

D'Argis, Krista GCPE:EX

From: Stagg, Linda R GCPE:EX
Sent: Wednesday, November 8, 2017 12:51 PM
To: Sherlock, Stephanie GCPE:EX; Beaupre, Darren GCPE:EX; Haslam, David GCPE:EX; Dalal, Suntanu GCPE:EX
Subject: FW: Across the wire - BC Gov News - Province delivers on commitment to freeze BC Hydro rates

From: noreply.newsondemand@gov.bc.ca [mailto:noreply.newsondemand@gov.bc.ca]
Sent: Wednesday, November 8, 2017 12:50 PM
To: Stagg, Linda R GCPE:EX
Subject: BC Gov News - Province delivers on commitment to freeze BC Hydro rates

For Immediate Release
2017EMPR0021-001875
Nov. 8, 2017

Ministry of Energy, Mines and Petroleum Resources

NEWS RELEASE

Province delivers on commitment to freeze BC Hydro rates

VICTORIA - The British Columbia government is delivering on its promise to freeze BC Hydro rates, putting an end to the years of spiralling electricity costs that have made life less affordable for B.C. homeowners and renters, Minister of Energy, Mines and Petroleum Resources Michelle Mungall announced today.

BC Hydro rates have gone up by more than 24% in the last four years, and by more than 70% since 2001. Mungall says that in 2016, BC Hydro applied to the BC Utilities Commission for three years of increases, with a 3% increase planned next year, but will be pulling back its request, consistent with this administration's commitment to a rate freeze.

"After years of escalating electricity costs, British Columbians deserve a break on their bills," said Mungall. "From the moment we took office, we've taken action to make life more affordable. As part of that, we're going to make sure that BC Hydro is working for the benefit of all British Columbians and that its rates reflect that commitment."

The rate freeze will provide government the time to undertake a comprehensive review of BC Hydro. That review will identify changes and cost savings to keep rates low while ensuring BC Hydro has the resources it needs to continue to provide clean, safe and reliable electricity. Details of the scope and process for the review will be developed once government has made a final decision on Site C.

After completing a comprehensive review of BC Hydro, any cost and revenue adjustments identified will be reflected in rates starting in April 2019.

The rate freeze follows government's commitment in its September budget update to phase out the provincial sales tax on electricity.

Contact:

Suntanu Dalal
Media Relations
Ministry of Energy, Mines and Petroleum Resources
250 952-0628

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Economy, Energy, Mines and Petroleum Resources, Government Operations

D'Argis, Krista GCPE:EX

From: Beaupre, Darren GCPE:EX
Sent: Wednesday, November 8, 2017 9:35 AM
To: Dalal, Suntanu GCPE:EX
Subject: FW: Back on for 11:30ish - FYI - EMPR-83250 - new item for 11:30am today

Back on for 11:30 and Minister scrum planned at Legislature fyi

From: Stagg, Linda R GCPE:EX
Sent: Wednesday, November 8, 2017 9:07 AM
To: Beaupre, Darren GCPE:EX; GCPE Editors
Cc: Haslam, David GCPE:EX; Grewar, Colin GCPE:EX; Sovka, David GCPE:EX
Subject: RE: Back on for 11:30ish - FYI - EMPR-83250 - new item for 11:30am today

That's the further word from Don Z

From: Stagg, Linda R GCPE:EX
Sent: Wednesday, November 8, 2017 8:41 AM
To: Beaupre, Darren GCPE:EX; GCPE Editors
Cc: Haslam, David GCPE:EX; Grewar, Colin GCPE:EX; Sovka, David GCPE:EX
Subject: RE: When we get this, hold on - FYI - EMPR-83250 - new item for 11:30am today

Don Z tells us this is on hold – awaiting for further direction from Exec.

Linda Stagg

Editor, Government Communications and Public Engagement
250 387-4534 | Mobile: 250 882-8673

From: Beaupre, Darren GCPE:EX
Sent: Wednesday, November 8, 2017 8:23 AM
To: GCPE Editors
Cc: Haslam, David GCPE:EX; Grewar, Colin GCPE:EX; Sovka, David GCPE:EX
Subject: FYI - EMPR-83250 - new item for 11:30am today

FYI that we are nearing final for a news release just added to the corp calendar. Plan is to release it at 11:30am today. Will send soonish. Thanks.

