British Columbia Utilities Commission

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ORDER NUMBER
G-12-16

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

and

British Columbia Hydro and Power Authority
2015 Rate Design Application

BEFORE:
D. M. Morton, Commissioner/Panel Chair
D. A. Cote, Commissioner
K. A. Keilty, Commissioner

on February 1, 2016

ORDER

WHEREAS:

A. British Columbia Hydro and Power Authority (BC Hydro) filed on September 24, 2015, pursuant to sections 58–61 of the *Utilities Commission Act*, the 2015 Rate Design Application (RDA);

B. By Order G-156-15 dated September 29, 2015 and Order G-166-15 dated October 14, 2015, the British Columbia Utilities Commission (Commission) established, among other things, a preliminary regulatory timetable which included a procedural conference on January 12, 2016;

C. By Order G-175-15 dated November 3, 2015, the Commission determined, among other things, scoping issues related to the Cost of Service Study and the Meter Choices Program as well as the review processes and timeline related to a number of expedited processes proposed by BC Hydro;

D. On January 6, 2016, by letter to the Commission, BC Hydro requested that the January 12, 2016 procedural conference date be adjourned until January 19, 2016. The letter also requested that the date for the streamlined review process (SRP) for the proposed freshet rate pilot be rescheduled from January 19–20, 2016 to January 25, 2016, and that the SRP be confined to the proposed freshet rate pilot;

E. By letter January 8, 2016, the Commission accepted BC Hydro's request for the change in dates. By letter dated January 12, 2016, the Commission notified all parties the purposes of the procedural conference and requested that all parties be prepared to speak to eight matters raised in that letter;

F. BC Hydro circulated its proposed regulatory timetable to stakeholders of the 2015 RDA proceeding on January 13, 2016, which was filed at the procedural conference as Exhibit B-9;

G. The procedural conference was held on January 19, 2016. Two additional matters were raised: (i) a matter related to an apprehension of bias, and (ii) whether Zone II Ratepayers Group's issues should be brought into Module 1. Fourteen registered interveners, in addition to BC Hydro and Commission staff, made submissions at the procedural conference; and

H. The Panel has considered the submissions and has made the following determinations with respect to the procedural matters.

NOW THEREFORE for the reasons attached as Appendix A to this order, the British Columbia Utilities Commission orders as follows:

1. A second round of information requests to British Columbia Hydro and Power Authority (BC Hydro) is warranted on all topics. The exception are those topics that will be reviewed either by proceeding directly to written argument, namely rate schedules 1253, 1853, 1852 and 1827; or reviewed by a negotiated settlement process.

2. The cost of service study and rate class segmentation will be reviewed by way of a single negotiated settlement process.

3. The review of the remainder of the 2015 Rate Design Application will take place through an oral hearing process in accordance with the regulatory timetable that is included in section 4.0 of the attached Reasons.

4. The participant costs accrued during BC Hydro's workshop engagement process will be determined by this Panel in accordance with the Commission's Participant Assistance Cost Award Guidelines in Appendix A to Order G-72-07.

DATED at the City of Vancouver, in the Province of British Columbia, this *1st* day of February 2016.

BY ORDER

Original signed by:

D. M. Morton
Commissioner/Panel Chair

Attachment

British Columbia Utilities Commission

IN THE MATTER OF

British Columbia Hydro and Power Authority
2015 Rate Design Application – Module 1

REASONS FOR DECISION

February 01, 2016

Before:
D. M. Morton, Commissioner/Panel Chair
D. A. Cote, Commissioner
K. A. Keilty, Commissioner

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1.0 BACKGROUND

1.1 Filing of application and procedures leading up to the procedural conference

On September 24, 2015, the British Columbia Hydro and Power Authority (BC Hydro) filed its 2015 Rate Design Application (RDA) pursuant to sections 58–61 in the *Utilities Commission Act*.

