

Fred James

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November 4, 2019

BC Hydro Fiscal 2020 to Fiscal 2021 Revenue Requirements Application Interveners

Dear Sirs and Madams:

**RE: Project No. 1598990
British Columbia Utilities Commission (BCUC or Commission)
British Columbia Hydro and Power Authority (BC Hydro)
Fiscal 2020 to Fiscal 2021 Revenue Requirements Application (the
Application)**

By Order No. G-218-19, the BCUC set the date of the Procedural Conference for the Application to the afternoon of November 22, 2019 and directed BC Hydro and interveners to provide submissions that identify items to be excluded from the scope of the oral hearing, including the rationale for such exclusion.

To help facilitate this process, BC Hydro has prepared a list of topics covered in the proceeding, together with BC Hydro's preliminary assessment of whether the issue should be excluded from the scope of the Oral Hearing. For context, BC Hydro has also provided the approximate number of information requests received on each topic to date. This list is provided as Attachment 1.

The spirit of this proposal is to ensure a fair and efficient hearing for all parties. The in-scope matters defined in Attachment 1 encompass a significant portion of the evidence on record. BC Hydro's approach at the hearing about matters related to scoping will be pragmatic, rather than dogmatic.

We would appreciate you taking the time to consider this list and indicate your position on whether each topic should be included or excluded from the scope of the oral hearing. After considering your feedback, BC Hydro plans to submit a proposal to the BCUC in advance of the November 22, 2019 Procedural Conference. To facilitate the BCUC's review, we will include reference to your preliminary assessment.

If you have any questions or if you would like to discuss the list of topics further, please contact Chris Sandve at 604-974-4641 or by email at bchydroregulatorygroup@bchydro.com.

Yours sincerely,



(for) Fred James
Chief Regulatory Officer

cs/rh

Enclosure

Copy to: **Mr. Patrick Wruck**
Commission Secretary and Manager
British Columbia Utilities Commission
commission.secretary@bcuc.com

Topic / Sub-Topic	IRs Received	BC Hydro's Initial Proposal	Intervener Position
General			
Corporate Goals and Objectives (Appendix E)	~40	Include	
Hydro Quebec Survey (Appendix V)	~15	Include	
Organizational Structure (Appendices R, S)	~20	Include	
Evidentiary Update and Implementation of Rates	~45	Include	
Legal Framework (Chapter 2, Appendix D)	~30	Remove. Legal questions should be addressed in final submissions, not by witnesses. IRs focused on clarifications.	
Rate Design	~35	Remove. Outside the scope of the Application.	
Safety Performance Metrics	~55	Remove. Issue has been well-canvassed in IRs.	
Net Metering	< 5	Remove. Outside the scope of the Application. There is an ongoing application related to Net Metering.	
Load and Revenue Forecast (Chapter 3, Appendices O, P, Q)			
Load Forecast	~360	Include	
Energy Planning (i.e., load resource balance, long-run marginal cost, etc.)	~70	Remove. Issue is better discussed as part of BC Hydro's 2021 Integrated Resource Plan.	
Cost of Energy (Chapter 4, Appendix DD)			
Energy Studies and System Operation	~310	Include	

Topic / Sub-Topic	IRs Received	BC Hydro's Initial Proposal	Intervener Position
Independent Power Producers	~240	Remove. Vast majority of forecast costs relate to existing contractual commitments (see Figure 4-2, p. 4-32 of the Application). BC Hydro does not have any active energy procurement programs. Renewal of Electricity Purchase Agreements is either subject to Government Direction (Biomass Energy Program) or will be reviewed through a separate section 71 proceeding.	
Operating Costs (Chapter 5)			
Overall Operating Costs, Budgeting Process, Work Smart Program	~175	Include	
Labour Costs (Full Time Equivalents, Compensation, Vacancy Factor Savings, Workforce Optimization Program)	~250	Include	
Maintenance	~95	Include	
Benchmarking / Metrics – General	~25	Include	
Comparison – Canadian Utilities (Appendix U)	~20	Include	
Accenture Repatriation	~55	Remove. Whether BC Hydro should have repatriated the services provided by Accenture does not appear to be in dispute. Implementation details do not appear to be in dispute.	
Benchmarking – The Brattle Group (Appendix T)	~15	Remove. IRs focused on data collection and clarifications which have been provided. There would be considerable expense associated with The Brattle Group preparing and attending the hearing, which is not warranted given the number and nature of the IRs.	

