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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-136-10

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IN THE MATTER OF
the *Utilities Commission Act*, R.S.B.C. 1996, Chapter 473

and

An Application by British Columbia Hydro and Power Authority
for Review of its F2011 Revenue Requirement Application

BEFORE: D.A. Cote, Commissioner/Panel Chair August 23, 2010
M.R. Harle, Commissioner

O R D E R

WHEREAS:

- A. British Columbia Hydro and Power Authority (BC Hydro) filed on March 3, 2010 with the British Columbia Utilities Commission (Commission), pursuant to sections 44.2 and 58 to 61 of the *Utilities Commission Act* (the Act), its F2011 Revenue Requirements Application (the F11 RRA, or Application) for, among other things, final approval of an across-the-board rate increase of 6.11 percent, effective April 1, 2010, and final approval to increase the Deferral Account Rate Rider from 1.0 percent to 4.0 percent, effective April 1, 2010. For the residential inclining block rates schedules 1101 and 1121, BC Hydro is proposing to apply the 6.11 percent increase equally to the Basic charge and Step 1 and Step 2 energy charges; and
- B. The Application also seeks refundable interim relief pursuant to sections 58 to 61, 89 and 90 of the Act, and section 15 of the *Administrative Tribunals Act*, to allow BC Hydro to increase its rates by 6.11 percent on an across-the-board basis, and to increase its Deferral Account Rate Rider from 1.0 percent to 4.0 percent, both effective April 1, 2010, pending the hearing into the F2011 RRA and orders subsequent to that hearing, on the basis that on April 1, 2010 BC Hydro's current rates would otherwise no longer be fair, just and not unduly discriminatory; and
- C. On March 15, 2010, Commission Order G-47-10 established an Initial Regulatory Timetable. The Initial Regulatory Timetable included a Workshop on April 7, 2010, Commission and Intervener Information Requests, Responses by BC Hydro and a Procedural Conference on May 25, 2010. The Order also approved BC Hydro's request for interim rates subject to refund with interest at BC Hydro's weighted average cost of debt for its most recent fiscal year; and

- D. In accordance with Commission Order G-47-10, a Workshop was held on April 7, 2010; and
- E. On May 3, 2010, BC Hydro requested that the deadline for responding to Information Request No. 1 (IR No. 1) be amended from Thursday, May 13, 2010 to Thursday, May 20, 2010. BC Hydro also requested that the Procedural Conference established by Commission Order G-47-10 be rescheduled; and
- F. Commission Letter L-40-10 granted BC Hydro's request to file its response to IR No. 1 on May 20, 2010, amended the filing date of the LCA's PACA Budget to May 27, 2010, rescheduled the Procedural Conference to Friday, May 28, 2010 and amended the Regulatory Timetable; and
- G. The Procedural Conference took place on May 28, 2010; and
- H. Commission Order G-99-10 amended the Regulatory Timetable and included a Default Schedule with potential dates for further process (attached as Appendix A to the Order). The Amended Regulatory Timetable provided for a second Procedural Conference following the BC Hydro Evidentiary Update and responses to a second set of Information Requests (IRs); and
- I. The second Procedural Conference took place on August 20, 2010. At the second Procedural Conference, BC Hydro proposed that the Regulatory Timetable provide for a Negotiated Settlement Process (NSP) to begin on September 22, 2010 and an Oral Hearing to begin on December 13, 2010 if necessary. BC Hydro also submitted that if the NSP does not result in a settlement agreement, or alternatively results in a settlement of only part of the Application, then a third Procedural Conference could be held to hear from all parties about further process to resolve the Application. BC Hydro also stated that if there is to be a third round of IRs it should be limited to questions that follow up on BC Hydro's responses to round two IRs; and
- J. All Interveners in attendance were supportive of or did not take a position regarding the proposed September 22, 2010 date for an NSP, the need to reserve a date for the third procedural conference and the proposed December 13, 2010 date for an Oral Hearing if necessary. Regarding the need for a third round of IRs, all Interveners in attendance supported a third round of IRs. Furthermore, all Interveners in attendance were opposed to or did not comment upon BC Hydro's request that the third round of IRs be limited to questions that follow up on BC Hydro's responses to round two IRs; and

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K. The Commission has considered the Submissions received at the second Procedural Conference and concludes that a Further Amended Regulatory Timetable providing for a third Procedural Conference, following the NSP is required as set forth in Appendix A attached to this Order.

