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BARRISTERS AND SOLICITORS

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May 4, 2020

British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC Canada V6Z 2N3
attention: Patrick Wruck, Commission Secretary

filed online

Dear Mr. Wruck:

Re: British Columbia Hydro and Power Authority F2020 to F2021 Revenue Requirements Application ~ Project No. 1598990

Attached please find the final argument of MoveUP in this proceeding.

Yours very truly,

ALLEVATO QUAIL & ROY

A handwritten signature in blue ink, appearing to read 'Jim Quail', written over a light grey rectangular background.

per **Jim Quail**
Barrister & Solicitor

encls.

BEFORE THE BRITISH COLUMBIA UTILITIES COMMISSION

**BRITISH COLUMBIA HYDRO AND POWER AUTHORITY F2020 TO F2021
REVENUE REQUIREMENTS APPLICATION - PROJECT NO. 1598990**

FINAL ARGUMENT OF MoveUP

This is the final argument of MoveUP, the trade union that represents BC Hydro's "inside" workforce. MoveUP and its members have a vital interest in ensuring that the Authority remains a valued and valuable public asset that effectively serves the needs of our communities.

OVERVIEW

BC Hydro seeks a number of Orders flowing from this Application, including approval of the following:¹

1. the requested final reduction of the DARR from 5 percent to 0 percent effective April 1, 2019;
2. the requested final rate increase of 6.85 percent to be applied as set out in Appendix EE of the Application effective April 1, 2019;
3. the requested final rate decrease of 0.99 per cent, effective April 1, 2020;
4. changes to a series of deferral and regulatory accounts and the associated financial treatment, including:
 - (e) deferral of low carbon electrification expenditures to the Demand Side Management Regulatory Account; and
7. acceptance of the requested demand side management (DSM) expenditure schedule of \$90.8 million in fiscal 2020 and \$89.1 million in fiscal 2021.

This has been an extensive process, which has seen a very large volume of evidence filed on the record, along with a twelve-day oral public hearing. Aside from the array of issues that arise as a matter of course in a BC Hydro revenue requirements application, this is, as Hydro's President and CEO, Chris O'Riley, commented in his opening statement, "for all of us, . . . the first Revenue Requirements application in many years where the BCUC has relatively unfettered ability to set rates for BC Hydro."² Perhaps the most important

¹ Reference Exhibit B-11 Evidentiary Update, Appendix B

² Exhibit B-30 page 2

function of the proceeding has been mutual re-acquaintance between the utility, its regulator and its stakeholders. This is the first iteration of full-scale review of the utility's revenue requirements, including services, programs, operations and operating costs, and capital projects in a long time. The process has provided an excellent foundation for ongoing regulatory oversight by the Commission, which is regaining its statutory jurisdiction for things Hydro.

These proceedings occur at an exceptionally turbulent time when major currents are driving Hydro and its customers in directions that are difficult to predict.

End of the Era of Hydroelectric Mega-projects

The era of major hydroelectric developments, which propelled the utility through its first half-century, will come to an end with the completion of Site C. As Hydro Panel 5 confirmed, there is no "Site D" waiting in the wings.³

Meanwhile, BC Hydro will continue to hold a significant glut of energy well beyond the test period, pursuant to the host of take-or-pay energy purchase agreements under IPPs deliver power that BCH does not need, and that does not have a value any near its cost, particularly during the freshet period when a disproportionate amount of the run-of-river supply is delivered.

However, the time will come when Hydro once again will need to find new sources of energy. That day may come sooner than has been supposed in the past due to the provincial strategy of electrification and other initiatives to mitigate the climate crisis.

The Next Wave of Energy Acquisition

It is critical that the next wave of energy acquisition be approached more intelligently than the last. The days of BC Hydro bearing all of the downside risk of energy purchase agreements are, we hope, at an end. In the past, BC Hydro was barred from giving its customers the benefit of the utility's monopsonist market power in these transactions, and instead was used as a kind of brood sow for private developers. Hydro continues to be constrained from developing new generation resources, even where it makes economic and operational sense.

