



FOR GENERATIONS

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July 18, 2014

Ms. Erica Hamilton
Commission Secretary
British Columbia Utilities Commission
Sixth Floor – 900 Howe Street
Vancouver, BC V6Z 2N3

Dear Ms. Hamilton:

**RE: British Columbia Utilities Commission (BCUC or the Commission)
British Columbia Hydro and Power Authority (BC Hydro)
F2014 Annual Deferral Account Report for the Twelve Months ended
March 31, 2014**

BC Hydro writes to provide its F2014 Annual Deferral Account Report for the twelve-month period ending March 31, 2014, in compliance with Directive No. 17 of the BCUC's Decision on BC Hydro's F2005/F2006 Revenue Requirements Application (BCUC Order No. G-96-04). This report contains information on the Heritage Deferral Account, the Non-Heritage Deferral Account, and the Trade Income Deferral Account.

For further information, please contact Fred James at 604-623-4317 or by email at bchydroregulatorygroup@bchydro.com.

Yours sincerely,

Original signed

Janet Fraser
Chief Regulatory Officer

fj/ma

Enclosure (1)

Deferral Account Report

For the Twelve Months Ended

March 31, 2014

(F2014 - Annual Report)

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British Columbia Hydro and Power Authority
Summary of Deferral Accounts
For the Twelve Months Ended March 31, 2014
(\$ million)

Line No.	Particulars	Opening Balance at April 1, 2013	Changes (Schedule B)	Amortization (Note 5)	Interest (Note 6)	Net Change (Appendix 1 Lines 30 - 32)	Ending Balance at March 31, 2014
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Heritage Deferral Account (HDA)	69.9	50.2	Note 2 (18.0)	2.6	34.8	104.8
2	Non-Heritage Deferral Account (NHDA)	467.5	(3.3)	Note 3 (120.3)	17.7	(105.9)	361.6
3	Trade Income Deferral Account (TIDA)	190.2	171.4	Note 4 (48.9)	12.0	134.5	324.7
4	Total	727.6	218.4	(187.2)	32.2	63.4	791.1

Note 1: In the October 29, 2004 BCUC Decision (Order No. G-96-04), the BCUC approved the creation of four deferral accounts to capture the differences between forecasts used in setting rates and actual costs. By Order No. G-16-11, the BCUC approved the termination of the BCTC Deferral Account.

Note 2: The transfers into the HDA of \$50.2 million are primarily due to higher than plan water rental costs and lower than plan surplus sales. Water rental costs were higher than plan as water rental payments in F2014 were based on prior year's generation volume at current year rates. In F2013, due to high inflows (109% of average), greater hydro energy was generated. The F2014 approved amount for water rentals was based on average water conditions. The higher than approved water rental costs is partly offset by reduced energy costs from water transactions due to released water from BC Hydro's portion of the Non-Treaty Storage Agreement in F2014. Please see Schedules B and C for details. Surplus sale revenues were lower than the approved amount due to lower water inflows in F2014 (95% of average), resulting in less surplus energy, and lower market prices.

Note 3: The net decrease to NHDA of (\$3.3) million is primarily a result of lower than approved IPP and long term purchase commitments due to delayed Commercial Operation Date (COD) and terminated IPPs, maintenance outages, lower deliveries due to weather conditions and under performance to plan for several IPPs. This is mostly offset by lower than approved domestic tariff revenues primarily due to lower Large Industrial revenues resulting from lower demand charges and Tier 2 sales as well as lower volumes sold to the oil and gas sector. Please see Notes 6 and 8 of Schedule B, and Schedule C for details.

Note 4: Please refer to the BC Hydro Annual Report 2014, page 92, Notes to the Consolidated Financial Statements (Note 15) regarding Powerex's legal settlement.

On March 5, 2014, the Province issued Direction No. 7 to the BCUC defining "Trade Income" used in the TIDA calculation for F2014 to include losses incurred during the year.

Note 5: Revenues collected via the Deferral Account Rate Rider (DARR) are used to amortize (reduce) the deferral account balances. The reduction is allocated to each deferral account based on the proportion of the ending Fiscal 2013 deferral account balances.

