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May 6, 2021

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: Project No. 1599147
British Columbia Utilities Commission (BCUC or Commission)
British Columbia Hydro and Power Authority (BC Hydro)
2020 Street Lighting Rate Application (the Application)

Enclosed for filing is BC Hydro's Final Argument in the above-noted proceeding.

Yours sincerely,



Chris Sandve
Chief Regulatory Officer

ch/rh

Enclosure

BC Hydro 2020 Street Lighting Rate Application

British Columbia Hydro and Power Authority's Final Argument

May 6, 2021

Table of Contents

1	Introduction	1
2	Background and Overview	2
3	Relief Requested by BC Hydro Ought to be Granted	5
3.1	RS 1701 Amendments	6
3.2	RS 1755 Related Approvals	15
3.3	Electric Tariff Amendments – Unmetered Service	21
3.4	Electric Tariff Amendments – Mixed Use Loads and Housekeeping	24
4	BCUC Requested Submissions	26
5	Conclusion	29

1 Introduction

1. This is BC Hydro's Final Argument in respect of BC Hydro's 2020 Street Lighting Rate Application (**Application**) filed with the British Columbia Utilities Commission (**BCUC** or **Commission**) pursuant to sections 59 to 61 and section 63 of the *Utilities Commission Act* (**UCA**) and BCUC Order No. G-119-21. Capitalized terms in this Final Argument have the meanings given to them in the Application, unless otherwise defined.
2. BC Hydro has (i) requested changes to its Electric Tariff Terms and Conditions (**Electric Tariff**) to enable BC Hydro to undertake its Street Lighting Replacement Program as required by the Federal PCB Regulation¹ and to make improvements to the rates, terms and conditions applicable to its street lighting programs generally; (ii) requested changes to its Electric Tariff to address other related amendments with respect to unmetered services, mixed use services and other housekeeping amendments; and (iii) sought consent to rescind its Rate Schedule (**RS**) 1755 private lighting service and to waive certain Service Connection Charges if certain eligible RS 1755 customers choose to migrate to private lighting service under RS 1701.²
3. For the reasons discussed below, BC Hydro submits that the BCUC should approve the relief sought by BC Hydro hereunder as the changes proposed to BC Hydro Street Lighting program overall satisfy the legal test of being "fair, just and not unduly discriminatory".
4. This Final Argument is organized as follows:
 - (a) Part I provides this introduction;

¹ Canadian PCB Regulations (SOR/2008-278) issued pursuant to the *Canadian Environmental Protection Act*, a copy of which can be viewed at the following link: <https://laws-lois.justice.gc.ca/eng/regulations/SOR-2008-273/index.html>

² This assumes the Commission approves BC Hydro's proposed amendments to allow for private lighting service under RS 1701.

- (b) Part II provides background and overview for the Application;
- (c) Part III provides an overview and assessment of each of the components of the relief sought in this Application and comments provided;
- (d) Section 4 responds to the specific questions posed by the Commission in BCUC Order No. G-119-21; and
- (e) Section 5 is the conclusion.

2 Background and Overview

5. On November 13, 2020, BC Hydro filed its Application³ seeking BCUC approval of the following:
 - (a) Approval of proposed amendments to RS 1701 – Overhead Street Lighting, to allow for the provision of this service by way of Light Emitting Diode (**LED**) Street Lights on an interim and final basis;
 - (b) Consent to rescind RS 1755 – Private Outdoor Lighting, and approval of amendments to RS 1755 to facilitate the termination of this service following consent for rescission being provided;
 - (c) Consent to waive Service Connection Charges for Group 1 and Group 3 RS 1755 customers who request a new service for their private lights under RS 1701; and
 - (d) Approval of amendments to BC Hydro's Electric Tariff, specifically in the street lighting and small general service (**SGS**) rate schedules related to the under and over-billing of unmetered accounts, service of mixed use loads, as well as housekeeping amendments.
6. On November 30, 2020 by way of BCUC Order No. G-302-20, the BCUC approved the RS 1701 rates on an interim, refundable and collectible basis

³ Exhibit B-1.

effective as of December 1, 2020, as well as amendments to RS 1701 on an interim, refundable and collectable basis to reflect the inclusion of LED lighting fixtures, that High Pressure Sodium (**HPS**) fixtures are no longer available for new installations, and to remove the reference to lamps since LED luminaires do not contain lamps.⁴

7. BCUC Order No. G-302-20 also established a regulatory timetable to allow for one round of BCUC and intervener information requests (**IRs**) and soliciting letters of comment from interested parties and stakeholders.
8. Fourteen interveners registered in the proceeding including:
 - BC Sustainable Energy Association (**BCSEA**);
 - Kwadacha Nation and Tse Key Dene Nation, together the Zone II Ratepayers Group (**Zone II RPG**);
 - District of Lillooet;
 - Corporation of the Village of Ashcroft;
 - Manufactured Home Park Owners Alliance of BC (**MHPOACB**);
 - Larry Hill;
 - City of North Vancouver;
 - British Columbia Agriculture Council (**BCAC**);
 - British Columbia Old Age Pensioners et al (**BCOAPO**);
 - Commercial Energy Consumers Association of BC (**CEC**);
 - City of Surrey (**Surrey**);
 - City of Vernon (**Vernon**);

⁴ Exhibit A-2.

- Residential Consumer Intervener Group; and
 - City of Kamloops.
9. On February 4, 2021, BC Hydro filed its public and confidential responses to the first round of the BCUC and intervener IRs as well as certain errata revisions to the Application.⁵
10. On February 12, 2021 by way of BCUC Order No. G-43-21, the BCUC amended the regulatory timetable to allow for second round of Commission and intervener IRs and approved BC Hydro to charge RS 1701 customers an interim Supplemental Charge of \$2.06 per month per Street Light, on a refundable or collectable basis, effective May 1, 2021 to recover the undepreciated value of existing HPS and Mercury Vapour (**MV**) street lights that are removed before the end of their service life.⁶
11. On April 1, 2021, BC Hydro filed its public and confidential responses to Commission and intervener IRs as well as revisions to IR responses previously filed.⁷
12. On April 22, 2021 by way of BCUC Order No. G-119-21, the BCUC further amended the regulatory timetable to establish a process for arguments to be filed.⁸
13. Thirteen interested parties registered in this process⁹ and six letters of comment were filed with the Commission by those interested parties.

⁵ Exhibits B-4, B-4-1, B-5, B-5-1 and B-1-1.

⁶ Exhibit A-5.

⁷ Exhibits B-6, B-7 and B-5-2.

⁸ Exhibit A-7.

