



ORDER NUMBER
G-239-22

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

and

British Columbia Hydro and Power Authority
Fiscal 2023 to Fiscal 2025 Revenue Requirements Application

BEFORE:

D. M. Morton, Panel Chair
A. K. Fung, QC, Commissioner
R. I. Mason, Commissioner
A. Pape-Salmon, Commissioner

on August 19, 2022

ORDER

WHEREAS:

- A. On August 31, 2021, the British Columbia Hydro and Power Authority (BC Hydro) filed its Fiscal 2023 to Fiscal 2025 Revenue Requirements Application (Application) with the British Columbia Utilities Commission (BCUC) pursuant to sections 44.2, and 58 to 61 of the *Utilities Commission Act* requesting, among other things, interim and, after certain future determinations in other proceedings, permanent approval of the following:
- (i) Increase in rates by 0.62 percent, effective April 1, 2022, by 0.97 percent, effective April 1, 2023 and by 2.18 percent, effective April 1, 2024; and
 - (ii) The fiscal 2023, fiscal 2024, and fiscal 2025 Open Access Transmission Tariff rates as set out in Table 9-4 of the Application;
- B. In the Application, BC Hydro also requested to set the Deferral Account Rate Rider on an interim and permanent basis at (2.0) percent, effective April 1, 2022 for fiscal 2023; and, on a permanent basis at (1.0) percent, effective April 1, 2023 for fiscal 2024 and (0.5) percent, effective April 1, 2024 for fiscal 2025;
- C. By Orders G-263-21, G-72-22, G-136-22, G-166-22 and 189-22 the BCUC established and amended the regulatory timetable for the review of the Application, which provided for, among other items, parties' written submissions on the oral hearing scope;
- D. By letters dated August 10 to 11, 2022, BC Hydro, FortisBC Energy Inc. and FortisBC Inc. (collectively FortisBC), Movement of United Professionals, Residential Consumer Intervener Association, Commercial Energy Consumers Association of British Columbia, BC Sustainable Energy Association, Nuu-chah-nulth Tribal Council, British Columbia Old Age Pensioners' Organization *et al.*, Association of Major Power Customers,

and Kwadacha Nation and Tsay Key Dene Nation, together the Zone II Ratepayers Group provided submissions on the oral hearing scope;

- E. By letter dated August 12, 2022, BC Hydro provided its written reply to submissions on the oral hearing scope; and
- F. The BCUC has considered the written submissions made by the parties and BC Hydro's reply and finds that an amended regulatory timetable for the review of the Application is warranted.

NOW THEREFORE for the reasons set out in Appendix A attached to this order, the BCUC amends the regulatory timetable, as set out in Appendix B to this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 19th day of August 2022.

BY ORDER

Original signed by:

D. M. Morton
Commissioner

Attachments

British Columbia Hydro and Power Authority
F2023 to F2025 Revenue Requirements Application

REASONS FOR DECISION

1.0 Background

On August 31, 2021, the British Columbia Hydro and Power Authority (BC Hydro) filed its Fiscal 2023 to Fiscal 2025 Revenue Requirements Application (RRA) (Application) with the British Columbia Utilities Commission (BCUC). By Orders G-263-21, G-72-22, G-136-22, G-166-22 and G-189-22 the BCUC established and amended the regulatory timetable for the review of the Application.

Following a procedural conference held on May 6, 2022, by Order G-136-22, the BCUC provided a list of potential topics for an oral hearing and stated that the final scope of the oral hearing, including any refinement or adjustments to the list, can be addressed via written submissions.¹

To date, the evidentiary record of the proceeding to review the Application (RRA Proceeding) includes two rounds of information requests (IRs) to BC Hydro regarding the Application, and an additional round of IRs to BC Hydro regarding Demand-Side Management (DSM). Since BC Hydro's fiscal 2023 to fiscal 2025 (F2023-F2025) DSM schedule was filed subsequent to BC Hydro's IR No. 1 responses, with this additional round of IRs (i.e. IR No. 3), the F2023 to F2025 DSM schedule has been subject to the same number of rounds of IRs as the rest of the Application.