NOW THEREFORE as set out in the Reasons for Decision attached as Appendix B to this Order, the Commission orders as follows:

1. The NSP will be held commencing at 9:00 a.m. on Wednesday, September 22, 2010 in the Commission Hearing Room, Twelfth Floor, 1125 Howe Street, Vancouver, BC.
2. If necessary, a third Procedural Conference will be held commencing at 9:00 a.m. on Thursday, October 14, 2010 in the Commission Hearing Room, Twelfth Floor, 1125 Howe Street, Vancouver, BC.
3. If necessary, the timing for the filing of Intervener Evidence and, the related IR process will be extended by three weeks.
4. If necessary, an Oral Hearing will be held commencing at 9:00 a.m. on Monday, December 13, 2010 in the Commission Hearing Room, Twelfth Floor, 1125 Howe Street, Vancouver, BC.
5. BC Hydro's request that the third round of IRs be restricted to questions that follow up on BC Hydro's responses to round two IRs is refused.

DATED at the City of Vancouver, in the Province of British Columbia, this 23rd day of August 2010.

BY ORDER

Original signed by:

Dennis A. Cote

Commissioner/Panel Chair

Attachments

FURTHER AMENDED REGULATORY TIMETABLE

ACTION	DATE (2010)
Commission and Intervener Information Request No. 3	Wednesday, August 25
BC Hydro Responses to Information Request No. 3	Wednesday, September 15
Negotiated Settlement Process	Wednesday, September 22
Default Schedule: If No Agreement at NSP	Proposed Dates
Third Procedural Conference	Thursday, October 14
Intervener Evidence	Friday, October 22
Commission and BC Hydro Information Request No. 1 on F2011 RRA Intervener Evidence	Friday, October 29
Intervener Response to Information Request No. 1 on F11 RRA Intervener Evidence	Monday, November 15
BC Hydro Rebuttal Evidence	Monday, November 22
Oral Hearing	Monday, December 13

THIRD PROCEDURAL CONFERENCE

DATE:	Thursday, October 14, 2010
TIME:	9:00 a.m.
LOCATION:	Commission Hearing Room Twelfth Floor, 1125 Howe Street Vancouver, BC



IN THE MATTER OF

**BRITISH COLUMBIA HYDRO AND POWER AUTHORITY
F2011 REVENUE REQUIREMENTS APPLICATION**

**REASONS FOR DECISION
PROCEDURAL CONFERENCE – FURTHER AMENDED REGULATORY TIMETABLE**

August 20, 2010

BEFORE:

D.A. Cote, Panel Chair/Commissioner
M.R. Harle, Commissioner

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1. BACKGROUND

On March 3, 2010, the British Columbia Hydro and Power Authority (BC Hydro) filed its F2011 Revenue Requirements Application (RRA) under sections 44.2 and 58 to 61 of the *Utilities Commission Act* (the Act).

On March 15, 2010, the British Columbia Utilities Commission (Commission or BCUC) issued Order G-47-10 which established, among other things, a Procedural Conference to take place on May 25, 2010 and an Initial Regulatory Timetable for the Application.

By Commission Letter No. L-40-10 dated May 7, 2010, the Commission Panel, among other things, rescheduled the Procedural Conference to May 28, 2010 and established an Amended Regulatory Timetable.

The Procedural Conference was held on May 28, 2010 and by Commission Order G-99-10 the Commission Panel issued an Amended Regulatory Timetable providing for a second Procedural Conference following the BC Hydro Evidentiary Update and responses to a second set of Information Requests (IRs). The Amended Regulatory Timetable also included a Default Schedule with potential dates for further process, which could be applied following submissions at a second Procedural Conference scheduled for August 20, 2010.

Subsequent to the issuance of the second round of IRs on July 26, 2010, BC Hydro wrote a letter to the Commission requesting relief with respect to 134 IRs which it argued should be withdrawn. Further to this request a number of the Interveners including the BCOAPO, the JIESC, COPE 378 and the BCSEA made submissions and provided comments.

On August 5, 2010 a meeting was held between staff from BCUC and BC Hydro and their respective counsel and resulted in an agreement on the disposition of the IRs in question. Terms of the agreement are set out in BC Hydro's letter to the Commission dated August 9, 2010 (Exhibit B-10) and the Commission's letter dated August 12, 2010 (Exhibit A-11).