The British Columbia Utilities Commission (Commission) issued Orders G-156-15 and G-166-15 which, among other things, established a preliminary regulatory timetable. The timetable provided for written submissions from interveners and BC Hydro related to the review process of a number of items set out in the Appendix attached to Order G-156-15. A summary of those items are:

a) the F2016 Cost of Service Study (COSS);

b) BC Hydro's proposed accelerated processes for Large General Service (LGS) and Medium General Service (MGS) customers who are without historical baseline to take service at 100 percent Part 1 Pricing;

c) BC Hydro's proposed expedited processes for (i) freshet rate pilot for Transmission Services, requesting approval by February 1, 2016, and (ii) pricing principles for Rate Schedule (RS) 1823, and (iii) other existing transmission rates;

d) BC Hydro's proposed expedited process for Minimum Reconnection Charges in the electric tariff terms and conditions, with the timing of Commission approval to allow for implementation on April 1, 2016; and

e) Any other relevant matters.

The timetable also provided for one round of Information Requests (IRs) to BC Hydro and a procedural conference established for January 12, 2016.

Subsequent to the round of written submissions, the Commission issued Order G-175-15 dated November 3, 2016. The Order established, among other things, the following:

- The COSS is in scope for the first round of IRs;
- An expedited review process for MGS and LGS customers without historical baseline is appropriate and established the argument phase for this process for the period January 8 to January 15, 2016 with the Commission order to be issued on or before February 10, 2016;
- The expedited streamlined review process (SRP) for the review of the freshet rate pilot is approved and scheduled for January 19-20, 2016; and
- An SRP is the appropriate process for the joint review of BC Hydro's proposed pricing principles for existing transmission service rates, excluding RS 1823, and directs that this issue be reviewed at the SRP on January 19–20, 2016.

In its letter dated January 7, 2016,[1] BC Hydro requested that the procedural conference date be adjourned until January 19, 2016 and the dates January 19–20, 2016 originally scheduled for the SRP be moved to January 25, 2016. BC Hydro also requested the SRP be confined to the proposed freshet rate. In that letter, BC Hydro proposed the review of the existing Transmission Service rates RS 1853, RS 1852 and RS 1827, as well as General

[1] Exhibit B-6

Service RS 1253 proceed to written argument. BC Hydro also proposed that review of the pricing principles for RS 1823 proceed to a second round of IRs along with RS 1825 and RS 1880.

The Commission accepted BC Hydro's proposed change in dates for the procedural conference and the freshet rate pilot SRP by letter dated January 8, 2016.[2]

By letter dated January 12, 2016, the Commission notified all parties on the purposes of the procedural conference and requested that all parties be prepared to speak to eight matters raised in that letter.[3] The eight matters are enumerated below:

1. Whether the evidentiary record on a number of overarching issues, that is, issues that apply to all rate classes in Module 1, should be expanded. Examples: tests used to analyze bill impact, the re-prioritization of Bonbright criteria for the 2015 RDA from previous rate design studies, Long-Run Marginal Cost (LRMC) as referent pricing for energy rates and the level of precision, assumptions related to elasticity for estimates on conservation savings, etc.
2. Whether the evidentiary record on a number of jurisdictional issues should be expanded prior to the Argument Phase of the proceeding. Examples: the Commission's obligation under the *Clean Energy Act*, British Columbia's Energy Objectives as it pertains to the 2015 RDA, the BCUC jurisdiction with regards to tariffs for low income customers, etc.
3. The Minister's letter to the Commission regarding a Residential Inclining Block (RIB) Rate Report, made reference to the 2015 RDA as follows:

   > FortisBC and BC Hydro have both demonstrated that their respective residential inclining block rates are resulting in residential electricity conservation, and that they are revenue neutral to the utilities. The Government is unaware of any evidence that the residential inclining block rates result in higher greenhouse gas emissions, and BC Hydro has indicated that they have no evidence of this. Any analysis of alternative rate structures and the issues listed in this paragraph would be best left to existing regulatory processes, which in BC Hydro's case is the 2015 Rate Design Application (RDA).[4]

   Should this be interpreted to mean that the 2015 RDA is required to address higher greenhouse gas emissions from the RIB rate and the potential fuel switching as a result of the RIB rate? If so, address whether the evidentiary record is sufficient or needs to be expanded.

4. In reasons attached to Order G-175-15 dated November 3, 2015, the Commission indicated that it would make a determination on the issues of BC Hydro's request for endorsement of its 2016 Cost of Service Study (COSS). Parties have provided submissions on this matter leading to Order G-175-15. Have parties changed their positions as a result of BC Hydro's responses to Information Request No. 1?

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[2] Exhibit A-8
[3] Exhibit A-10
[4] BCUC Residential Inclining Block Rate Report to the Government of British Columbia, Exhibit A-1, Enclosure, Ministry Letter, p. 2.