The recent analysis performed for the provincial government, entitled "Zapped", draws some of the necessary lessons. The time to construct a new framework lies beyond the test period of this Application, but this is an appropriate time to flag the issue and point out (at least directionally) what must be done. Hydro and its regulator will need to construct a different mode for the utility as an infrastructure provider that is held harmless from the transactions that IPPs, self-generators and non-core customers may choose to conduct.

³ Volume 14 page 2774

End of the Era of Coal and Petroleum

Climate change has swiftly moved from the terrain of scientific hypothesis to a barrage of accelerating weather disasters that, if unchecked, will bring widespread destruction and loss of human life, along with the loss of countless other species. We are already witnessing a sea-change in public attitudes and governmental responses, as recurring seasonal droughts, floods, heat-waves wildfires and heat waves, and inexorably rising ocean levels, bring loss and havoc around the world. Recognition of the urgent need to shift our reliance away from coal and petroleum has begun to dawn in public consciousness. The necessity of accelerating the shift from burning fossil fuels to efficient use of clean-sourced electricity can only become more urgent as the weather impacts of climate change intensify.

Contradictory Strategies

Paradoxically, BC Hydro continues to pursue strategies to *discourage* electric load growth, in an older conception of Demand Side Management, at the same time as Clean Electrification strategies to *encourage* electric load growth. It is like a player at both ends of the rope in a tug-of-war. Rate structures and various programs developed in past years are rapidly becoming counter-productive. We hope that the Final Phase 2 Report in the BC Hydro Comprehensive Review will at least make a start toward resolving some of these problems. However, BC Hydro and its regulator have their own roles to play in this process and should not wait on permission to fulfill them.

These proceedings will not redesign rate, but pointing out the problems with current rate structures, including their negative impacts on the utility and its ratepayers, and some of the directions that should be pursued are all in-scope.

Electrification: Electric and Gas Utilities

The Commission has a role in accomplishing these transitions for both gas and electric utilities. We now have confirmation that BC Hydro and FortisBC Energy Inc. have begun to meet and discuss their assumptions and projections for a changing energy sector. That is a good start. The times we are entering call for new and more challenging roles for utilities and their regulators to ensure that the companies, their customers and their workforces all land in a stable and prosperous new world. Many old priorities, categories and ways of thinking are being overtaken by emerging needs and demands. A single-minded focus on finding incremental utility operating efficiencies is an approach left over from a steady-state era that is passing.

The 2020 Pandemic

And thrown into the midst of all of this we have COVID-19. The immediate impacts on Hydro's customers of the pandemic and measures to contain it are obvious enough: closed

businesses, schools and institutions; large-scale layoffs; many of those still employed now working from home; defaulting rents, mortgages and other obligations. BC Hydro's industrial and (especially, no doubt) general service loads must be plummeting. Residential loads are likely rising as people work and prepare their meals at home. Bill payments are being deferred and disconnections are being suspended to help the struggling public deal with the sudden health and economic calamities. BC Hydro's revenues will certainly be adversely affected.

What this means is that to a large extent, many assumptions and much of the evidence the application was based on are now cast into uncertainty. Other than the setting of rates and the specific approvals sought in the application, much of the work we have all collectively done in this proceeding is necessarily somewhat provisional. Only when we emerge from the coronavirus and the economic havoc it has set loose will we be able to discern where the firm ground actually lies.

How the province and its public electrical utility will look as we emerge, we can only guess. Even directionally, we are left with only conjecture. For example, will the post-COVID-19 world reduce its reliance on globalized supply-chains? If so, will that mean more domestic manufacturing activity? Will this lead to significant industrial load-growth? Will the collapse of oil prices and the decimation of producers hasten the decline of petroleum as the world's main energy resource, or will depressed gasoline prices grant an extension to the dominance of the internal combustion engine? The duration of the economic crisis will have an enormous impact on the shape of whatever emerges, and at this point that is unknowable.

