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June 19, 2019

Mr. Patrick Wruck
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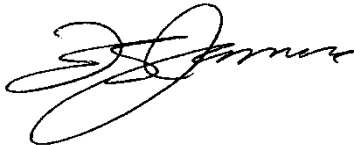
Dear Mr. Wruck:

RE: Project No. 1598990
British Columbia Utilities Commission (BCUC or Commission)
British Columbia Hydro and Power Authority (BC Hydro)
Fiscal 2020 to Fiscal 2021 Revenue Requirements Application
Procedural Conference

BC Hydro writes in response to the BCUC's invitation to provide a written submission prior to the June 24 Procedural Conference. Our written submission on the matters identified by the BCUC is attached.

For further information, please contact Chris Sandve at 604-974-4641 or by email at bchydroregulatorygroup@bchydro.com.

Yours sincerely,



Fred James
Chief Regulatory Officer

cs/rh

Enclosure

**Fiscal 2020 to Fiscal 2021
Revenue Requirements Application**

**BC Hydro's Pre-Filed Comments on Procedural
Matters**

June 19, 2019

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1 **1 Introduction**

2 The British Columbia Utilities Commission's (**BCUC**) letter of June 14, 2019
3 (Exhibit A-7) invited parties to file comments in advance of the June 24, 2019
4 Procedural Conference. This document outlines our views on the matters identified
5 by the BCUC. We will expand on some of these matters, as necessary, at the
6 Procedural Conference.

7 In this proceeding BC Hydro has continued, and built on, the pragmatic and
8 transparent approach recognized by the BCUC during the Fiscal 2017 to Fiscal 2019
9 Revenue Requirments Application (the **Previous Application**) proceeding.¹ The
10 Application included even more information than the Previous Application,
11 particularly with regards to operating costs, and was presented in a more accessible
12 manner. We believe that the transcribed Workshop was well received and provided
13 a useful orientation to the main topics within the Application. Throughout the
14 organization, we focused on delivering clear and considered responses to the
15 approximately 2,200 Round 1 information requests.

16 BC Hydro's position on the remaining process and timeline reflects our continued
17 support for a transparent review of BC Hydro's revenue requirements, meaningful
18 participation by stakeholders, and an efficient regulatory process that concludes
19 within a reasonable period of time.

20 **2 Procedural Conference Matters to Be Addressed**

21 In Exhibit A-7, the BCUC identified the following matters to be addressed:

- 22 1. Whether the Peace Region Electric Supply Project meets the requirements to
23 be considered a prescribed undertaking under section 18 of the *Clean Energy*

¹ BC Hydro Fiscal 2017 to Fiscal 2019 Revenue Requirements Application, Exhibit A-18, Reasons for Decision for Order No. G-7-17, pages 7 to 8.

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- 1 *Act*, pursuant to Section 4(2) of the *Greenhouse Gas Reduction (Clean Energy)*
2 *Regulation*. Only preliminary submissions are required at this time.
- 3 2. Whether the MIN to LNG Canada Interconnection Project meets the
4 requirements of the *Transmission Upgrade Exemption Regulation*, as amended
5 by B.C. Reg. 160/2018, to exempt the project from Part 3 of the *Utilities*
6 *Commission Act*. Only preliminary submissions are required at this time.
- 7 3. Whether it is the interveners' intention to file intervener evidence and if so,
8 relating to what specific matters.
- 9 4. Whether the review of the F2020 to F2021 Revenue Requirements Application
10 (RRA) should proceed by a written or oral public hearing, or some other
11 process.
- 12 5. Steps and timetable associated with the recommended regulatory review
13 process. If you are proposing an oral public hearing, please identify the specific
14 matter(s) that should be addressed through that process and the rationale.
- 15 6. Any other matter that will assist the BCUC to efficiently review the RRA.