5. Whether there is sufficient evidence on the record for each of the proposed categories of rate class design and proposed Terms and Conditions (T&C). Submissions for each item below should also include the appropriate review process (written, oral, streamlined review process or negotiated settlement process or a combination of processes):
    - Residential
    - Small General Service (SGS)
    - Medium General Service (MGC)
    - Large General Service (LGS)
    - Transmission Service Rate (TSR)
    - Irrigation
    - Street lighting
    - T&C's
6. The appropriate review process for subsequent filings:
    a. Exhibit B-1-1, proposed amendments to Electric Tariffs;
    b. BC Hydro's Assessment of Potential Low Income T&C's filed as Appendix A to BCOAPO IR 1.192.1; and
    c. Other.
7. Whether the parties will participate in the Freshet SRP scheduled for the afternoon of January 25, 2016.
8. Whether the Panel assigned to hear this Application should also make determinations on participant costs incurred during BC Hydro's workshop engagement process, or should this matter be addressed in BC Hydro's upcoming Revenue Requirements Application? Should the participant costs accrued during BC Hydro's workshop engagement process be determined in accordance with the Commission's Participant Assistance Cost Award (PACA) Guidelines outlined in Appendix A to Order G-72-07?

1.2 Additional filings and matters raised at the procedural conference

At the procedural conference, participants were invited to make two additional submissions:

1. Whether there is an apprehension of bias or any other concerns related to Commissioner Cote's son, Jonathan Cote, as the mayor of the City of New Westminster, whose Electric Utility Commission is an intervener in this proceeding.
2. Whether parties agree to the Zone II Ratepayers Group's request that their issues be brought into Module 1.

In addition, a number of parties submit there is a need to set the Participant Award Cost Assistance budget estimates deadline date for submission to the Commission.

BC Hydro filed a proposed regulatory review process at the procedural conference (filed as Exhibit B-9) to address items 4, 5 and 6 in Exhibit A-10. BC Hydro indicated that it had held discussions with several interveners on January 18, 2016.[5]

Commission staff also filed their proposed regulatory timetable at the procedural conference, which was posted as Exhibit A2-1.[6]

[5] Transcript Volume 1, pp. 21, 23

2.0 POSITIONS OF PARTIES RELATED TO THE AGENDA ITEMS AND REGULATORY REVIEW PROCESS

2.1 Introduction

At the procedural conference held on January 19, 2016, 14 interveners made submissions (listed below) in addition to the applicant, BC Hydro and Commission staff:

- Commercial Energy Consumers' Association of British Columbia (CEC)
- British Columbia Old Age Pensioners' Organization *et al.* (BCOAPO)
- B.C. Sustainable Energy Association and Sierra Club of British Columbia (BCSEA)
- Clean Energy Association of BC (CEBC)
- Association of Major Power Customers (AMPC)
- Non-Integrated Areas Ratepayers Group (NIARG)
- Zone II Ratepayers Group (Zone II)
- Dewdney Area Improvement District (DAID)
- Canadian Association of Petroleum Producers (CAPP)
- British Columbia Ministry of Energy and Mines (MEM)
- FortisBC Energy Inc. and FortisBC Inc. (FEI/FBC)
- Simon Fraser University (SFU)
- Movement of United Professionals (MoveUP)
- Vancouver Airport Authority (YVR)

The Panel noted that NIARG and Zone II represent distinct ratepayer groups in BC Hydro's non-integrated area, which according to the Application, is the subject of Module 2. NIARG represents ratepayers in Zone 1B and Zone II currently represents the Kwadacha Nation. NIARG submitted that its participation in Module 1 is essential to basic fairness and procedural efficiency and invited guidance from the Panel regarding the nexus between Modules 1 and 2.[7] Zone II, in a submission filed as Exhibit C36-6, argued that their issues should be brought into Module 1. Zone II submitted that it is hopeful that the non-integrated area (NIA) issues can be addressed in a timely manner as part of Module 1 with little or no delay. Zone II's request and BC Hydro's related response[8] is item no. 10 in the procedural conference.