EMPR-83250 updated 0 minutes ago	Today 11:30- 11:30 am	BC government delivers on commitment to freeze BC Hydro rates BC Hydro rates have gone up by more than 24% in the last four years, and by 2001. In early 2017, BC Hydro applied to the BC Utilities Commission for a 3% pulling back its request consistent with this administration's commitment to a
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Darren Beaupre

Government Communications and Public Engagement (GCPE)

Ministry of Energy, Mines and Petroleum Resources

Phone: 250-356-5892

E-mail: darren.beaupre@gov.bc.ca

D'Argis, Krista GCPE:EX

From: Haslam, David GCPE:EX
Sent: Wednesday, November 8, 2017 10:12 AM
To: Pillon, Lawrence; Sauer, Darwin; Scott, Mora; Fish, Tanya
Cc: Beaupre, Darren GCPE:EX; Grewar, Colin GCPE:EX; Sovka, David GCPE:EX; Dalal, Suntanu GCPE:EX
Subject: FW: For Final review/Approval - EMPR NR - DRAFT: Province delivers on commitment to freeze BC Hydro rates
Attachments: DRAFT.pdf

Lawrence - attached NR scheduled to go about 1130 am. MMM will be doing a media scrum coming out of cabinet about the same time. I note the savings from the freeze are now note included in the NR. I expect this will generate a lot of media requests to EMPR and BCH for the info so I am sending below. If anything changes I'll let you know. Thx - David

BC Hydro estimates that eliminating the rate increase of 3% that was to have taken effect on April 1, 2018 will save:

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NEWS RELEASE

Not Approved
Nov. 8, 2017

Ministry of Energy, Mines and Petroleum Resources

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"After years of escalating electricity costs, British Columbians deserve a break on their bills," said Mungall. "From the moment we took office, we've taken action to make life more affordable. As part of that, we're going to make sure that BC Hydro is working for the benefit of all British Columbians and that its rates reflect that commitment."

The rate freeze will provide government the time to undertake a comprehensive review of BC Hydro. That review will identify changes and cost savings to keep rates low while ensuring BC Hydro has the resources it needs to continue to provide clean, safe and reliable electricity. Details of the scope and process for the review will be developed once government has made a final decision on Site C.

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The rate freeze follows government's commitment in its September budget update to phase out the provincial sales tax on electricity.

Contact:

Suntanu Dalal
Media Relations
Ministry of Energy, Mines and Petroleum
Resources
250 952-0628

Connect with the Province of B.C. at: news.gov.bc.ca/connect

D'Argis, Krista GCPE:EX

From: Grewar, Colin GCPE:EX
Sent: Wednesday, November 8, 2017 10:32 AM
To: Sanderson, Melissa EMPR:EX; McNish, James EMPR:EX; Zadravec, Don GCPE:EX; MacLaren, Les EMPR:EX; Haslam, David GCPE:EX; Beaupre, Darren GCPE:EX
Cc: Sovka, David GCPE:EX; Dalal, Suntanu GCPE:EX
Subject: FW: Rate Freeze
Attachments: 2017EMPR0021-001875.pdf; QA-KMs_Rate Freeze_Nov08_929am DRAFT dz rgg lp LM edits.docx

Final version of NR now attached (along with QA/KMs).



Colin Grewar
Public Affairs Officer
Government Communications and Public Engagement
Ministry of Energy, Mines and Petroleum Resources
Phone: 250-952-0650
Colin.Grewar@gov.bc.ca

From: Grewar, Colin GCPE:EX
Sent: Wednesday, November 8, 2017 10:16 AM
To: Sanderson, Melissa EMPR:EX; McNish, James EMPR:EX; Zadravec, Don GCPE:EX; Haslam, David GCPE:EX; Beaupre, Darren GCPE:EX; MacLaren, Les EMPR:EX
Cc: Sovka, David GCPE:EX; Dalal, Suntanu GCPE:EX
Subject: Rate Freeze

Hi All: Please find attached the latest draft NR and QA/KMs on the rate freeze.

Colin



Colin Grewar
Public Affairs Officer
Government Communications and Public Engagement
Ministry of Energy, Mines and Petroleum Resources
Phone: 250-952-0650
Colin.Grewar@gov.bc.ca

QUESTION AND ANSWERS
BC Hydro Rate Freeze
November 8, 2017

Ministry of Energy and Mines

- The B.C. government is delivering on its promise to freeze BC Hydro rates, putting an end to the years of spiralling electricity costs that have made life less affordable for B.C. homeowners and renters.
- After years of escalating costs, British Columbians deserve a break on their bills.
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- The rate freeze will give Government the time to undertake a comprehensive review of BC Hydro.
- That review will identify changes and cost savings to keep rates low while ensuring BC Hydro has the resources it needs to continue to provide clean, safe and reliable electricity.
- Details of the scope and process for the review will be developed once Government has made a final decision on the Site C project.
- After completing a comprehensive review of BC Hydro, any cost and revenue adjustments identified will be reflected in rates starting in April 2019.

Questions and Answers

1. Does the provincial government want to freeze rates to make it easier to say no to the Site C project?

Our review of the Site C project is underway – that process was initiated to assist us in making the best decision for keeping BC Hydro rates affordable in the long term.

We are mindful of the fact that our decision on Site C will have an impact on ratepayers. In its final report of the Site C review the BCUC takes no position on whether termination or completion has the greatest cost to ratepayers. We are considering the BCUC's report and factors outside their review to make the right decision.