16 **3 BC Hydro's Comments on the Procedural Matters**

17 We address below each of the procedural matters identified by the BCUC.

18 In our June 6, 2019 filing to respond to information requests from the BCUC and
19 interveners, we indicated that we expect to provide an Evidentiary Update during the
20 course of this proceeding and would provide further information on the scope of the
21 Evidentiary Update at the Procedural Conference. This information is provided in
22 section [3.5.2](#) of this submission.

1 **3.1 Procedural Matter No. 1 – Whether the Peace Region Electric**
2 **Supply Project is a “Prescribed Undertaking”**

3 The BCUC has asked parties to provide preliminary submissions on whether the
4 Peace Region Electric Supply Project (**PRES**) meets the requirements to be
5 considered a prescribed undertaking under section 18 of the *Clean Energy Act*,
6 pursuant to Section 4(2) of the *Greenhouse Gas Reduction (Clean Energy)*
7 *Regulation*. We have provided preliminary submissions below.

8 Section 18 of the *Clean Energy Act* provides that the BCUC must allow BC Hydro to
9 recover the costs of prescribed undertakings and not prevent BC Hydro from
10 carrying out a prescribed undertaking, as follows:

11 (2) In setting rates under the Utilities Commission Act for a
12 public utility carrying out a prescribed undertaking, the
13 commission must set rates that allow the public utility to collect
14 sufficient revenue in each fiscal year to enable it to recover its
15 costs incurred with respect to the prescribed undertaking.

16 (3) The commission must not exercise a power under the
17 Utilities Commission Act in a way that would directly or indirectly
18 prevent a public utility referred to in subsection (2) from carrying
19 out a prescribed undertaking.

20 As stated in BC Hydro's response to BCUC IR 1.119.2, the PRES project satisfies
21 the two criteria under section 4(2) of the *Greenhouse Gas Reduction (Clean Energy)*
22 *Regulation* to be a prescribed undertaking. This is shown in the following table.

Prescribed Undertaking Criteria	PRES Project
(a) For the purpose of reducing greenhouse gas emissions in British Columbia, the public utility constructs or operates an electricity transmission or distribution facility, or provides for temporary generation until the completion of the construction of the facility, in northeast British Columbia primarily to provide electricity from the authority to <ul style="list-style-type: none"> (i) A producer, as defined in section 1 (1) of the Petroleum and Natural Gas Royalty and Freehold Production Tax Regulation, B.C. Reg. 495/92, or (ii) An owner or operator of a natural gas processing plant; 	The PRES project includes the construction and operation of transmission facilities in northeast British Columbia, primarily to serve new natural gas processing plants (for processing natural gas by removing from it natural gas liquids, sulphur or other substances). The PRES project will facilitate reductions in provincial greenhouse gas emissions by enabling electrification of natural gas production, processing, and compression, which, in the absence of the PRES project, would have no other choice but to combust fossil fuels for power supply.
(b) The public utility reasonably expects, on the date the public utility decides to carry out the undertaking, that the facility will have an in service date no later than December 31, 2022.	When BC Hydro's Board of Directors approved the PRES project on June 7, 2018, BC Hydro reasonably expected that the PRES project would have an in-service date no later than December 31, 2022. BC Hydro continues to expect that the PRES project will be in service no later than December 31, 2022.

1 The PRES project is not specifically named as a prescribed undertaking because
 2 section 18 (1) of the *Clean Energy Act* states that a "prescribed undertaking" means
 3 a project, program, contract or expenditure that is in a class of projects, programs,
 4 contracts or expenditures prescribed for the purpose of reducing greenhouse gas
 5 emissions in British Columbia. Accordingly, the *Greenhouse Gas Reduction (Clean*
 6 *Energy) Regulation* defines classes rather than naming specific undertakings. The
 7 criteria above define a class of projects, programs, contracts or expenditures for the
 8 purpose of reducing greenhouse gas emissions in British Columbia and the PRES
 9 project meets the criteria to be within that class.