The Panel also noted that YVR and SFU are RS 1827 customers of BC Hydro and shared similar concerns at the procedural conference.[9] YVR made submissions on behalf of SFU at the procedural conference.[10]

At the procedural conference, the two regulatory processes and timetables were filed, one from, BC Hydro and another from Commission staff. The Panel notes that BC Hydro's proposal has the benefit of discussions between BC Hydro and interveners prior to the procedural conference. Although none of the interveners offered an alternative process, the Panel notes a number of concerns expressed by participants:

> I don't think I've seen as disjointed a process in terms of the potential at the end of the day, at the end of this rate design process you'll have had Module 1, Module 2, and within Module 1 at

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[6] Transcript Volume 1, p. 212
[7] Ibid., pp. 94-95
[8] Exhibit B-8
[9] Transcript Volume 1, p. 114
[10] Ibid., pp. 110-111

> least five different processes proposed by BC Hydro in terms of dealing with the issues. ……And our concern and an overriding concern that we have as a ratepayer group is that through that process, the principles and the discussions and the negotiations and the approaches to issues don't get confused or disjointed such that there isn't a coherent decision at the end of the day…… at the end of the day the Commission is going to be asked to ensure that what we've done in rate design holds together.[11]
>
> Generally we appreciate and we would adopt the submissions of Mr. Weafer before me regarding his identification of a concern about a potentially disjointed process and the problems that may arise from that……I don't have an easy solution to that, just I think as Mr. Weafer didn't. I think the best that we can do is the Commission, Hydro and interveners be very alive to that potential problem of making determinations or fixing assumptions and then moving forward to a process where those things inform what's going on in Module 2 for example, ……[12]
>
> we believe it's a useful exercise that as Mr. Weafer and Mr. Weisberg have raised, there be some alertness, including on the part of interveners, to the possibility that given the phased nature of the process, there be some alertness to potential unintended consequences that arise from later decisions on earlier ones; likewise earlier decisions on later stages. We don't have any suggestion to remedy that or to change the process.[13]

CAPP submitted that the process should be followed as laid out and if it turns out that something arises further on in the process that looks like it requires reconsideration, it could be dealt with according to the provisions in the *Utilities Commission Act*.[14]

Unlike the BC Hydro proposed process and timetable, Commission staff's proposed regulatory process and timetable was filed only at the procedural conference. One intervener, MoveUP, stated that receiving this halfway through the day put them at a real disadvantage trying to respond to the rather detailed set of proposed dates.[15]

The Panel agrees that the parties were not in a position to comment in any detail on the alternative Commission staff proposal and, therefore, adopts the format of BC Hydro, as outlined in Exhibit B-9, which organizes the proposed timetable based on rate schedules and review processes as a starting point.

[11] Transcript Volume 1, pp. 36–38 (CEC).
[12] Ibid., pp. 92–93 (NIARG).
[13] Ibid., pp. 111–112 (FEI/FBC).
[14] Ibid., p. 106.
[15] Ibid., p. 131.

2.2 Submissions on items raised in Exhibit A-10 and BC Hydro's proposed process and timetable

2.2.1 Item No. 1 of Exhibit A-10

BC Hydro submitted that the examples in item No. 1 are clearly in scope and referred in particular to the LRMC which would be subject to additional review.[16] BC Hydro proposed to submit its update to the current LRMC in advance of the second round of IRs.[17]

CEC, BCOAPO, BCSEA, NIARG, FEI/FBC and MoveUP support BC Hydro's submission for the topics as in scope for the second round of IRs. CAPP submits that the evidence for the topics under this item do not need to be expanded and AMPC indicates that it will not be filing a second round of IRs. MEM took no position.

2.2.2 Item No. 2 of Exhibit A-10

BC Hydro's position is that its obligation under the *Clean Energy Act* (CEA) is not an evidentiary issue and is a matter for argument, and that its views on this matter can be found in its response to BCUC IR 1.2.2 and also in section 2.2.1.2 of Exhibit B-1.[18] With respect to the jurisdictional issue on the Commissions' jurisdiction to set a low-income rate, BC Hydro submitted that it is not seeking an order with respect to potential low-income terms and conditions, but that could change subject to round two IRs and continued discussions with BCOAPO.[19]

CEC took the position that both legal submissions and the evidentiary record are in play on jurisdictional issues.[20]

