

# William J. Andrews

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British Columbia Utilities Commission  
Sixth Floor, 900 Howe Street, Box 250  
Vancouver, BC, V6Z 2N3  
Attn: Marija Tresoglavic, Acting Commission Secretary  
By web posting

Dear Madam:

Re: British Columbia Hydro and Power Authority,  
F2020 to F2021 Revenue Requirements Application,  
BCUC Project No. 1598990  
B.C. Sustainable Energy Association Responses to Panel Questions in Exhibit A-38

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These are the intervener BCSEA's responses to the Panel's questions in Exhibit A-38. BCSEA acknowledges receipt of BC Hydro's July 24, 2020 response letter.<sup>1</sup> BCSEA has also had the benefit of reviewing Mr. McCandless's August 10, 2020 response letter,<sup>2</sup> and Move-Up's August 11, 2020 response letter.<sup>3</sup>

The Panel's questions concern section 3 of Direction No. 8 to the BCUC, which states:

“In regulating and setting rates for the authority for F2020 and F2021, the commission must ensure that those rates allow the authority to collect sufficient revenue in each fiscal year to enable the authority to achieve an annual rate of return on deemed equity that would yield a distributable surplus of \$712 million.”

BCSEA's responses to the Panel's questions are as follows:

1. In BCSEA's view, section 3 of Direction No. 8 does not limit the Commission's authority to disallow recovery of expenditures.
2. In BCSEA's view, the timing of the Commission's decision regarding BC Hydro's F2020-F2021 RRA is not relevant to (i.e., does not affect) whether or not section 3 of Direction No. 8 limits the Commission's authority to disallow recovery of expenditures.
3. BCSEA agrees with BC Hydro's response to question 3.<sup>4</sup>
4. In BCSEA's view, section 3 of Direction 8 requires the BCUC to provide BC Hydro a reasonable opportunity to earn a return of \$712 million in each year of the Test Period.
5. BCSEA agrees with BC Hydro that variances between the allowed return and achieved return are not recovered from, or returned to, customers in subsequent test periods.

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<sup>1</sup> Exhibit B-60.

<sup>2</sup> Exhibit C4-3, pp.5-6.

<sup>3</sup> Exhibit C1-10.

<sup>4</sup> Exhibit B-60, pp.4-5.

6. In BCSEA's view, section 3 of Direction 8 does not change how the BCUC can regulate and set rates for the test period for BC Hydro compared to an investor owned utility, except that it requires the BCUC to provide BC Hydro a reasonable opportunity to earn a return of \$712 million in each year of the Test Period.
7. BCSEA agrees with BC Hydro that "The BCUC should apply the established legal principles governing just and reasonable rates and the fair return standard (with \$712 million deemed to be a fair return), such that section 3 of Direction No. 8 should not affect the BCUC's approach to these matters."<sup>5</sup>

All the above is respectfully submitted.

Yours truly,

William J. Andrews



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<sup>5</sup> Exhibit B-60, p.6.