

January 30, 2017

VIA EMAIL

Laurel Ross
Acting Commission Secretary
BC Utilities Commission
6th Floor 900 Howe Street
Vancouver, BC V6Z 2N3



Reply to: Michael Seaborn
mseaborn@bcpiac.com
Ph: 604-488-1315

Our file: 7644

Dear Ms. Ross:

Re: Submission on the Remaining Scope and Process for ICBC's 2016 Revenue Requirements Application

BCOAPO is responding to the Commission's letter dated January 16, 2017, Exhibit A-16, regarding the remaining scope and process for the 2016 Revenue Requirements Application (the Application).

Background

By Order G-2-17, the BC Utilities Commission (Commission) approved the 4.9 percent rate change for Policy Year 2016 (PY 2016) in accordance with the Order in Council No. 960 dated and approved on December 16, 2016 (OIC 960/16).

ICBC's Application sought two other approvals in addition to the 4.9 percent Basic rate increase:

- i. Approval of a proposed allocation methodology for the deferred premium acquisition cost (DPAC) between Basic insurance and Optional insurance. This change is driven by financial reporting requirements and does not impact the rate indication or the Outlook Minimum Capital Test (MCT) Ratio.
- ii. Approval to discontinue the quarterly reporting requirement for government initiatives while continuing to report these initiatives annually as a chapter in each revenue requirements application. ICBC makes the request on the basis that moving to annual reporting is a streamlining opportunity that would allow for sufficient regulatory review of government initiatives while maintaining an efficient process for both the Commission and ICBC.

In a letter dated January 16, 2017, the Commission sought submissions from ICBC and interveners on the scope and process of the remaining review for the two outstanding requests. In particular, the Commission sought submissions regarding the following:

1. Should the remainder of the 2016 RRA proceeding focus only on the two outstanding requests?
 - a. If not, recognizing that the final rate order for PY 2016 is now approved and the anticipated Independent Review will support the next rate filing process, please identify any other matters which might require additional exploration in this 2016 RRA proceeding and justify why these matters are relevant and beneficial to be addressed in the current 2016 RRA proceeding instead of future proceedings.
2. In regard to the submissions on item 1 above, please propose a regulatory process (i.e. action items and dates) for the completion of the review of the 2016 ICBC RRA.

ICBC's position, as set out in its submissions dated January 23, 2017, is that the Commission has sufficient information to make its decision on the two outstanding requests, without further process. Further, ICBC submits that in light of the third-party review announced by the Ministry of Transportation and Infrastructure on December 19, 2016, any other matters can more effectively be dealt with in future regulatory proceedings as appropriate.

BCOAPO submits that interveners should have the opportunity to make final arguments on the two outstanding requests in ICBC's Application. Even if intervenors did not raise the two outstanding requests in the second round of information requests or the procedural conference, this is not a sufficient rationale to deny interveners the opportunity to make final arguments on these requests. For example, BCOAPO did not ask questions about the outstanding requests in the second round of information requests because its remaining comments on those requests are argumentative in nature.

Further, BCOAPO submits that the scope of the interveners' written submissions should be liberal such as to permit interveners to address incidental issues raised in the two rounds of information requests, as has been the practice in past ICBC applications. In particular, BCOAPO anticipates addressing compliance issues raised in the information requests.

It is important to emphasize that interveners will not be participating in the third-party review announced by the Ministry of Transportation and Infrastructure. If interveners are denied the opportunity in this proceeding to make final arguments on the outstanding requests as well as incidental issues, the effect of the Order in Council No. 960 will be to completely shut out interveners from a contemporaneous review of ICBC in PY 2016.

If the Commission deems further process steps such as final arguments are necessary on ICBC's two incidental requests, BCOAPO is content with ICBC's proposed regulatory process as set out below:

ICBC proposes that its submission be filed by February 15, 2017, intervener arguments by February 22, 2017, and ICBC's reply submission by March 1, 2017.

Sincerely,
BC PUBLIC INTEREST ADVOCACY CENTRE

Michael Seaborn
Staff Lawyer