10 **3.2 Procedural Matter No. 2 – Whether the MIN to LNG Canada**
 11 **Interconnection Project is an Exempt Project**

12 The BCUC has asked parties to provide preliminary submissions on whether the
 13 MIN to LNG Canada Interconnection Project meets the requirements of the
 14 *Transmission Upgrade Exemption Regulation*, as amended by B.C. Reg. 160/2018,

1 to exempt the project from Part 3 of the *Utilities Commission Act*. We have provided
2 preliminary submissions below.

3 The broader project originally contemplated in the *Transmission Upgrade Exemption*
4 *Regulation* has been replaced by a project that is much more limited in scope. The
5 subsections of the Regulation that apply to the new scope are (1)(e) and (2).

6 As stated in BC Hydro's response to BCUC IR 1.1.1, the MIN to LNG Canada
7 Interconnection Project is exempt from Part 3 of the *Utilities Commission Act* by the
8 *Transmission Upgrade Exemption Regulation*, as amended by B.C. Reg. 160/2018.
9 This is shown in the following table.

Transmission Upgrade Exemption Regulation	MIN to LNG Canada Interconnection Project
<p>(1) The authority is exempt from Part 3 of the Act in respect of the following ... (e) addition of shunt capacitors at the Minette substation, including associated protection and control equipment.</p> <p>(2) Subject to subsection (3), the authority is exempt from Part 3 of the Act in respect of the construction or operation of a plant or system, or an upgrade or extension of either, to provide service for the following: (a) an LNG facility in the vicinity of the District of Kitimat; (b) a facility necessary for the construction of an LNG facility in the vicinity of the District of Kitimat.</p> <p>(3) The exemptions under subsection (2) do not apply in respect of a plant, system, upgrade or extension that, on the date the authority decides to construct the plant, system, upgrade or extension, cannot reasonably be expected to come into service before October 1, 2025. Subsection (3) does not limit any of the exemptions under subsection (1).</p>	<p>The MIN to LNG Canada Interconnection Project consists of the following: Expansion of the Minette substation to accommodate the addition of a 287 kV shunt capacitor bank, a new 287 kV line position, and associated protection and control equipment (exempt under section (1) (e)) A double circuit 287 kV transmission line from the Minette substation to the LNG Canada facility (exempt under section (2)) The MIN to LNG Canada Interconnection project is necessary to provide service to LNG Canada, which is an LNG facility in the vicinity of the District of Kitimat. When BC Hydro approved the MIN to LNG Canada Interconnection Project on October 11, 2018, BC Hydro reasonably expected that the MIN to LNG Canada Interconnection project would have an in-service date no later than October 1, 2025. BC Hydro continues to expect that the MIN to LNG Canada Interconnection project will be in service no later than October 1, 2025.</p>

1 **3.3 Procedural Matter No. 3 – Whether Interveners Will File**
2 **Evidence**

3 This matter is applicable to interveners in this process, rather than BC Hydro. As
4 discussed in section [3.5](#) below, we have proposed a procedural timetable that
5 accommodates intervener evidence, if necessary.

6 **3.4 Procedural Matter No. 4 – Whether the Process Should be**
7 **Written, Oral or a Combination of Both**

8 As discussed further in section [3.5](#) below, we are proposing a second round of
9 information requests to allow for follow-up on round one responses and information
10 requests on BC Hydro's Evidentiary Update.

11 We also recognize that it has been some time since there was an oral hearing
12 regarding BC Hydro's revenue requirements. Accordingly, we support the inclusion
13 of an oral hearing in this proceeding for any issue that the BCUC believes would
14 benefit from oral testimony. We respectfully submit that the BCUC should establish a
15 detailed issues list in advance of any oral hearing to focus the scope of that hearing.
16 We also submit that the BCUC should defer its decision on the scope of any oral
17 hearing until after BC Hydro files responses to round two information requests.