⁹ The 13 interested parties included L. Youden (Exhibit D-1), J. Hurd (Exhibit D-2), FortisBC Inc. (Exhibit D-3); W. Biffert (Exhibit D-4), Crystal River Court Ltd. (Exhibit D-5), Alouette River Mobile Home Park (Exhibit D-6); MHPOABC (Exhibit D-7); City of Burnaby (Exhibit D-8); City of Langley (Exhibit D-10); Ron Assaf (Exhibit D-11); Trent Reid (Exhibit D-12); Stan Verran (Exhibit D-13); and Southern Interior Local Government Association (Exhibit D-14).

Additionally, 28 letters of comments were filed by other parties which broadly address the following issues:

- The cost increases and decreases included in designing the RS 1701 rates;
- The Supplemental Charge meant to recover the undepreciated value of the Street Lights removed before their end of life as part of the Replacement Program;
- The Early Removal Fee for RS 1701 customers who request or cause the removal of the new Street Lights before they are fully depreciated;
- The rescission of the RS 1755 private Street Lighting service; and
- The amendments to the under-billing and over-billing provision contained in the Electric Tariff.

3 Relief Requested by BC Hydro Ought to be Granted

14. BC Hydro has addressed each area of its requested relief below in turn, including: (i) approval of amendments to RS 1701 required in connection with the Replacement Program and to clarify the RS 1701 special conditions; (ii) consent to rescind RS 1755; (iii) amendments to RS 1755 arising from the future termination of this service following rescission; (iv) consent to waive Service Connection Charges for those RS 1755 customers who are eligible to migrate to RS 1701 and who choose to do so; and (v) approval of other amendments to BC Hydro's Electric Tariff in respect of unmetered service, mixed use loads and other housekeeping changes:

3.1 RS 1701 Amendments

Overview of Amendments

15. BC Hydro has sought approval from the BCUC of amendments to RS 1701 on a final basis. These amendments include new rates for LED lighting, a new Supplemental Charge to recover BC Hydro's undepreciated value of the Street Lighting assets being removed as well as a number of changes to the terms and conditions of RS 1701. These amendments are discussed in detail in the Application in sections 3, 4 and 5.
16. BC Hydro is required to remove or replace all light ballasts that were in-use on September 5, 2008 and that contain PCBs in a concentration of 50 mg/kg or more by December 31, 2025 as required by the Federal PCB Regulation. As a result, BC Hydro has put forward a plan to replace all existing HPS and MV Street Lights with LED lights to meet this timeline – i.e. its Replacement Program as defined and discussed in the Application.
17. While BC Hydro has flexibility in determining how to execute the Replacement Program, it undertook a detailed evaluation of options for completion of the Replacement Program and has moved forward with the preferred approach for the Replacement Program as described in the Application.¹⁰ BC Hydro respectfully submits that the need to complete the Replacement Program is clear as BC Hydro needs to be compliant with the PCB Regulation. Further, BC Hydro is not requesting any approvals with respect to how it is specifically undertaking the Replacement Program in this application.
18. BC Hydro has designed the RS 1701 rates so as to fully allocate the expected costs and benefits of the Replacement Program to the RS 1701 rate class. BC Hydro used marginal cost analysis, adjusting the total revenue from RS 1701 by the amount of any increases or decreases in costs due to the

¹⁰ Refer to section 4 of the Application.

Replacement Program. Cost increases arise from the amortization of one-time Replacement Program capital and installation costs. Savings arise from reduced maintenance and electricity savings. Rates and pricing were then calculated by allocating the updated revenue estimate to the different LED wattage group based on their different capital costs and electricity usage.

19. In addition to the rates allocated to each wattage class of Street Lights, BC Hydro has proposed the Supplemental Charge to apply during the Replacement Program installation period. This temporary Supplemental Charge is proposed to end when costs are fully recovered, currently planned to end March 31, 2024.¹¹
20. Finally, BC Hydro has proposed a number of changes to the terms and conditions set out in RS 1701 as follows:
 - (a) **Early Removal Fee** – These amendments allow BC Hydro to recover the undepreciated value and removal costs when customers request the removal of LED Street Lights before they are fully depreciated for any reason.¹² The current provision in RS 1701 only allows BC Hydro to recover this cost if the Street Light is to be replaced with a different Street Light;
 - (b) **Illumination of Private Property** – These amendments allow for the illumination of private property where the light is mounted on a pole that is on public property or mounted on a pole that is on non-public property, under certain conditions. While these changes are not limited to eligible RS 1755 customers who transition their service to RS 1701, these

¹¹ Refer to section 5.2.2 of the Application and BC Hydro's response to BCUC IR 1.7.2 (Exhibit B-4) that discusses the Supplemental Charge.

¹² Refer to section 5.4.3 of the Application as well as BC Hydro's response to BCSEA IR 1.5.1 (Exhibit B-5) for a further discussion of the rationale for the Early Removal Fee. Please also refer to BCSEA IR 1.5.3 (Exhibit B-5) and BCUC IRs 2.20.5 and 2.38.1 (Exhibit B-6) for clarification that the Early Removal Fee will not apply during the deployment period of the Replacement Program and to City of Surrey IRs 2.1.1.1.1, 2.1.2 and 2.1.5 (Exhibit B-7) for further details about how the Early Removal Fee will be applied.

changes do enable applicable RS 1755 Group 2 Street Lights (defined below) – i.e., where a Street Light used to illuminate private property that is mounted on a pole that is on public property, or an easement, and is part of BC Hydro's distribution system – to elect to continue to illuminate their private property under RS 1701;¹³

- (c) **Unsuitable Poles** - BC Hydro has proposed amendments to include language to specify BC Hydro's right to terminate its RS 1701 service when the pole upon which the Street Light is located is no longer suitable for the RS 1701 service. BC Hydro also proposes a new Special Condition to specify that BC Hydro reserves the sole right to determine whether or not a Street Light will be installed on a pole that is part of BC Hydro's distribution system and located on public property;
- (d) **Vegetation Maintenance** - BC Hydro has proposed an amendment to clarify that while BC Hydro undertakes vegetation maintenance as required to manage its distribution system, it is not responsible for vegetation maintenance around the Street Light that is required for illumination purposes; and
- (e) **Light Selection** – BC Hydro has proposed an amendment to clarify that while BC Hydro installs and maintains the Street Lighting fixtures, it is not responsible for the lighting fixture selection.

21. Letters of comment were received which raised concerns on a number of points in regard to the proposed RS 1701 rate which are discussed in turn below:

¹³ Refer to section 5.4.1 of the Application.