It would be comforting to assume that we will begin to emerge from the pandemic crisis before the end of the proposed BC Hydro test period. While the situation is rife with uncertainty, one thing is quite likely – BCH's proposed rates will fall well short of its revenue requirements during the test period.

MoveUP submits that the Commission should ask BC Hydro to file a report shortly after the order is made, setting out how it plans to deal with the likely revenue shortfall. If it is considering applying for a rate increase to offset the lower load and other impacts of the emergency, whether this would be combined with more robust low income and business support packages to deal with the challenges to ability to pay during the COVID-induced economic downturn, and in the meanwhile what further measures BC Hydro is contemplating to provide relief to hard-pressed ratepayers and communities.

BC Hydro's Pandemic Response Plan

In a situation where so many of the assumptions and so much of the analysis that went into the proceedings has been knocked sideways by the coronavirus, one of the most important issues to arise is Hydro's operational plan to maintain reliable service in the event of

disruptions caused by the pandemic. Hydro filed its plan in response to a MoveUP question at Volume 12, Page 2299, lines 8 to 22, filed as Undertaking No. 14 in Exhibit B-58.

It is obviously a thoroughly-considered strategy that rests on careful pre-planning for disaster response, and provides significant reassurance that the lights will stay on.

LOAD FORECAST

Load forecasting is a foundation of prospective rate-setting. By their nature, load forecasts are fraught with uncertainty, given their sensitivity to two of the least-predictable phenomena: the weather and the economy. Utilities work within that range of uncertainty to generate reasonably probable load projections upon which to plan and to calculate their revenue requirements and set their rates.

BC Hydro's load forecasting and its most recent forecasts were the subject of extensive pre-hearing process and oral hearing time. No-one has demonstrated that the load forecast is the product of flawed methodology and Hydro's evidence withstood close scrutiny.

There are only two things that we think can usefully be said about BC Hydro's most recent load forecasts: they were an excellent effort, but they are now of little real use. The coronavirus has fallen on them like a proverbial piano from a tenth-floor balcony. All economic assumptions have suddenly gone awry. None of the numbers will be right, even taking into account the margins of uncertainty that we accept in more normal times. The world is plunged into a time of abrupt and profound economic decline. Energy consumption has declined sharply. With the probable exception of the residential rate class, Hydro's actual loads from now through the remainder of the test period will be substantially lower than forecast through nobody's fault.

Things will get worse before they get better. The world we emerge into will be different from the one we have left, and the demand for electricity will not be immune from change. The period when we emerge from this crisis will be one of large-scale reckoning, adjustment, re-assessment and red ink in most dimensions of the economy and public management. BC Hydro's accounts will be part of that.

There is no point attempting to adjust the picture now. The best the Commission can do is record the projections, set the rates, and (as with so many dimensions of the economy) reassemble the pieces once the crisis has passed – or at least has stabilized sufficiently to permit rational analysis and forecasts.

The more important element at this point is to consider how BC Hydro intends to deal with the ongoing fallout from the economic downturn and its consequences for Hydro and its ratepayers.

MoveUP submits that the Commission should accept BC Hydro's October 2018 load forecast for the purposes of setting its rates in the current cycle, despite the fact that it will be proven inaccurate.

COST OF ENERGY

BC Hydro has found itself in the absurd position where low water conditions have reduced its cost of energy, despite the fact that almost all of its energy is generated hydroelectrically. That is because the IPP's holding EPA's that Hydro is shackled to experienced a reduction in their output, and so Hydro had less high-cost, low-value intermittent surplus energy that had to be disposed of at a loss. This more than compensated for the impact of reduced water levels in its own reservoirs:

MR. QUAIL: Q Okay, and now referring to Exhibit B-17, response to the intervener's third IR responding to MoveUp's 3.5.1 and I'll read it to you. The response said, "In general, dry conditions may increase...." This was regarding the information as to the impact of the relatively poor water conditions, the impact of that on the cost of energy for the utility.