In addition, the evidentiary record includes the following intervenor evidence and a round of IRs on that evidence:

1. Kwadacha Nation and Tsay Keh Dene Nation, together the Zone II Ratepayers Group (Zone II RPG) filed written statements from the leaders of the Tsay Keh Dene Nation and the Kwadacha Nation, respectively, on the unique circumstances affecting northern B.C. First Nation communities in BC Hydro's Non-Integrated Area;²
2. Association of Major Power Customers (AMPC) filed evidence on depreciation methodology, net salvage provision, vegetation management plan spending, Electrification Plan spending, DSM spending, and Site C cost impacts in fiscal 2025 rates;³ and
3. Residential Consumer Intervenor Association (RCIA) filed evidence on depreciation lives of select asset classes, expected asset lives in asset management, and vegetation management.⁴

By letter dated August 10, 2022, BC Hydro submits that it plans to file rebuttal evidence on depreciation and net salvage (rebuttal to evidence from RCIA and AMPC), expected asset lives in asset planning (rebuttal to evidence from RCIA), and vegetation management (rebuttal to evidence from AMPC and RCIA).⁵

¹ Exhibit A-18, Order G-136-22, Appendix A, p. 6.

² Exhibit C5-7.

³ Exhibit C7-11; Exhibit C7-12.

⁴ Exhibit C8-7; Exhibit C8-8; Exhibit C8-9.

⁵ Exhibit B-33, p. 3.

Subsequent to the filing of intervenor evidence, on June 27, 2022, Direction to the BCUC Respecting Load Attraction and Low-Carbon Electrification made by B.C. Reg 156/2022 (OIC No. 355) was deposited.⁶ In addition, on August 8, 2022, BCUC staff entered redacted confidential Order R-10-22 on the record in the RRA Proceeding.⁷ Accordingly, the Panel invited parties to include the following as part of their written submissions on the oral hearing scope:

- 1) Submissions on the impact, if any, of OIC No. 355 on the scope of the oral hearing and the scope of the review of the Electrification Plan in the Application;⁸ and
- 2) Submissions on further process, if any, arising from redacted confidential Order R-10-22.⁹

By letters dated August 10 and 11, 2022, BC Hydro, FortisBC Energy Inc. and FortisBC Inc. (collectively, FortisBC), Movement of United Professionals (MoveUP), RCIA, Commercial Energy Consumers Association of British Columbia (the CEC), BC Sustainable Energy Association (BCSEA), Nuuchahnulth Tribal Council (NTC), British Columbia Old Age Pensioners' Organization, *et al.* (BCOAPO), AMPC, and Zone II RPG provided their submissions on the oral hearing scope. By letter dated August 12, 2022, BC Hydro provided its reply submission.

In these reasons for decision, in consideration of the evidentiary record of the RRA Proceeding and the submissions received, the Panel determines, subject to reviewing further submissions and BC Hydro's rebuttal evidence, as further outlined below, the topics in scope for the oral hearing and amends the regulatory timetable for the review of the Application.

2.0 Oral Hearing Scope

By Order G-136-22, the BCUC provided the following list of potential topics for an oral hearing and stated that the final scope of the oral hearing, including any refinement or adjustments to the list, can be addressed via written submissions:¹⁰

- 1) BC Hydro's rebuttal evidence;
- 2) Depreciation and net salvage;
- 3) The portion of the electrification plan that is not governed by the Greenhouse Gas Reduction (Clean Energy) Regulation (GGRR);
- 4) Vegetation management system;
- 5) Expected asset lives used in asset management planning and strategy;
- 6) Diesel reduction strategy; and
- 7) DSM in BC Hydro's Non-Integrated Area (NIA).

BC Hydro is not advocating for an oral hearing on any topics and submits that it would be "fair, efficient and effective for the BCUC to narrow the list of topics considerably, when setting the final scope for any oral hearing."¹¹

⁶ Exhibit B-25.

⁷ Exhibit A2-3-4-1.

⁸ Exhibit A-21.

⁹ Exhibit A-29.

¹⁰ Exhibit A-18, Order G-136-22, Appendix A, p. 6.

¹¹ Exhibit B-33, pp. 1 – 2.

The CEC,¹² Zone II RPG,¹³ BCSEA,¹⁴ MoveUP,¹⁵ and FortisBC¹⁶ either do not advocate for an oral hearing or take no position. On the other hand, NTC¹⁷ advocates for an oral hearing on all of the potential topics listed above in addition to other topics, while AMPC,¹⁸ RCIA¹⁹ and BCOAPO²⁰ advocate for an oral hearing on certain topics. AMPC and BCOAPO also advocate for an oral hearing on certain topics that were not listed above. While not advocating for an oral hearing, BCSEA suggests that the Panel identify particular questions or sub-topics that are the highest priority regarding depreciation and net salvage, expected asset lives used in asset management planning and strategy, and vegetation management system.²¹

