

Douglas Smith
Barrister & Solicitor
1003 – 456 Moberly Road
Vancouver, BC V5Z 4L7
Phone: 604 424 9099

July 26, 2021

British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC Canada V6Z 2N3

Attn: Mr. Patrick Wruck, Commission Secretary

Re: British Columbia Hydro and Power Authority – Public Electric Vehicle Fast Charging rate Application – Project No. 1599190 – Strata Plan VR 2673 Intervener Submissions on SRP – Additional Matter

Dear Mr. Wruck,

I act on behalf of Strata Plan VR 2673. These submissions are in response to the BC Hydro submissions made on July 19, 2021 by their counsel, Lawson Lundell.

F22 RRA Decision¹ (*bold italics are added for emphasis*)

In this Application, BC Hydro is requesting approval to establish an Electric Vehicle Costs Regulatory Account to defer its actual costs incurred in F2020 and F2021 related to its EV charging stations that meet the definition of a prescribed undertaking under the GRR. The Panel agrees with BC Hydro that section 18(2) of the CEA requires the recovery of costs incurred on prescribed undertakings.

The Panel finds that BC Hydro's EV fast charging stations meet the criteria in section 5 of the GRR to be considered prescribed undertakings. However, the ***Panel notes that BC Hydro currently has an application before the BCUC for public EV fast charging rates, which could examine the revenue and costs related to BC Hydro's EV fast charging stations in a holistic manner. That proceeding could address issues that may impact the cost recovery of EV station costs from BC Hydro's non-EV fast charging customers and, as such, it is prudent to defer the recovery of these costs until that proceeding is concluded.*** Therefore, the panel approves the establishment of the Electric Vehicle Costs Regulatory Account to defer any actual operating costs, depreciation, and cost of energy amounts related to BC Hydro's EV charging stations that meet the definition of a prescribed undertaking under the GRR for F2020 and F2021. The Panel also approves BC Hydro's request to apply interest

¹ https://www.bcuc.com/Documents/Other/2021/DOC_63154_G-187-21-BCH-F2022-RRA-Final-Order-Decision-Public_Redacted.pdf p101-102

to the balance of the account based on BC Hydro's current weighted average cost of debt. However, the Panel denies BC Hydro's request to recover from the account each year the forecast interest charged to the account each year. Further, the Panel also denies BC Hydro's request to, starting in F2022, recover the forecast account balance at the end of a test period over the next test period. BC Hydro is directed to apply for a recovery mechanism for the account in its F2023 RRA. The Panel also directs BC Hydro to remove from its revenue requirement all F2022 costs related to its EV charging stations that meet the definition of a prescribed undertaking under the GGRR and defer these costs to the Electric Vehicle Costs Regulatory Account.

The Panel acknowledges the requirements of section 18(2) of the CEA, which requires the BCUC to "set rates that allow the public utility to collect sufficient revenue in each fiscal year to enable it to recover its costs incurred with respect to the prescribed undertaking." The Panel finds that the above directives meet the requirements of section 18(2) of the CEA because, although these amounts are deferred to a regulatory account, the Panel is allowing BC Hydro to recover its costs incurred with respect to its EV charging stations that meet the definition of a prescribed undertaking *pending the conclusion of the proceeding to review BC Hydro's public EV fast charging rate.*

Panel Determination²

Given that this revenue requirement was reviewed in a streamlined manner and BC Hydro did not request approval of its depreciation rates for EV charging stations until after the Review Session, the appropriateness of the proposed depreciation rates and any alternatives could not be sufficiently examined. The Panel is particularly concerned with the impact of potential advances in EV technology on the useful life of BC Hydro's charging stations. The Panel is not persuaded that depreciation rates based on manufacturer recommendations take technological obsolescence into consideration and therefore may be optimistic. ***The Panel notes that BC Hydro currently has an application before the BCUC for public EV fast charging rates. That proceeding could potentially examine the useful life of the EV stations as part of the process of determining appropriate rates for public EV fast charging. Therefore, the Panel denies the depreciation rates for BC Hydro's EV charging stations and recommends the BCUC panel in the BC Hydro Public EV Fast Charging Rate Application proceeding review the depreciation rates.***

Strata Plan VR 2673 makes the following submissions:

1. The first step in rate design is to establish the total cost of service that should be allocated to the rate class, and then design a rate that recovers the total cost of service.

² https://www.bcuc.com/Documents/Other/2021/DOC_63154_G-187-21-BCH-F2022-RRA-Final-Order-Decision-Public_Redacted.pdf p104

2. It is premature for BC Hydro to presume that a class of service is not appropriate until the BCUC has made a determination.
3. The bolded italics passages above seem to indicate that BCUC is looking to the current proceeding “***which could examine the revenue and costs related to BC Hydro’s EV fast charging stations in a holistic manner. That proceeding could address issues that may impact the cost recovery of EV station costs from BC Hydro’s non-EV fast charging customers and, as such, it is prudent to defer the recovery of these costs until that proceeding is concluded.*** It is noted that this language is permissive rather than mandatory.
4. If this proceeding does not deal with costs of service, including depreciation, how can just, reasonable and not unduly discriminatory rates be determined, particularly with regard to providing a level playing field?
5. If the determination of costs of service is to be deferred to F23RRA, should this proceeding be adjourned until that time, or is the requirement of s 18(2) of the CEA otherwise met?

Thank you.

Sincerely,

Douglas Smith

Douglas Smith, Barrister & Solicitor