The rate freeze announced today is another commitment we made to make life more affordable for British Columbians, prior to a comprehensive review of BC Hydro. That review will identify changes and cost savings to keep rates low while ensuring BC Hydro has the resources it needs to continue to provide clean, safe and reliable electricity. Details of the scope and process for the review will be developed once Government has made a final decision on the Site C project.

We are going to take the time we need to make a decision on Site C that works for B.C. families, businesses and the sustainability of our environment and economy. It's a decision we take very seriously. We anticipate a decision about Site C by the end of the year.

2. How exactly will you implement the rate freeze?

BC Hydro will provide a letter to the BC Utilities Commission (BCUC) amending its Revenue Requirements Application (RRA) for 2016/17 - to 2018/19 that is currently before the BCUC to request approval of a 0% increase instead of the 3% increase scheduled to take effect April 1, 2018.

After completing a comprehensive review of BC Hydro, any cost reductions and revenue increases identified will be reflected in rates starting the next year, effective April 2019.

Rates for April 2019 and beyond will be the subject of BC Hydro's next RRA to the BCUC.

The Plan to freeze rates was developed jointly by BC Hydro and the Province and fully respects the role of the BCUC as the province's independent regulator to review and approve rates.

3. What will the savings be for BC Hydro's residential, commercial and industrial customers?

BC Hydro estimates that eliminating the rate increase of 3% that was to have taken effect on April 1, 2018 will save:

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4. Do you really think that \$2 a month saving will make a difference to the average residential customer?

We made a commitment to freeze rates and we are following through on that commitment by having BC Hydro eliminate the rate increase of 3% that was to have taken effect on April 1, 2018.

5. Why are you freezing rates now given all the uncertainty over Site C?

The rate freeze announced today is another commitment we made to make life more affordable for British Columbians, prior to a comprehensive review of BC Hydro. That review will identify changes and cost savings to keep rates low while ensuring BC Hydro has the resources it needs to continue to provide clean, safe and reliable electricity. Details of the scope and process for the review will be developed once Government has made a final decision on the Site C project.

6. What rationale will BC Hydro provide to the BCUC to justify its request for a 0% increase effective April 2018?

BC Hydro is expected to reference its mandate letter for 2017/18-2019/20 which includes a direction to work with the Ministry of Energy, Mines and Petroleum Resources to freeze rates as soon as practical to keep rates low and predictable and to conduct a comprehensive review to identify potential efficiencies that can benefit ratepayers.

s.13

8. By lowering Hydro bills, aren't you just encouraging people to use more electricity instead of conserve?

According to BC Hydro, 75% of British Columbians have a favourable view of conservation and energy management. We don't think a rate freeze will change that. Conservation just makes sense – everyone recognizes the benefits of energy conservation not only to help lower electricity bills but to help lower our impact on the environment by reducing the need to develop new sources of generation.

BC Hydro also continues to offer a range of excellent programs to help people reduce their electricity use. In fact, October was "Power Smart Month", BC Hydro's annual campaign to help customers learn more about making smart energy choices and taking action to lower their bills.

9. How much revenue will BC Hydro forego as a result of the freeze?

The rate freeze will mean BC Hydro will have to forego approximately \$150 million in planned domestic revenue for fiscal 2019, and absorb the cumulative impact of that lost revenue in following years.

10. How will BC Hydro absorb that lost revenue?

BC Hydro will request approval from the BCUC to roll the \$150 million in foregone revenue for fiscal 2019 into its current rate smoothing regulatory account. This account spreads rate increases over longer periods of time to reduce rate shock for ratepayers while BC Hydro is investing heavily in required capital projects to maintain and expand its aging infrastructure system of dams, power stations and transmission lines.

The rate freeze will give BC Hydro and Government the time necessary to undertake a comprehensive review of BC Hydro. The review will identify savings and changes we can make to keep rates low and predictable in the future while ensuring BC Hydro has the revenue it needs to provide safe, reliable and affordable electricity to British Columbians.

We are confident that the BC Hydro review will identify savings that will help to address BC Hydro's revenue gap

11. What is the impact on the rate smoothing account?

BC Hydro projects it will need a total of \$450 million in additional revenue for fiscal 2019 to cover the difference between revenue received and costs incurred. Approximately \$150 million of that would have come from the 3% rate increase. Without the 3% increase the full \$450 million will be transferred to the rate smoothing account, instead of \$300 million which would have been transferred if the rate increase had gone ahead. .

The balance in the rate smoothing account at June 30, 2017 was \$548 million.

We are confident that the BC Hydro review will identify savings that will help to address BC Hydro's revenue gap

12. In opposition, your party was critical of BC Hydro's use of regulatory accounts. Why are you now ok with increasing the balance in those accounts?

The use of regulatory accounts is common amongst regulated utility industries throughout North America, and transfers to BC Hydro's regulated accounts are approved by the BCUC.