Note 6: Interest is calculated on the ending monthly balance (before interest) in each deferral account. The interest rate used is BC Hydro's actual weighted cost of debt for the current period as per Directive 1 (xxv) of BCUC Order No. G-77-12A pertaining to the Amended F12-F14 RRA.

Due to minor rounding some totals may not add.

British Columbia Hydro and Power Authority
Summary of Deferral Account Changes
For the Twelve Months Ended March 31, 2014
(\$ million)

Line No.	Particulars	Approved	Actual	Variance	Ref.
	(1)	(2)	(3)	(4)	(5)
1	Heritage Deferral Account				
2	Cost of Energy - Heritage	371.2	406.4	35.2	
3	Notional Water Rental (Displaced Hydro)	(5.0)	9.9	14.9	Note 1
4	Skagit Valley Treaty & Ancillary revenue	(15.5)	(16.4)	(0.9)	
5	Costs in Operating / Amortization	16.2	16.4	0.2	Note 2
6	Deferred Operating Costs in HDA	0.0	2.5	2.5	Note 3
7	Other	6.9	5.2	(1.6)	Note 4
8	Total	<u>373.7</u>	<u>423.9</u>	<u>50.2</u>	Schedule A Line 1
9					
10	Non-Heritage Deferral Account				
11	Cost of Energy - Non-Heritage	1,098.4	902.9	(195.5)	
12	Commodity Risk	-	\$15.2	15.2	Note 5
13	Notional Water Rental (Displaced Hydro)	5.0	(9.9)	(14.9)	Note 1
14	Domestic Revenue Variance	-	137.7	137.7	Note 6
15	Deferred Operating NHDA	-	(0.9)	(0.9)	
16	Other	-	5.3	5.3	Note 7
17	F12-F14 RRA Adjustments	(49.8)	-	49.8	Note 8
18	Total	<u>1,053.6</u>	<u>1,050.3</u>	<u>(3.3)</u>	Schedule A Line 2
19					
20	Trade Income Deferral Account				
21	Powerex Net Income/(Loss)			(58.4)	Note 9
22	Less: Trade Income from the Amended F12-F14 ARRA Decision			(113.0)	
23	Total			<u>171.4</u>	Schedule A Line 3

Note 1: Notional water rentals (Displaced Hydro) relates to water rentals associated with trade income. The notional water rental mechanism is described in the response to BCUC IR No. 1.2.36 dated January 23, 2004. The transactions relating to the notional water rental are eliminated on consolidation and there is no net impact on the combined HDA and NHDA as the transactions are mirrored within each account.

Note 2: Costs associated with compensation and mitigation efforts to fund fish and wildlife programs and load curtailment efforts have been reclassified from cost of energy to other line items on the financial statements under IFRS. Since the nature of these costs has not changed, these costs continue to be treated as Heritage cost of energy for deferral accounting purposes, consistent with Heritage Special Direction No. HC2.

Note 3: Deferred Operating Costs in HDA includes a variance of \$2.5 million related to the costs associated with maintaining water use plan licenses.

Note 4: Other amounts deferred in the HDA include the amortization of unplanned deferred capital costs related to First Nations as per BCUC Order No. G-53-02 for a variance of (\$1.0) million, as well as (\$0.6) million variance pertaining to variable costs related to thermal generation.

Variance from plan related to natural gas for thermal generation - GWh (Schedule C Line 26)	GWh	(359)
Average cost per MWh of additional production	\$/MWh	\$0.2
Total variable cost related to thermal generation	million	<u>(\$0.6)</u>

Note 5: This relates to the foreign exchange (FX) gain/loss on the Trade Account payable to Powerex. Powerex has a corresponding loss/gain on their receivable and this loss/gain would be part of Trade Income. Foreign exchange gains/losses arise as the Trade Account is recorded in \$US. The gain/loss on the BC Hydro side is eliminated against the loss/gain on the Powerex side of consolidation within the finance charge component. As the mirror entry for Trade Income relating to F/X on the Trade Account is recorded on the Non-Heritage energy side, there is no net impact on the combined NHDA and TIDA due to these transactions. Net FX gains include losses related to internal cashflow hedges with Powerex.