- (a) **Supplemental Charge** – Some of the letters of comment were advocating for the rejection of the Supplemental Charge due to cost impact and fairness issues¹⁴ or advocating that only those areas of the Province with assets that are not fully depreciated being charged the Supplemental Charge¹⁵. BC Hydro submits that the Supplemental Charge is fair, just and not unduly discriminatory for the following reasons:
- (i) BC Hydro allocated the Supplemental Charge to RS 1701 customers because these costs are being incurred solely for the benefit of RS 1701 customers. Absent a customer request to have BC Hydro Street Lighting service in a specified location, BC Hydro would not be providing this service or incurring these costs as it is an alternative provided by BC Hydro to customers who would otherwise have to install their own street lighting;
 - (ii) In its response to BCUC IR 1.7.4, BC Hydro confirmed that it does not maintain information for individual Street Lights. As a result, BC Hydro has assumed a postage stamp rate based on the average undepreciated value of all BC Hydro owned Street Lights.¹⁶ As a result, if the Supplemental Charge applies, it must apply to all Street Lights served under RS 1701; and
 - (iii) While other utilities in Canada have adopted different approaches to recovering the undepreciated value of the removal of Street Light assets, BC Hydro continues to believe that allocation of the

¹⁴ Cariboo Regional District and Member Municipalities (Exhibit E-6); City of Williams Lake (Exhibit E-7); Township of Langley (Exhibit E-9); C. Oakes MLA (Exhibit E-12); District of Clearwater (Exhibit E-13); City of Enderby (Exhibit E-14); North Coast Regional Districts (Exhibit E-15); City of Prince George (Exhibit E-19); District of Logan Lake (Exhibit E-21); Village of Burns Lake (Exhibit E-22); Town of Golden (Exhibit E-23); Village of Port Alice (Exhibit E-25); District of Elkford (Exhibit E-26); Northern Rockies Regional Municipality (Exhibit E-27); Village of Chase (Exhibit E-28); Village of Harrison Hot Springs (Exhibit E-29); Village of Massett (Exhibit E-30); City of Campbell River (Exhibit E-31); District of Kitimat (Exhibit E-32).

¹⁵ City of Burnaby (Exhibit D-8-1); City of Langley (Exhibit D-10-1); Regional District of Mount Waddington (Exhibit E-20).

¹⁶ BC Hydro's response to BCUC IR 1.7.4 (Exhibit B-4) and CEC IR 1.9.1.1 (Exhibit B-7).

Supplemental Charge to RS 1701 customers is fair, just and not unduly discriminatory even when assessed against the Bonbright Criteria (defined below) as further discussed below.¹⁷

- (b) **Costs Included in Rates** – Some of the letters of comment were objecting to any increases in BC Hydro's Street Lighting rates¹⁸ and questioning whether the cost increases and decreases assessed by BC Hydro in determining the Street Lighting rates are appropriate, including commenting on whether BC Hydro has underestimated its maintenance savings or incorrectly relied on historical maintenance budgets in determining savings (vs. inclusion of actual maintenance costs);¹⁹ on the fairness of the inclusion of BC Hydro's capital costs incurred to meet legislated PCB obligations in rates,²⁰ whether BC Hydro's estimate of the savings from the decreased consumption by LED lights is appropriate²¹, and whether BC Hydro's rate reduction of 3 per cent to reflect LED lights is too conservative.²² BC Hydro believes that its cost increases and decreases shown in the RS 1701 rate are fair, just and not unduly discriminatory and BC Hydro continues to recommend its rate design approach for the following reasons:

¹⁷ BC Hydro's response to BCUC IR 1.7.5 (Exhibit B-4), BCUC IRs 2.30.5, 2.30.5.1, 2.30.6 (Exhibit B-6) and BCOAPO IR 2.11.2 (Exhibit B-7)

¹⁸ Cariboo Regional District and Member Municipalities (Exhibit E-6); District of Clearwater (Exhibit E-13); City of Enderby (Exhibit E-14); North Coast Regional Districts (Exhibit E-15); J. Beardsley (Exhibit E-18); City of Prince George (Exhibit E-19); Village of Chase (Exhibit E-28); Village of Harrison Hot Springs (Exhibit E-29).

¹⁹ City of Burnaby (Exhibit D-8-1); City of Langley (Exhibit D-10-1); Township of Langley (Exhibit E-9).

²⁰ Municipality of North Cowichan (Exhibit E-16); City of Prince George (Exhibit E-19); Burns Lake (Exhibit E-22); Corporation of the Village of McBride (Exhibit E-24); District of Elkford (Exhibit E-26); Northern Rockies Regional Municipality (Exhibit E-27); Village of Chase (Exhibit E-28); Village of Harrison Hot Springs (Exhibit E-29).

²¹ City of Williams Lake (Exhibit E-7); Township of Langley (Exhibit E-9); Village of Port Alice (Exhibit E-25).

²² Township of Langley (Exhibit E-9).

- (i) BC Hydro has included a reasonable estimate of all cost increases and decreases it identified that were attributable to the Replacement Program. BC Hydro responded to detailed IRs from the Commission and interveners with respect to the costs included in the RS 1701, including providing detailed information with respect to the calculation of the rates, jurisdictional analysis performed and considered alternatives to the cost allocation;²³
- (ii) BC Hydro has used marginal cost analysis to design the RS 1701 rate with the goal of containing the financial cost and savings of the Replacement Program to RS 1701 customers without impacting other ratepayers. BC Hydro has demonstrated that this approach, even when compared with an embedded cost approach, is appropriate;²⁴
- (iii) BC Hydro conducted sensitivity analysis with respect to its Implementation Plan, maintenance cost savings and capacity savings to support and test its recommendations; and²⁵
- (iv) Similar to the comment made in respect of the Supplemental Charge, BC Hydro provides its Street Lighting service as an alternative to customers who would otherwise need to install their own lighting and so the most direct benefit is to these customers. As a result, it is just,