The rate smoothing regulatory account spreads rate increases over longer periods of time to reduce rate shock for ratepayers while BC Hydro is investing heavily in capital projects required to maintain and expand its aging system of dams, power stations and transmission lines.

That said we still have concerns about BC Hydro's use of regulatory accounts and the balance in the accounts. This is one of the issues we expect will be fully canvassed in the review of BC Hydro.

Until we can complete the review and explore ways to address the regulatory account balance and other issues at BC Hydro the rate smoothing account provides BC Hydro with a tool to freeze rates and make life more affordable for British Columbians while ensuring it has the financial resources it needs to operate, maintain and expand its facilities to continue to provide clean, safe and reliable electricity to the province.

We are confident that the review will identify savings that will help to address BC Hydro's revenue gap.

13. How much would rates have needed to go up to cover BC Hydro's \$450 million revenue gap for fiscal 2019?

Rates would need to go up by approximately 9% on April 1, 2018 to provide the revenue of \$450 million required by BC Hydro. The current rate plan caps the rate increase for April 2018 at 3%. BC Hydro is requesting a 0% increase for April 2018 to freeze rates for one year.

14. If BC Hydro is amending their RRA does this mean starting F2017-F2019 RRA all over again? It's drawing to a close after over a year of process and it has involved a huge amount of work already invested by the BCUC, BC Hydro and 11 interveners, and a decision was expected in early October.

No. BC Hydro will be amending their request for a rate increase for just one of the three years included in the RRA – fiscal 2019. All of the information that has been provided to the BCUC from BC Hydro and interveners, including information related to BC Hydro's demand-side management expenditure, transfers to the rate smoothing account, and other issues will be considered by the BCUC as part of their decision.

Past rate increases of 4% effective April 1, 2016 and 3.5% effective April 1, 2017 were already approved by the BCUC on a refundable basis and are already in BC Hydro customers rates.

It's also worth noting that the BCUC has already released its decision on the portion of the RRA related to BC Hydro's load forecast. That decision was issued on August 25th – the BCUC accepted BC Hydro's load forecast for fiscal 2016/17 – 2018/19.

15. What do you say to interveners who are expecting a decision on the RRA?

We anticipate that the impact of the BC Hydro's amended application would be minimal.

It's also worth noting that the BCUC has already released its decision on the portion of the RRA related to BC Hydro's load forecast. That decision was issued on August 25, 2017 – the BCUC accepted BC Hydro's load forecast for fiscal 2016/17 – 2018/19.

16. What happens to rates after the rate freeze is over, come April 1, 2019?

Rates for April 1, 2019 will be included in BC Hydro's next RRA which is expected to be filed in early 2019. By that time, we will have completed a comprehensive review of BC Hydro and identified savings and other changes that can be passed along to B.C families and businesses to keep rates low while ensuring BC Hydro has the revenues it needs to provide safe, clean, reliable electricity to British Columbians.

The BCUC will set rates for April 2019 and beyond.

17. When will this review take place and what will it include?

We will announce details of the review, including the scope and terms of reference after Government makes a final decision on the Site C project.

18. If you freeze rates for one year aren't you just going to have to bring in higher rate increases in subsequent years?

We're confident that through a comprehensive review of BC Hydro we will be able to identify changes and cost savings that will offset revenue lost to the rate freeze.

To the extent that the rate freeze is not offset by cost reductions or revenue increases, there are a number of options Government can explore to address a revenue gap.

For example, we could:

- Extend the time for paying down the rate smoothing account beyond the current 2024 that is prescribed in the current rates plan,
- Reduce BC Hydro's net income requirements, leaving BC Hydro more money for operations and reducing its dividend payable to the Province.
- Accelerate the phasing out of the dividend which is currently on track to be reduced to zero by fiscal 2020.

These are options that we will be examining with BC Hydro over the course of the review.

19. BC Hydro's debt is approaching \$20 billion and they've deferred about \$5.6 billion in regulatory accounts that will have to be collected from ratepayers sometime in the future. Won't the rate freeze just make BC Hydro's financial picture worse?

We're confident that through a comprehensive review of BC Hydro we will be able to identify changes and cost savings that will ultimately improve BC Hydro's financial picture.

To the extent that the rate freeze is not offset by cost reductions or revenue increases at BC Hydro, there are a number of options Government can explore to address a revenue gap.

For example, we could:

- Extend the time for paying down the rate smoothing account beyond the current 2024 that is prescribed in the current rates plan,

- Reduce BC Hydro's net income requirements, leaving BC Hydro more money for operations and reducing its dividend payable to the Province.
- Accelerate the phasing out of the dividend which is currently on track to be reduced to zero by fiscal 2020.

It's worth noting that BC Hydro is already collecting in rates for all but two of its 26 regulatory accounts. In fiscal 2018 alone BC Hydro will collect about \$400 million towards regulatory accounts.

