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February 13, 2020

Mr. Patrick Wruck
Commission Secretary and Manager
Regulatory Support
British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC V6Z 2N3

Dear Mr. Wruck:

**RE: British Columbia Utilities Commission (BCUC or Commission)
British Columbia Hydro and Power Authority (BC Hydro)
Residential Inclining Block (RIB) Fiscal 2021 and Fiscal 2022 Rate Pricing
Principles Extension Application (the Application)**

BC Hydro writes to the BCUC, pursuant to sections 59 to 61 of the *Utilities Commission Act (UCA)*, to apply for approval to extend the current BCUC approved pricing principles for its RIB rate in Rate Schedule (RS) 1101 (Residential Service) and RS 1121 (Multiple Residential Service) to March 31, 2022 (end of fiscal 2022).

The BCUC approved the current RIB rate pricing principles for fiscal 2020 by Order No. G-214-18,¹ which uniformly applies the approved revenue requirements application (RRA) rate increases for each fiscal year to each pricing element of RS 1101 and RS 1121: the basic charge, the Step 1 energy rate, and the Step 2 energy rate. The current RIB rate pricing principles will expire on March 31, 2020.

BC Hydro seeks an order approving the proposed extension of the RIB rate pricing principles in RS 1101 and RS 1121 for fiscal 2021 and fiscal 2022 consistent with BCUC Order No. G-214-18. A draft order is included as Attachment 1.

1 Background

1.1 Description of the RIB Rate

The RIB rate under RS 1101 and RS 1121 applies to BC Hydro's residential customers in Rate Zone I. Of the 1.8 million BC Hydro residential rate class accounts in Fiscal 2019, 98 per cent were served under this rate. The RIB rate structure is a two-step inclining block rate with a basic charge, a Step 1 energy rate, and a Step 2

¹ <https://www.ordersdecisions.bcuc.com/bcuc/orders/en/349687/1/document.do>.

energy rate (i.e., the amount above the Step 1 energy rate). The consumption threshold between the Step 1 energy rate and the Step 2 energy rate is 1,350 kWh per two-month billing period (675 kWh per one-month billing period), which had been designed to be near 90 per cent of the median consumption of BC Hydro’s residential customers. The current Fiscal 2020 RIB rate pricing is set out in Table 1 below.

Table 1 Existing RIB Rates (Fiscal 2020)

RIB Rate as of April 1, 2019 (RS 1101, RS 1121)	Charge
Basic charge RS 1101: per day RS 1121: per dwelling, per day	20.90 ¢ per day
Step 1 energy rate RS 1101: first 1,350 kWh per two-month billing period (or first 675 kWh per one-month billing period) RS 1121: per dwelling, first 1,350 kWh per two-month billing period (or first 675 kWh per one-month billing period)	9.45 ¢ per kWh
Step 2 energy rate RS 1101: all additional consumption in the billing period RS 1121: per dwelling, all additional consumption in the billing period	14.17 ¢ per kWh

1.2 Brief RIB Rate History, the 2015 Rate Design Application (2015 RDA) and the RIB

The RIB rate was established in 2008 by BCUC Order No. G-124-08² in response to the 2007 Energy Plan's objective of encouraging additional electricity conservation.³ Since January 2011, all three components of the RIB rate has increased by the approved RRA through BCUC Order Nos. G-180-10,⁴ G-13-14,⁵ G-5-17⁶ and G-214-18¹.

In Order No. G-5-17,⁶ the BCUC approved BC Hydro's proposal in its 2015 RDA regarding the RIB rate pricing principles for Fiscal 2017 to Fiscal 2019. Specifically, the BCUC approved:

- Price increases should be applied equally to all three RIB pricing elements;
- The current basic charge should be maintained;
- There should be no minimum charge in addition to the basic charge; and
- The current Step 1/Step 2 thresholds are to be maintained.

1.3 Order No. G-214-18¹ and Extension of the RIB to End of Fiscal 2020

Order No. G-214-18¹ extended the RIB Rate Pricing Principles as established in Order No. G-5-17⁶ to March 31, 2020 (end of fiscal 2020). One of the reasons for the extension was to allow BC Hydro and its stakeholders to fully consider the outcomes of Phase 1 of the B.C. Government's 2018 Comprehensive Review of BC Hydro, which was considering BC Hydro's rates, prior to the next rate design application.

However, Phase 2 of B.C. Government's Comprehensive Review of BC Hydro has since commenced and includes consideration of BC Hydro's rates as well, as clearly stated in the terms of reference:⁷ "For each of these four areas of interest, the Expert Advisors will provide advice on opportunities for program and rate design, changes to BC Hydro's governance structure and regulatory framework, and other opportunities for improved

² http://www.b cuc.com/Documents/Proceedings/2008/DOC_19585_G-124-08_BCH_RIB.pdf.

³ https://www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/electricity-alternative-energy/bc_energy_plan_2007.pdf.

⁴ https://www.b cuc.com/Documents/Proceedings/2010/DOC_26531_G-180-10_BCH-F2011-Revenue-Requirements-Reasons-WEB.pdf.

⁵ https://www.b cuc.com/Documents/Proceedings/2014/DOC_40513_G-13-14-BCH-RIB-Rate-Re-Pricing-SRP-Reasons.pdf.