18 **3.4.1 A Second Round of Information Requests will Permit Follow-up on**
19 **Round One Responses and Testing of the Evidentiary Update**

20 BC Hydro responded to approximately 2,200 information requests in Round 1. We
21 will continue to take a pragmatic and transparent approach to responding to
22 information requests. It would be beneficial for the BCUC to remind interveners to
23 follow the standard protocol of limiting questions to follow-up on round one
24 responses and the Evidentiary Update, rather treating it as an opportunity to canvas
25 the entire Application again.

1 **3.4.2 Any Oral Hearing Should be Scoped to Ensure it Adds Value**

2 As indicated above, BC Hydro would support an oral hearing on any matter that the
3 BCUC believes would benefit from oral testimony from BC Hydro. Careful scoping of
4 any oral hearing would be critical in this proceeding, given (i) the breadth of the
5 Application and large volume of written evidence, (ii) the multitude of potential
6 witnesses that would be necessary to speak in depth on all of the topics covered in
7 the Application, and (iii) the number of interveners. It is in everyone's interest to
8 avoid a lengthy and unfocussed oral hearing.

9 In section [3.5](#) below, we have provided a list of potential candidate issues for an oral
10 hearing, should the BCUC decide that one is necessary. We expect that it will be
11 possible for the BCUC to identify a number of topics that can be scoped out of an
12 oral hearing and resolved fairly and effectively based on the written record. We say
13 this for the following reasons:

- 14 • First, there is already more evidence on the record in respect of some
15 components of BC Hydro's revenue requirements than there had been at the
16 conclusion of BC Hydro's last revenue requirements proceeding (which was
17 decided based on a written record). BC Hydro held a transcribed Workshop at
18 which members of the Executive Team and Directors of Key Business Units
19 spoke. We also responded to approximately 2,200 information requests in
20 Round 1 alone. Notably, the Application provided significantly more information
21 than the Previous Application in support of the operating costs of each Key
22 Business Unit in the organization;²
- 23 • Second, the Application identifies the major drivers of the revenue requirements
24 in this test period.³ The BCUC will be able to consider the potential magnitude

² The information is presented in Chapters 5A to 5G of the Application. It includes a detailed explanation of the entire forecasted operating expenses of each Key Business Unit, not just the incremental costs. BC Hydro also provided benchmarking and comparisons for overall operating costs, compensation levels, and maintenance costs.

³ See Table 1-4 and 1-6 of Chapter 1 of the Application.

1 of some components of the Application to determine whether additional
2 consideration in an oral hearing is warranted;

- 3 • Third, the areas of focus in the first round of information requests can inform the
4 extent to which there is value in hearing from witnesses on particular topics
5 (i.e., an oral hearing may not be required for a topic that was the subject of
6 relatively few round one information requests, or if questions on a topic
7 generally sought clarification which was subsequently provided by the
8 responses.);
- 9 • Fourth, a second round of information requests, directed at following-up on
10 areas canvassed in round one, will resolve or clarify some outstanding issues;
11 and
- 12 • Fifth, most applications before the BCUC, including large applications, are
13 resolved on a written evidentiary record.⁴ In circumstances where the BCUC
14 orders an oral hearing, the BCUC has tended to focus the scope of the oral
15 hearing on particular issues, identified in advance.⁵

16 **3.5 Procedural Matter No. 5 – Process Steps and Timeline and** 17 **Scope of Oral Hearing**

18 Our proposed timetable, presented in section [3.5.1](#) below, is both fair and efficient.
19 As explained in this section, the timetable provides sufficient time for the BCUC and
20 interveners to assess and submit information requests on our round one responses

⁴ Examples of significant applications addressed in writing include: (i) BC Hydro's Fiscal 2017 to Fiscal 2019 Revenue Requirements Application (two rounds of information requests on the revenue requirements); (ii) the proceeding approving the amalgamation and common rates of the three FortisBC Energy Utilities (two rounds of information requests); and (iii) the Insurance Corporation of British Columbia's 2015, 2016, 2017 and 2019 Revenue Requirements Application (two rounds of information requests).