In reply, BC Hydro submits that it is not opposed to an oral hearing on depreciation and net salvage and vegetation management strategy if the BCUC would consider it beneficial. Consistent with BCSEA's suggestion to identify questions or sub-topics that are the highest priority, BC Hydro submits that the focus of the oral hearing with respect to these two topics should be limited to matters canvassed in intervenor evidence and rebuttal evidence.²² Regarding the topics advocated by AMPC, BCOAPO, and NTC that are in addition to the list of potential oral hearing topics set out in Order G-136-22, BC Hydro submits that the BCUC should not consider these requests because they are contrary to the BCUC's initial scoping order.²³

BC Hydro's rebuttal evidence

BC Hydro submits that it plans to file rebuttal evidence on depreciation and net salvage (rebuttal to evidence from RCIA and AMPC), expected asset lives in asset planning (rebuttal to evidence from RCIA), and vegetation management (rebuttal to evidence from AMPC and RCIA).²⁴ BC Hydro submits that the BCUC also has the option of directing a round of IRs on any aspect of BC Hydro's rebuttal evidence that is excluded from an oral hearing.²⁵

Aside from NTC and BCOAPO, parties either do not advocate for an oral hearing or take no position on whether an oral hearing is necessary regarding BC Hydro's rebuttal evidence.²⁶ BCSEA suggests that the rebuttal evidence be addressed with a round of IRs and that the specific topics for the oral hearing be determined based on subject matter rather than based on whether the topics are addressed in the rebuttal evidence.²⁷ BCOAPO submits that while the rebuttal evidence could be addressed with a round of IRs, further discovery in an oral hearing would be more efficient.²⁸

¹² Exhibit C9-11.

¹³ Exhibit C5-15.

¹⁴ Exhibit C1-10.

¹⁵ Exhibit C2-7.

¹⁶ Exhibit C3-5.

¹⁷ Exhibit C10-7.

¹⁸ Exhibit C7-26.

¹⁹ Exhibit C8-23.

²⁰ Exhibit C11-8.

²¹ Exhibit C1-10, p. 1.

²² Exhibit B-34, p. 1.

²³ Ibid.

²⁴ Exhibit B-33, p. 3.

²⁵ Ibid., pp. 3 – 4.

²⁶ Exhibit C10-7, p. 1; C11-8, pp. 1 – 2.

²⁷ Exhibit C1-10, p. 1.

²⁸ Exhibit C11-8, pp. 1 – 2.

In reply, BC Hydro submits that the topics to be covered by BC Hydro's rebuttal evidence are encompassed by the other topics identified as potentially in scope for the oral hearing by Order G-136-22 and no intervener appears to be advocating for issues to be included within the oral hearing scope simply because it is being addressed in rebuttal evidence.

Depreciation and net salvage

BC Hydro submits that a well-developed written record would be a more effective approach than an oral hearing to determine the issues related to depreciation and net salvage.²⁹

The CEC, Zone II RPG, BCSEA, MoveUP, and FortisBC either do not advocate for an oral hearing or take no position. On the other hand, AMPC, NTC, RCIA, and BCOAPO advocate for an oral hearing on depreciation and net salvage.

The CEC submits that a written process is more effective than "debating the intricacies of complex depreciation and accounting policy at an oral hearing."³⁰

AMPC submits that depreciation and net salvage should be included in the oral hearing scope because they involve proposals from BC Hydro to adopt new approaches, there has been considerable time since BC Hydro's depreciation approach has been tested, differences in expert opinion can be explored effectively through cross-examination, and depreciation and net salvage are regularly addressed through oral hearing processes in Canada.³¹

RCIA submits that the current written record is well-developed, but there are deficiencies in data quality and availability, as well as regarding what data was provided to Concentric that should be further explored through an oral hearing.³²

BCOAPO submits that there is insufficient clarity on the record to proceed to argument and it does not expect that it will be resolved by BC Hydro's rebuttal evidence.³³

In reply, BC Hydro submits that it is not opposed to the inclusion of depreciation and net salvage in the oral hearing if the BCUC considers it beneficial.³⁴

The portion of the Electrification Plan not governed by the GGRR

On July 8, 2022, the Panel invited parties to include as part of their written submissions on the oral hearing scope, submissions on the impact, if any, of OIC No. 355 on the scope of the oral hearing and the scope of the review of the Electrification Plan in the Application.

In their submissions, parties generally agree that OIC No. 355 results in the BCUC having limited scope to disallow certain costs related to the Electrification Plan.³⁵

²⁹ Exhibit B-33, p. 4.