BCOAPO submitted that there is no need to expand the evidentiary record for the Commission's obligation under the CEA and the energy objectives but further evidence is required for the Commission's jurisdiction on a bill affordability program.[21] When asked by the Panel Chair whether a decision on jurisdiction on low-income measures had merit before BCOAPO filed evidence, BCOAPO submitted that its preference is to have the evidence put forward first prior to any decision being made on jurisdiction.[22]

BCSEA submitted that it would be appropriate if someone wants to ask questions about BC Hydro's response to IRs on the utility's obligation under the CEA; at the same time it also agrees that most of that subject would be a legal issue, not an evidentiary one. Regarding the jurisdiction on low-income, BCSEA is agreeable to the proposed process from BC Hydro and BCOAPO regarding evidence, responses to IRs and rebuttal evidence.[23]

AMPC, CAPP, CEBC and FEI/FBC all indicated either that they would not be filing IRs, or that there is no need for the evidentiary record to be expanded.

MEM submitted that the evidentiary record on jurisdiction on low-income should be expanded. MoveUP supported BCOAPO's position.

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[16] Transcript Volume 1, p. 21.
[17] Ibid., p. 31.
[18] Ibid., pp. 21, 22.
[19] Ibid., p. 33.
[20] Ibid., p. 41.
[21] Ibid., p. 58.
[22] Ibid., p. 61.
[23] Ibid., p. 75.

2.2.3 Item No. 3 of Exhibit A-10

BC Hydro submitted that the Minister's letter does not obligate or require the Commission to address matters related to greenhouse gas (GHG) emissions from the RIB rate or fuel switching as a result of the RIB rate. Further BC Hydro state that it had provided evidence on this topic and no further evidence.[24]

AMPC and CAPP submitted that they have no views on this matter. The majority of interveners mention that they accept BC Hydro's position but also asked the MEM participant to clarify the Minister's letter. CEBC submits that these matters cannot be ignored with respect to rate design.[25]

MEM submits that the letter does not require that the RDA cover the fuel switching and the GHG emissions. It takes no position whether these issues should be examined within the RDA process.[26]

2.2.4 Item No. 4 of Exhibit A-10

BC Hydro proposed a negotiated settlement (NSP) process for both the F2016 cost of service study and rate classes, and in particular the street lighting rate class proposal.[27] It is seeking four changes to the 2007 RDA directives in the COSS and proposes that if there is no prospect of a fair degree of consensus on some of these items, the default would be the 2007 RDA methodology and there would be no need for further IRs or testing.[28]

CEC noted that no party had retained an expert to examine the COSS or file alternative evidence.[29] A majority of the parties agreed to the BC Hydro's NSP proposal and timeline. The fact that the Commission is prevented from rate rebalancing was a concern noted by AMPC, CAPP and MoveUP, who put forward the notion that the COSS should be a contextual document.[30]

BCOAPO raised the issue that BC Hydro's proposal is unclear as to whether the NSP would be an all-or-nothing acceptance of the F2016 COSS methodology, or whether BC Hydro envision some of the proposals being accepted and used to modify the costs per the 2007 RDA. A related issue raised by BCOAPO is whether any revised results would affect the percentage of customer costs recovered by basic charges, and the percentage of demand costs recovered by demand charges for each class as used in the RDA process, and whether this would impact Hydro's rationale for its current proposals.[31]

2.2.5 Item No. 5 and Item No. 6 of Exhibit A-10

BC Hydro's proposal filed as Exhibit B-9 addresses its submissions for Items No. 5 and 6 of the agenda. BC Hydro proposes:

a) Written argument for the following rate classes without further process: RS 1827, RS 1852, RS 1853, General Service RS 1253 and Residential E-Plus RS 1105. Within this proposal, BC Hydro further subdivided the written argument phase into two parts, with the E-Plus customers staggered at a later phase. BC Hydro submits that the exempt customers require certainty in their rates and there appears to be no major evidentiary issues. With respect to the Residential E-Plus group, BC Hydro states that

[24] Transcript Volume 1, p. 22.
[25] Transcript Volume 1, p. 81.
[26] Ibid., p. 108.
[27] Ibid., p. 28.
[28] Ibid., pp. 28, 29.
[29] Ibid., p. 42.
[30] Ibid., pp. 86, 103, 116.
[31] Ibid., pp.64–65.