Note 6: Domestic Revenue Variance (\$ million)	Approved	Actual	Variance
Residential (Appendix 1 Line 3)	1,591.8	1,584.1	7.7
Light industrial and commercial (Appendix 1 Line 4)	1,341.9	1,418.2	(76.3)
Large industrial (Appendix 1 Line 5)	801.7	653.9	147.8
Other energy sales (Appendix 1 Line 6)	113.4	87.7	25.7
SMI Impact (Appendix 1 Line 7)	32.9	-	32.9
Domestic Revenue Variance deferred in NHDA (Line 14)	<u>3,881.6</u>	<u>3,743.9</u>	<u>137.7</u>

Load Variance: as per Directive (ix) of the F12-F14 RRA Decision per BCUC Order No. G-77-12A, BC Hydro is allowed to defer the net cost of energy variance into the NHDA deferral account. The net cost of energy variance is calculated by adding the domestic revenue variance (Line 14) to the gross cost of energy variance (Line 2 + Line 11 + the portion of F12-F14 RRA Adjustment pertaining to Cost of Energy in Line 17) as shown below.

Gross Cost of Energy Variance (35.2 + (195.5) + 46.2)	(114.0)
Domestic Revenue Variance	137.7
Net Cost of Energy deferred	<u>23.7</u>

Note 7: In Order No. G-16-11, the BCUC approved the deferral of the difference between forecast and actual transmission service net costs into the NHDA. The variance from the corresponding intercompany entry on Powerex's financial statements is deferred via the Trade Income Deferral Account. Total amount deferred in the NHDA includes a variance of (\$1.6) on PTP wheeling charges with Powerex via Intersegment Revenues (Appendix 2 Lines 1 and 3) and a variance of \$7.1 million on External OATT revenues (via Miscellaneous Revenues).

Note 8: As per BCUC Order No. G-77-12A, BC Hydro was authorized to defer increases in the forecast of net cost of energy between the original Application and the Amended Application that would have otherwise been reflected in the Fiscal 2014 rates. The total amount approved for Fiscal 2014 was \$49.8 million as per Directive 1 (xxxi) of BCUC Order No. G-77-12A.

Note 9: Powerex net income (loss) reported for regulatory purposes is net of \$2.6 million corporate overhead allocation from BC Hydro to Powerex in accordance with Directive 9 of the F09/F10 RRA Decision.

British Columbia Hydro and Power Authority
Domestic Cost of Energy
For the Twelve Months Ended March 31, 2014
(\$ in million)

Line No.	Particulars	Approved	Actual	Variance	Ref.
	(1)	(2)	(3)	(4)	(5)
1	Heritage Energy:				
2	Water rentals	378.0	401.5	23.5	
3	Non-Treaty Storage Agreement	-	(15.1)	(15.1)	
4	Market electricity purchases	23.9	41.9	18.0	
5	Natural gas for thermal generation	50.4	31.7	(18.7)	
6	Domestic Transmission	15.4	20.3	4.9	
7	Surplus Sales	(65.8)	(36.7)	29.1	
8	Other	(30.8)	(37.2)	(6.4)	
9		<u>371.2</u>	<u>406.4</u>	<u>35.2</u>	Schedule B Line 2
10					
11	Non-Heritage Energy:				
12	Waneta (water rentals)	8.4	7.4	(1.0)	
13	IPP's and long-term purchase commitments	1,058.9	824.9	(234.0)	
14	New Capital Leases Under IFRS	9.7	-	(9.7)	
15	Non-Integrated Areas	35.4	28.8	(6.6)	
16	Gas and Other Transportation	12.2	12.9	0.7	
17	Net purchases / (sales) from / to Powerex (Trade Account)	(26.3)	28.9	55.2	Note 1
18		<u>1,098.4</u>	<u>902.9</u>	<u>(195.5)</u>	Schedule B Line 11
19					
20	Total Domestic Cost of Energy	<u>1,469.5</u>	<u>1,309.3</u>	<u>(160.2)</u>	
21					
22	Heritage Energy (GWh):				
23	Water rentals	46,514	44,437	(2,077)	
24	Net purchases from Powerex (Displaced Hydro)	(691)	1,365	2,056	
25	Market electricity purchases	660	918	258	
26	Natural gas for thermal generation	627	268	(359)	
27	Exchange net	(572)	(103)	469	
28	Surplus Sales	(1,496)	(1,008)	488	
29		<u>45,041</u>	<u>45,877</u>	<u>836</u>	
30					
31	Non-Heritage Energy (GWh):				
32	Waneta (water rentals)	1,003	891	(112)	
33	IPP's and long-term purchase commitments	13,606	11,025	(2,581)	
34	Non-Integrated Areas:	132	117	(15)	
35		<u>14,741</u>	<u>12,033</u>	<u>(2,708)</u>	
36					
37	Total sources of supply	59,783	57,910	(1,873)	
38	Less : Line loss and system use	(5,427)	(5,900)	(473)	
39					
40	Total Domestic Sales Volumes	<u>54,356</u>	<u>52,010</u>	<u>(2,346)</u>	

