Parties

No interveners raised issues with BC Hydro's proposed implementation date or 3-year timeframe for the Evaluation Report.

RCIA recommend that at the time of the three-year evaluation, BC Hydro assess and report on the likelihood of new customer Extensions in the near term exceeding 10 MVA of demand.[144]

In reply, BC Hydro submits that it has already committed to providing an assessment of the $10 million maximum BC Hydro System Improvement investment threshold and will report on Extensions where System Improvement costs exceed BC Hydro's maximum investment.[145]

Local Government Interveners recommend that BC Hydro file a progress report on its status in advancing increased cost predictability and improved processes for SSMUH developments within 24 months of the Application being approved.[146]

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[140] Exhibit B-1, pp. 4-2, 4-40 – 4-41.
[141] Ibid., p. 4-41.
[142] Ibid.
[143] Ibid., p. 4-42.
[144] RCIA Final Argument, p. 5.
[145] BC Hydro Reply Argument, p. 13.
[146] LGI Final Argument, p. 4.

In reply, BC Hydro submits that it has committed to meeting with local governments every six months to advance its SSMUH commitments; will analyze SSMUH connection requests and share findings with local governments; and will continue to implement process and business practice improvements to facilitate efficient SSMUH connections.[147]

Panel Determination

The Panel accepts BC Hydro's proposed timeline for implementation of the changes to the Distribution Extension Policy. **The Panel directs that the approved changes to the Electric Tariff be made effective July 5, 2025.** The Panel notes that Sections 8.5.1 and 8.5.2 of the Electric Tariff and Conditions provided in Appendix B of the Application assume an effective date of April 1, 2025, and require updates to reflect the approved effective date.

The Panel accepts the proposed scope and timing of the Evaluation Report as reasonable. The Panel expects that the information in the Evaluation Report will be sufficient for BC Hydro to evaluate the appropriateness of the $10 million System Improvement investment threshold without additional information regarding potential future connections exceeding 10 MVA of demand. With regards to the LGI's submission, the Panel notes BC Hydro's commitment to work with local governments to improve SSMUH process and business practices and does not consider that further reporting on progress relating to SSMUH, as recommended by the LGI's, is necessary.

BC Hydro is directed to file an evaluation report with the BCUC by December 5, 2028, and to include:

- **the overall number and costs of Extensions;**
- **an evaluation of the appropriateness of BC Hydro's maximum System Improvement investment of $1 million per MVA, including an evaluation of the number of Extensions where the customer was required to pay for System Improvement costs in excess of BC Hydro's maximum investment;**
- **assessment of the alignment of the BC Hydro Contribution to costs and revenue;**
- **analysis of Small-Scale Multi-Unit Housing Extension requests; and**
- **details of customer and stakeholder satisfaction and feedback.**

10.0 Overall Panel Determination

For the reasons discussed in the preceding sections of this decision, **the Panel approves the Electric Tariff Terms and Conditions and Rate Schedule amendments as shown in Appendix B of the Application and as updated in Errata No. 1 to the Application effective July 5, 2025, subject to the revisions to Sections 8.5.1 and 8.5.2 of the Electric Tariff Terms and Conditions required to reflect the approved effective date.**

BC Hydro is directed to file for endorsement the amended Electric Tariff Terms and Conditions and Rate Schedules in accordance with the BCUC approvals in this order and decision at least 30 days before the effective date.

[147] BC Hydro Reply Argument, p. 13.

DATED at the City of Vancouver, in the Province of British Columbia, this 5th day of March 2025.

Electronically signed by Mark Jaccard

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M. Jaccard
Panel Chair/Commissioner

Electronically signed by Tom Loski

_____
T. A. Loski
Commissioner

Electronically signed by Wendy Royle

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W. E. Royle
Commissioner

British Columbia Hydro and Power Authority
Distribution Extension Policy Application

LIST OF TERMS AND ACRONYMS

Term/Acronym	Description
Application	Distribution Extension Policy application
BC Hydro	British Columbia Hydro and Power Authority
BCSEA	BC Sustainable Energy Association
BCUC	British Columbia Utilities Commission
Bonbright Criteria	Rate design criteria identified by Dr. James Bonbright in *Principles of Public Utility Rates*
Contribution	BC Hydro contribution is the maximum financial contribution that BC Hydro makes toward a distribution Extension in recognition of the future revenue BC Hydro will receive from the new or increased load
CoR	City of Richmond
CoV	City of Vancouver
Customer Guarantee	Customers with larger loads may be required to provide financial guarantees to ensure that BC Hydro recovers its investment if expected demand does not materialize
Distribution Extension Policy	Amendments to BC Hydro's Electric Tariff Terms and Conditions that govern distribution extensions
DNV	District of North Vancouver
Evaluation Report	Proposed Distribution Extension Policy
Extension Fee	All customers requesting to connect to the distribution system or to upgrade their service pay an extension fee
Extension Fee Refund	A subsequent customer connects to the same Extension, then the initial customer who paid the Extension Fee may be eligible for a refund due to the subsequent connection
FACOS	Fully Allocated Cost of Service