they have communicated a strong preference to proceed to written argument as opposed to any kind of oral process. BC Hydro proposes dates for written arguments subsequent to providing its response to BCUC IRs and further discussions with the residential E-Plus group.[32]

b) For COSS and rate classes, BC Hydro submits that a second round of IRs is not necessary and the NSP needs to take place in mid-February due to the availability of the consultant. Subsequent to the procedural conference, BC Hydro filed a letter indicating alternative dates in March and requested that the timeframe to respond to IR No. 2 and the timing of the NSP do not overlap.[33]

c) Updates to its energy and capacity lead resource balances which have the potential to impact the LRMC.[34] Subsequent to filing a load-resource update and LRMC analysis evidentiary update to reflect more recent available information, BC Hydro proposes a second round of IRs for RS 1823 stepped rate pricing principles, RS 1825 and RS 1880 and Small General Service (SGS) followed by an SRP. BC Hydro submits that an SRP is appropriate as there are limited intervener reservations resulting from the stakeholder engagement and round 1 IRs, the proposed changes are limited in scope and do not change the fundamental nature of the existing rates.[35]

d) The electric tariff amendments/standard charges, potential low-income terms and conditions (T&C), residential default rate RIB proposals, Minister RIB Report, Intervener BCOAPO Evidence on bill affordability/low income rate measures, and the LGS and MGS proposals will be reviewed by a second round of IRs and an oral hearing.

Many participants supported BC Hydro's proposed timetable including the exempt customers and the transmission stepped rate customers who indicate that they prefer rate certainty.[36]

2.2.6 Item No. 8 of Exhibit A-10

BC Hydro's view is that determinations concerning stakeholder engagement costs are more appropriately addressed in the revenue requirement application context because they concern cost recovery. However, BC Hydro is flexible if the Panel pursues that issue as part of this Application. BC Hydro notes that it followed the PACA Guidelines as an input into funding the stakeholder engagement participation process and believes that the costs are prudent and should be recovered.[37]

Many interveners have commented on the value and effectiveness placed on BC Hydro's engagement process prior to the filing of its Application and believe that this Panel should be the party to address the recovery of those participant costs or, at minimum, provide comment to the Commission if it is to be addressed in the upcoming revenue requirements application. Several interveners also suggest that the Commission's PACA Guidelines should apply in determining intervener's participation and costs.[38]

CEC made two additional comments pertaining to the topic of PACA costs. It suggests that there may be some value in a prudency test in the upcoming revenue requirements application. CEC also submitted that the

[32] Transcript Volume 1, pp. 26-27.
[33] Exhibit B-10.
[34] Transcript Volume 1, p. 31.
[35] Ibid. p. 32; Exhibit B-10 pp. 5–6.
[36] Transcript Volume 1, pp. 87, 130, 139.
[37] Ibid., p. 35.
[38] Transcript Volume 1, pp. 73, 79, 88-89, 94, 112-113, 117.

Commission should be mindful of the PACA Guidelines' allowance ratio of preparation days to hearing days as some interveners may have challenges with these allowances.[39]

MoveUP suggestted that there may be other parties in the RRA, who aren't part of this proceeding, which may have input into whether the participant costs should be recovered in rates.[40]

2.2.7 Other matters

Apprehension of Bias

Regarding the ninth item on apprehension of bias related to Commissioner Cote's son Jonathan Cote being the mayor of the City of New Westminster whose Energy Utilities Commission is a registered intervener in this proceeding, none of the intervener indicated that there is an apprehension of bias.

Zone II inclusion in Module 1

Zone II Ratepayer Group requested that its issues be included in Module 1. It submits that "Zone II rate design is derived from the Zone I RIB rate design and is also a RIB rate design and therefore the issues for Zone II, which may also apply to Zone I, need to be fully addressed in Module 1. It was the intent of Zone II to work within the current regulatory process and timetable; however, this would have required a response to Zone II IRs submitted in IR 1 and flexibility on the issues."[41]

BC Hydro submited that:

> [e]xpanding the scope of 2015 RDA Module 1 to include Zone II rate design is not practical; the outcome would be an adjournment of at least the default Residential and General Service rate design portion of 2015 RDA Module 1 for at least 8 months, if not longer, to allow for Zone II rate design stakeholder engagement. This adjournment would be prejudicial in particular to Medium General Service (MGS) and Large General Service (LGS) customers who have concerns with the existing MGS and LGS rates. In addition, including Zone II rate design as part of 2015 RDA Module 1 entails risk to Zone II ratepayers because the default Residential and General Service rates, which form the basis of at least one Zone II rate design option, would not be known in advance of review and the setting of Zone II rates.[42]

BCSEA submitted that Zone I residential rates should be dealt with in accordance with the existing schedule and that no new contents be imported into Module 1[43] and AMPC also oppose any significant delays to the module 1 review.[44] NIARG opposes the Zone II Ratepayer Group's request stating it participated in Module 1 on the assumption that Zone 1B and Zone II rate design would be dealt with in Module 2.