⁵ FortisBC Energy Inc.'s most recent cost of capital proceeding was conducted in this manner; the oral component was limited to hearing from expert witnesses. Similarly, the BCUC limited the oral portion of FortisBC Energy Inc.'s Performance Based Rate Application to the operation of the PBR mechanism, leaving the base costs to be addressed in writing. ICBC's 2014 Revenue Requirements Application, which was the last ICBC revenue requirements proceeding to involve an oral component, limited oral evidence to actuarial matters.

1 and Evidentiary Update, while also allowing for the evidentiary record to be closed
2 before the end of the calendar year.

3 Our proposed timetable is presented in two forms – one if intervener evidence is
4 filed and one if no intervener evidence is filed. Both of these versions provide a
5 placeholder for an oral hearing, if the BCUC determines one is required. We
6 respectfully submit that the BCUC should defer its decision on the scope of any oral
7 hearing until after BC Hydro files responses to round two information requests. At
8 that point, the BCUC will be able to assess, on an issue by issue basis:

- 9 • The amount and quality of the information provided in the Application;
- 10 • The insight provided by the transcribed Workshop and community input
11 sessions; and
- 12 • The opportunity to meaningfully explore issues through the two rounds of
13 information requests.

14 Although we consider it best to wait until a second procedural conference to identify
15 particular issues for any oral hearing, we have provided the following list of potential
16 candidate issues to be responsive to the BCUC's request:

- 17 • BC Hydro's general direction and priorities – BC Hydro's President and Chief
18 Operating Officer would be pleased to speak to our general direction and
19 priorities;
- 20 • Benchmarking and comparisons of BC Hydro's level of operating costs - In the
21 Application, BC Hydro presented benchmarking and comparisons that indicated
22 BC Hydro's operating costs compare favourably to peer utilities. We could
23 provide oral testimony if the BCUC requires further clarification on the
24 methodology and conclusions drawn from this information;
- 25 • The financial implications and benefits of the Workforce Optimization Program
26 and the Accenture Repatriation – Both the Workforce Optimization Program

1 and the Accenture Repatriation received considerable interest from the BCUC
2 and interveners in round one information requests. We could provide oral
3 testimony if the BCUC requires further clarification on the associated financial
4 implications and benefits.

- 5 • Challenges with regards to the adoption of Performance Based Regulation for
6 BC Hydro – In the Application and in response to information requests from the
7 BCUC and interveners, BC Hydro has raised concerns regarding the adoption
8 of Performance Based Regulation for BC Hydro, at this time. We could speak to
9 the challenges we see with regards to the adoption of Performance Based
10 Regulation for BC Hydro in the next test period; and
- 11 • Specific capital projects – If there are specific capital expenditures or projects of
12 interest to the BCUC or interveners, BC Hydro could provide oral testimony on
13 those matters.

14 For all of these issues (and any others identified by interveners), the BCUC will need
15 to assess the responses to information requests to determine whether the evidence
16 is clear and the issues have been clarified or whether the BCUC could benefit from
17 further explanation beyond what could be achieved through written evidence alone.

18 The issues identified by BC Hydro above are specific rather than broad. We submit
19 that this specific issue-by-issue approach to scoping any oral hearing is necessary.
20 Identifying broad topics like “operating costs” or “capital costs” that align with chapter
21 headings in the Application would likely result in (i) BC Hydro using valuable
22 institutional capacity to prepare for any number of matters that do not end up getting
23 addressed in an oral hearing and (ii) a less-focused, longer and more costly hearing
24 than is necessary. Both outcomes are undesirable for BC Hydro and customers
25 alike. By contrast, identifying specific issues will support a more effective and
26 efficient oral hearing. It will enable BC Hydro to focus its preparation and put forward
27 the right people to speak to the issue. The BCUC will receive better evidence, the

1 cost of the proceeding will be reduced and areas of the organization that are not
2 directly involved in the specific issues will be able to re-focus their efforts on running
3 the business.