³⁰ Exhibit C9-11, p. 2.

³¹ Exhibit C7-26, pp. 2 – 3.

³² Exhibit C8-23.

³³ Exhibit C11-8, p. 2.

³⁴ Exhibit B-34, p. 1.

³⁵ Exhibit B-33, p. 4; Exhibit C11-8, p. 4; Exhibit C3-5, p. 2; Exhibit C7-26, p. 5; Exhibit C9-11, p. 2.

BC Hydro submits that the portion of the Electrification Plan that is not governed by the GGRR should be addressed without an oral hearing due to OIC No. 355. Further, BC Hydro points out that parties have already had two rounds of IRs to explore the Electrification Plan.³⁶

BCSEA, RCIA, the CEC, Zone II RPG, MoveUP, and FortisBC either do not advocate for an oral hearing on the portion of the Electrification Plan not governed by the GGRR or take no position. FortisBC provides examples of items regarding the Electrification Plan that are not precluded by legislation. However, it submits that an oral hearing to address the Electrification Plan as part of the BC Hydro's Integrated Resource Plan (IRP) proceeding is more appropriate than in the RRA Proceeding.³⁷

BCOAPO advocates for an oral hearing on this topic, while AMPC and NTC advocate for an oral hearing on the Electrification Plan more broadly. BCOAPO submits that the load attraction and connecting customers portions of the Electrification Plan are new initiatives and there are a number of live issues regarding the Electrification Plan that are still within the jurisdiction of the Panel.³⁸ AMPC submits that the size of the expenditures and importance of transparency and BCUC oversight of the spending are reasons to include the Electrification Plan in the scope of the oral hearing despite the BCUC's limited scope to disallow these costs.³⁹ NTC submits that "it is important to be able to explore, as fully as possible, the costs, the forecast load growth, and the expected GHG emission impacts associated with all of these [Electrification Plan] programs and, in addition, their relationships to the supporting Government policies contained in not only the GGRR, but also the CleanBC Plan, the Clean Energy Act, and the Climate Change Accountability Act."⁴⁰

In reply, BC Hydro submits that AMPC, BCOAPO, and NTC's arguments are unpersuasive for the following reasons:

- Scoping-in matters determined by directive would contradict the BCUC's prior decisions;
- OIC No. 355 is clear in that "the commission must not disallow [cost recovered by the directive] for any reason;"
- The connecting customers component of \$5.1 million over the Test Period [F2023 to F2025 test period] is the only portion of the Electrification Plan spend not covered by either OIC No. 355 or the GGRR and BC Hydro is obligated to incur costs of connecting customers who apply for service; and
- The BCUC's mandate is to apply legislation as written, not to comment on the merits of the legislation that prescribes its jurisdiction for the benefit of government.

BC Hydro submits that there is ample written evidence to address any legal interpretation issues or to decide any matters that the BCUC determines it has residual discretion. BC Hydro points out that the proper interpretation of OIC No. 355 can still be addressed in written argument, based on the written record.⁴¹

Vegetation management system

BC Hydro submits that issues regarding vegetation management can be determined on the basis of a fully written record.⁴²

³⁶ Exhibit B-33, p. 5.

³⁷ Exhibit C3-5, pp. 2 – 4.

³⁸ Exhibit C11-8, p. 4.

³⁹ Exhibit C7-26, pp. 4 – 5.

⁴⁰ Exhibit C10-7, p. 2.

⁴¹ Exhibit B-34, pp. 3 – 4.

⁴² Exhibit B-33, p. 5.

RCIA, the CEC, Zone II RPG, BCSEA, MoveUP, and FortisBC either do not advocate for an oral hearing on this topic or take no position. RCIA submits that it is content with either a written or oral hearing process to address the Test Period vegetation management expenditures because an oral hearing may not yield more information.⁴³

On the other hand, AMPC, NTC, BCOAPO advocate for an oral hearing on vegetation management. AMPC submits that it is efficient to test BC Hydro's rebuttal evidence and competing intervenor evidence in an oral hearing, there is significant information asymmetry regarding vegetation management, the "step change" in vegetation management is a new initiative, and fully testing the step changes in vegetation management spending would be beneficial in implementing performance-based regulation for BC Hydro.⁴⁴ BCOAPO submits that vegetation management should be in scope for the oral hearing because of the significant size of increased spending planned for the Test Period and there is insufficient clarity on the record to proceed to argument, which it does not expect to be resolved by BC Hydro's rebuttal evidence.⁴⁵

In reply, BC Hydro submits that it is not opposed to addressing BC Hydro's vegetation management strategy in the oral hearing with the topic refined to focus on the content of intervenor evidence and rebuttal evidence.