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[39] Ibid., pp. 46–47.
[40] Ibid., p. 117.
[41] Exhibit C36-6, p. 3.
[42] Exhibit B-8, p. 1.
[43] Transcripts Volume I, p. 78.
[44] Ibid., p. 89.

BC Hydro response to unanswered DSM Questions

BCOAPO submitted that BC Hydro should be required to respond to the DSM-related IRs and that the response be subject to a second round of IRs, along with the impact on bills as a result of the adoption of the RIB rate and the 10 percent bill impact test are in scope. BCOAPO proposed that the responses be provided by February 18, 2016.[45]

BC Hydro provided one example of an unanswered IR: Exhibit C2-4-1, BCOAPO Information Request 1.113.1, BC Hydro argues that BCOAPO has essentially requested BC Hydro to submit a Section 44.2 filing on its residential DSM programs to respond to the RIB report. BC Hydro submits that is inappropriate. "The *Clean Energy Act* clearly makes a distinction in Section 1 under demand-side measure between a rate and program. The 2015 RDA is not a Section 44.2 filing, and in our view it would be inappropriate to use the RIB report to launch into effectively a Section 44.2 filing."[46]

However, BC Hydro also acknowledged that further modeling needs to be done once the Commission has determined the definitions of low-income customer and customers without natural gas.[47]

3.0 COMMISSION DETERMINATIONS

The Panel agrees with the submissions of BC Hydro that the following topics are most appropriately reviewed by way of an oral hearing:

- Electric Tariff Amendments/Standard Charges;
- Potential Low income terms and Conditions;
- Residential RIB Rate; and
- BCOAPO's Bill Affordability/Low Income Rate Measures.

Noting no objection from interveners, **the Panel directs that these topics proceed by way of an oral hearing.**

The Panel also agrees with the submissions of BC Hydro that RS 1827, 1852, 1853, 1253 are most appropriately reviewed by way of a written hearing. Noting no objection from interveners, **the Panel directs that these topics proceed by way of a written hearing.** BC Hydro stated that it does not believe a second round of IRs is required and no intervener submits otherwise. The Panel also considers the evidentiary record for these items is now closed and final arguments will commence in accordance with the schedule laid out below.

A negotiated settlement process (NSP) will be used to address issues related to the COSS / class rates and the street lighting proposal. The question of whether an 'all or nothing' approach to the NSP or whether certain issues in which consensus cannot be reached will default to the 2007 RDA will be left to the parties in the negotiation.

In Exhibit B-9, BC Hydro proposes that RS 1823 pricing principles and the SGS rate design be determined at an SRP held on or before May 6, 2016. BC Hydro's proposed timeline is supported by AMPC who indicated that they support the proposed timeline because certainty is important.[48]

[45] Ibid., pp. 67-70
[46] T1:148
[47] T1:148.
[48] T1:87.

The Panel accepts that rate certainty is a desirable outcome in this regulatory proceeding. However, the panel has to consider this desirability in the context of BC Hydro's evidence on LRMC which is yet to be filed and the almost all-encompassing application of LRMC to all rate structures. Appendix C-1A of the Application slide 13 shows the basis of LRMC to the RIB Rate, the MGS & LGS 2-Part Rate and the TSR Rate. In Exhibit B-9, BC Hydro indicates in the proposed regulatory timetable that determination of energy LRMC is required for RS 1823 Step 2 and is used as a referent for SGS flat energy rate and that determination of energy LRMC is used as a refe rent for RIB Step 2 rate, and the MGS and LGS flat rate proposal.