Note 1: These sales / purchases relate to the return of energy bought by Powerex in prior periods to enable future sales. These revenues are eliminated against trade cost of energy on consolidation. The transactions between BC Hydro and Powerex have no net impact on the combined NHDA and the TIDA.

British Columbia Hydro and Power Authority
Consolidated Statement of Operations
For the Twelve Months Ended March 31, 2014
(\$ in million)

Line No.	Particulars	Approved	Actual	Variance	Ref.
	(1)	(2)	(3)	(4)	(5)
1	REVENUES				
2	Domestic				
3	Residential	1,591.8	1,584.1	(7.7)	
4	Light industrial and commercial	1,341.9	1,418.2	76.3	
5	Large industrial	801.7	653.9	(147.8)	
6	Other energy sales	113.4	87.7	(25.7)	
7	SMI Impact	32.9	-	(32.9)	
8	Seattle City Light	15.5	16.4	0.9	
9	Revenue from Deferral Rider	194.1	187.2	(6.9)	
10	Miscellaneous	113.5	125.1	11.7	
11		<u>4,204.6</u>	<u>4,072.6</u>	<u>(132.1)</u>	
12	Intersegment revenues	40.0	27.1	(12.9)	
13		<u>4,244.6</u>	<u>4,099.7</u>	<u>(144.9)</u>	
14	EXPENSES				
15	Domestic energy costs	1,469.5	1,309.3	(160.2)	Schedule C Line 20
16	Operating costs	1,267.6	1,232.2	(35.4)	
17	Depreciation and amortization	655.8	656.8	1.0	
18	Taxes	202.7	202.1	(0.6)	
19	Finance charges	700.0	652.2	(47.8)	
20		<u>4,295.6</u>	<u>4,052.6</u>	<u>(243.0)</u>	
21	DOMESTIC INCOME (LOSS) BEFORE TRANSFER				
22	(TO)/FROM DEFERRAL ACCTS	(51.0)	47.1	98.1	
23					
24	POWEREX NET INCOME (LOSS)	113.0	(58.4)	(171.4)	Schedule B Lines 21 - 23
25	POWERTECH NET INCOME (LOSS)	5.9	3.7	(2.2)	
26					
27	TOTAL INCOME BEFORE TRANSFER (TO)/FROM				
28	DEFERRAL ACCOUNTS	67.9	(7.7)	(75.6)	
29					
30	Heritage Deferral Account transfers	(45.2)	34.8	80.1	
31	Non- Heritage Deferral Account transfers	(36.4)	(105.9)	(69.4)	
32	Trade Income Deferral Account transfers	(28.6)	134.5	163.1	
33	Future Removal and Site Restoration Regulatory Account	21.0	32.2	11.2	
34	First Nation Costs & Provisions Regulatory Account	12.6	35.5	22.9	
35	Demand Side Management Regulatory Account	168.7	55.3	(113.3)	
36	Site C Regulatory Account	108.1	79.5	(28.6)	
37	Non-Current Pension Cost Regulatory Account	(17.1)	28.1	45.2	Note 1
38	F2010 ROE Adjustment Regulatory Account	(11.3)	(11.3)	-	
39	Foreign Exchange Gains/Losses Regulatory Account	-	11.3	11.3	
40	Finance Charge Regulatory Account	-	(80.1)	(80.1)	
41	Environmental Compliance & Remediation Liability Provision	(8.7)	(14.3)	(5.6)	
42	Smart Metering and Infrastructure	121.8	84.9	(36.9)	
43	Waneta	(10.0)	(10.0)	-	
44	IFRS Property Plant & Equipment	133.7	170.6	36.9	
45	IFRS Pension	(34.7)	(34.7)	-	
46	F12-F14 Rate Smoothing	110.9	110.9	-	
47	Other Regulatory Accounts	3.2	35.7	32.6	Note 2
48	TOTAL NET INCOME	555.7	549.5	(6.2)	