⁶ https://www.b cuc.com/Documents/Proceedings/2017/DOC_48618_01-20-2017_G-5-17_BCH-2015-RDA-Decision-WEB.pdf.

⁷ 2018 Comprehensive Review of BC Hydro Terms of Reference, Page 1, section "Context" https://www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/electricity-alternative-energy/electricity/bc-hydro-review/bch_review_phase_ii_tor_190716_public_clean.pdf.

organizational readiness to enhance BC Hydro’s financial and operational sustainability to keep rates affordable over the long term.”

2 Rationale for Approval Sought

There are two reasons for the extension request. Firstly, Phase 2 of the B.C. Government’s Comprehensive Review of BC Hydro is in progress and this process may result in outcomes that inform BC Hydro’s future rate designs. If so, it would be important to allow time for BC Hydro and its stakeholders to consider and discuss the conclusions and directions from Phase 2’s review in developing pricing principles for the next Residential Rate Design Application.

Secondly, rate stability is important for our customers and stakeholders. BC Hydro submits that during this period maintaining the current pricing principles will serve that purpose. Therefore, BC Hydro is requesting to extend the current pricing principles for two years, from April 1, 2020 to March 31, 2022. If approved, the general rate increases would be applied equally to all three RIB pricing elements (Step 1 energy rate; Step 2 energy rate; basic charge) as they currently are.

As a result, the following would apply during the requested two-year extension:

- The rate structure would remain stable and predictable;
- The pricing principles would remain the same, so there would be no bill impacts due to rate structures arising from the approval of this application;
- There would be no incremental administrative cost; and
- The RIB rate would remain revenue neutral within the residential rate class.

3 Regulatory Process

Since there are no customer impacts from this application, BC Hydro recommends that there be no regulatory process, consistent with the approach taken by the BCUC in approving BC Hydro’s Residential Inclining Block Rate Pricing Principles Extension Application by Order No. G-214-18 on November 9, 2018. Given that the approval of the current pricing principles for the Residential Inclining Block Rate expires on March 31, 2020, BC Hydro respectfully requests that the BCUC approve this application before that date.

February 13, 2020
Mr. Patrick Wruck
Commission Secretary and Manager
Regulatory Support
British Columbia Utilities Commission
Residential Inclining Block (RIB) Fiscal 2021 and Fiscal 2022 Rate Pricing Principles
Extension Application (the Application)

For further information, please contact Anthea Jubb at 604-623-3545 or by email at bchydroregulatorygroup@bchydro.com.

Yours sincerely,



Fred James
Chief Regulatory Officer

pm/ma

Enclosure

Copy to: **BCOAPO**
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ORDER NUMBER

G-xx-xx

IN THE MATTER OF

the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

British Columbia Hydro and Power Authority (BC Hydro)
Residential Inclining Block (RIB) Fiscal 2021 and Fiscal 2022
Rate Pricing Principles Extension Application

BEFORE:

Commissioner
Commissioner
Commissioner

on Date

ORDER

WHEREAS:

- A. British Columbia Hydro and Power Authority (BC Hydro) filed the 2015 Rate Design Application (RDA) on September 24, 2015, pursuant to sections 58 to 61 of the *Utilities Commission Act* (UCA);
- B. By Order G-5-17 dated January 20, 2017, the Commission approved BC Hydro's proposal on the RIB rate pricing principles of uniformly increasing the three components of the RIB rate (basic charge, Step 1 energy rate, and Step 2 energy rate) by the amount of the approved Revenue Requirements Application (RRA) rate increases for fiscal 2017 to fiscal 2019 in Rate Schedule (RS) 1101 and RS 1121, with an effective date of April 1, 2016 and an expiry date of March 31, 2019;
- C. On October 4, 2018, BC Hydro, pursuant to sections 59 to 61 of the UCA, applied to extend the current approved pricing principles for RS 1101 and RS 1121 for one year. The extension allowed the RIB rate pricing principles to continue pending the outcome of several processes as identified in the Residential Inclining Block Rate Pricing Principles Extension Application that will inform BC Hydro's next residential rate pricing application.
- D. By order G-214-18 dated November 8, 2018, the Commission approved BC Hydro's extension request application on the RIB rate pricing principles for fiscal 2020 with an expiry date of March 31, 2020.
- E. On February 13, 2020 BC Hydro, pursuant to sections 59 to 61 of the UCA, applied to extend the current approved pricing principles for RS 1101 and RS 1121 for fiscal 2021 and fiscal 2022 with an expiry date of March 31, 2022 (Application). The extension will provide rate stability to residential customers while B.C. Government's Phase 2 of the 2018 Comprehensive Review of BC Hydro is in progress, where its terms of

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reference includes consideration of BC Hydro's rates. The outcomes of this process may inform BC Hydro's next residential rate pricing application.

F. The Commission has reviewed the Application and finds approval of the Application is warranted.

NOW THEREFORE the Commission, pursuant to sections 59 to 61 of the *Utilities Commission Act*, orders as follows:

1. The extension to the RIB rate pricing principles as previously approved by the Commission in Order G-214-18 and described in BC Hydro's Application dated February 13, 2020, is approved with an effective date of April 1, 2020 and an expiry date of March 31, 2022.

DATED at the City of Vancouver, in the Province of British Columbia, this (XX) day of (Month Year).

BY ORDER

(X. X. last name)
Commissioner

Attachment Options

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