20. What further measures is Government looking at for affordability?

We are currently consulting with BC Hydro regarding a lifeline rate in order to ensure everyday British Columbians aren't left out in the cold. The rate could mean that families who have demonstrated need would have access to a lower rate for their electricity.

A lifeline or low-income rate will be outside and additional to the rate freeze.

In order to introduce a lifeline rate and have it approved by the BCUC we will likely need to amend the Utility Commission Act.

Over the coming weeks and months, we will have more to say about this, but our first commitment is to freeze hydro rates to make life more affordable for all British Columbians.

In the meantime, BC Hydro is developing a customer emergency fund pilot program that would provide support to residential customers who are unable to pay their electricity bills. BC Hydro also continues to provide energy efficiency programs to help low-income families conserve electricity and reduce their bills.

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Nov. 8, 2017

Ministry of Energy, Mines and Petroleum Resources

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250 952-0628

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D'Argis, Krista GCPE:EX

From: Haslam, David GCPE:EX
Sent: Wednesday, November 8, 2017 2:10 PM
To: Dalal, Suntanu GCPE:EX
Cc: Beaupre, Darren GCPE:EX; Grewar, Colin GCPE:EX; Darwin Sauer; Lawrence Pillon
Subject: Fwd: Mungall On Hydro Rate Freeze
Attachments: Mungall On Hydro Rate Freeze.m4a; ATT00001.htm

We need to discuss approach and n rate smoothing acct.

Sent from my iPhone

Begin forwarded message:

From: "Sherlock, Stephanie GCPE:EX" <Stephanie.Sherlock@gov.bc.ca>
Date: November 8, 2017 at 1:34:21 PM PST
To: "Ryckman, Scott GCPE:EX" <Scott.Ryckman@gov.bc.ca>
Cc: "Holmwood, Jen PREM:EX" <Jen.Holmwood@gov.bc.ca>, "Hannah, Matt GCPE:EX" <Matt.Hannah@gov.bc.ca>, "Haslam, David GCPE:EX" <David.Haslam@gov.bc.ca>, "Zadravec, Don GCPE:EX" <Don.Zadravec@gov.bc.ca>, "Tounsi, Marielle GCPE:EX" <Marielle.Tounsi@gov.bc.ca>, "Andrews, Scott GCPE:EX" <Scott.Andrews@gov.bc.ca>
Subject: Mungall On Hydro Rate Freeze

D'Argis, Krista GCPE:EX

From: Haslam, David GCPE:EX
Sent: Wednesday, November 8, 2017 10:24 AM
To: Sherlock, Stephanie GCPE:EX
Cc: Sanderson, Melissa EMPR:EX; McNish, James EMPR:EX; Zdravec, Don GCPE:EX; Beaupre, Darren GCPE:EX; Grewar, Colin GCPE:EX; Dalal, Suntanu GCPE:EX; Sovka, David GCPE:EX
Subject: Rate Freeze Scrum
Attachments: DRAFT.PDF; QA-KMs_Rate Freeze_Nov08_929am DRAFT dz rgg lp LM edits.docx

Stephanie – attached is the NR and QA on the BCH rate freeze. We want to arrange an MMM scrum in the causeway following cabinet. The time release for NR will be between 11 and 1130. Can you reach out to media this am and alert them that MMM will be available for a scrum on an important decision by government. I'm including Melissa so she can brief MMM on the ground as she heads into cabinet.

QUESTION AND ANSWERS
BC Hydro Rate Freeze
November 8, 2017

Ministry of Energy and Mines

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BC Hydro also continues to offer a range of excellent programs to help people reduce their electricity use. In fact, October was "Power Smart Month", BC Hydro's annual campaign to help customers learn more about making smart energy choices and taking action to lower their bills.

9. How much revenue will BC Hydro forego as a result of the freeze?

The rate freeze will mean BC Hydro will have to forego approximately \$150 million in planned domestic revenue for fiscal 2019, and absorb the cumulative impact of that lost revenue in following years.

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BC Hydro will request approval from the BCUC to roll the \$150 million in foregone revenue for fiscal 2019 into its current rate smoothing regulatory account. This account spreads rate increases over longer periods of time to reduce rate shock for ratepayers while BC Hydro is investing heavily in required capital projects to maintain and expand its aging infrastructure system of dams, power stations and transmission lines.

The rate freeze will give BC Hydro and Government the time necessary to undertake a comprehensive review of BC Hydro. The review will identify savings and changes we can make to keep rates low and predictable in the future while ensuring BC Hydro has the revenue it needs to provide safe, reliable and affordable electricity to British Columbians.

We are confident that the BC Hydro review will identify savings that will help to address BC Hydro's revenue gap

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That said we still have concerns about BC Hydro's use of regulatory accounts and the balance in the accounts. This is one of the issues we expect will be fully canvassed in the review of BC Hydro.

