



*Utilities Commission Act*

DIRECTION NO. 8 TO THE BRITISH  
COLUMBIA UTILITIES COMMISSION

**B.C. Reg. 24/2019**

Deposited and effective February 14, 2019

**Consolidated Regulations of British Columbia**

*This is an unofficial consolidation.*

B.C. Reg. 24/2019 (O.C. 51/2019), deposited and effective February 14, 2019, is made under the *Utilities Commission Act*, R.S.B.C. 1996, c. 473, s. 3.

This is an unofficial consolidation provided for convenience only. This is not a copy prepared for the purposes of the *Evidence Act*.

This consolidation includes any amendments deposited and in force as of the currency date at the bottom of each page. See the end of this regulation for any amendments deposited but not in force as of the currency date. Any amendments deposited after the currency date are listed in the B.C. Regulations Bulletins. All amendments to this regulation are listed in the *Index of B.C. Regulations*. Regulations Bulletins and the Index are available online at [www.bclaws.ca](http://www.bclaws.ca).

See the User Guide for more information about the *Consolidated Regulations of British Columbia*. The User Guide and the *Consolidated Regulations of British Columbia* are available online at [www.bclaws.ca](http://www.bclaws.ca).

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**Definitions**

**1** In this direction:

“**Act**” means the *Utilities Commission Act*;

“**deemed equity**” means, for any fiscal year, the product obtained by multiplying the rate base relating to that year by 30%;

“**distributable surplus**” has the same meaning as in Heritage Special Directive No. HC1 to the British Columbia Hydro and Power Authority;

“**DSM regulatory account**” means the regulatory account of the authority established under commission order G-55-95;

“**F2020**” means the authority’s fiscal year commencing April 1, 2019 and ending March 31, 2020;

“**F2021**” means the authority’s fiscal year commencing April 1, 2020 and ending March 31, 2021;

“**rate base**” means, in relation to a fiscal year of the authority, the amount determined in accordance with the following equation and notes:

$$RB = WCA + (A + B + C)/2 - (D + E + F)/2$$

where

RB = rate base;

WCA = working capital amount of \$250 million;

A, B, D, E and F = the sum of an amount the authority forecasts will be listed as follows in the authority’s audited financial statements at the end of the previous fiscal year and the amount the authority forecasts will be similarly listed at the end of the applicable fiscal year:

A is the amount listed as property, plant and equipment in service, less accumulated amortization;

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- B is the amount listed as intangible assets in service, less accumulated amortization;
- D is the amount listed as contributions in aid of construction;
- E is the amount listed as contributions arising from the Columbia River Treaty;
- F is the amount listed as leased assets included in A, less accumulated amortization;
- C = the sum of the balance the authority forecasts for DSM regulatory account at the beginning of the fiscal year and the balance the authority forecasts for the same account at the end of the fiscal year.

## Notes:

- 1 In determining rate base for a fiscal year, the amounts A, B and F must have subtracted from them any amount included in them that is an expenditure incurred by the authority, on or after April 1, 2011, that the commission determines under the Act must not be recovered by the authority in rates.
- 2 In determining rate base for a fiscal year, the amount D must have subtracted from it any amount included in it that is related to an expenditure referred to in note 1;

**“rate smoothing regulatory account”** means the rate smoothing regulatory account approved by commission order G-48-14.

**Application**

- 2 This direction is issued to the commission under section 3 of the Act.

**Basis for establishing authority revenue requirements**

- 3 In regulating and setting rates for the authority for F2020 and F2021, the commission must ensure that those rates allow the authority to collect sufficient revenue in each fiscal year to enable the authority to achieve an annual rate of return on deemed equity that would yield a distributable surplus of \$712 million.

**Cost recovery**

- 4 (1) In setting rates for the authority, the commission must not disallow for any reason the recovery in rates of the balance of the authority’s regulatory accounts as at March 31, 2019 and the costs incurred by the authority with respect to the following:
  - (a) the construction of extensions to the authority’s plant or system that came into service before April 1, 2016;
  - (b) energy supply contracts entered into before April 1, 2016;
  - (c) debt servicing costs on amounts borrowed in relation to the rate smoothing regulatory account.

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- (2) Subsection (1) (c) does not limit the power of the commission to allow the recovery in rates of debt servicing costs related to the authority's regulatory accounts not referred to in that subsection.

**Rate rebalancing**

- 5** In setting rates for the authority for F2020 and F2021, the commission must not set rates for the purpose of changing the revenue-cost ratio for a class of customers.

**Expenditures for export**

- 6** The commission must not comply with section 4 (5) of the *Clean Energy Act* when setting rates for the authority for F2020 and F2021.

**Retail access**

- 7** Except on application by the authority, the commission must not set rates for the authority that would result in the direct or indirect provision of unbundled transmission services to retail customers in British Columbia, or to those who supply such customers.

**Powerex**

- 8** The commission may not exercise any power or perform any duty under Part 3 of the Act in regard to Powerex Corp.