British Columbia Utilities Commission

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VIA EMAIL
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May 10, 2016

BC HYDRO CAPITAL EXPENDITURES AND PROJECTS REVIEW EXHIBIT A-2

Mr. Tom Loski
Chief Regulatory Officer
Regulatory & Rates Group
British Columbia Hydro and Power Authority
16th Floor – 333 Dunsmuir Street
Vancouver, BC V6B 5R3

Dear Mr. Loski:

Re: British Columbia Hydro and Power Authority
Review of the Regulatory Oversight of Capital Expenditures and Projects
British Columbia Utilities Commission Action on Complaint

Further to Commission Order G-58-16, enclosed please find Order G-63-16 establishing the regulatory timetable for the Review the Regulatory Oversight of BC Hydro's Capital Expenditures and Projects.

Yours truly,

Original signed by:

Laurel Ross

KB/cms
Enclosure

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ORDER NUMBER
G-63-16

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

and

British Columbia Hydro and Power Authority
Review of the Regulatory Oversight of Capital Expenditures and Projects
British Columbia Utilities Commission Action on Complaint

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

on May 10, 2016

ORDER

WHEREAS:

A. On May 3, 2016, the British Columbia Utilities Commission (Commission) issued Order G-58-16 establishing a proceeding to review the regulatory oversight of British Columbia Hydro and Power Authority's (BC Hydro) capital expenditures and projects with details of a regulatory process and timetable to follow;

B. On May 3, 2016, Commission Order G-58-16 also established an Inquiry of BC Hydro's expenditures related to the adoption of the SAP platform (SAP Inquiry);

C. On May 9, 2016, Commission Order G-62-16 established a preliminary timetable for the SAP Inquiry; and

D. A Proposed Scope of Issues and Timing document has been prepared for the BC Hydro capital expenditures and projects proceeding and is attached as Appendix B to this order.

NOW THEREFORE pursuant to sections 82 and 83 of the *Utilities Commission Act,* the British Columbia Utilities Commission orders as follows:

1. A preliminary timetable, attached as Appendix A to this order, is adopted. British Columbia Hydro and Power Authority (BC Hydro) and registered interveners are to provide their comments, if any, on the Proposed Scope of Issues and Timing document and the process for this proceeding by Wednesday, June 8, 2016.

2. BC Hydro is to provide a copy of this order by Monday, May 16, 2016 to all registered interveners and interested parties of the last revenue requirement proceeding.

.../2

3. Interveners are to register with the Commission by completing a Request to Intervene Form, available on the Commission's website at http://www.bcuc.com/Registration-Intervener-1.aspx, by end of day Wednesday, May 25, 2016, in accordance with the Commission's Rules of Practice and Procedure. Interveners are to state the nature of their interest in the proceeding and advise of their intent to attend the Procedural Conference on a future date to be determined.

DATED at the City of Vancouver, in the Province of British Columbia, this 10th day of May 2016.

BY ORDER

Original signed by:

D. M. Morton
Commissioner

Attachments

British Columbia Hydro and Power Authority
Review of the Regulatory Oversight of Capital Expenditures and Projects
British Columbia Utilities Commission Action on Complaint

REGULATORY TIMETABLE

ACTION	DATE (2016)
Intervener registration deadline	Wednesday, May 25
Submission deadline for comments on the draft scope of issues document and process of proceeding	Wednesday, June 8
Procedural Conference	TBD
Process to be determined	TBD

Proceeding to Review the Regulatory Oversight of BC Hydro's Capital Expenditures and Projects

Proposed Scope of the Issues and Timing

Purpose of Proceeding:

The British Columbia Utilities Commission (Commission) has established a review of the regulatory oversight of the British Columbia Hydro and Power Authority's (BC Hydro) capital expenditures and projects (Proceeding). One possible outcome of this proceeding is Commission-approved BC Hydro Capital Filing Guidelines.

Timing of Proceeding:

In addition to this Proceeding, the Commission is holding an Inquiry into BC Hydro's expenditures related to the adoption of the SAP platform. The preliminary timing of that proceeding is established in Order G-62-16. For planning purposes of this Proceeding, the Commission requests submissions on the following question:

> *Should the Proceeding to review the regulatory oversight of BC Hydro's capital expenditures projects be scheduled to occur concurrently or subsequent to the Inquiry into BC Hydro's expenditures related to the adoption of the SAP platform?*

Proposed Scope:

The scope of this Proceeding is proposed to include, but not necessarily limited to:

Item 1: The scope, timing, and process for the Commission's review of BC Hydro's capital expenditures and projects. This includes consideration of the appropriateness of such reviews as a component of various applications and filings BC Hydro makes with the Commission.

The various applications and filings include:

i. Revenue Requirement Applications (RRA). How should the Commission address:
   a. Projects approved or started prior to an RRA and
      - expected to enter service in the test period,
      - expected to enter service outside of the test period.
   b. Projects exceeding the expenditure threshold and not approved or started prior to RRA and
      - expected to enter service in the test period,
      - expected to enter service outside the test period
   c. Projects below thresholds and not approved or started prior to RRA and
      - expected to enter service in the test period,
      - expected to enter service outside the test period

ii. Annual Report;

iii. Project-specific compliance filings;

iv. Applications made pursuant to section 46(1) of the *Utilities Commission Act* (UCA) *(*CPCN Applications); and

v. Applications made pursuant to section 44(2) of the UCA (section 44.2 expenditure schedule applications).

Specifically, it is proposed that the proceeding address the following issues:

- Clarity on what constitutes a project. This would consider how to treat and review independent projects or programs that are linked (in function and/or geographic term) and, in aggregate, meet or exceed any prescribed expenditure thresholds.
- Establishment of a standardized convention for naming projects and programs to ensure consistency and the ability to track projects during their lifecycle.
- Definition of a strategy to review projects that are linked to capital strategies (for example: individual IT projects in relation to the 5 year IT&T Plan).

Item 2: The appropriateness of BC Hydro's 2010 Capital Project Filing Guidelines for IT capital expenditures and projects or propose separate IT capital project filing guidelines.

Item 3: The appropriateness of expenditure thresholds contained in BC Hydro's 2010 Capital Project Filing Guidelines.

Item 4: The circumstances under which it is appropriate for BC Hydro to file an application pursuant to section 46(1) of the UCA versus section 44(2) of the UCA.

This will address the following:

- Seek input on the position that under section 46(1) of the UCA, applications need only be filed for "extensions".
- Evaluate whether it is appropriate to use of the definition of extension to a utility plant or system for general capital expenditures and IT projects.
- Given that the UCA expressly prohibits a public utility from starting construction in advance of the Commission granting a CPCN, consider the appropriateness of filing section 44(2) applications, which do not have this prohibition, for projects where the duty to consult First Nations is triggered?