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Utilities Commission

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October 11, 2019

Sent via eFile

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| BC HYDRO F2020–F2021 REVENUE REQUIREMENTS EXHIBIT A-18 |
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Mr. Fred James
Chief Regulatory Officer
Regulatory & Rates Group
British Columbia Hydro and Power Authority
16th Floor - 333 Dunsmuir Street
Vancouver, BC V6B 5R3
bhydroregulatorygroup@bhydro.com

Re: British Columbia Hydro and Power Authority – F2020–F2021 Revenue Requirements Application – Project No. 1598990 – Review of the Performance Based Regulation Report

Dear Mr. James:

Further to the British Columbia Utilities Commission's September 27, 2019 letter proposing a process to review the Performance Based Regulation Report separate from the current review process (Exhibit A-17), enclosed please find Order G-244-19 with reasons for decision.

Sincerely,

Original Signed By:

Patrick Wruck
Commission Secretary

/nd
Enclosure



ORDER NUMBER
G-244-19

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

and

British Columbia Hydro and Power Authority
Fiscal 2020 to Fiscal 2021 Revenue Requirements Application

BEFORE:

D. M. Morton, Panel Chair
A. K. Fung, QC, Commissioner
E. B. Lockhart, Commissioner
R. I. Mason, Commissioner

on October 11, 2019

ORDER

WHEREAS:

- A. On February 25, 2019, the British Columbia Hydro and Power Authority (BC Hydro) filed its Fiscal 2020 to Fiscal 2021 (F2020–F2021) Revenue Requirements Application (Application) with the British Columbia Utilities Commission (BCUC);
- B. Directive 28 of the BCUC’s decision on the F2017–F2019 Revenue Requirements Application directed BC Hydro to provide a report to the BCUC that discusses, among other things, the opportunities and challenges associated with the adoption of Performance Based Regulation (PBR) at BC Hydro and a possible approach to adopting PBR (PBR Report);
- C. By letter dated June 14, 2018, BC Hydro requested an extension to file the PBR Report within six weeks after the release of the report on the first phase of the B.C. Government’s comprehensive review of BC Hydro that was announced by the B.C. Government on June 11, 2018 (Government Review);
- D. By letter L-13-18 dated June 20, 2018, the BCUC granted BC Hydro’s extension request;
- E. On February 14, 2019, the B.C. Government released its final report on the first phase of the Government Review and on February 25, 2019, BC Hydro provided the PBR Report as Chapter 11 of the Application along with two expert reports regarding PBR as Appendices FF and GG to the Application;
- F. On March 1, 2019, by Order G-45-19, the Panel established a regulatory timetable for the initial review of G-45-19 the Application;

- G. By Orders G-146-19 and G-218-19, the Panel established and later amended a further regulatory timetable for the review of the Application which provided for, among other things, a procedural conference on the afternoon of November 22, 2019;
- H. By letter dated September 27, 2019, the Panel proposed, among other things, a process to review the PBR Report separate from the current review process for the Application and invited BC Hydro and interveners to provide their objections, if any, to the proposal with supporting reasons by October 4, 2019;
- I. By letter dated October 2, 2019, BC Hydro provided its support for the recommendations in the Panel's September 27, 2019 letter. No intervenor comments were received by October 4, 2019; and
- J. The BCUC has considered BC Hydro's letter dated October 2, 2019 and the lack of intervenor opposition and finds that a separate process to review the PBR Report and related materials is warranted.

NOW THEREFORE, for the reasons set out in Appendix A to this order, the BCUC orders that the PBR Report will not be reviewed as part of the review of the Application.

DATED at the City of Vancouver, in the Province of British Columbia, this *11th* day of October 2019.

BY ORDER

Original Signed By:

D. M. Morton
Commissioner

British Columbia Hydro and Power Authority
Fiscal 2020 to Fiscal 2021 Revenue Requirements Application

REASONS FOR DECISION

On February 25, 2019, the British Columbia Hydro and Power Authority (BC Hydro) submitted a report discussing, among other things, the opportunities and challenges associated with the adoption of Performance Based Regulation (PBR) at BC Hydro (PBR Report). The PBR Report was submitted to the British Columbia Utilities Commission (BCUC) as part of BC Hydro's Fiscal 2020 to Fiscal 2021 (F2020–F2021) Revenue Requirements Application (Application) along with two expert reports regarding this topic.¹ This report was provided in response to a BCUC directive in its decision relating to BC Hydro's F2017 to F2019 Revenue Requirements Application (RRA).² In the Application, BC Hydro states that this PBR report "provides initial conclusions in response to the issues the BCUC has asked BC Hydro to address" and further recommends that the BCUC use the current Application proceeding to "engage interveners to canvass their views."³

By letter dated September 27, 2019, the Panel recommended that the BCUC hold a separate proceeding to review BC Hydro's PBR Report (PBR proceeding) and further recommended that all interveners currently registered in BC Hydro's F2020–F2021 RRA proceeding be automatically registered in the PBR proceeding. The Panel also recommended that all evidence currently on the evidentiary record of BC Hydro's F2020–F2021 RRA proceeding that is directly related to the PBR Report be placed on the evidentiary record of the PBR proceeding. The Panel invited any parties who object to the Panel's recommendations to provide comments with specific reasons for the objection by October 4, 2019.

By letter dated October 2, 2019, BC Hydro provided its support for the recommendations in the BCUC's September 27, 2019 letter. No comments from other parties were received by October 4, 2019.

The Panel recognizes the importance and complexities of this topic and notes the lack of opposition to the Panel's recommendations. **Therefore, the Panel finds that a process separate from the current review process for the Application is prudent and efficient and thus will not consider or decide upon the filed PBR Report in this proceeding and instead recommends that the BCUC hold a separate proceeding to review BC Hydro's PBR Report and the related materials as stated above. The Panel further recommends that the BCUC schedule a separate procedural conference for that proceeding commencing immediately following the F2020–F2021 RRA procedural conference currently scheduled to begin at 1 p.m. on November 22, 2019.**

¹ Exhibit B-1, Application, Chapter 11, Appendix FF, GG.

² British Columbia Hydro and Power Authority F2017 to F2019 Revenue Requirements Application, Decision and Order G-47-18 dated March 1, 2018, p. 111.

³ Exhibit B-1, Application, p. 1-30.