In addition, on August 4, 2022, the Panel invited parties to include as part of their written submissions on the oral hearing scope, submissions on further process, if any, arising from redacted confidential Order R-10-22. RCIA was the only intervenor to respond to the Panel's invitation and submits that a request for information on the following topics is warranted, but that it can be done via written submission⁴⁶:

1. To denude what BC Hydro is doing to address each violation and the corrective action cost of each;
2. The periods over which the violations occurred;
3. Clarification on which violation is dependent on mowing or the removal of danger trees; and
4. An up-to-date list of potential violations of FAC-003-3 & FAC-003-4 if any are not already identified in RCIA's submission.

In reply, BC Hydro submits that no further process is required or appropriate with respect to redacted confidential Order R-10-22 and the related orders that have been filed in this proceeding for the following reasons:⁴⁷

- 1) The documents already provide adequate context for the purposes of the RRA Proceeding;
- 2) RCIA's proposed questions are regarding matters that were addressed in BC Hydro's Fiscal 2022 Revenue Requirement Application; and
- 3) Questions related to specific compliance matters would include confidential information that remains a live issue in other MRS-related proceedings.

BC Hydro submits that it agrees with RCIA that any follow up questions should be in writing rather than in an oral hearing to minimize the potential prejudice to BC Hydro that would result from issues being canvassed in this proceeding that are the subject of confidential compliance proceedings.⁴⁸

⁴³ Exhibit C8-23, p. 1.

⁴⁴ Exhibit C7-26, pp. 3 – 4.

⁴⁵ Exhibit C11-8, pp. 4 – 5.

⁴⁶ Exhibit C8-23, p.3.

⁴⁷ Exhibit B-34, p. 3.

⁴⁸ Ibid.

Expected asset lives used in asset management planning and strategy

BC Hydro submits that issues regarding expected asset lives used in asset management planning and strategy can be determined more effectively based on a well-developed written record than at an oral hearing due to the “relatively esoteric and tangential” nature of the topics raised by RCIA.⁴⁹

AMPC, the CEC, Zone II RPG, BCSEA, MoveUP, and FortisBC either do not advocate for an oral hearing or take no position, while NTC, RCIA, and BCOAPO advocate for an oral hearing regarding expected asset lives used in asset management planning and strategy.

RCIA submits that asset management is a fundamental component of the Application that will have material impacts on BC Hydro’s revenue requirement and that “an oral hearing is warranted to further pursue information to enable the Commission and Interveners to effectively evaluate the prudence of the proposed capital investments and associated revenue requirement impacts.”⁵⁰ BCOAPO submits that the scope of the oral hearing should include BC Hydro’s overall prioritization approach when additional capital requirements are identified and, more specifically, the age metrics used in assessing and prioritizing the need for sustaining capital investments.⁵¹

In reply, BC Hydro submits that BC Hydro’s 2018 Capital Filing Guidelines set out the information requirements for BC Hydro’s revenue requirement applications, which BC Hydro has adhered to in the Application. Further, these guidelines reflect the input of BCUC staff and interveners of that proceeding and have been reviewed and approved by the BCUC. In addition, the BCUC had determined that BC Hydro’s capital planning processes were reasonable in its decisions in BC Hydro’s previous two RRA proceedings. BC Hydro submits that the written record on this topic is already robust and any necessary follow up could be readily addressed through IRs on rebuttal evidence instead of an oral hearing.⁵²

Diesel reduction strategy

BC Hydro submits that the revenue requirement over the Test Period regarding its diesel reduction strategy totals \$2.7 million and the strategy is in development. Further, BC Hydro notes that it has committed to providing a submission to the BCUC that sets out a proposal for a modified framework for the regulatory review of Community Energy Plans for the NIAs by spring 2023. BC Hydro submits that the appropriate forum for further consideration of BC Hydro’s diesel reduction strategy is in a future regulatory process to review Community Energy Plans for the NIAs.⁵³

With the exception of NTC, who is advocating for all of the potential topics to be addressed in an oral hearing, interveners either do not advocate for an oral hearing or take no position on whether BC Hydro’s diesel reduction strategy should be included in the scope of the oral hearing.