Until we can complete the review and explore ways to address the regulatory account balance and other issues at BC Hydro the rate smoothing account provides BC Hydro with a tool to freeze rates and make life more affordable for British Columbians while ensuring it has the financial resources it needs to operate, maintain and expand its facilities to continue to provide clean, safe and reliable electricity to the province.

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13. How much would rates have needed to go up to cover BC Hydro's \$450 million revenue gap for fiscal 2019?

Rates would need to go up by approximately 9% on April 1, 2018 to provide the revenue of \$440 million required by BC Hydro. The current rate plan caps the rate increase for April 2018 at 3%. BC Hydro is requesting a 0% increase for April 2018 to freeze rates for one year.

14. If BC Hydro is amending their RRA does this mean starting F2017-F2019 RRA all over again? It's drawing to a close after over a year of process and it has involved a huge amount of work already invested by the BCUC, BC Hydro and 11 interveners, and a decision was expected in early October.

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The BCUC will set rates for April 2019 and beyond.

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We will announce details of the review, including the scope and terms of reference after Government makes a final decision on the Site C project.

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We're confident that through a comprehensive review of BC Hydro we will be able to identify changes and cost savings that will offset revenue lost to the rate freeze.

To the extent that the rate freeze is not offset by cost reductions or revenue increases, there are a number of options Government can explore to address a revenue gap.

For example, we could:

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These are options that we will be examining with BC Hydro over the course of the review.

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It's worth noting that BC Hydro is already collecting in rates for all but two of its 26 regulatory accounts. In fiscal 2018 alone BC Hydro will collect about \$400 million towards regulatory accounts.

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We are currently consulting with BC Hydro regarding a lifeline rate in order to ensure everyday British Columbians aren't left out in the cold. The rate could mean that families who have demonstrated need would have access to a lower rate for their electricity.

A lifeline or low-income rate will be outside and additional to the rate freeze.

In order to introduce a lifeline rate and have it approved by the BCUC we will likely need to amend the Utility Commission Act.

Over the coming weeks and months, we will have more to say about this, but our first commitment is to freeze hydro rates to make life more affordable for all British Columbians.

In the meantime, BC Hydro is developing a customer emergency fund pilot program that would provide support to residential customers who are unable to pay their electricity bills. BC Hydro also continues to provide energy efficiency programs to help low-income families conserve electricity and reduce their bills.

NEWS RELEASE

Not Approved
Nov. 8, 2017

Ministry of Energy, Mines and Petroleum Resources

Province delivers on commitment to freeze BC Hydro rates

VICTORIA – The British Columbia government is delivering on its promise to freeze BC Hydro rates, putting an end to the years of spiralling electricity costs that have made life less affordable for BC homeowners and renters, Minister of Energy, Mines and Petroleum Resources Minister Michelle Mungall announced today.

BC Hydro rates have gone up by more than 24% in the last four years, and by more than 70% since 2001. Mungall says that in early 2017, BC Hydro applied to the BC Utilities Commission for a 3% increase, but will be pulling back its request consistent with this administration's commitment to a rate freeze.

"After years of escalating electricity costs, British Columbians deserve a break on their bills," said Mungall. "From the moment we took office, we've taken action to make life more affordable. As part of that, we're going to make sure that BC Hydro is working for the benefit of all British Columbians and that its rates reflect that commitment."

The rate freeze will provide government the time to undertake a comprehensive review of BC Hydro. That review will identify changes and cost savings to keep rates low while ensuring BC Hydro has the resources it needs to continue to provide clean, safe and reliable electricity. Details of the scope and process for the review will be developed once government has made a final decision on Site C.

After completing a comprehensive review of BC Hydro, any cost and revenue adjustments identified will be reflected in rates starting in April 2019.

The rate freeze follows government's commitment in its September budget update to phase out the provincial sales tax on electricity.

Contact:

Suntanu Dalal
Media Relations
Ministry of Energy, Mines and Petroleum
Resources
250 952-0628

Connect with the Province of B.C. at: news.gov.bc.ca/connect

D'Argis, Krista GCPE:EX

From: Grewar, Colin GCPE:EX
Sent: Wednesday, November 8, 2017 10:16 AM
To: Sanderson, Melissa EMPR:EX; McNish, James EMPR:EX; Zadravec, Don GCPE:EX; Haslam, David GCPE:EX; Beaupre, Darren GCPE:EX; MacLaren, Les EMPR:EX
Cc: Sovka, David GCPE:EX; Dalal, Suntanu GCPE:EX
Subject: Rate Freeze
Attachments: DRAFT.PDF; QA-KMs_Rate Freeze_Nov08_929am DRAFT dz rgg lp LM edits.docx

Hi All: Please find attached the latest draft NR and QA/KMs on the rate freeze.

Colin



Colin Grewar
Public Affairs Officer
Government Communications and Public Engagement
Ministry of Energy, Mines and Petroleum Resources
Phone: 250-952-0650
Colin.Grewar@gov.bc.ca

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"After years of escalating electricity costs, British Columbians deserve a break on their bills," said Mungall. "From the moment we took office, we've taken action to make life more affordable. As part of that, we're going to make sure that BC Hydro is working for the benefit of all British Columbians and that its rates reflect that commitment."