Note 1: Included in the Net Income was a regulatory transfer of \$28.1 million in the Non-Current Pension Cost regulatory account, which consists of (\$17.1) million as amortization of the F10 balance and \$45.2 million as variance on non-current service costs in F14. Also deferred in the Non-Current Pension Cost regulatory account, but not reflected in the table above, was \$292.4 million related to experience gains of non-current pension costs that flow through Other Comprehensive Income instead of the Statement of Operations.

Note 2: Included in Other Regulatory Accounts are the following regulatory assets and liabilities: Pre-1996 Contributions in Aid of Construction, Storm Restoration Costs, Capital Project Investigation Costs, Taxes, Amortization Variance on Capital Additions, Home Purchase Option Plan, Rock Bay Remediation Costs, Arrow Water Divestiture Costs & Provision, and Asbestos Remediation.

British Columbia Hydro and Power Authority
Intersegment Revenues
For the Twelve Months Ended March 31, 2014
(\$ in million)

Line No.	Particulars (1)	Approved (2)	Actual (3)	Variance (4)	Reference (5)
1	Point-to-Point wheeling charge to Powerex	27.0	23.8	(3.2)	Note 1
2					
3	Point-to-Point wheeling charge to BCH	11.1	15.9	4.8	Note 2
4					
5	Allocation of BCH Corporate costs to Powerex	2.6	2.6	0.0	Note 3
6					
7	Mark to Market Gains (Losses)	-	(15.2)	(15.2)	Note 4, Schedule B Line 12
8					
9	Other	(0.7)	-	0.7	Note 5
10					
11	Total	<u>40.0</u>	<u>27.1</u>	<u>(12.9)</u>	Appendix 1 Line 12

Note 1: These transmission revenues relate to an allocation of BC Hydro's cost of purchases of point-to-point transmission within BC for export and some import transactions. These revenues are eliminated against trade cost of energy on consolidation. The variance is deferred in the NHDA, please refer to Schedule B, Line 16 and Note 7.

Note 2: These transmission revenues relate to an allocation of BC Hydro's cost of purchases of point-to-point transmission relating to BC Hydro's Skagit Valley Treaty commitment, Canadian Entitlement Agreement (OATT Schedule 01) and Scheduling, System Control & Dispatch services (OATT Schedule 03). These revenues are eliminated against domestic cost of energy on consolidation. The variance is deferred in the NHDA, please refer to Schedule B, Line 16 and Note 7.

Note 3: These revenues relate to an allocation of corporate overhead costs to Powerex and are eliminated against trade revenues on consolidation.

Note 4: These Mark to Market gains/(losses) consist of (\$1.7)m loss on cashflow hedges with Powerex and (\$13.5)m loss of embedded derivatives on future trades with Powerex (see Schedule B Note 5). These are unrealized losses recognized from the changes in the value of the embedded derivative component of future trades. These losses are eliminated against trade revenues on consolidation.

Note 5: Other intersegment expense of (\$0.7)m pertains to Expenditures for Export. Please refer to Section 8.10 of the Amended F12-F14 RRA (Exhibit B-1-3 of the BC Hydro F12-F14 RRA).