In reply, BC Hydro submits that it has provided compelling rationale on why the issues related to its diesel reduction strategy are best addressed in another forum and points out that Zone II RPG (the only directly impacted intervener) agrees.⁵⁴

⁴⁹ Exhibit B-33, p. 6.

⁵⁰ Exhibit C8-23, p. 1.

⁵¹ Exhibit C11-8, p. 5.

⁵² Exhibit B-34, pp. 2 – 3.

⁵³ Exhibit B-33, pp. 6 – 7.

⁵⁴ Exhibit B-34, p. 4.

DSM in BC Hydro's NIA

BC Hydro submits that DSM in the NIA has been “canvassed extensively through approximately 130 information requests.” BC Hydro submits that engagement within each NIA community is more effective in improving DSM activities than an oral hearing in the RRA Proceeding.⁵⁵

With the exception of NTC, who is advocating for all of the potential topics to be addressed in an oral hearing, interveners either do not advocate for an oral hearing or take no position on whether DSM in BC Hydro's NIA should be included in the scope of the oral hearing.

However, AMPC, NTC, and BCOAPO are advocating for DSM more broadly to be included in the scope of the oral hearing. Similar to its submission regarding the Electrification Plan, AMPC submits that the size of the expenditures and importance of transparency and BCUC oversight of the spending are reasons to include DSM more broadly in the scope of the oral hearing.⁵⁶ NTC submits that there has been one round of IRs directed at BC Hydro's DSM Expenditure Schedule and there may be follow-up questions regarding those responses.⁵⁷ BCOAPO submits that there has been no opportunity to follow-up on any issues regarding the broader context for the expenditure schedules arising from the IR responses provided in the IRP proceeding due to the timing of the IR responses in the IRP proceeding and the RRA Proceeding.⁵⁸

In reply, BC Hydro submits that it has provided compelling rationale on why issues related to DSM in its NIA are best addressed in another forum and points out that Zone II RPG (the only directly impacted intervener) agrees.⁵⁹

With respect to the inclusion of DSM more broadly in the scope of the oral hearing, BC Hydro submits that this is contrary to the initial scoping provided in Order G-136-22 and confirmed by the BCUC's subsequent order where the BCUC acknowledged that DSM (apart from DSM related to the NIA) had been scoped-out of the oral hearing.⁶⁰

Additional topics

AMPC, BCOAPO, and NTC identified topics in addition to the potential topics listed by Order G-136-22 for inclusion in the scope of the oral hearing.

AMPC submits that the deferral account rate rider (DARR) and cost of energy forecasts and the debt management regulatory account and BC Hydro's hedging strategy should be included in the scope of the oral hearing. AMPC submits that the DARR has caused rate instability for customers recently and it seeks to cross-examine BC Hydro on its cost of energy variance account practices, including cost of energy forecasting, to identify options that may provide greater rate stability for customers. With respect to the debt management regulatory account and BC Hydro's hedging strategy, AMPC submits that there have been material changes in inflation and interest rates subsequent to the second round of IRs as a result of which cross-examination in this area is warranted.⁶¹

⁵⁵ Exhibit B-33, p. 7.

⁵⁶ Exhibit C7-26, pp. 4 – 5.

⁵⁷ Exhibit C10-7, p. 3.

⁵⁸ Exhibit C11-8, p. 5.

⁵⁹ Exhibit B-34, p. 4.

⁶⁰ *Ibid.*, p. 5.

⁶¹ Exhibit C7-26, p. 5.

BCOAP0 submits that the treatment of Site C costs during the Test Period should be included in the scope of the oral hearing. BCOAP0 points out that certain capital and operating costs related to Site C are included in F2023 and F2024 when the first units at Site C are not forecast to be in service until F2025, the treatment of site C costs over the Test Period is also critiqued in AMPC's evidence, and there is insufficient evidence on the record to proceed to a determination on this issue.⁶²

NTC submits that the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) and steps to advance reconciliation should be included in the scope of the oral hearing. NTC submits that BC Hydro's responses to its IRs on these topics were generally not responsive and it must have the right to ask follow-up questions in an oral hearing. NTC also points out the importance of UNDRIP and reconciliation to BC Hydro and its sole shareholder, the Province of B.C.⁶³

In reply, BC Hydro submits that similar to the BCUC's acknowledgement that DSM apart from DSM related to the NIA is not a candidate for being in scope of the oral hearing, it therefore follows that any other topics not included in the BCUC's initial scoping order are similarly excluded from the oral hearing. BC Hydro also points out that an important consideration underlying the initial scoping of broader topics was to ensure that BC Hydro's staff not involved with these broader topics can return to their day-to-day tasks. Therefore, adding more broader topics now would allow those people less time to prepare than they would have in the absence of the original scoping order.⁶⁴

Panel Determination

The Panel finds that further refinement and adjustment to the list of potential topics for the oral hearing provided in the reasons for decision to Order G-136-22 is warranted.