Given the all-encompassing nature of the LRMC, the Panel considers it more appropriate to hear all the rate structures in the oral hearing where all the consumers or ratepayer groups are participating to avoid situations where orders that have just been made might have inadvertent effects on subsequent processes on those rates that are awaiting new orders. **Accordingly, RS 1823 rate pricing principles and the SGS flat energy rate will proceed by way of oral hearing following the second round of IRs.**

BC Hydro had also proposed that RS 1825 pricing principles and RS 1880 proceed by way of the same SRP as RS 1823 and SGS.[49] Although BC Hydro proposes no changes to these rates and seeks no order with respect to either of these rate schedules, it notes that the energy charges found in rate schedule 1825 and rate schedule 1880 are linked to Tier 2 of rate schedule 1823. **Accordingly, rate schedules 1825 and 1880 will also proceed by way of oral hearing, and the second round of IRs.**

At this time there remains unanswered IRs on the residential E-Plus program. Further determination on the review of the Residential E-Plus program will be made following the receipt of those IR responses on February 12, 2016.

The Panel declines to include Zone II rates within scope of Module 1. We are persuaded by the submissions of BCSEA, AMPC and BC Hydro, in particular that including Zone II rate design as part of 2015 RDA Module 1 entails risk to Zone II ratepayers because the default Residential and General Service rates, which form the basis of at least one Zone II rate design option, would not be known in advance of review and the setting of Zone II rates .

At the end of this proceeding, this Panel will determine BC Hydro's eventual recovery of the participant costs already paid out. The Panel will rely on the Commission's PACA Guidelines outlined in Appendix A to Order G-72-07 to assist in making its assessment.

With regard to BCOAPO's request that BC Hydro be required to respond to DSM related IRs, the Panel directs BCOAPO and BC Hydro to provide a list of any IRs that remain in dispute and submit them to the Commission. BC Hydro is required to provide reasons it believes the IRs are out of scope and BCOAPO is required to provide reasons it believes them to be in scope. The Commission will make further determinations on those IRs once it has reviewed those submissions.

[49] Ibid, p. 5.

4.0 REGULATORY TIMETABLE

The table below summarizes the review process for each component of the Application:

ITEM	DATE
Intervener Final Argument: Transmission Stepped Rate RS 1827 (Exempt Customers) RS 1852 (Modified Demand) RS 1853 (IPP Service Station) General Service Rate RS 1253 (IPP Service Station)	February 5, 2016
PACA Budget Estimates	February 9, 2016
BC Hydro Reply Argument: Transmission Stepped Rate RS 1827 (Exempt Customers) RS 1852 (Modified Demand) RS 1853 (IPP Service Station) General Service Rate RS 1253 (IPP Service Station)	February 12, 2016
BC Hydro files response to outstanding IRs	February 12, 2016
BC Hydro Evidentiary Update on Load Resource Balance and Long-Run Marginal Cost	February 18, 2016
COSS Study NSP (incl. rate classes and street lighting)	March 7–8, 2016
BCUC and Intervener IR 2	March 8, 2016
BC Hydro Response to IR2	April 12, 2016
Intervener Evidence	April 21, 2016
IR 1 on Intervener Evidence	May 5, 2016
Intervener Response to IR 1	May 30, 2016
BC Hydro Rebuttal Evidence	June 15, 2016
Oral Hearing	July TBD
BC Hydro Final Argument on Oral Phase	TBD
Intervener Final Argument on Oral Phase	TBD
BC Hydro Reply on Oral Phase	TBD

5.0 MINISTER'S RIB RATE REPORT

5.1 Minister's RIB Rate Report

Preparation of the response to the request by the Minister of Energy for a report is a separate proceeding. However, the process for that proceeding includes the following step:

1. The Commission will consult with the utilities regarding the deadline for filing their respective reports as follows:
    - BC Hydro at the January 12, 2016 Procedural Conference;…[50]

Accordingly, submissions concerning the filing deadline for BC Hydro's report in that proceeding were made in this proceeding. In addition, various other submissions were received concerning issues in the BCUC RIB Rate Report proceeding. No other determinations will be made on these submissions as they will be dealt with in the BCUC RIB Report proceeding.

The Panel determines that in accordance with the Minister's Letter, the RIB Rate Report questions will be in scope for the duration of the evidentiary phase of the RDA Proceeding (including IR2 and the oral hearing).

[50] BCUC RIB Rate Report proceeding, Exhibit A-3, p. 2.