"In general, dry conditions may increase or decrease the cost of energy. A reduction in IPP deliveries caused by dry conditions would reduce IPPs and long-term commitments. However, these reductions may be offset by additional market electricity purchases or natural gas, thermal generation or reduce surplus sales. Whether this results in a reduction to the cost of energy depends on the price of the IPP energy relative to the price BC Hydro pays for the market electricity purchases or natural gas for thermal generation or receives for surplus sales."

Will you agree with me that it would seem anomalous that an electric utility whose energy is overwhelming generated by hydro-electric facilities would see a reduction in its cost of energy resulting from poor domestic water conditions?

MR. O'RILEY: A That would seem anomalous but that's actually what we experienced. So our risk profile is different than it used to be and the fact that some of the IPPs didn't show up and we saved the cost of that and the cost of the replacement power was so much less, was a factor in the management of the cost of that situation. We ended up coming through that period, I think, quite successfully and that was part of the equation.

MR. QUAIL: Q So this anomaly would not exist but for the take-or-pay EPAs and IPPs that deliver more energy than BC Hydro requires at the wrong time of year priced well above the market value of that electricity? Is that not correct?

MR. O'RILEY: A It's mainly was the high price of the power that was avoided.

(Vol. 5 from page 573)

This phenomenon is described in the Evidentiary Update, Exhibit B-11 at page 8, as follows:

Dry conditions and lower water inflows have decreased planned hydroelectric generation (water rentals) and purchases from IPPs and Long-Term Commitments. In addition, purchases from IPPs and Long-Term Commitments have decreased due to delayed IPP commercial operation dates and due to lower forecast IPP deliveries, based on updated historical delivery averages. The decrease in hydroelectric generation and purchases from IPPs and Long-Term Commitments results in lower planned surplus sales and higher planned market electricity purchases

In fiscal 2020, BC Hydro paid an \$93.36 on average per MWh for IPP power that had been exempted from regulatory review, and \$85.38 for non-exempt IPP power. In fiscal 2021, the corresponding amounts are forecasted at \$102.95 and \$79.05, respectively.⁴ All of these numbers are multiples of the actual market value of that electricity. The “Zapped” report commissioned by the provincial government valued it at “about \$38/MWh” on the basis of historic Mid-C prices (*Zapped*, p. 37).

To illustrate how improvident these transactions were, the 2010 Clean Power Call energy provided only 4.985% of BC Hydro’s June 2019 forecast load for 2020, but cost more than 19% of Hydro’s entire 2020 cost of energy.⁵

BC Hydro has responded to this situation by adopting the *Zapped* recommendation that it find ways to extricate itself from IPP commitments where this can be done.

One avenue that, at least to date, Hydro has not indicated that it is actively exploring is reliance on the *force majeure* clauses which are incorporated into the standard-form provisions of its IPP agreements, given that we are now in the early stages of a public health and economic crisis that has triggered a provincial emergency declaration, and that will blow an even larger gap between Hydro’s energy deliveries from IPPs and its load.

MoveUP submits that the Commission should direct BC Hydro to examine the *force majeure* provisions in its EPAs and report within two months of the Commission’s Order regarding the potential to mitigate its energy costs and energy surplus in the context of the COVID-19 pandemic and emergency measures, and their impact on BC Hydro and its ratepayers.

⁴ Ex. C1-7, confirmed as correct at Volume9 page 1389

⁵ Volume9 pages 1392 - 1394

OPERATING COSTS

MoveUP will focus its comments in four areas touching on BC Hydro's workforce and labour costs. They are overall labour costs, the Accenture Repatriation, the Workforce Optimization Project and the AMPC proposal that BC Hydro disregard its actuary's advice regarding the discount rate to apply to pension costs.