As previously mentioned, the Panel views that an oral hearing can be an efficient and effective regulatory process to address outstanding issues in areas where further evidence is required or in new areas.⁶⁵ The Application encompasses several new initiatives, including the depreciation study, net salvage, the Electrification Plan, and the vegetation management system.

With respect to the depreciation study, net salvage, and the vegetation management system, several parties have indicated that further evidence is required and that an oral hearing is an efficient process to gather that information. Further, BC Hydro does not oppose an oral hearing on these topics, with the caveat that it be focused on the content of the intervener evidence and rebuttal evidence and any follow-up questions regarding redacted confidential Order R-10-22 and the related orders be done through a written process. In the Panel's view, these topics are not only new areas, but have a significant cost impact on the Test Period revenue requirement. With respect to BC Hydro's suggestion to address any follow up questions regarding redacted confidential Order R-10-22 and the related orders through a written process, in the Panel's view, the inclusion of an in-camera session, if necessary, at the oral hearing would be more efficient than to have two processes (i.e. an oral and a written IR process) to address the topic of vegetation management.

With respect to the Electrification Plan, the Panel had previously stated an oral hearing involving matters that are either not in the BCUC's jurisdiction or that have already been decided by legislation would not be useful in

⁶² Exhibit C11-8, p. 6.

⁶³ Exhibit C10-7, pp. 3 – 4.

⁶⁴ Exhibit B-34, p. 5.

⁶⁵ Exhibit A-19, Order G-136-22, Appendix A, p. 5.

assisting the Panel in making decisions regarding the Application.⁶⁶ BC Hydro has submitted that the only portion of the Electrification Plan expenditures not covered by either OIC No. 355 or the GGRR is the connecting customers component, which is \$5.1 million over the Test Period. However, it is unclear to the Panel whether the capital expenditures related to connecting customers, which are estimated at \$146.6 million (from F2022 to F2026)⁶⁷ are covered by OIC No. 355. Therefore, considering the materiality of the expenditures potentially not covered by legislation, the Panel finds that an oral hearing on the connecting customers component of the Electrification Plan, to the extent that it is not covered by either OIC No. 355 or the GGRR, is warranted.

Accordingly, the Panel invites parties to provide submissions, in accordance with the regulatory timetable set out in Appendix B to this order, on whether both the operating and capital expenditures of the connecting customers component of the Electrification Plan are covered by either OIC No. 355 or the GGRR.

With respect to expected asset lives used in asset management planning and strategy, the Panel recognizes that many of the issues raised in RCIA's intervenor evidence were reviewed in the proceeding to review BC Hydro's 2018 Capital Filing Guidelines, which RCIA was not a participant in. However, the Panel is persuaded by RCIA's argument regarding the importance of BC Hydro's asset management strategy and its impact on the revenue requirement. In the Panel's view, gathering further evidence on this topic in an oral hearing is an efficient process for this further discovery.

With respect to BC Hydro's rebuttal evidence, the Panel notes that BC Hydro plans to file rebuttal evidence on depreciation and net salvage, expected asset lives in asset planning, and vegetation management, which are encompassed in topics that the Panel has determined above to be in scope for the oral hearing. Therefore, it would be more efficient and effective to test BC Hydro's rebuttal evidence as part of the oral hearing rather than through a separate written process.

Regarding BC Hydro's diesel reduction strategy and DSM in its NIA, with the exception of NTC, who is advocating for all potential topics to be addressed in an oral hearing, no other intervenor has advocated for their inclusion. NTC has not provided compelling reasons for why these topics in particular should be included in the oral hearing. Further, the Panel notes that Zone II RPG, who is the intervenor most directly impacted by these topics, appears satisfied to not include these topics in the oral hearing. Therefore, the Panel is not persuaded that diesel reduction strategy and DSM in BC Hydro's NIA should be included in the oral hearing.

Regarding the topics suggested by intervenors for inclusion in the oral hearing that were not part of the potential topics identified by the Panel in Order G-136-22, the Panel does not agree with BC Hydro that they should not be included in the oral hearing simply because they were not included in the original scoping order. In the following paragraphs, the Panel will discuss each suggested additional topic.