Appendix 3

Deferral Account Rules

The following “rules” are used by BC Hydro for providing clarity in determining the deferral account transfers. These rules are derived from BC Hydro’s interpretation of the evidence and testimony provided during the F2005/F2006 Revenue Requirement Application (**RRA**) proceeding and in response to BCUC Directive No. 19 of the October 29, 2004 Decision. These rules have been updated for the F07/F08 RRA Negotiated Settlement Agreement (**NSA**) and Directives included in the F09/F10 RRA Decision, the F11 RRA NSA, and BCUC’s Decision on the F12-F14 RRA as per BCUC Order No. G-77-12A and BCUC’s issuance of Order No. G-48-14 on F2014 Final Rates based on Direction Nos. 6 and 7 issued from the Province to the BCUC in regards to BC Hydro’s F15-F16 RRA.

Where a footnote is shown, the referenced language is from the noted BCUC decision. Where a footnote is not shown (e.g., the bullet points), the language represents BC Hydro’s interpretation of the evidence and testimony noted above.

Heritage Deferral Account (HDA)

BCUC Decision, October 29, 2004, Page 41:

Commission Findings

The Commission Panel approves the HDA as proposed by BC Hydro, and approves BC Hydro's forecast of the cost components of the HPO for F2005 and F2006.

Variances between the forecast and the actual cost for the following components of the Heritage Payment Obligation will flow through the HDA:

1. Cost of energy¹

This item is expanded in greater detail below to provide clarification on the methodology used to determine variances:

- Gains/losses on energy derivatives and financial instruments used to minimize energy costs are included as part of total energy costs
- The total Heritage Energy (including Skagit/Seattle City Light commitments) is limited to 49,000 GWh in terms of the Heritage contract. If the Heritage Energy including 100 per cent of market electricity purchases exceeds the Heritage Energy limit, the excess purchases are transferred to Non-Heritage Energy in order to reduce the Heritage Energy volumes to the Heritage Contract limit.
- Variances resulting from changes to compensation and mitigation costs, water rental remissions, or Skagit energy transportation contracts are eligible for deferral. These are price variances as they do not vary with volume.
- All load curtailment costs are to be included as part of the Heritage Payment Obligation and variance between Actual and Plan is to be included in the HDA²

2. Variable costs related to thermal generation¹

3. Significant unplanned major maintenance costs greater than \$1 million related to single event equipment or infrastructure failure or caused by weather related events¹

4. Significant unplanned major capital expenditures having an incremental annual impact on the Income Statement greater than \$1 million related to single event equipment or infrastructure failure or caused by weather related events¹

5. Amortization of unplanned deferred capital costs pursuant to BCUC Order No. G-53-02¹

6. All net revenues from surplus hydro electricity sales³

7. Skagit Valley Treaty revenues and ancillary services revenues³

8. An interest charge/credit⁴ is to be calculated on the ending monthly balance in each deferral account. The interest rate used is BC Hydro's actual weighted cost of debt for its current fiscal year as approved effective April 1, 2011.⁵

¹ Per F05/F06 RRA Decision Directive 11, amended by the F09F/10 RRA Decision, Directive 31.

² Per F09/F10 RRA Decision, Directive 30.

³ Per F05/F06 RRA Decision, Directive 11.

⁴ Per F05/F06 RRA Decision Directive 18, amended by the F07/F08 RRA NSA.

⁵ Per F12-F14 RRA Decision, BCUC Order No. G-77-12A, Directive 1 (xxv).

Non-Heritage Deferral Account (NHDA)

BCUC Decision, October 29, 2004, Page 41:

Commission Findings

The Commission Panel approves all elements of the NHDA, except the distribution emergency restoration costs elements, item 4, because it can be forecast with some confidence, unlike unplanned major capital expenditures and unplanned major maintenance expenditures, and because of risk/reward considerations. Given the denial of item 4 of the NHDA, item 3 of the NHDA is to be as set forth in Final Argument. The Commission Panel approves BC Hydro's forecast of the NHDA non-HPO cost of energy for F2005 and F2006.