Labour Costs

BC Hydro has been subject to the Public Sector Employers Act for over a quarter of a century. It obtains its mandates for collective bargaining from the Public Sector Employers Council, which is presided over by the Minister of Finance. Hydro's collective agreements have been negotiated within that framework. It has confirmed that it is satisfied that its collective agreements have been compliant with those mechanisms.⁶

Hydro's employee compensation and benefits are the product of free collective bargaining that operates, from the employer's side of the table, within British Columbia's statutory framework for the broad public sector. There is no basis to question their reasonableness.

Accenture Repatriation and Workforce Optimization

The Accenture Repatriation and Workforce Optimization Project are the fruits of a change in BC Hydro's approach to labour cost issues. A former ideologically-driven shareholder aversion to public sector in-house labour, and preference for contracting out work to private businesses, has given way to a more rational and balanced approach that gives greater priority to the interests of ratepayers. Work that was previously contracted out, even where this made no operational or financial sense, has been subject to review. Where demonstrable ratepayer savings and/or service improvements are available, some functions have been shifted or restored to BC Hydro's own workforce.

This change of orientation has contributed to a meaningful improvement in BC Hydro's industrial relations that will continue to benefit the Authority and its customers.

BC Hydro summarized the Accenture Repatriation project in the Application, Exhibit B-1, as follows:

5.6.2 The Recent Accenture 1 Repatriation is Expected to Deliver Benefits

In May 2018, BC Hydro successfully transitioned important services previously performed by Accenture back into BC Hydro. The repatriation of work from Accenture, along with hiring many employees previously working for Accenture, is

⁶ Exhibit B-6, MoveUP IR 1.1.1 – 1.1.6; Volume 7 pages 1017 - 1018

expected to deliver benefits to customers including approximately \$8.2 million in annual savings as well as more flexible customer service.

The financial and service dimensions of this repatriation have been thoroughly probed in information requests and in the course of the hearing. The evidence leaves no doubt that ratepayers have been significant net beneficiaries. As Ms. Ryan testified,

We are always looking at ways to save money, and I think a really good example that we experienced in HR was the Accenture repatriation, where we brought some employees back in house for an annual savings of \$8.2 million and that's directly impacted my department in terms of watching our budget and our finances.⁷

CEC cross-examined Hydro Panel 2 regarding the repatriation and received an assurance that the resulting ratepayer savings are sustainable:

MR. C. WEAVER: Q Now, one of the -- I was actually around back when the Accenture debate was occurring and we were hearing the logic of outsourcing and one of the topics, while I appreciate the test period is the key here, but one of the topics around contracts and outsourcing was stability over longer term. That, you know, you wouldn't have to meet Mr. Quail every couple of years and battle it out with the union. And I want to understand whether the two-year period, whether that 18.5 plus 8.2 a sustainable opportunity or did the company assess beyond the test period making that transition? And I recognize that -- I'm not going to -- I recognize Accenture may not have been at the table. What I'm asking about here is, is the company secure in terms of its sense of the sustainability of those savings over time?

MS. RYAN: A So, when a manager requested to convert a contractor to an internal employee the long-term costs of that decision were factored in through a rigorous business case process that involved the long-term costs and we used the standard labour rate to factor that in, which includes the pension costs, which is, I understand, one of the concerns that the Commission raised last time, was around those long-term costs and pension is a big part of that.

MR. C. WEAVER: Q So this assessment, in terms of those savings in the test period, the company is fairly comfortable that those are sustainable?

MS. RYAN: A That's correct.

MR. C. WEAVER: Q Thank you.

⁷ Volume 6 page 762

All of the same can be said for Hydro's course of action in transferring other functions from contractors to utility employees in the Workforce Optimization program. Selecting contractors over the utility's own workforce for reasons other than cost-effectiveness and service needs was a costly way of conducting operations, and has now been significantly rectified. Hydro reports net annual ratepayer savings of \$18.5 million from Workforce Optimization. The union can speak from its own experience with this program that it has been rigorously applied by the employer and has only proceeded where sustainable net savings have been demonstrable.