Term/Acronym	Description
FortisBC	FortisBC Energy Inc. and FortisBC Inc.
IRs	Intervener information requests
kV	kilovolts
kVA	kilovolt-amp
LIEC	Lulu Island Energy Company
Local Government Interveners or LGI	CoV, LIEC, CoR, DNV, and Metro Vancouver
Metro Vancouver	Metro Vancouver Regional District
MoveUP	Movement of United Professionals
MVA	Megavolt-amp
NIAs	Non-integrated Areas
NTC	Nuu-Chah-Nulth Tribal Council
RCIA	Residential Consumer Intervener Association
Service Connection and Metering	Service connection and metering are the last section of the wire or cable (Service Connection) and metering work (Metering) that connects the customer and meters the electricity consumed.
System Improvement	System improvements are the upstream improvements, such as modifications or upgrades to BC Hydro's existing distribution system, to accommodate the incremental customer load.
TES	Thermal Energy System
The CEC	Commercial Energy Consumers Association of BC
UCA	*Utilities Commission Act*
WACC	Weighted Average Cost of Capital
Zone II RPG	Kwadacha Nation and Tsay Keh Dene Nation, together the Zone II Ratepayers Group

British Columbia Hydro and Power Authority
Distribution Extension Policy Application

EXHIBIT LIST

Exhibit No.	Description
COMMISSION DOCUMENTS	
A-1	July 11, 2024 – Panel Appointment
A-2	July 23, 3024 – BCUC Order G-199-24 establishing a regulatory timetable
A-3	August 16, 2024 – BCUC response to the Zone II Ratepayers Group's request to file a late request to intervene
A-4	August 21, 2024 – BCUC response to CoR, CoV, Metro Vancouver and DNV intervener registrations
A-5	August 21, 2024 – BCUC response to Lulu Island Energy Company intervener registration
A-6	August 21, 2024 – BCUC issuing Scope of Information Request No. 1
A-7	September 6, 2024 – BCUC Information Request No. 1 to BC Hydro
A-8	October 30, 2024 – BCUC Order G-277-24 amending the regulatory timetable
A-9	November 4, 2024 – Panel Information Request No. 1 to BC Hydro
A-10	November 13, 2024 – BCUC Order G-293-24 amending the regulatory timetable
APPLICANT DOCUMENTS	
B-1	**PUBLIC** – June 27, 2024 – **BRITISH COLUMBIA HYDRO AND POWER AUTHORITY (BC HYDRO)** - Distribution Extension Policy Application
B-1-1	**CONFIDENTIAL** – June 27, 2024 – BC Hydro Distribution Extension Policy Application confidential Appendix G
B-1-2	**PUBLIC** – October 17, 2024 – BC Hydro Errata No. 1 to the Application
B-1-3	**CONFIDENTIAL –** October 17, 2024 – BC Hydro Errata No. 1 to Appendix G of the Application
B-2	August 1, 2024 – BC Hydro submitting confirmation of public notice
B-3	October 17, 2024 – BC Hydro response to BCUC Information Request No. 1

B-4	October 17, 2024 – BC Hydro response to Intervener Information Request No. 1
B-5	November 12, 2024 – BC Hydro requesting an extension to file Panel Information Request No. 1 Response
B-6	November 15, 2024 – BC Hydro response to Panel Information Request No. 1

INTERVENER DOCUMENTS

C1-1	July 24, 2024 – **FORTISBC ENERGY INC. AND FORTISBC INC. (FORTISBC)** – Request to intervene by Sarah Walsh
C2-1	July 29, 2024 – **MOVEMENT OF UNITED PROFESSIONALS (MOVEUP)** – Request to intervene by Jim Quail
C3-1	August 2, 2024 – **BC SUSTAINABLE ENERGY ASSOCIATION (BCSEA)** – Request to intervene by Thomas Hackney
C3-2	September 19, 2024 – BCSEA Information Request No. 1 to BC Hydro
C4-1	August 12, 2024 – **CITY OF VANCOUVER (COV)** – Request to intervene by Matt Horne
C4-2	September 19, 2024 – CoV, CoR and District Information Request No. 1 to BC Hydro
C5-1	August 12, 2024 – **LULU ISLAND ENERGY COMPANY LTD. (LIEC)** – Request to intervene by Brendan Burns
C6-1	August 12, 2024 – **CITY OF RICHMOND** – Request to intervene by Brendan Burns
C7-1	August 14, 2024 – **DISTRICT OF NORTH VANCOUVER (DISTRICT)** – Request to intervene by Rebecca Bittel
C8-1	August 15, 2024 – **METRO VANCOUVER REGIONAL DISTRICT (METRO VANCOUVER)** – Request to intervene by Lise Townsend
C9-1	August 15, 2024 – **COMMERCIAL ENERGY CONSUMERS ASSOCIATION OF BC (CEC)** – Request to intervene by David Craig
C9-2	September 19, 2024 – CEC Information Request No. 1 to BC Hydro
C10-1	August 15, 2024 – **NUU-CHAH-NULTH TRIBAL COUNCIL (NTC)** – Request to intervene by Judith Sayers
C10-2	September 19, 2024 – NTC Information Request No. 1 to BC Hydro
C11-1	August 15, 2024 – **RESIDENTIAL CONSUMER INTERVENER ASSOCIATION (RCIA)** – Request to intervene by Abdulrahman Abomazid
C11-2	September 19, 2024 – RCIA Information Request No. 1 to BC Hydro