The rate freeze will provide government the time to undertake a comprehensive review of BC Hydro. That review will identify changes and cost savings to keep rates low while ensuring BC Hydro has the resources it needs to continue to provide clean, safe and reliable electricity. Details of the scope and process for the review will be developed once government has made a final decision on Site C.

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QUESTION AND ANSWERS
BC Hydro Rate Freeze
November 8, 2017

Ministry of Energy and Mines

- The B.C. government is delivering on its promise to freeze BC Hydro rates, putting an end to the years of spiralling electricity costs that have made life less affordable for B.C. homeowners and renters.
- After years of escalating costs, British Columbians deserve a break on their bills.
- We're going to make sure that BC Hydro is working for the benefit of all British Columbians and that its rates reflect that commitment.
- The rate freeze will give Government the time to undertake a comprehensive review of BC Hydro.
- That review will identify changes and cost savings to keep rates low while ensuring BC Hydro has the resources it needs to continue to provide clean, safe and reliable electricity.
- Details of the scope and process for the review will be developed once Government has made a final decision on the Site C project.
- After completing a comprehensive review of BC Hydro, any cost and revenue adjustments identified will be reflected in rates starting in April 2019.

Questions and Answers

1. Does the provincial government want to freeze rates to make it easier to say no to the Site C project?

Our review of the Site C project is underway – that process was initiated to assist us in making the best decision for keeping BC Hydro rates affordable in the long term.

We are mindful of the fact that our decision on Site C will have an impact on ratepayers. In its final report of the Site C review the BCUC takes no position on whether termination or completion has the greatest cost to ratepayers. We are considering the BCUC's report and factors outside their review to make the right decision.

The rate freeze announced today is another commitment we made to make life more affordable for British Columbians, prior to a comprehensive review of BC Hydro. That review will identify changes and cost savings to keep rates low while ensuring BC Hydro has the resources it needs to continue to provide clean, safe and reliable electricity. Details of the scope and process for the review will be developed once Government has made a final decision on the Site C project.

We are going to take the time we need to make a decision on Site C that works for B.C. families, businesses and the sustainability of our environment and economy. It's a decision we take very seriously. We anticipate a decision about Site C by the end of the year.

2. How exactly will you implement the rate freeze?

BC Hydro will provide a letter to the BC Utilities Commission (BCUC) amending its Revenue Requirements Application (RRA) for 2016/17 - to 2018/19 that is currently before the BCUC to request approval of a 0% increase instead of the 3% increase scheduled to take effect April 1, 2018.

After completing a comprehensive review of BC Hydro, any cost reductions and revenue increases identified will be reflected in rates starting the next year, effective April 2019.

Rates for April 2019 and beyond will be the subject of BC Hydro's next RRA to the BCUC.

The Plan to freeze rates was developed jointly by BC Hydro and the Province and fully respects the role of the BCUC as the province's independent regulator to review and approve rates.

3. What will the savings be for BC Hydro's residential, commercial and industrial customers?

BC Hydro estimates that eliminating the rate increase of 3% that was to have taken effect on April 1, 2018 will save:

- Residential customers an average of \$23 per year (\$2 per month)
- Small commercial customers like smaller offices and restaurants \$58 per year (\$5 per month)
- Medium commercial customers like public schools and hotels an average of \$519 per year (\$43 per month)
- Large commercial customers like hospitals and universities an average of \$2,076 per year (\$173 per month)
- Industrial customers between approximately \$133,000 and \$2.0 million per year (about \$11,100 to \$167,000 per month) for each single customer site.

4. Do you really think that \$2 a month saving will make a difference to the average residential customer?

We made a commitment to freeze rates and we are following through on that commitment by having BC Hydro eliminate the rate increase of 3% that was to have taken effect on April 1, 2018.

5. Why are you freezing rates now given all the uncertainty over Site C?

The rate freeze announced today is another commitment we made to make life more affordable for British Columbians, prior to a comprehensive review of BC Hydro. That review will identify changes and cost savings to keep rates low while ensuring BC Hydro has the resources it needs to continue to provide clean, safe and reliable electricity. Details of the scope and process for the review will be developed once Government has made a final decision on the Site C project.

6. What rationale will BC Hydro provide to the BCUC to justify its request for a 0% increase effective April 2018?

BC Hydro is expected to reference its mandate letter for 2017/18-2019/20 which includes a direction to work with the Ministry of Energy, Mines and Petroleum Resources to freeze rates as soon as practical to keep rates low and predictable and to conduct a comprehensive review to identify potential efficiencies that can benefit ratepayers.

s.13

8. By lowering Hydro bills, aren't you just encouraging people to use more electricity instead of conserve?

According to BC Hydro, 75% of British Columbians have a favourable view of conservation and energy management. We don't think a rate freeze will change that. Conservation just makes sense – everyone recognizes the benefits of energy conservation not only to help lower electricity bills but to help lower our impact on the environment by reducing the need to develop new sources of generation.

