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Utilities Commission

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July 30, 2021

Sent via eFile

<b>BCUC GENERIC COST OF CAPITAL EXHIBIT A-7</b>
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To: All Registered Parties

**Re: British Columbia Utilities Commission – Generic Cost of Capital – Project No. 1599176 – PACA  
Eligibility and Regulatory Timetable**

Further to the above-noted matter, enclosed please find British Columbia Utilities Commission Order G-231-21 amending the regulatory timetable.

Sincerely,

*Original signed by Ian Jarvis for:*

Patrick Wruck  
Commission Secretary

/jo  
Enclosure



**ORDER NUMBER**  
**G-231-21**

IN THE MATTER OF  
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

British Columbia Utilities Commission  
General Cost of Capital Proceeding

**BEFORE:**

D. M. Morton, Panel Chair  
A. K. Fung, QC, Commissioner  
K. A. Keilty, Commissioner

on July 30, 2021

**ORDER**

**WHEREAS:**

- A. By Order G-66-21 dated March 8, 2021, pursuant to section 82 of the *Utilities Commission Act*, the British Columbia Utilities Commission (BCUC) established a Generic Cost of Capital (GCOC) Proceeding;
- B. By the March 22, 2021 registration date, a total of five Affected Utilities and five Other Utilities registered. Seven non-utility parties and two Other Utilities registered as Interveners;
- C. By Order G-156-21 dated May 21, 2021, the BCUC established the scope of the proceeding and set out a two-stage proceeding to establish public utilities' cost of capital;
- D. By Order G-183-21 dated June 11, 2021, the BCUC established further process in the regulatory timetable to seek submissions from utilities and interveners on whether establishment of a Benchmark Utility is appropriate to determine the cost of capital of public utilities in BC;
- E. By Order G-205-21 dated July 7, 2021, the BCUC established that deferral account financing cost is in scope in the GCOC Proceeding and will be reviewed after the completion of Stage 1 and Stage 2 of the GCOC Proceeding; and
- F. The BCUC considers that procedural matters regarding Participant Assistance/Cost Award (PACA) should be addressed and seeks submissions from registered participants.

**NOW THEREFORE** the BCUC establishes further process with the regulatory timetable, as set out in Appendix B to this order, to seek submissions regarding PACA eligibility matters.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 30<sup>th</sup> day of July 2021.

BY ORDER

*Original signed by:*

D. M. Morton  
Commissioner

Attachment

British Columbia Utilities Commission  
Generic Cost of Capital Proceeding

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**PARTICIPANT ASSISTANCE/COST AWARD**

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**1.0 Participant Assistance/Cost Award**

Pursuant to section 118 of the *Utilities Commission Act*, the British Columbia Utilities Commission (BCUC) may provide Participant Assistance/Cost Award (PACA) to participants in proceedings. Section 118 of the *Utilities Commission Act* states:

**Participant costs**

- 118 (1) The commission may order a participant in a proceeding before the commission to pay all or part of the costs of another participant in the proceeding.
- (2) If the commission considers it to be in the public interest, the commission may pay all or part of the costs of participants in proceedings before the commission that were commenced on or after April 1, 1993 or that are commenced after June 18, 1993.
- (3) Amounts paid for costs under subsection (2) must not exceed the limits prescribed for the purposes of this section.

By Order G-97-17, the BCUC established the PACA Guidelines to set out the procedure for considering applications for PACA funding and to provide guidance to participants on how to apply for PACA funding in BCUC proceedings.<sup>1</sup>

For Stage 1 of the GCOC Proceeding, the Panel requests registered participants to comment on the matters outlined in Section 2.0 below by Friday, August 13, 2021.

**2.0 Submissions Sought**

For Stage 1 of the GCOC Proceeding, the Panel will adopt the PACA Guidelines as set out by Order G-97-17 when considering the eligibility and PACA amounts. The Panel notes that by letter dated July 6, 2021 regarding the BCUC's proposed new Rules of Practice and Procedure for Participant Cost Awards (PCA),<sup>2</sup> the BCUC is seeking comments and feedback on its draft proposed rules of practice and procedure for PCA applications. The letter indicated that the new PCA Rules will come into force from the date of a BCUC order approving such rules. For certainty, should there be any changes to the PACA Guidelines during Stage 1 of the GCOC Proceeding, the Panel will continue to use the existing guidelines as set out by Order G-97-17. Based on the foregoing, the Panel requests registered participants to comment on the following matters:

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<sup>1</sup> Participant Assistance/Cost Award Guidelines, [Order G-97-17](#).