C12-1 August 22, 2024 – **KWADACHA NATION AND TSAY KEH DENE NATION, TOGETHER ZONE II RATEPAYERS GROUP (ZONE II RPG)** – Request to intervene by Sebastian Ennis

C12-2 September 19, 2024 – Zone II RPG Information Request No. 1 to BC Hydro

LETTERS OF COMMENT

D-1 October 29, 2024 – CITY OF VICTORIA (CoV) – Letter of Comment

British Columbia Hydro and Power Authority
Distribution Extension Policy Application

SUMMARY OF DIRECTIVES

This summary is provided for the convenience of readers. In the event of any difference between the directives in this summary and those in the body of the decision, the wording in the decision shall prevail.

Directive	Page
The Panel approves BC Hydro's proposed amendments to Section 8.3 of its Electric Tariff regarding the treatment of System Improvement costs, including a maximum BC Hydro System Improvement investment of: • **$1 million for Extensions with expected maximum demand less than 1 MVA; and** • **$1 million per MVA of expected demand, prorated by kVA and up to a maximum total contribution of $10 million per Extension, for Extensions with expected maximum demand of 1 MVA or greater.**	9
The Panel approves BC Hydro's proposed amendments to Section 8.3 of its Electric Tariff regarding the BC Hydro Contribution.	13
The Panel approves BC Hydro's proposal to establish a new Electric Tariff Section 11.5 Distribution Extensions – BC Hydro Maximum Contribution. BC Hydro is directed to update the BC Hydro Contribution calculation annually effective April 1 based on the interim or permanent annual general rate changes, and to file with the BCUC its supporting calculations and updated tariff pages for endorsement by April 30.	14
The Panel approves BC Hydro's proposed amendments to Section 8.4 of its Electric Tariff to update the terms and conditions regarding Customer Guarantees.	15
The Panel approves BC Hydro's proposed amendments to Section 8.5 of its Electric Tariff regarding the eligibility criteria and process for administering Extension Fee Refunds.	18
The Panel approves BC Hydro's proposed amendments to Sections 11.1 and 11.2 of its Electric Tariff to update the standard charges.	19
The Panel approves BC Hydro's proposal to remove Section 8.7 of its Electric Tariff and apply the same Distribution Extension Policy, including standard charges, to the NIA as the integrated service area.	21
The Panel approves BC Hydro's proposed amendments to Section 8.8 of its Electric Tariff to expand the availability of the Uneconomic Extension Fund to include general service Extensions intended to provide benefit and enjoyment for a community, and three-phase Extensions.	22
The Panel approves BC Hydro's proposed housekeeping amendments to Electric Tariff Sections 1, 3, 4, 6, 8, 11, and Rate Schedules 1640, 1641, 1642, and 1643.	22

The Panel directs that the approved changes to the Electric Tariff be made effective July 5, 2025.	24
BC Hydro is directed to file an evaluation report with the BCUC by December 5, 2028, and to include: • **the overall number and costs of Extensions;** • **an evaluation of the appropriateness of BC Hydro's maximum System Improvement investment of $1 million per MVA, including an evaluation of the number of Extensions where the customer was required to pay for System Improvement costs in excess of BC Hydro's maximum investment;** • **assessment of the alignment of the BC Hydro Contribution to costs and revenue;** • **analysis of Small-Scale Multi-Unit Housing Extension requests; and** • **details of customer and stakeholder satisfaction and feedback.**	24
The Panel approves the Electric Tariff Terms and Conditions and Rate Schedule amendments as shown in Appendix B of the Application and as updated in Errata No. 1 to the Application effective July 5, 2025, subject to the revisions to Sections 8.5.1 and 8.5.2 of the Electric Tariff Terms and Conditions required to reflect the approved effective date.	24
BC Hydro is directed to file for endorsement the amended Electric Tariff Terms and Conditions and Rate Schedules in accordance with the BCUC approvals in this order and decision at least 30 days before the effective date.	24