²³ As an indicator of the number of IRs responded to on the various cost elements of BC Hydro's rates, please see BC Hydro's responses to the most relevant IRs which include: BCUC IRs 1.3.8, 1.4.5, 1.5.2.1, 1.7.1, 1.7.2, 1.7.3, 1.7.6, 1.8.1, 1.8.2, 1.8.3, 1.8.4, 1.8.5, 1.8.6, 1.8.7, 1.8.8, 1.8.9, 1.8.10, 1.8.11, 1.8.12, 1.8.13, 1.9.2, 1.9.2.1 (Exhibit B-4) and 2.19.5.4.1, 2.19.7, 2.20.2, 2.23.1, 2.23.2, 2.23.2.1, 2.23.4, 2.23.7, 2.24.1, 2.25.1, 2.25.4.1, 2.25.4.2, 2.26.2, 2.27.1, 2.27.4, 2.27.5, 2.27.8, 2.27.9, 2.28.1, 2.31.2, (Exhibit B-6); BC Hydro's responses to BCOAPO IRs 1.8.3, 1.8.4, 1.9.1, 1.9.2, 1.9.3, 1.9.4.1, 1.9.4.2, 1.9.5.1, 1.10.3, 1.10.3.1, 1.10.4, 1.11.1, 1.11.3, 1.11.4, 1.11.4.2, 1.11.4.3, 1.12.2, 1.12.3, 1.13.2, 1.14.1, 1.14.1.1, 1.14.2, 1.14.3, 1.14.4, 1.14.5 (Exhibit B-5) and 2.23.3, 2.24.3, 2.2.1, 2.25.2, 2.26.2, 2.29.2.1, 2.29.4, 2.30.1, 2.31.1, (Exhibit B-7); CEC IRs 1.4.2, 1.6.2.1, 1.9.2 (Exhibit B-5), City of Surrey IRs 1.1.1.1, 1.4.4 (Exhibit B-5), Zone II RPG IRs 1.6.1.1.3, 1.7.1, 1.7.1.1, 1.7.1.2, 1.7.4 (Exhibit B-5); City of Vernon IRs 2.3.2 and 2.4.1 (Exhibit B-7) and Zone II RPG IR 2.7.4 (Exhibit B-7).

²⁴ BC Hydro's response to BCUC IR 2.30.12 (Exhibit B-6).

²⁵ BC Hydro's response to BCUC IR 1.8.8 (Exhibit B-4) and Zone II RPG IR 2.3.2 (Exhibit B-7).

fair and not unduly discriminatory to allocate these costs to these customers.

- (c) **Early Removal Fee** – Finally some of the letters of comment were advocating for the rejection or reduction of the Early Removal Fee proposed by BC Hydro when a customer requests the removal of a new LED light before its end of life on the basis that the asset can be reused elsewhere or, in the alternative, to allow for the asset to be transferred to the customer.²⁶ BC Hydro submits that the Early Removal Fee is just, fair and not unduly discriminatory and that neither reuse nor transfer of the lights is appropriate as follows:
- (i) BC Hydro addressed in detail in its IR responses why reuse of removed lights was not practical and why BC Hydro cannot transfer used Street Lights to customers;²⁷ and
 - (ii) BC Hydro does not believe it is fair for ratepayers to bear the risk of the undepreciated value of removed Street Lights and removal costs either as a result of a customer request or termination of service.²⁸ During the Replacement Program, customers may consider whether they wish to continue to have BC Hydro Street Lighting service under RS 1701 prior to requesting the new LED Street Lights to be installed and in light of this Special Condition so as to avoid any impact from this change.

22. BC Hydro acknowledges that the revenue-cost ratio for the RS 1701 is not at unity. As set out in section 58.1(7) of the UCA, the Commission may not set rates for BC Hydro for the purpose of changing the revenue-cost ratio for a

²⁶ City of Burnaby (Exhibit D-8-1); City of Langley (Exhibit D-10-1); Township of Langley (Exhibit E-9).

²⁷ BC Hydro's response to BCUC IR 1.11.2 (Exhibit B-4), and BCSEA IRs 1.5.1 and 1.6.2 (Exhibit B-5)

²⁸ In BC Hydro's response to BCUC IR 1.5.4.1 (Exhibit B-4), BC Hydro considers the Bonbright criteria specifically in respect of the Early Removal Fee.

class of customers except on application by BC Hydro. For clarity, BC Hydro is not seeking to set rates for the purpose of changing the revenue-cost ratio in this Application.²⁹

Amendments are Fair, Just and Not Unduly Discriminatory

23. The rate setting function of the BCUC is governed by sections 58 to 61 of the UCA, which are described in more detail in section 1.2 of the Application. section 60 of the UCA gives the BCUC considerable discretion in setting rates. The legal test that the rates proposed under this Application must be considered against is whether the rates are “fair, just and not unduly discriminatory”.
24. Rate design proposals are evaluated in accordance with the well-recognized rate design criteria derived from Bonbright’s Principles of Public Utility Rates text (**Bonbright Criteria**).³⁰ The BCUC has held that the Bonbright Criteria form an appropriate foundation for rate structures as they are consistent with the requirement under the UCA that rates be “fair, just and not unduly discriminatory.”³¹ BC Hydro has assessed the RS 1701 rate against the Bonbright Criteria below.
25. In section 5.1 of the Application, BC Hydro has assessed the RS 1701 rates as “Good” to “Very Good” on all Bonbright Criteria with the exception of Practicality which was rated as “Good/Fair”. While the rate is easy to understand and practical to administer, customer feedback has indicated that the temporary bill

²⁹ BC Hydro’s response to BCSEA IR 1.1.11 (Exhibit B-5) and BC Hydro’s response to BCUC IRs 2.29.3 and 2.30.11 (Exhibit B-6)

³⁰ James C. Bonbright, *Principles of Public Utility Rates* (1st Edition; Columbia University Press: New York, (1961), page 291. Consistent with the approach taken in the 2015 RDA, BC Hydro has assessed all eight Bonbright Criteria in the development of the RS 1701 rate. These eight criteria can be broadly grouped in four groupings as follows: (i) Economic Efficiency – price signals that encourage efficient use and discourage inefficient use; (ii) Fairness – fair apportionment of costs among customers, no undue discrimination; (iii) Practicality – customer understanding and acceptance, practical and cost effective to implement; and (iv) Stability – revenue and rate stability

³¹ Refer to the BCUC’s Reasons for Decision to Order No. G-124-08 regarding BC Hydro’s Residential Inclining Block Rate Application, dated September 24, 2008, page 51.

increase and the Supplemental Charge proposed by BC Hydro may not align with customer expectations.³² The Bonbright Criteria are used to understand and assess the trade-offs that may need to be made to reflect competing priorities in rate design, and therefore this difference has informed BC Hydro's recommendations.³³

26. BC Hydro submits that the Bonbright Criteria of Fairness is met with this rate proposal as it reflects the cost causation principle, i.e., that costs should be recovered from the customers who impose the cost. In this case, the costs associated with purchasing and installing any particular RS 1701 Street Light are to the benefit of an individual RS 1701 customer only and by implication the benefits arising from the Replacement Program are also to the benefit of RS 1701 customers only.³⁴
27. Further, the Bonbright Criteria of Fairness assesses the extent to which the rate design has an economic or cost of service justification. The proposed RS 1701 rates were assessed as "very good" against this Criteria since the rates are set so as to not to shift costs or benefits of the LED Replacement Program to other ratepayers.
28. In designing the RS 1701 rates, BC Hydro sought to balance the competing priorities using the Bonbright Criteria and to address customer concerns, as possible, to improve the Bonbright Criteria where possible.³⁵ As a result, BC Hydro submits that the RS 1701 rates considered against the Bonbright Criteria as a whole support the conclusion that the rates are fair, just and not unduly discriminatory.³⁶

³² BC Hydro's response to BCUC IR 1.6.1 (Exhibit B-4) and BCUC IR 2.22.3 (Exhibit B-6) provides additional analysis.