4 **3.5.1 Our Proposed Timetable is Fair and Efficient, Providing Sufficient**
5 **Time While Concluding the Oral Hearing by Calendar Year End**

6 BC Hydro's proposed timetable is presented below. It also includes an alternative
7 timetable in the event that interveners are filing evidence.

Process	Proposed Date (with intervener evidence)	Proposed Date (if no intervener evidence)
BC Hydro files Evidentiary Update	August 8, 2019 ⁶	August 8, 2019 ⁶
Information Requests – Round 2 and Evidentiary Update	August 29, 2019	August 29, 2019
BC Hydro responds to Information Requests and files 20-Year Load Forecast	October 3, 2019	October 3, 2019
Procedural Conference to establish scope of any Oral Hearing	October 10, 2019	October 10, 2019
Intervener Evidence, Public Release of Cost of Energy Evidentiary Update and Information Requests on 20-Year Load Forecast	October 18, 2019	October 18, 2019
Information Requests on Intervener Evidence and Cost of Energy Update	October 30, 2019	October 30, 2019
Responses to Information Requests on Intervener Evidence, Cost of Energy Update and 20-Year Load Forecast	November 20, 2019	November 20, 2019
Rebuttal Evidence (if required)	November 29, 2019	N/A
Start of Oral Hearing (if required)	December 4, 2019	November 27, 2019
BC Hydro Final Argument	January 30, 2020	January 23, 2020
Intervener Final Argument	February 27, 2020	February 20, 2020
BC Hydro Reply Argument	March 26, 2020	March 19, 2020

8 If the BCUC decides that an oral hearing is not required, BC Hydro proposes the
9 following schedule after the submission of responses to information requests on

⁶ Assumes the Government of B.C.'s public accounts are released prior to August 8, 2019. If not, BC Hydro will advise the BCUC and propose an alternative timetable.

1 intervener evidence (if any) and the Cost of Energy component of the Evidentiary
2 Update. Our proposed schedule in this case is the same regardless of whether
3 intervener evidence is filed.

Process	Proposed Date
Rebuttal Evidence (if required)	November 29, 2019
BC Hydro Final Argument	December 20, 2020
Intervener Final Argument	January 30, 2020
BC Hydro Reply Argument	February 27, 2020

4 Three important considerations informed the development of this timetable:

- 5 • BC Hydro's intent to file an Evidentiary Update and constraints on when this
6 update can be filed;
- 7 • The temporary need for confidentiality with regards to the Cost of Energy
8 portion of the Evidentiary Update; and
- 9 • Concluding the oral hearing before the end of the calendar year.

10 Each of these considerations is discussed in more detail in the sub-sections below.

11 **3.5.2 Timing and Scope of Evidentiary Update**

12 BC Hydro intends to file an Evidentiary Update and there are constraints on when
13 this update can be filed.

14 We expect the Evidentiary Update will include the following information:

- 15 • Actual results for fiscal 2019;
- 16 • Updated Orders Sought (to close the Arrow Water Systems Provision
17 Regulatory Account and the Arrow Water Systems Regulatory Account⁷ and to
18 update the DSM expenditure schedule);⁸

⁷ Refer to BC Hydro's response to BCUC IR 1.40.3.1.

⁸ Refer to BC Hydro's response to BCUC IR 1.182.1.