Topic / Sub-Topic	IRs Received	BC Hydro's Initial Proposal	Intervener Position
Business Group Integrated Planning (Chapter 5A) <ul style="list-style-type: none"> • General • KBU – Dam Safety • KBU – Energy Planning and Analytics • KBU – Engineering • KBU – Interconnections and Shared Assets • KBU – Line Asset Planning • KBU – Stations Asset Planning 	~30 < 5 < 10 < 5 < 5 < 10 < 5	Remove. Significant information provided in the Application for each Key Business Unit (KBU) in the Business Group. Relatively low number of IRs received, often focused on clarification.	
Business Group Capital Infrastructure Project Delivery (Chapter 5B) <ul style="list-style-type: none"> • General • KBU – Environment • KBU – Indigenous Relations • KBU – Project Delivery • KBU - Properties 	~5 < 5 < 15 ~5 < 5	Remove. Significant information provided in the Application for each KBU in the Business Group. Relatively low number of IRs received, often focused on clarification.	

Topic / Sub-Topic	IRs Received	BC Hydro's Initial Proposal	Intervener Position
Business Group Operations (Chapter 5C) <ul style="list-style-type: none"> • General • KBU – Construction Services • KBU – Distribution Design / Customer Connections • KBU – Generation System Operations • KBU – Line Field Operations • KBU – Program and Contract Management • KBU – Stations Field Operations • KBU – T&D System Operations 	<ul style="list-style-type: none"> < 5 < 5 < 5 < 5 < 5 < 5 < 10 < 15 	Remove. Significant granular information provided in the Application for each KBU in the Business Group. Relatively low number of IRs received, often focused on clarification.	
Business Group Safety (Chapter 5D) <ul style="list-style-type: none"> • General • KBU – Field Safety Services • KBU – Learning and Development • KBU – Safety System and Assurance • KBU – Security and Emergency Management 	<ul style="list-style-type: none"> < 5 < 5 < 10 < 5 < 5 	Remove. Significant granular information provided in the Application for every Key Business Unit (KBU) in the Business Group. Relatively low number of IRs received, often focused on clarification. IRs diminished significantly in round 2.	

Topic / Sub-Topic	IRs Received	BC Hydro's Initial Proposal	Intervener Position
Business Group Finance, Technology, Supply Chain (Chapter 5E) <ul style="list-style-type: none"> General Internal Audit KBU – Finance KBU – Technology KBU – Supply Chain 	<ul style="list-style-type: none"> < 5 < 10 < 5 < 10 < 15 	Remove. Significant granular information provided in the Application for every Key Business Unit (KBU) in the Business Group. Relatively low number of IRs received, often focused on clarification. IRs diminished significantly in round 2.	
Business Group People, Customer, Corporate Affairs (Chapter 5F) <ul style="list-style-type: none"> General KBU – Conservation and Energy Management KBU – Communications KBU – Customer Service KBU – Human Resources KBU – Power Acquisitions and Contract Management KBU – Regulatory and Rates KBU – General Counsel KBU – President's Office 	<ul style="list-style-type: none"> < 5 < 5 < 5 ~30 ~20 < 5 < 5 < 5 < 5 	Remove. Significant granular information provided in the Application for every Key Business Unit (KBU) in the Business Group. Relatively low number of IRs received, often focused on clarification. IRs diminished significantly in round 2.	
Capital Expenditures (Chapter 6, Appendices F, H, K, M, N, W)			
Capital Planning	~125	Include	

