

BRITISH COLUMBIA HYDRO AND POWER AUTHORITY
REVIEW OF THE PERFORMANCE BASED REGULATION REPORT
MoveUP INFORMATION REQUEST NO. 1 TO BC HYDRO ON ITS
SUPPLEMENTARY EVIDENCE (EXHIBIT B-8)

A. For BC Hydro

1.0 Strategic Challenges and Priorities

1.1 Please comment on the respective advantages and disadvantages of COS and PBR for BC Hydro, in relation to its response to each of the following imperatives:

- (a) supporting the recovery and potential transformations of the BC economy in its emergence from the COVID-19 pandemic and the associated recession;
- (b) implementing BC's climate strategy including low-carbon electrification;
- (c) dealing with ageing infrastructure; and
- (d) maintaining public confidence and support.

2.0 Avoidance of Periodic Rate Hearings, or Setting Rates on an Indefinite Basis

2.1 Can BC Hydro identify significant benefits of periodic regulatory proceedings above and beyond the bare process of adjusting rates?

2.2 Are there lessons to be learned from the 2020-21 Revenue Requirements proceeding and the years leading up to it, regarding the value of maintaining the familiarity of the regulator and stakeholders with the utility, its finances, its operations, its load forecasting processes, and other matters?

3.0 Performance Metrics: Informational and Otherwise

3.1 Is BC Hydro aware of any situation where a PBR regime governing a British Columbia utility has provided for penalties for failure to meet benchmarks established for performance metrics?

3.2 Is BC Hydro aware of any situation where a British Columbia utility subject to performance-based ratemaking has faced or suffered an actual penalty in the application of its performance metrics?

3.3 In the absence of actual financial consequences, please comment on the practical distinction between informational metrics and those which purport to carry another kind of weight.

B. For Dr. Weisman

3.0 Incentives and profit maximization

3.1 What would be the impact on the efficacy of PBR incentives based (at least in part) on opportunities for increased shareholder return, if the shareholder does not wish to increase its return from the utility?

C. For Mr. Kolesar

4.0 Impact of Regulatory Hiatus

4.1 Please comment on the impact of the following circumstances of BC Hydro in relation to the appropriateness of a PBR mechanism for setting rates in the near term:

(a) Recent emergence from a prolonged hiatus in Commission oversight of BC Hydro rates.

(b) Recent emergence from a prolonged period of rate caps set by government without Commission involvement.

5.0 Installing Change

5.1 Is there value to maintaining “buy-in” and confidence from the utility and stakeholders in the process of implementing significant changes to the regulatory regime? If so, what is the nature of that value and how might a regulator seek to retain it?

6.0 Possible corrigendum

reference: evidence page 12:

Finally, it is difficult to demonstrate that the rates under PBR were lower, or at least no higher than what rates would have been under PBR.

6.1 Is the final reference to PBR intended to read “COSR”?