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- 1 • Amortization of Regulatory Accounts, updated for fiscal 2019 actuals;
- 2 • Cost of Energy based on the June 2019 Energy Study (the specifics of which
- 3 will temporarily be redacted, as discussed below);⁹
- 4 • An update to the estimated changes BC Hydro included due to the new lease
- 5 accounting standard¹⁰; and
- 6 • An update to the accounting for the Biomass Energy Program.¹¹

7 The Evidentiary Update will include an updated form of order and requested rates,

8 reflecting the results of the above updates, the updated DSM expenditure schedule

9 and the requests to close the Arrow Water Systems Regulatory Account and the

10 Arrow Water Systems Provision Regulatory Account.

11 BC Hydro will file an updated 20-year Load Forecast concurrently with its responses

12 to information requests on the Evidentiary Update. While this updated Load Forecast

13 will not be completed in time to be incorporated into the Evidentiary Update

14 financials, any variances between forecast and actual energy sales would be

15 deferred to the Non-Heritage Deferral Account.

16 The timing of the Evidentiary Update, given its inclusion of actual information from

17 fiscal 2019, depends on when the Government of B.C. releases its public accounts.

18 The statutory deadline for release of public accounts is August 30, 2019; however,

19 we anticipate that it may occur sooner. Our proposed timeline contemplates an

20 Evidentiary Update being filed on August 8, 2019. If the Government of B.C. has not

21 released its public accounts prior to August 8, 2019, BC Hydro will advise the BCUC

22 and propose an alternative timetable.

⁹ The Cost of Energy forecast in the Application is based on the October 2018 Energy Study, which remained the most recent Board-approved forecast at the time of filing the round one information request responses.

¹⁰ Refer to section 7.7.1.2 of Chapter 7 of the Application.

¹¹ Refer to section 7.7.1.3 of Chapter 7 of the Application.

1 We believe it is efficient to delay the second round of information requests until after
2 we file the Evidentiary Update. We considered the potential to bifurcate the second
3 round to allow areas unaffected by the Evidentiary Update to proceed sooner.
4 However, we concluded that waiting was more appropriate for three reasons:

- 5 • First, it will reduce the potential for confusion and “churn” about what
6 information is affected by the Evidentiary Update, and how it has been affected;
- 7 • Second, the approach has the benefit of providing additional time for the BCUC
8 and participants to digest the responses to round one information requests; and
- 9 • Third, it would not materially shorten the proceeding.

10 **3.5.3 Temporary Need for Confidentiality for Updated Cost of Energy** 11 **Forecast**

12 One aspect of the Evidentiary Update, an updated Cost of Energy forecast, based
13 on the June 2019 Energy Study, will need to be redacted and remain confidential
14 (available to the BCUC only) until mid-October 2019. However, the Evidentiary
15 Update would provide updated Financial Schedules that include summary results of
16 the updated Cost of Energy forecast. In addition, as described further below, our
17 proposed timeline accommodates a delayed public release of the detailed Cost of
18 Energy forecast, while still allowing interveners an opportunity to ask information
19 requests on that information once it has been released publicly.

20 Delayed public release of an updated Cost of Energy forecast is necessary because
21 it will reveal aspects of BC Hydro's forecast energy sales and purchases with
22 Powerex, thereby providing insights into Powerex's potential sale and purchase
23 activity in wholesale electricity markets. Release of that information prematurely
24 would allow it to be used by Powerex's competitors in the wholesale electricity
25 markets, to the detriment of BC Hydro. This would, in turn, significantly harm our
26 customers, as they ultimately pay the cost of BC Hydro's energy purchases and
27 receive the benefits of BC Hydro's energy sales, as well as the benefits of Powerex's

1 Net Income, through its inclusion in BC Hydro's Trade Income. Although some
2 interveners have signed confidentiality undertakings, we believe the magnitude of
3 the harm to customers in the event of inadvertent disclosure is sufficiently large to
4 warrant temporarily providing the information to the BCUC alone. This is consistent
5 with the BCUC approach to BC Hydro's most recent application for fiscal 2019
6 energy purchases.¹²