Variances between the forecast and the actual cost for the following components of the Non-Heritage Cost of Energy will flow through the NHDA:

1. Cost of energy - all non-HPO energy costs.¹ This item is expanded in greater detail below to provide clarification on the methodology used to determine variances:
 - Any variances relating to fixed price gas transportation contracts would flow through the deferral accounts as they do not vary with volume
 - Future Trade: when Powerex purchases energy for future trade the cost of the purchase from the external party and the sale to BC Hydro of this energy is recorded in Powerex and is included as part of Trade Income. The BC Hydro side of the entry is shown as part of domestic energy costs (on consolidation, the Powerex revenue from BC Hydro and the BC Hydro energy costs from Powerex are eliminated). The difference between Actual and Plan on the BC Hydro side relating to energy for future trade flows through the Non-Heritage Deferral Account. The Powerex side of the transaction, which is part of Trade Income, flows through the Trade Income Deferral Account. Similar treatment is made when the energy is returned to Powerex.
 - Future Trade: when Powerex purchases energy for future trade, the Heritage Payment Obligation (HPO) is charged with a notional water rental charge for the use of this energy. The other side of this entry is shown as part of Non-Heritage energy. These entries are eliminated on consolidation. The difference between the Actual and Plan notional water rentals that is part of the HPO flows through the Heritage Deferral Account. The opposite variance relating to the Non-Heritage side of the notional water rental transaction flows through the Non-Heritage Deferral Account.
 - Gains/losses on energy derivatives and financial instruments used to minimize energy costs are included as part of total energy costs
2. Significant unplanned major maintenance costs greater than \$1 million related to single event equipment or infrastructure failure¹
3. Significant unplanned major capital expenditures having an incremental annual impact on the Income Statement greater than \$1 million related to single event equipment or infrastructure failure or caused by weather related events¹
4. Founding Partner Benefits and any CIS Credits under the ABS Contract¹

¹ Per F05/F06 RRA Decision, Directive 12, amended by F09F/10 RRA Decision, Directive 31.

5. Impact of load variance²
 - The Net Cost of Energy deferral amount is calculated by subtracting the Gross Load Variance and adding the Net Load Variance to the Gross Cost of Energy deferral amount. In practice, because Net Load Variance equals Gross Load Variance less Domestic Revenue Variance, the Net Cost of Energy Deferral simplifies to the Gross Cost of Energy Deferral minus the Domestic Revenue Variance.
6. Costs incurred by the authority in F2014 or a later fiscal year arising from the decommissioning of the Burrard Thermal Plant that are not required for transmission support services, including employee retention costs, penalties or damages that arise as a result of the decommissioning, and the net increase in amortization expense in F2015 and F2016³
7. An interest charge/credit⁴ is to be calculated on the ending monthly balance in each deferral account. The interest rate used is BC Hydro's actual weighted cost of debt for its current fiscal year as approved effective April 1, 2011.⁵

² F09/F10 RRA Decision, Directive 31 and F12-F14 RRA Decision, BCUC Order No. G-77-12A, Directive 1 (ix).

³ Pursuant to BCUC Order No. G-48-14 Directive 6 and Direction No. 7 to the BCUC, section 7(c)(ii).

⁴ Per F05/F06 RRA Decision Directive 18, amended by the F07/F08 RRA NSA.

⁵ Per F12-F14 RRA Decision, BCUC Order No. G-77-12A, Directive 1 (xxv).

Trade Income Deferral Account (TIDA)

BCUC Decision, October 29, 2004, Page 42, Section 4.6:

Commission Findings

The Commission Panel approves the TIDA as proposed by BC Hydro, and approves BC Hydro's forecast of Trade Income for F2005 and F2006.

- Under Direction No. 7 to the BCUC, which continues the essential elements of the Heritage Contract framework formerly established in Heritage Special Direction HC2, any variance between the forecast Trade Income and the actual Trade Income will flow through the TIDA¹
- Actual trade Income is determined by excluding the impact on BC Hydro's consolidated net income due to foreign currency translation gains and losses on intercompany balances between BC Hydro and Powerex Corp. The "floor" of \$0.00 in the definition of Trade Income is removed for F2014.¹
- An interest charge/credit² is to be calculated on the ending monthly balance in each deferral account. The interest rate used is BC Hydro's actual weighted cost of debt for its current fiscal year as approved effective April 1, 2011.³

¹ Refer to Heritage Special Direction No. HC2 and Direction No. 7 to the BCUC – definition of "Trade Income".

² Per F05/F06 RRA Decision Directive 18, amended by the F07/F08 RRA NSA.

³ Per F12-F14 RRA Decision, BCUC Order No. G-77-12A, Directive 1 (xxv).