AMPC, NTC, and BCOAPO have suggested DSM more broadly be included in the oral hearing. These intervenors have stated the size of DSM expenditures, transparency, BCUC oversight, and the timing of the IR responses relative to the IRP proceeding as reasons for an oral hearing, but they have not identified specific deficiencies in the evidence. The Panel notes that DSM has now been subject to two rounds of IRs and the Panel is not persuaded that an oral hearing would yield further information that would impact the Panel's determinations regarding DSM.

AMPC suggests the inclusion of the DARR and cost of energy forecasts and the debt management regulatory account and BC Hydro's hedging strategy in the scope of the oral hearing. The Panel is persuaded by AMPC that cross-examination of BC Hydro's DARR, including cost of energy forecasting as it relates to the DARR, and to

⁶⁶Ibid., p. 6.

⁶⁷ Exhibit B-7, BCUC IR 119.2.

identify options that may provide greater rate stability for customers are warranted. However, the Panel is not persuaded that cross-examination of the debt management regulatory account and BC Hydro's hedging strategy is warranted. As mentioned in the BCUC's two previous decisions to BC Hydro's revenue requirement applications, the BCUC cannot disallow BC Hydro from entering into future debt hedges and it cannot direct BC Hydro to alter its debt management strategy since BC Hydro is exempt from section 50(1) of the UCA. It is also not in the BCUC's jurisdiction to determine if the debt management strategy has been successful.⁶⁸

BCOAPo suggests the treatment of Site C costs during the Test Period be included in the oral hearing. The Panel is not persuaded and instead considers the treatment of Site C costs during the Test Period is a matter for argument.

NTC suggests UNDRIP and steps to advance reconciliation as oral hearing topics. The Panel is persuaded by NTC's argument and is of the view that an oral hearing would be an effective process to review how BC Hydro plans to fulfill its obligations regarding reconciliation.

For the reasons stated above, the Panel determines the following topics for the oral hearing to be held in accordance with the regulatory timetable set out in Appendix B to this order.

- 1) BC Hydro rebuttal evidence (included as part of the time allotments below);**
- 2) Depreciation and net salvage (1 day);**
- 3) Vegetation management system (1.5 days);**
- 4) Expected asset lives used in asset management planning and strategy (1 day);**
- 5) The connecting customers component of the Electrification Plan, to the extent that it is not covered by either OIC No. 355 or the GGRR (0.5 day);**
- 6) DARR and cost of energy forecasts (0.5 day); and**
- 7) UNDRIP and steps to advance reconciliation (0.5 day).**

Further, the Panel will review submissions on the Electrification Plan issues and BC Hydro's rebuttal evidence, and, as a consequence, may make further modifications to, including possibly remove, the Electrification Plan and asset management planning and strategy topics from the oral hearing.

Based on the above topics for the oral hearing and considering the evidentiary record to date and the Panel's desire to complete the RRA proceeding in a reasonable amount of time, the Panel determines that amending the regulatory timetable to accommodate a one-week oral hearing as set out in Appendix B to this order is warranted. The expected allotment of time identified above includes the cross-examination of BC Hydro's rebuttal evidence on the same topics.

We appreciate BC Hydro's concern that adding more broader topics now would allow those people less time to prepare than they would have in the absence of the original scoping order. We have considered this when we added the two additional scope items - DARR and UNDRIP - and consider this is a reasonable balance between the burden on BC Hydro and the need for discovery in this proceeding. Further it is part of BC Hydro employees' job to participate in the regulatory process that establishes the rates they are entitled to charge customers. They should not be treating this as an add on or distraction to their other tasks.

⁶⁸ BCUC decision to BC Hydro's F2022 RRA, pp. 106 – 107; BCUC decision to BC Hydro's F2020 to F2021 RRA, p. 170.

British Columbia Hydro and Power Authority
F2023 to F2025 Revenue Requirements Application

REGULATORY TIMETABLE

Action	Date (2022)
BC Hydro's and Intervener's written submissions on the connecting customers component of the Electrification Plan	Thursday, August 25
BC Hydro's written reply submission on the connecting customers component of the Electrification Plan	Monday, August 29
BC Hydro Rebuttal Evidence	Monday, August 29
Oral Hearing*	Monday, September 19 to Friday, September 23
Undertakings No. 1	Thursday, October 6
BC Hydro Written Final Argument	Thursday, October 27
Intervener Written Final Arguments	Thursday, November 24
BC Hydro Written Reply Argument	Thursday, December 22

*Details regarding the Oral Hearing will be provided in due course.