³³ BC Hydro's response to BCUC IRs 2.22.4 and 2.22.5 (Exhibit B-6).

³⁴ Please also see BC Hydro's response to BCUC IR 1.7.5.1 (Exhibit B-4), BCUC IR 2.22.1 (Exhibit B-6) and BCOAPO IR 2.11.3 (Exhibit B-7) in respect of the Supplemental Charge specifically.

³⁵ BC Hydro's response to BCUC IR 2.22.2 (Exhibit B-6).

³⁶ BC Hydro's response to BCUC IR 2.22.4 (Exhibit B-6).

29. Finally, in Section 5.3.1 of the Application BC Hydro has walked through the bill impacts arising from these changes. Specifically, the effective rate during deployment is estimated to be approximately 7.6 per cent higher than the current rate, due primarily to the Supplemental Charge. Table 9 in the Application shows bill impacts for three customer scenarios. For example, a customer with 54 lights who completes a like for like replacement will have a bill of \$1,120 per month prior to deployment, and \$1,201 per month during deployment for a bill increase of approximately \$81 per month. However, after deployment completes, the Supplemental Charge ends, and the bill decreases to \$1,090 per month, which is slightly lower than the current bill.³⁷ BC Hydro submits that the bill impacts are reasonable and support a determination that the proposed RS 1701 rate aligns with the Bonbright criteria and meets the just and reasonable standard.

3.2 RS 1755 Related Approvals

Overview of Consents Sought and Amendments

30. BC Hydro has requested the following relief with respect to the termination of the private lighting service provided by BC Hydro under closed RS 1755, all as discussed more specifically in Part 6 of the Application:
- Pursuant to section 61(2) of the UCA, consent from the BCUC has been sought to rescind RS 1755 as of December 31, 2025. BC Hydro will remove all installed BC Hydro equipment, or transition customers at their request, to ensure that no BC Hydro owned equipment remains installed and no billing is required under this RS by the termination date;

³⁷ Refer to section 5.3.1 of the Application.

- Pursuant to section 63 of the UCA, consent to waive the Service Connection Charge for RS 1755 Group 1 and Group 3 Customers who request a new Service for their light; and
 - Pursuant to sections 59 to 61 of the UCA, amendments to RS 1755 to specify the termination date of December 31, 2025, to specify migration of service to RS 1701 customers, if applicable and subject to approval of BC Hydro's proposed changes to RS 1701, and removal of BC Hydro equipment.
31. RS 1755 is a grand-parented private outdoor lighting service that was designed in the 1960s and was closed to new premises effective January 1, 1975 when BC Hydro determined it was appropriate to discontinue providing lighting service. Since 1975, customers requiring private outdoor lighting have had to install their own lighting and wire their lighting load through their service meter.³⁸ New customers moving into existing premises with RS 1755 lights have remained eligible to take over the service, but no additional lights or alteration to the service are permitted.
32. RS 1755 breaks the lights into three pricing groups as follows:
- (a) Where the light is mounted on a pole that was installed by the Customer or by BC Hydro at the Customer's expense (**Group 1**);³⁹
 - (b) Where the light is mounted on a BC Hydro owned pole that is on public property, or an easement, and is part of BC Hydro's distribution system (**Group 2**); and

³⁸ See BC Hydro's response to BCAC IR 1.3.1 (Exhibit B-5) for a breakdown of service provided under BC Hydro's various Street Lighting rate schedules and BC Hydro's response to BCOAPO IRs 1.15.1 and 1.15.2 (Exhibit B-5) that discuss how private lighting service has been provided outside of RS 1755 and options for private lighting for RS 1755 customers.

³⁹ In the Application, BC Hydro has interpreted this to mean that the Customer legally owns and is responsible for the pole on which the light is mounted.

- (c) Where a light is mounted on a pole that was installed on the Customer's property by BC Hydro, at BC Hydro's expense, solely for the purpose of supporting the light (**Group 3**).⁴⁰
33. BC Hydro closed RS 1755 as of January 1, 1975 with the intent of no longer offering this service and eliminating the service requirement through attrition. However, despite some attrition, BC Hydro continues to have approximately 3,100 customers taking service under this rate.⁴¹
34. As described in section 3.2 of the Application, BC Hydro is required to remove or replace all equipment, including Street Lights, that contain PCBs by December 31, 2025 as required by the Federal PCB Regulation.
35. Installation of private lighting service, as is provided by BC Hydro under RS 1755, is readily available from other providers. After assessing the benefits, costs and risks associated with continuing to provide service under RS 1755, BC Hydro has concluded that it should terminate the service because: (i) as discussed below, the capital expenditures required to replace the lights would not be justifiable since the rate schedule is closed and the service is no longer offered making continuation of the service not cost effective; (ii) the provision of outdoor lighting using privately owned lamp standards is a reasonable alternative and can be provided by many service providers (iii) there is no commitment from customers to continue to take this service on an on-going basis,⁴² and (iv) for RS 1755 Group 1 Customers, poles used for lighting service are owned by the customer but the fixtures are owned by BC Hydro which is no longer an acceptable practice to BC Hydro.⁴³

⁴⁰ In the Application, BC Hydro has interpreted this to mean that BC Hydro legally owns and is responsible for the pole on which the light is mounted.

⁴¹ BC Hydro's response to BCAC IR 1.9.12 (Exhibit B-5).

⁴² This leads to the risk of unrecovered investments that would need to be recovered from all ratepayers.

⁴³ Refer to BC Hydro's response to BCAC IR 2.17.3 (Exhibit B-7) for a further discussion of BC Hydro's rationale for terminating the RS 1755 private lighting service.

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36. In addition, BC Hydro has identified why replacement of the RS 1755 Street Lights would be materially different than replacement of RS 1701 Street Lights and, as a result, BC Hydro would incur incremental costs to replace these lights beyond the costs required to replace HPS and MV lights.⁴⁴
37. BC Hydro has determined that the lights, poles and other equipment are at or near the end of their service life and that replacement of these lights with newer technology is estimated to require an investment greater than the annual total revenue from RS 1755 service.⁴⁵ As a result, it is BC Hydro's view that it would not be sustainable to recover these costs from RS 1755 customers nor does BC Hydro believe that it be appropriate for all BC Hydro ratepayers to cover these costs.⁴⁶
38. Concerns were raised in consultation prior to the Application and in the letters of comment submitted to the Commission with respect to the termination of RS 1755, specifically advocating for the rejection of BC Hydro's request to terminate the RS 1755 private Street Lighting Service for reasons of safety and security (with a focus on rural areas in some cases),⁴⁷ due to there being inadequate alternatives for ⁴⁸ private lighting service to be supplied in rural areas and/or on the basis of private lighting being cost-prohibitive for private parties.⁴⁹ BC Hydro submits that consent to the rescission of RS 1755 is appropriate for the following reasons:

⁴⁴ BC Hydro's response to BCAC IR 1.1.1 (Exhibit B-5).