<sup>2</sup> BCUC Proposed New Rules of Practice and Procedure for Participant Cost Awards – Engagement Process, [https://www.bcuc.com/Documents/Other/2021/DOC\\_63341\\_2021-07-06-BCUC-Draft-RulesPracticeProcedure-PCA-Blackline-InvitationToComment.pdf](https://www.bcuc.com/Documents/Other/2021/DOC_63341_2021-07-06-BCUC-Draft-RulesPracticeProcedure-PCA-Blackline-InvitationToComment.pdf)

### *PACA Eligibility and Funding Matters*

1. Pursuant to Section 4.3(d) and Section 7.0 of the PACA Guidelines, the BCUC will consider in its determination of cost award as to whether participants have joined with other groups with similar interests to reduce costs, use professional services in a cost-effective manner, and make efforts to avoid duplication of services.<sup>3</sup>

*In the interest of regulatory efficiency and cost savings, which registered participants would anticipate joining together to share resources including the retaining of expert witness(es)? Please provide a brief explanation of the reasoning for joining the selected participants together.*

2. Corix Multi-Utility Services Inc. (Corix) indicated that it intends to apply for PACA,<sup>4</sup> but public utilities typically do not receive PACA funding. In the previous GCOC Stage 1 Proceeding in 2013, per Order F-17-13, the BCUC awarded PACA to Corix as it was the first instance in which the BCUC had the opportunity to embark on a comprehensive cost of capital review of thermal energy services (TES). Corix was invited to put forward an expert witness to augment the evidentiary record of the GCOC Proceeding on cost of capital review for TES utilities which hitherto had been non-existent.<sup>5</sup>

*Should a public utility such as Corix be eligible for PACA in Stage 1 of the GCOC Proceeding? Why or why not? If so, should funding for a public utility be limited to covering the costs of retaining an expert as was the case in Order F-17-13, or should it extend to other costs? Please explain.*

3. Some public utilities may prefer to request approval to establish a new regulatory deferral account to record costs for their participation in the GCOC Proceeding because they are not currently approved for variance or deferral treatment of these costs.

*Should the BCUC approve a request to establish a regulatory deferral account to record the costs for a public utility to participate in the GCOC Proceeding? Why or why not?*

**Written submissions regarding PACA eligibility and funding matters as per above must be filed by Friday, August 13, 2021 in accordance with the regulatory timetable as set out in Appendix B of this Order G-231-21.**

### *PACA Cost Allocation Matters*

The following BCUC decisions and orders relating to previous generic hearings, including the prior GCOC Proceeding, determined how PACA costs were allocated:

- PACA Order F-5-06<sup>6</sup> for the 2006 BCUC Review of FortisBC Energy Inc. ROE and Capital Structure Application

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<sup>3</sup> Participant Assistance/Cost Award Guidelines, [Order G-97-17](#), pp. 4 – 6.

<sup>4</sup> Exhibit B6-1, Corix, p. 2.

<sup>5</sup> Generic Cost of Capital Proceeding – Stage 1 Applications for Participant Assistance/Cost Awards, [Order F-17-13](#), Appendix A, p. 5.

<sup>6</sup> TGI ~ PACA to Determine the Appropriate ROE and Capital Structure to be Used in Setting the Rates of the Companies commencing January 1, 2006 and Review and Revise the Automatic Adjustment Mechanism Used in Calculating the ROE Allowed in Rates for Public Utilities, [Order F-5-06](#).

- GCOC Proceeding Order G-72-12<sup>7</sup> to establish Stage 1 PACA Allocation and PACA Order F-17-13<sup>8</sup> for the GCOC Stage 1 Proceeding
- PACA Order F-14-14<sup>9</sup> for the GCOC Stage 2 Proceeding

The Panel views that PACA cost allocation determinations will depend on the timing and progress of Stage 1 of this GCOC Proceeding including a determination on the use of a Benchmark Utility. The cost allocation may vary depending on whether a benchmark will continue to exist and, if applicable, which utility will serve as the benchmark. It would be inefficient to seek submissions from participants at this time on PACA cost allocation based on multiple hypothetical scenarios. Therefore, PACA cost allocation matters will be addressed in due course.

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<sup>7</sup> Generic Cost of Capital Proceeding, [Order G-72-12](#).

<sup>8</sup> Generic Cost of Capital Proceeding – Stage 1 Applications for Participant Assistance/Cost Awards, [Order F-17-13](#).

<sup>9</sup> Generic Cost of Capital Proceeding Stage 2 Participant Assistance/Cost Awards, [Order F-14-14](#).

British Columbia Utilities Commission  
Generic Cost of Capital Proceeding

**REGULATORY TIMETABLE**

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<b>Action</b>	<b>Date (2021)</b>
Written submissions from Affected Utilities, Other Utilities, and Interveners on cost eligibility of Participant Assistance/Cost Awards for the GCOC Proceeding as outlined in Appendix A of Order G-231-21	Friday, August 13