By letter dated August 17, 2010 (Exhibit A-12), the Commission issued an agenda for the second Procedural Conference. The letter noted that in the event the Negotiated Settlement Process (NSP) proposed for September 22, 2010 in the Amended Regulatory Timetable failed, the November 1, 2010 date proposed for an Oral Hearing in the Default Schedule would not be possible. Due to scheduling conflicts of the members of the Commission Panel, the earliest alternative date for the commencement of an Oral Hearing is October 25, 2010, with December 13, 2010 as the next alternative.

2. PROCESS OPTIONS: PROCEDURAL CONFERENCE OF AUGUST 20, 2010

By way of agenda, the Commission Panel requested submissions from the parties on the following;

1. Whether, in addition to the proposed date for the oral hearing, any other part of the default schedule contemplated by the Amended Regulatory Timetable, should be changed, and, if so, what additional changes are required.

2. New timelines given the availability of the Commission Panel.

In addition to the Applicant, the following Interveners entered appearances and made oral submissions at the Procedural Conference:

- Joint Industry Electricity Steering Committee (JIESC),
- Independent Power Producers Association of British Columbia (IPPBC),
- Commercial Energy Consumers Association of BC (CEC),
- British Columbia Old Age Pensioners' Organization (BCOAPO),
- B.C. Sustainable Energy Association and Sierra Club of Canada, British Columbia Chapter (BCSEA),
- Canadian Office and Professional Employees Union Local 378 (COPE 378),
- Line Contractors Association of BC (LCA).

BC Hydro submitted that the key issue to be decided is whether the parties appearing were supportive of an NSP process. It stated that it is willing to participate in an NSP commencing on September 22, 2010 as outlined in the Default Schedule in the Amended Regulatory Timetable. Further, it submitted that December 13 was the most appropriate date to commence an Oral Hearing, if necessary. BC Hydro also submitted that the Panel should consider holding a third Procedural Conference in the event the NSP process does not result in agreement. Finally, it was BC Hydro's submission that the third round of IRs provided for in the Default Schedule should be limited to further questions following up on BC Hydro's responses to the second round.

The Interveners are all in agreement with the position of BC Hydro with respect to the September 22 date for the NSP and the December 13 date for the Oral Hearing, if required. In addition, the Interveners either agreed with, or did not comment upon, BC Hydro's suggestion to hold a third Procedural Conference on further process for the Application in the event the NSP fails in whole or in part. The JIESC submitted that in the event the NSP fails and the Oral Hearing is moved to December 13, the dates for Intervener evidence and related processes be set back two or three weeks to allow adequate preparation time. All of the Interveners agreed with this suggestion.

The only area where there was disagreement among the parties was with respect to BC Hydro's request to limit the scope of the third round of IRs. None of the Interveners supported this position and a number stated that it would not be productive to limit the scope at this time if the goal is to achieve a settlement. In Reply, BC Hydro stated that in the event the Panel did not grant its request for a limitation on the third round of IRs, it requested that the parties attempt to limit their IRs to what they see as the issues.

3. COMMISSION DETERMINATION

Rescheduling the date for the Oral Hearing from Monday, November 1 to Monday, December 13 in the event the NSP does not result in agreement creates additional opportunity to adjust the schedule leading up to it. Mindful of the comments of BC Hydro and the various Interveners, the Commission Panel has developed a Further Amended Regulatory Timetable. **The Panel accepts the processes as outlined in the Default Schedule listed on the Amended Regulatory Time table of June 7, 2010 (Order G-99-10, Appendix A) up to and including the NSP on September 22.** In the event the NSP is unsuccessful or only partially successful, the Panel agrees with the parties that a third Procedural Conference will be required to determine the most appropriate means of dealing with the Application. Therefore, the Commission Panel is issuing a Further Amended Regulatory Timetable which includes a Default Schedule that takes into account the comments of the parties with respect to timing and outlines the processes beginning with a third Procedural Conference on October 14 and ending with an oral hearing on December 13, 2010 with the Order issued concurrently with these Reasons. **The Commission Panel issues the Default Schedule as placeholder only.**

Concerning the third round of IRs, **the Commission Panel refuses BC Hydro's request to limit questions to those that follow-up on BC Hydro's responses to the second round of IRs.** The Panel is concerned that placing limitations on the scope of questions could result in the risk that issues of concern to the parties will not be fully explored prior to the NSP and potentially put the NSP at risk. However, the Panel is mindful of the fact that to date over 2600 questions have been asked of BC Hydro. The Panel therefore requests that participants attempt to limit their third round IRs to what they consider as the issues and focus their questions on those issues.