⁴⁵ BC Hydro's response to BCAC IRs 1.2.7, 1.2.8.1 and CEC 1.6.2.1. (Exhibit B-5).

⁴⁶ Refer to page 43 of the Application as well as BC Hydro's response to BCAC IR 1.1.4 (Exhibit B-5).

⁴⁷ British Columbia Cattleman's Association (Exhibit E-1) ; Beverley Feather (Exhibit E-2); Don Funk (Exhibit E-4); Cariboo Regional District and Member Municipalities (Exhibit E-6); V. Laass (Exhibit E-11); C. Oakes MLA (Exhibit E-12); District of Clearwater (Exhibit E-13); City of Enderby (Exhibit E-14); North Coast Regional Districts (Exhibit E-15); Club Manager of Maple Bay Yacht Club (Exhibit E-17); Corporation of the Village of McBride (Exhibit E-24); Village of Port Alice (Exhibit E-25).

⁴⁸ Please BC Hydro's response to BCAC IRs 1.2.9 and 1.9.11 (Exhibit B-5) for a description of consultation undertaken.

⁴⁹ L. Youden (Exhibit D-1-1); J. Hurd (Exhibit D-2-1); W. Biffert (Exhibit D-4-1); Alouette River Mobile Home Park (Exhibit D-6-1).

- (a) The cost impacts of the becoming compliant with the Federal PCB Regulation when compared to the current revenues received (and the resultant rate impacts to maintain service) makes continuation of the RS 1755 private lighting service not justifiable. Continuation of the service also exposes BC Hydro ratepayers to stranded asset risk;⁵⁰
- (b) Considered as a whole, private lighting can still be served by BC Hydro through other existing rate schedules, albeit at some cost to customers. There is a competitive market of vendors who can install private lighting for customers; it is not a service that only BC Hydro can provide;⁵¹
- (c) As discussed in BC Hydro's response to BCAC IR 1.12.9, BC Hydro believes that RS 1755 customers will experience lower long-term costs by installing their own lighting;⁵² and
- (d) BC Hydro has committed to numerous measures intended to mitigate the impacts of the termination of the RS 1755 service, detailed in section 6.4 of the Application.⁵³ These include:
 - (i) Amending RS 1701 to allow for illumination of private property where the lighting can be provided from BC Hydro owned distribution poles without impact to BC Hydro's system;⁵⁴
 - (ii) Removing the poles for Group 1 Customers if desired as part of the Replacement Program and at no cost to the customer;

⁵⁰ BC Hydro's response to BCAC IR 1.12.16 (Exhibit B-5).

⁵¹ Refer to BC Hydro's response to BCOAPO IR 1.15.2 (Exhibit B-5) for a discussion of private lighting options for RS 1755 customers as well as BC Hydro's response to BCUC IR 2.35.5 (Exhibit B-7) for an explanation of why BC Hydro believes the private lighting market is competitive.

⁵² Refer to BC Hydro's response to BCAC 1.12.9 (Exhibit B-5) and BCUC IR 2.35.5.2 (Exhibit B-6) as well as BC Hydro's response to BCUC IR 2.35.1 (Exhibit B-7) for more information about the estimated costs for Group 1 and Group 3 customers to install private lighting.

⁵³ Refer to section 6.4.3 of the Application and BC Hydro's response to BCUC IRs 2.34.1 and 2.34.2 (Exhibit B-6) for more detail on the mitigation measures proposed by BC Hydro. Also refer to BC Hydro's response to BCOAPO 1.15.3 (Exhibit B-5) for a discussion of why funding cannot be provided to RS 1755 customers to assist with service transition.

⁵⁴ BC Hydro's response to BCUC IR 1.13.2 (Exhibit B-4).

- (iii) Working with Group 1 and Group 3 Customers to allow them to establish their private lighting service under other rate schedules, including waiving the Service Connection Charge until December 31, 2024⁵⁵. BC Hydro has requested consent from the BCUC to waive these charges during this period;⁵⁶
 - (iv) BC Hydro has prepared a transition plan which details ways that BC Hydro is looking to mitigate customer impacts through its contractor networks.⁵⁷ BC Hydro is currently recruiting qualified outdoor lighting contractors from its Alliance of Energy Professionals network. Customers will be able to contact BC Hydro for outdoor lighting contractor referrals. BC Hydro is also in discussions with vendors regarding financing options.⁵⁸
39. If consent is given to rescind RS 1755, then BC Hydro proposes amendments to RS 1755 to implement this rescission as follows:
- (a) Deletion of those terms and conditions related to BC Hydro's obligation to replace a MV unit with an HPS unit; and
 - (b) Addition of terms and conditions as follows: (i) to specify that BC Hydro will commence removing its equipment October 1, 2022; (ii) to specify that service will not be available beyond December 31, 2025; (iii) to specify that BC Hydro will remove Group 1 Customer poles at no charge to the customers, if requested by the Customer and completed at the same time that remaining BC Hydro equipment is removed; (iii) to specify that Group 2 customers may migrate to RS 1701 subject to the continued

⁵⁵ As noted on page 51 of this Application, while this waiver will result in a loss of revenue of \$3.7 million, it is less than the total cost of replacing all RS 1755 lights with new LED lamp standards.

⁵⁶ BC Hydro's response to BCUC IR 1.13.11.1 (Exhibit B-4)

⁵⁷ Attachment 1 to BC Hydro's response to BCUC IR 1.13.8.

⁵⁸ Refer to BC Hydro's response to BCUC IR 1.13.3 (Exhibit B-4) and BCUC IR 2.35.5.1 (Exhibit B-6)

suitability of the pole for Street Lighting use; and (iv) to specify that BC Hydro will remove all Group 3 poles.