7 Although the process could be designed so that only the BCUC tests the redacted
8 Energy Study information, we have instead devised a means of accommodating
9 intervener review and information requests on the public record without unduly
10 lengthening the time until a BCUC decision or prejudicing interveners. This approach
11 is shown in the proposed schedule presented in section [3.5.1](#) above and is
12 explained further below:

- 13 • **August 8, 2019:** BC Hydro would redact the detailed Cost of Energy
14 information from the Evidentiary Update, and file the unredacted information
15 contemporaneously with the BCUC in confidence. The BCUC would be able to
16 ask its information requests confidentially as part of round two. Intervenors
17 would ask their round two information requests on every aspect of the evidence
18 other than the redacted portion. Intervener information requests on the limited
19 amount of redacted information would come later, once the information is
20 published;
- 21 • **October 3, 2019:** When BC Hydro files its Round 2 information request
22 responses, we would initially file any responses to BCUC information requests
23 on the Cost of Energy in confidence with the BCUC only;
- 24 • **October 18, 2019:** Our expectation is that the information regarding the
25 updated Cost of Energy can be made public, without giving rise to undue harm

¹² Letter Agreement between British Columbia Hydro and Power Authority (BC Hydro) and Powerex Corp.
(Powerex) – Forward Electricity Purchases

1 to customers, by October 18, 2019. At this time, BC Hydro will also publish its
2 previously-confidential responses to the BCUC information requests on the
3 Cost of Energy;

- 4 • **October 30, 2019:** Interveners would have an opportunity to ask information
5 requests (not duplicative of the BCUC's questions) on the public record about
6 the previously redacted information on the Energy Study; and
- 7 • **November 20, 2019:** BC Hydro would file its responses to intervener
8 information requests on the public record.

9 This timeline contemplates a publication date for the updated Cost of Energy
10 forecast (October 18) that is contemporaneous with interveners filing their evidence
11 (if any). Interveners would submit their information requests on the published Cost of
12 Energy information at the same time as the BCUC and BC Hydro would file
13 information requests on intervener evidence. The parallel process is fair and efficient
14 in that it provides interveners with a full opportunity to ask questions about the
15 updated Cost of Energy forecast and its implications, while avoiding a material delay
16 in the process. Given the limited scope of the information involved, conducting the
17 information request process on this information in parallel with the filing of any
18 intervener evidence is unlikely to prejudice any participant.

19 **3.5.4 Completing the Process in a Reasonable Amount of Time**

20 While allowing for ample time between procedural steps and the potential for
21 intervener evidence and an oral hearing, our proposed procedural timeline also
22 contemplates closing the evidentiary phase before the end of the calendar year. This
23 is important to BC Hydro for two reasons:

- 24 • First, the regulatory review of BC Hydro's revenue requirements necessarily
25 involves a very significant organizational commitment, particularly given our
26 efforts to be transparent, present information in a user-friendly way, and have

1 senior leadership play an active role in the process. Resolving the evidentiary
2 phase before the end of the calendar year allows the many people involved in
3 the regulatory process, at all levels of the organization, to shift their focus back
4 to running the business. This is in the best interests of the company, personnel
5 and customers alike; and

- 6 • Second, it is important for BC Hydro to have certainty with regards to its
7 allowed revenue requirements. Work planning and prioritization is more
8 challenging when rates are interim for an extended period of time, and are
9 subject to change.

10 **3.6 Procedural Matter No. 6 – Any Other Matters**

11 BC Hydro has no further matters to address at this time. We will respond at the
12 Procedural Conference to any other matters raised by interveners.

13 **4 Concluding Remarks**

14 We appreciate the opportunity to comment in advance of the Procedural
15 Conference. Our expectation is that the process contemplated in our submissions
16 above will result in a fair and efficient proceeding that will facilitate an appropriate
17 review of the Application. Whatever process the BCUC ultimately adopts, we will
18 continue to invest the necessary time and resources to engage with the BCUC and
19 interveners in an informative, open and transparent manner.