

BRITISH COLUMBIA UTILITIES COMMISSION

BRITISH COLUMBIA HYDRO AND POWER AUTHORITY – REVIEW OF THE REGULATORY
OVERSIGHT OF CAPITAL EXPENDITURES AND PROJECTS - Project No. 3698877

INFORMATION REQUEST NO. 1 TO BC HYDRO FROM MoveUP

1.0 Expenditure Schedules

Reference Ex B-3 p. 24 s. 4.1.2:

12 4.1.2 Rationale for Proposed Guideline

13 The Commission's issuance of a CPCN and acceptance of an expenditure schedule
14 are both premised on a finding that the expenditure or project is in the public
15 Interest. The public interest assessment of CPCN applications and section 44.2
16 applications involves consideration of project need, alternatives, and cost, among
17 other things. A determination that the project is in the public interest demonstrates
18 that there is a need for the project, and the issuance of a CPCN authorizes
19 BC Hydro to proceed. The question of need should not be reviewed again in a
20 subsequent revenue requirements application. A legislated exemption prohibits the
21 Commission from assessing public interest, so the same consideration applies.

1.1 In BC Hydro's view what is the extent of the capital spending authority that is conferred by the Commission's acceptance of an Expenditure Schedule pursuant to s. 44.2 (3) (a) of the *Utilities Commission Act*?

1.1.1 Does it authorize expenditures on identified projects in excess of the amount set out in the utility's 44.2(1) filing?

1.1.2 If yes, please identify the provision(s) of the Act or other legal basis for that view.

1.1.3 If no, what processes may the utility follow to obtain regulatory authorization to spend and/or recover more than the amount provided in the accepted Expenditure Schedule.

2.0 Review of execution of projects prior to completion

Reference: Exhibit B-3 p 24:

1 Detailed consideration of BC Hydro's project execution should normally await project
2 completion when the total cost and outcomes of the project are known.

And reference: Exhibit B-3 p. 25:

. . . The review may include an assessment of need, alternatives, and cost,
13 but any consideration of project execution will normally await project completion.

And reference Exhibit B-3 Appendix B p. 2:

5. For projects that do not meet the requirements for a CPCN application or have not and will not be the subject of a section 44.2 application, the scope of review in a revenue requirements proceeding may include an examination of project need and alternatives and the reasonableness of the forecast assuming the project proceeds. Any consideration of project execution will normally await project completion.
[underlining in original]

2.1 In BC Hydro's view, what kinds of non-"normal" circumstances would potentially call for a consideration of project execution prior to project completion?

2.2 What processes or mechanisms should operate to ensure that the Commission becomes aware in a timely fashion that such circumstances may arise in a project?

3.0 Expenditure thresholds – Distribution

Reference: Exhibit B-3 p. 36-37 s. 5.3.2:

18 The major difference between this proposal and the 2010 Guidelines is the change
19 in thresholds for Distribution projects. In the 2010 Guidelines, Distribution projects
20 (excluding substation distribution assets), had a separate threshold of \$50 million.
21 Under this proposal, Distribution projects would fall under the general category of
22 Power System projects.
23 Larger, more complex projects involving distribution assets often involve significant
24 work on the transmission system. Including all power system projects under one
25 threshold will make it easier to apply thresholds for projects involving work on the
1 transmission and distribution systems. This change also aligns better with how the
2 system is managed and planned as asset management for the transmission and
3 distribution systems are now the responsibility of a single business unit.

Comment: This explanation discusses "large, more complex projects" involving transmission as well as distribution system work. As single, integrated projects they would obviously be subject to a single threshold. The rationale appears to assume that such projects with a substantial transmission component would gain exemption on the basis of the higher threshold.

3.1 Please provide the rationale for a reduced threshold for projects that involve only the distribution system (for example, where the expenditure falls between \$50 million and \$100

million), or that involve combined distribution and transmission system work and fall below the \$100 million threshold.

4.0 Programs of Projects

Reference: Exhibit B-3 p. 44-45 s. 6.3 and 6.4.1

4.1 What if any process does BC Hydro propose for reporting on its adoption of Programs of Projects, apart from occasional discussions in individual projects which may come before the Commission from time to time triggering CPCN or Expenditure Schedule applications in the course of the Program of Projects' implementation?

4.1.1 Would actual or contemplated Programs of Projects form part of BC Hydro's Ten Year Capital Forecast? If so, how would they be described? If not, why not?

4.2 What mechanism does BC Hydro propose to provide an assurance to the Commission and stakeholders that elements of major projects are not characterized by BC Hydro as "Programs of Projects" that are subdivided into discrete, sub-threshold "projects" that the Commission may prefer to treat on an aggregated basis as integrated projects calling for CPCN or section 44.2 approval?