Consents are Appropriate and Amendments are Fair, Just and Not Unduly Discriminatory

40. As detailed in section 6 of BC Hydro's Application, BC Hydro has requested consent to rescind RS 1755 pursuant to section 61(2), as well as amendments to RS 1755 to reflect the future termination of the service as well as consent to waive Service Connection Charge for eligible customers that transition from RS 1755.
41. Notwithstanding the impacts to customers of transitioning their lighting to privately provided lighting facilities, BC Hydro submits that the package of consents and approvals sought in respect of the termination of the RS 1755 service meets the legal test of being fair, just and not unduly discriminatory because BC Hydro's Street Light rates offerings are overall fair, just and not unduly discriminatory.

3.3 Electric Tariff Amendments – Unmetered Service

Overview of Amendments

42. As detailed in section 7 of BC Hydro's Application, BC Hydro has sought approval of amendments to section 5.7 of the Electric Tariff, effective July 1, 2022, to clarify and amend the existing provisions that deal with under-billing or over-billing caused by a customer's delayed or inaccurate notification of the addition, removal or alteration of unmetered Street Lights or equipment.⁵⁹ Specifically, the amendments (i) clarify that under-billed amounts can be recovered to the date of an addition or change to an unmetered service;

⁵⁹ Refer to BC Hydro's response to BCSEA IR 1.7.2 (Exhibit B-5) where BC Hydro confirms that the differences in treatment are in those situations when over-billing or under-billing is due to a customer's failure to provide timely and accurate notification of changes to their unmetered lights or Small General Service accounts.

(ii) enable the application of interest to under-billed amounts resulting from a customer's delayed or incorrect notification of the addition or alteration of unmetered Street Lights or equipment after a period of six months; and (iii) limit the application of credits to be applied to over-billed amounts to a period no longer than six months prior to the customer notifying BC Hydro of changes.

43. Street Lighting service is generally unmetered. For the most part, this is practical and cost effective because Street Lights follow a very predictable pattern of daily electricity usage. However, for those lights served under RS 1701 on an unmetered basis, BC Hydro must rely on customers to notify BC Hydro of any changes to the equipment or estimated consumption that could impact the bill. This does not happen consistently which can result in under-billing or over-billing by BC Hydro. Under-billing for service provided by BC Hydro impacts all ratepayers. The same is true for other unmetered services under the SGS RSs where BC Hydro relies on customers to provide notification of changes to equipment or estimated consumption.⁶⁰
44. As a result, BC Hydro's proposed amendments to its Electric Tariff clarify and strengthen the provisions of section 5.7 to ensure customers receiving unmetered services are incented to provide timely notification to BC Hydro of applicable changes.

Amendments are Fair, Just and Not Unduly Discriminatory

45. Concerns were raised in the letters of comment regarding the inconsistency between the duration of the adjustments for over-billing and under-billing under these proposed revisions as well as the discrepancy in interest charges.⁶¹

⁶⁰ Refer to BC Hydro's response to BCUC IR 1.15.1 (Exhibit B-4) for a discussion of why BC Hydro cannot audit unmetered services; BCUC IR 1.14.1 (Exhibit B-4) for a discussion of why BC Hydro has unmetered service and BCUC IR 1.15.3 (Exhibit B-4) for examples of under and over billed amounts. Please also see BC Hydro's response to BCUC IR 1.15.4 (Exhibit B-4) which discusses why these provisions are the appropriate incentive for customers to provide timely notifications.

⁶¹ City of Burnaby (Exhibit D-8-1); Township of Langley (Exhibit E-9).

BC Hydro submits that the provisions proposed are just, fair, and not unduly discriminatory for the following reasons:

- (a) For clarity and as discussed in BC Hydro's response to BCUC IR 1.15.7, the back-billing provisions would only be different when the reason for the under- or over-billing was failure of the customer to provide timely and accurate notification of additions, removals or modifications of their unmetered equipment. Back-billing provisions would be consistent when the billing adjustment is required because of a BC Hydro error;⁶²
- (b) As noted in BC Hydro's response to BCUC IR 1.15.4, BC Hydro has no other mechanism to incent customer behavior in its Electric Tariff and so it is relying on the disincentive of additional charges, not unlike BC Hydro's Late Payment Charge, to incent the required behaviour;
- (c) While the affected customers may be negatively impacted by these changes, BC Hydro ratepayers are benefitted by reduced administrative costs⁶³ and the ability to recover underbilling, as administrative effort increases the longer a change to an unmetered account goes unreported and over time it becomes increasingly difficult to establish the date at which the equipment changed; and
- (d) Finally, BC Hydro has proposed that these changes do not take effect until July 1, 2022 to allow customers time to review and update their records with BC Hydro.

46. Accordingly, BC Hydro submits that the amendments to section 5.7 should be approved on the basis that they meet the test of being fair, just and not unduly discriminatory.

⁶² BC Hydro's response to BCUC IR 1.15.8 (Exhibit B-4) provides a detailed comparison of differences and changes

⁶³ Refer to BC Hydro's response to BCOAPO IR 1.9.1 (Exhibit B-5) for an estimation of the administrative costs.

3.4 Electric Tariff Amendments – Mixed Use Loads and Housekeeping

Overview of Amendments

47. In response to a customer request, BC Hydro is requesting approval of certain amendments to its Electric Tariff to allow for service to mixed use loads that include one or more customer owned Street Lights, along with other end uses such as public electric vehicle charging, through the same electrical service. The applicable General Service Rate would typically apply to mixed use loads. However, the current Electric Tariff could be interpreted to require that customer owned Street Lights be separated from the other loads at the same location and billed under RS 1702 or RS 1704 as applicable. Specifically, BC Hydro proposes amendments to the definition of General Service to remove the current language that excludes Street Lights from the definition and to add content in section 6, Rate Schedules 1702 and 1704 clarifying that General Service applies to mixed use loads.
48. Not allowing mixed use loads under BC Hydro's General Service rates imposes costs and practical challenges on customers and does not align with BC Hydro's goals of encouraging electrification and supporting evolving customer needs. As a result, the proposed changes would enable mixed use loads that include one or more customer owned Street Lights or traffic control equipment on a metered basis to be served under the applicable General Service Rate Schedule.⁶⁴
49. Further, BC Hydro believes allowance of mixed use loads under BC Hydro's General Service rates would have a favourable economic impact on ratepayers in that the most mixed use services will be charged under the SGS rate, which

⁶⁴ Refer to section 8 of the Application as well as BC Hydro's response to BCUC IRs 2.40.2 and 2.40.2.1 (Exhibit B-6).

would result in slightly higher revenue for BC Hydro and this would allow simpler metering requirements, improved billing accuracy and reduced administration costs. No significant risks arising from these changes have been identified.⁶⁵

50. BC Hydro has also sought approval of certain housekeeping amendments in section 5 of the Electric Tariff as well as SGS Rate Schedules 1234, 1300, 1301, 1310 and 1311; RS 1702 - Public Area Ornamental Street Lighting; and RS 1704 – Traffic Control Equipment to improve clarity and alignment with business practices.