The small increase in total FTEs (including net overtime) is mainly attributable to the Workforce Optimization program,⁸ which will continue to deliver savings compared with staying the former course of preference for contracting-out.

MoveUP is in broad agreement with the description of the program in BC Hydro's Final Argument. The union says that there is room for further progress at finding ratepayer savings through further labour repatriation efforts. It is heartened by Hydro's comment that "While the Workforce Optimization Program has achieved its objective and is being closed, 'BC Hydro will continue to manage its labour resources in an optimal manner to execute our work plans.'"⁹

Pension Cost Discount Rate

AMPC's witnesses urged the Commission to overrule BC Hydro's compliance with its actuary's recommendations to apply the March 31, 2019 discount rate to its pension costs.¹⁰ Intergroup did not assert that the rate that Hydro applied was invalid, but was transparently searching for devices to squeeze out small, short-term downward rate adjustments, whether or not they are rationally sound.¹¹

The union objects to efforts to play with its members' pension funding. Our client cannot imagine that the Commission will take this suggestion seriously.

DEMAND SIDE MANAGEMENT AND ELECTRIFICATION

MoveUP submits that the Commission should direct BC Hydro to develop new approaches to its DSM/customer service programs that are consistent with the assumptions it uses for the analysis of electrification initiatives and develop new ways to help improve the efficiency of how much and when customers consume electricity.

⁸ Volume 7 page 856

⁹ BC Hydro Final Argument para. 173

¹⁰ Exhibit C11-11 page 44-47

¹¹ Volume 11, page 2070-2071

BC Hydro continues to pursue programs designed to avoid load growth and the attendant need to acquire incremental energy whose cost was assumed to be high. We are no longer in that position: the entire region is awash in renewable electricity and prices can be very low, especially from resources like solar generation in the American southwest that produces large amounts of energy on sunny afternoons when demand is relatively low. Current policies including self-sufficiency prevent Hydro and its customers from taking advantage of opportunities to buy cheap imported power.

BC Hydro recognizes that there can be benefits from new rate options that better reflect the markedly different value or marginal cost of electricity at different points in time. It also recognizes that the existing two-tiered rates in the residential and industrial sectors are based on cost conditions and assumptions that are no longer valid. Its response is to fashion an array of optional rates:

MR. QUAIL: Q Just before me, my friend Ms. Worth asked you. There were some questions regarding the residential inclining block and sort of flowing from that exchange it's been noted that everyone anticipates a growth in the fleet of electric vehicles in the province that have to be serviced by BC Hydro, which would appear to cry out for time of use rates. There was an exchange involving Mr. O'Riley where I think he at least tangentially referred to that and the need to incent people to be charging their cars off peak.

My question is, would you agree that a residential rate that combines the existing RIB, that is a volumetric block structure with time of use rates, somehow in some kind of a grid, is an inherently bad idea?

MS. FRASER: A I believe that with the proper analysis that there are a lot of different combinations in terms of how your -- what a basic, your basic rate, how that could combine with an optional rate, and BC Hydro is looking forward to exploring all those types of options when we go into full rate design consultation. And as I said yesterday, we would like to see what the decisions that come out of the comprehensive review phase 2 report are because there is a portion of the terms of reference that relate to how BC Hydro can support Clean BC and electric vehicle and low carbon electrification definitely fits in there. And there would be opportunities to explore optional rates to promote greenhouse gas emissions reductions and promote electrification and when you're looking at optional rates, we can explore how that would fit in with the current rate structures.¹²

BC Hydro should aspire to a better solution than churning out one-off, specialized rates to patch over the problems with the way its product is priced - like the industrial freshet rate or a potential electric vehicle charging rates. These piecemeal fixes present their own problems: for example, the potential need for second meters for residential customers for

¹² Volume 7 pages 1023-1024

vehicle-charging time-of-use rates, and oversight mechanisms to prevent them from using the TOU energy for other purposes with potentially detrimental impacts on other customers.

