

BC Hydro F2020 – F2021 Revenue Requirements

BC HYDRO UNDERTAKING NO. 24

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REQUESTOR: BCOAPO, Mr. Ince

TRANSCRIPT REFERENCE: Volume 8A, Page 1083, lines 11 to 24

TRANSCRIPT EXCERPT:

MR. AHMED: Thank you. The next question that was left was by my friend Ms. Mis at page 1008 of the transcript. And there she was asking what are the most recent quarterly results for fiscal 2020 for trade income and how does that compare with the same period for Fiscal 2018 and Fiscal 2019. Did you have an opportunity to looking into that?

MR. WONG: A Yes. So for trade income for Fiscal 2020 I'd mentioned it was 65 million. The exact number is 61 million for the six months ended September 30th, 2019. For Fiscal 19, the same six month period, was 208 million and Fiscal 18 was 118 million.

QUESTION:

Do you now have more recent quarterly results for fiscal 2020 trade income? If so, how does that compare with the same period for fiscal 2018 and fiscal 2019?

RESPONSE:

Yes, BC Hydro now has approved financial results for the nine months ended December 31, 2019.

Fiscal 2020 Trade Income for the nine months ended December 31 was \$159 million. This compares to \$295 million as at December 31 of fiscal 2019 and \$138 million as at December 31 of fiscal 2018. Trade income can be volatile on a month-to-month basis: Fiscal 2020 actual Trade income will likely differ (whether higher or lower) from the nine month results.

The year-to-date result is approximately \$40 million greater than the forecast fiscal 2020 Trade Income amount in the revenue requirement of \$120.6 million, which is based on the five-year average from fiscal 2014 to fiscal 2018. If an updated five-year average from fiscal 2015 to fiscal 2019 is used, the forecast amount is \$176.3 million, which is approximately \$15 million higher than actual Trade Income as at December 31, 2019, with one quarter of the year still remaining.

BC Hydro considers it important, however, not to look at parts of a forecast in isolation as many variables change over time. For example, there was also

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\$36 million in net additions to the other Cost of Energy Variance Accounts as at December 31, primarily due to lower than forecast Domestic Revenues as a result of lower than forecast sales, as outlined in Exhibit B-41, which were partially offset by lower than forecast Cost of Energy. BC Hydro expects actual Domestic Revenues to continue to be below forecast for the remainder of fiscal 2020, due to the reasons set out in BC Hydro's response to INCE IR 3.10.0.

In other words, nine months into the year, it appears that roughly offsetting amounts will be deferred to the Cost of Energy Variance Accounts in fiscal 2020 when taking into account Trade Income, revenue and cost of energy.