Amendments are Fair, Just and Not Unduly Discriminatory

51. BC Hydro believes the amendments to BC Hydro's Electric Tariff to accommodate the specified mixed uses are needed in order to be flexible for future load configurations as there is a growing need for curbside electricity use, to minimize customer and BC Hydro administrative efforts, to encourage load growth, and to align with BC Hydro's priority, as articulated in our Service Plan, of reliably meeting the electricity requirements of customers and responding to their evolving expectations. BC Hydro expects these amendments to have a favourable economic impact on all ratepayers because the amendment removes barriers to electrification and load growth.
52. BC Hydro submits that the changes to allow mixed use under BC Hydro's General Service rates as well as the housekeeping amendments proposed all meet the test of being fair, just and not unduly discriminatory in that they address customer needs without being unduly discriminatory to other ratepayers.

⁶⁵ BC Hydro's response to BCUC IRs 1.16.1 and 1.16.2.1 (Exhibit B-4).

4 BCUC Requested Submissions

53. In BCUC Order No. G-119-21, the Commission sought feedback on the following three questions which are responded to in turn below:
- (a) “Whether street lights are a benefit that accrues to street light ratepayers, the wider general public or both;”
 - (b) “Whether the value of undepreciated HPS/MV lamps should be recovered through the proposed Supplemental Charge from street light ratepayers, from all BC Hydro ratepayers or from BC Hydro shareholders and why”; and
 - (c) “Whether the costs of the street light replacement program should be recovered from street light ratepayers or from all BC Hydro ratepayers and why”.

Street Light Benefits

54. The BCUC has requested a submission on “whether street lights are a benefit that accrues to street light ratepayers, the wider general public or both”. BC Hydro acknowledges that Street Lights themselves provide benefits to both Street Light ratepayers and the general public in that they provide lighting which is often important for safety reasons.
55. While any member of the public passing through a community may benefit from the existence of Street Lighting, the most direct and greatest benefit provided by any given Street Light is the safety and convenience that it provides to the residents of the community in which it is installed. As such the cost of Street Lighting is generally a municipal cost borne by municipal taxpayers.
56. BC Hydro offers different alternatives for municipalities to provide this important service – i.e., through electrical rates for Street Lights under RS 1702 for municipalities that install, maintain and operate their own street lighting or under

RS 1701 for municipalities who instead elect to have BC Hydro own, install, operate and maintain the Street Lighting. The cost of such service must be weighed against the customer costs associated with a customer installing their own Street Lights.

57. Similar to municipalities, lighting of private property provides a direct benefit to the owner and residents of that property and may not provide any benefits to members of the public. In British Columbia, most of the lighting on private property is owned, installed, operated and maintained by the owner of the property with electrical service for such lighting taken as part of the service BC Hydro provides to the property. Service under RS 1755 is a legacy exception to this and similar service to new customers provided by BC Hydro has not been available for over 45 years to any customer who requires lighting on private property.

Supplemental Charge Allocation

58. The BCUC has also requested submissions on “whether the value of undepreciated HPS/MV lamps should be recovered through the proposed Supplemental Charge from street light ratepayers, from all BC Hydro ratepayers or from BC Hydro shareholders and why”.
59. As noted above, BC Hydro acknowledges that Street Lighting, as a whole, performs a public safety function so there is some measure of benefit provided to the general public, as applicable. However, as set out in the Application, BC Hydro maintains that the Supplemental Charge should be recovered from RS 1701 customers as these costs are directly and only associated with and required for service to RS 1701 customers⁶⁶.
60. BC Hydro owned Street Lighting service is not a service that BC Hydro must provide – it does so as a convenience for its customers who don’t otherwise

⁶⁶ BC Hydro’s response to BCUC IR 1.7.5.1 (Exhibit B-4).

want to install and maintain their own Street Lighting. In fact, a customer that owns its own Street Lights must deal with the undepreciated value of these Street Lights should they determine to replace them before the end of their service life. BC Hydro provides this Street Lighting service to customers as an alternative to a customer funding its own lighting and in BC Hydro's view the costs incurred to provide this service do not benefit other BC Hydro ratepayers; rather the benefits are most directly enjoyed by the customer receiving the service.

61. As a regulated utility, BC Hydro is subject to specific financial rules associated with the accounting of the costs arising from the removal of assets that are not fully depreciated.⁶⁷ BC Hydro does not have flexibility to not recover the undepreciated value of the existing lamps. Further, BC Hydro does not believe that it is appropriate that BC Hydro's shareholder (taxpayers) should be required to fund this amount because were BC Hydro to not provide this service to RS 1701 customers as an alternative means of providing their lighting needs, these same customers would be required to install their street lighting directly. While street lighting benefits may be broader than BC Hydro's ratepayers or even provincial taxpayers, the most direct benefit is to the customers who receive the benefit of not having to install their own street lighting. As a result, BC Hydro does not see a basis to shift these costs to taxpayers and, as submitted in the Application, BC Hydro submits its proposal to recover the undepreciated costs of the HPS/MV Street Lights that have not reached their end of life from the RS 1701 ratepayers who benefit from these replacements is appropriate.

⁶⁷ Please refer to pages 28-29 of the Application for further information.

Replacement Program Cost Allocation

62. Finally, the BCUC has sought submissions on “whether the costs of the street light replacement program should be recovered from street light ratepayers or from all BC Hydro ratepayers and why.”
63. As noted above, BC Hydro believes that the need to replace the RS 1701 Street Lights in order to comply with the Federal PCB Regulation is without dispute. The costs incurred to complete the Replacement Program are being incurred solely to accommodate the service to RS 1701 ratepayers and provide no system or other benefits to BC Hydro’s other ratepayers which was the reason the costs were allocated to the RS 1701 rates in the Application. As noted above, BC Hydro owned Street Lighting service is not a service that BC Hydro must provide – it does so as a convenience for its customers who don’t otherwise want to install and maintain their own Street Lighting. Therefore, it is appropriate for those same customers to bear the cost of bringing these lights into compliance with applicable laws. Further, the recovery of Replacement Program costs from all ratepayers would transfer cost responsibility to other rate classes, including those who chose to provide their own street lighting assets.

5 Conclusion

64. For the reasons discussed above, BC Hydro submits that the Commission set the rates, as applied for, on a final basis as they support BC Hydro’s Street Lighting Replacement Program, and that it also grant the consents requested pursuant to section 61(2) and 63 as applied for.

ALL OF WHICH IS RESPECTFULLY SUBMITTED MAY 6, 2021

Per: 

Amanda Ward, Solicitor & Counsel, British Columbia Hydro and Power Authority