A far better approach is comprehensive rate reform which separates the recovery of fixed system costs from charges for energy use. That is what is needed to enable BC Hydro to offer customers a wide range of optional energy use rates with no restrictions on what individual customers can select, and no need for oversight or costly implementation arrangements. As long as the energy-use rates, whether they be time-of-use or fixed, reflect the value or marginal costs of supply, BC Hydro and all other customers would be indifferent to what each individual customer chooses.

There would be an alignment of interests that doesn't currently exist.

Panel 4 testified testimony about the need to equip customers with tools and rate structures to help us to adapt to emerging needs and opportunities:

MS. DASCHUK: As we work towards a cleaner and greener economy, it's incumbent upon BC Hydro to make sure that we are providing customers with a set of tools that they can use to make better choices so that we don't have sort of the worst case scenario would be everyone comes home at six o'clock at night, they charge in their electric vehicles, they go in, they turn on the heat, maybe have a shower because they've been working all day and so all of that happens at the same time.

There's a number of new technologies that are available. One of the things that we're working on is – I think Mr. Morrison mentioned this – the distribution management system that we're going to have, which is technology investment that will help us to optimize the distribution system. I know within Janet Fraser's group they're looking at things like rates, rate design. And I think it's going to be a combination of different activities that are going to help us to achieve the maximum amount of electrification potential for the benefit of the climate with the ability of the system to meet that demand.¹³

20th Century approaches to utility regulation, with their roots in old Railway Acts, must give way to strategies that recognize the dynamics of the new era we are entering, and that give due priority to societal imperatives. Energy utilities and their regulators have a critical role in the face of the deepening climate crisis. The “regulatory compact”, and its expression in rate design in the Bonbright criteria, as those criteria have been interpreted in the past to favour fully-allocated embedded cost-based rates, are no longer adequate nor fully relevant.

¹³ Volume 13 page 2427

We note that in Appendix A to Order G-62-20 in the recently-concluded *Residential Inclining Block Fiscal 2021 and Fiscal 2022 Rate Pricing Principles Extension Application* proceeding, the Commission gave the following direction:

Therefore, the Panel directs BC Hydro to file a report with the BCUC one year from the date of this order that discusses its progress regarding the development of its next residential rate design application and the anticipated filing date of that application. The report should also include details of its activities to date and its planned activities regarding the development of that application.

MoveUP welcomes this process, and submits that it should form part of a more comprehensive re-examination of the design BC Hydro's rates, building from clearly-articulated objectives that are in tune with the needs of our time and the rapid evolution of the energy sector in general and that of electricity in particular.

DEPRECIATION STUDY

In the course of the hearing, BC Hydro announced that it will accede to AMPC's request for a new depreciation study. This is discussed in Hydro's Final Argument at paragraph 476.

We assume that if the issue were newly-raised now, after the onset of a deep COVID-19-sparked recession that is playing havoc with Hydro's loads, operations and revenues, the Authority might not have given this commitment quite so readily. If the economic crisis and its impacts are not quickly resolved, we expect that BC Hydro will have more urgent and meaningful ways to devote its resources than a comprehensive review of the rate of depreciation of its assets. In the context of what is going on at the moment, adjustments to depreciation rates have the look of rounding errors in the scheme of things.

We trust that the Commission will be prepared to relieve BC Hydro of this task should the course of events demote its priority, as we suspect they will.

CONCLUSION

Subject to the various recommendations set out above, MoveUP says that the Commission should approve BC Hydro's Application, the proposed rates and the remaining orders sought. We will all have our work cut out for us sorting through the rubble in the next Revenue Requirements proceedings.

Finally, MoveUP, its legal counsel and consultant wish good health to all.