Topic / Sub-Topic	IRs Received	BC Hydro's Initial Proposal	Intervener Position
Capital Expenditures – Generation (General)	10	Include	
Capital Expenditures – Transmission and Distribution (General)	~50	Include	
Capital Variances - General (Appendix G)	~40	Include	
Cybersecurity and Mandatory Reliability Standards	~60	Include (However, some testimony may need to be provided <i>in camera</i> due to the confidential/sensitive nature of these issues)	
Project Delivery	~30	Include	
Project Write-Offs	~15	Include	
Capital Expenditures – Dam Safety (General)	< 5	Remove. Information provided in Application, and low number of IRs received.	
Electric Vehicle Charging Infrastructure	~45	Remove. Issue has been well-canvassed in IRs and does not appear to be in dispute. BCUC has a separate proceeding with regards to Electric Vehicles and the role of BC Hydro.	
Technology Capital – General (Appendix L)	~35	Remove. Aside from cybersecurity issues (included above), relatively low number of IRs received.	

Topic / Sub-Topic	IRs Received	BC Hydro's Initial Proposal	Intervener Position
Individual Projects (Appendices I, J)	Total for all projects in Appendix J ~200 Aside from Site C (~45 IRs), projects related to LNG Canada and the Northwest substation (~30 IRs) and the Peace Region Electricity Supply Project (~30 IRs), no individual project received more than 20 IRs. The vast majority received between 0 and 10 IRs.	Include. BC Hydro is open to including specific projects. Given the number of these projects, BC Hydro is asking that parties identify specific projects that they intend to pursue at the oral hearing. This will help BC Hydro ensure that the right people are better equipped to speak to projects of greatest interest. Please note that <ul style="list-style-type: none"> Some projects in Appendix J are exempt;¹ Cost recovery for projects in-service prior to April 1, 2016 is directed under s.4 of Direction 8;² Some projects in Appendices I and J don't affect the test period;³ and Some projects in Appendix J are/will be the subject of other CPCN or s.44.2 proceedings.⁴ 	
Regulatory Accounts (Chapter 7)			
Regulatory Accounts – General	~35	Include	
Cost of Energy Variance Accounts / Trade Income	~135	Include	

¹ E.g., LNG Canada / Northwest Substation related projects are exempt under *Transmission Upgrade Exemption Regulation*

² E.g. Interior to Lower Mainland project was completed in 2016.

³ E.g. Revelstoke Unit 6. Site C project execution has no impact on the test period revenue requirements.

⁴ E.g.: 2017 Waneta transaction was reviewed through a separate proceeding. Peace to Kelly Lake Capacitors Project will be the subject of a separate CPCN proceeding

Topic / Sub-Topic	IRs Received	BC Hydro's Initial Proposal	Intervener Position
Finance Charges / Debt Management Regulatory Account	~65	Include	
Dismantling Costs Regulatory Account	< 10	Include	
Demand Side Management Regulatory Account	~35	Include	
Pension Costs / Non-Current Pension Costs Regulatory Account	~25	Include	
Property Sales / Real Property Sales Regulatory Account	~15	Include	
Rate Smoothing Regulatory Account	~35	Include	
Storm Restoration Costs / Storm Restoration Costs Regulatory Account	~30	Include	
All Other Regulatory Accounts	~10	Include	
Other Revenue Requirements (Chapter 8)			
Accounting Policy, Implementation of IFRS	~95	Remove. IRs primarily focused on data collection and clarifications.	
Depreciation	~50	Remove. IRs primarily focused on data collection and clarifications.	
Net Income	~15	Remove. Set by Direction No. 8 for the Test Period. Allowed Net Income for Fiscal 2022 and beyond will be the subject of a separate proceeding.	
Taxes	~10	Remove. Taxes are an uncontrollable cost for BC Hydro.	
Transmission Revenue Requirement (Chapter 9)	~60	Remove. IRs primarily focused on data collection and clarifications.	

Topic / Sub-Topic	IRs Received	BC Hydro's Initial Proposal	Intervener Position
Demand Side Management (Chapter 10, Appendices X, Y, Z, AA, BB, CC, DD)	~450	Remove. Issue has been well-canvassed in IRs. Key issues (DSM moderation strategy, prioritization between sectors) are well understood and consistent with the BCUC's Decision on the Previous Application. DSM will be explored further in the 2021 IRP.	
Performance Based Regulation (Chapter 11, Appendices FF, GG)	~65	Already scoped out. Separate proceeding established by BCUC Order No. G-245-19.	