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D'Argis, Krista GCPE:EX

From: Beaupre, Darren GCPE:EX
Sent: Tuesday, November 7, 2017 4:37 PM
To: Dalal, Suntanu GCPE:EX
Subject: RE: Energy, Mines and Petroleum Resources Media Report - November 7, 2017

FYI the rate freeze news release might go out tomorrow.

From: Dalal, Suntanu GCPE:EX
Sent: Tuesday, November 7, 2017 4:22 PM
Subject: Energy, Mines and Petroleum Resources Media Report - November 7, 2017

Energy, Mines & Petroleum Resources Media Report – Nov. 7, 2017

New

N/A

Ongoing

Reporter: Gerry Warner, Canadian Mining & Energy Magazine (Kooacanusa Publications Inc., Cranbrook)

Deadline: Monday, Nov. 13

Request: The primary purpose of this interview is to introduce Minister Mungall to our readers and give them some idea on where she stands on some of the key mining and energy issues of the day. So I've kept the questions to as few as possible and it will help greatly if the responses are brief and to the point. Perhaps, at some point in the future, we can go into more depth on some specific issues. Canadian Mining & Energy is distributed throughout Western Canada and goes to almost all mining and energy companies' CEOs.

The questions:

- 1) What career experience have you had to prepare yourself for your ministerial portfolio?
- 2) What will be your main priorities in office?
- 3) What are the key issues you expect to face?
- 4) What kind of managerial style will you bring to the key issues?
- 5) How would you describe the current state of the mining and energy industries in the province?
- 6) How will your office try to promote sustainability in these industries?
- 7) The coal industry provides thousands of jobs in the East Kootenay. Is there anything your government will try to do to protect those jobs?
- 8) Industrial pollution of the Elk and Columbia Rivers is also an issue in the Kootenays. How will you approach that?
- 9) Anything else you'd like to say?

Please feel free to be as long or short as you want in your responses. Preferably short.

Status: MMM will call the reporter at 11:30 p.m. on Thursday, Nov. 9.

Complete

N/A

D'Argis, Krista GCPE:EX

From: Pillon, Lawrence <Lawrence.Pillon@bchydro.com>
Sent: Wednesday, November 8, 2017 10:14 AM
To: Haslam, David GCPE:EX; Sauer, Darwin; Scott, Mora; Fish, Tanya
Cc: Beaupre, Darren GCPE:EX; Grewar, Colin GCPE:EX; Sovka, David GCPE:EX; Dalal, Suntanu GCPE:EX
Subject: RE: For Final review/Approval - EMPR NR - DRAFT: Province delivers on commitment to freeze BC Hydro rates

Thanks David. We have a two-pager we'll be sending over (key messages and top QAs).

-----Original Message-----

From: Haslam, David GCPE:EX [<mailto:David.Haslam@gov.bc.ca>]
Sent: 2017, November 08 10:12 AM
To: Pillon, Lawrence; Sauer, Darwin; Scott, Mora; Fish, Tanya
Cc: Beaupre, Darren GCPE:EX; Grewar, Colin GCPE:EX; Sovka, David GCPE:EX; Dalal, Suntanu GCPE:EX
Subject: FW: For Final review/Approval - EMPR NR - DRAFT: Province delivers on commitment to freeze BC Hydro rates

Lawrence - attached NR scheduled to go about 1130 am. MMM will be doing a media scrum coming out of cabinet about the same time. I note the savings from the freeze are now note included in the NR. I expect this will generate a lot of media requests to EMPR and BCH for the info so I am sending below. If anything changes I'll let you know. Thx - David

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- for each single customer site.

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-BCHydroDisclaimerID5.2.8.1541

D'Argis, Krista GCPE:EX

From: Sherlock, Stephanie GCPE:EX
Sent: Wednesday, November 8, 2017 10:28 AM
To: Haslam, David GCPE:EX
Cc: Sanderson, Melissa EMPR:EX; McNish, James EMPR:EX; Zadravec, Don GCPE:EX; Beaupre, Darren GCPE:EX; Grewar, Colin GCPE:EX; Dalal, Suntanu GCPE:EX; Sovka, David GCPE:EX
Subject: RE: Rate Freeze Scrum

What do you mean by causeway? Second floor, outside of Minister Donaldson's office where the Premier is scrumming at 12:30?

AV techs will be there setting up for that avail so it's probably not the best place.

Perhaps we should rethink that location – I'll wait on you to consider that before I send out a note to the gallery

From: Haslam, David GCPE:EX
Sent: Wednesday, November 8, 2017 10:24 AM
To: Sherlock, Stephanie GCPE:EX
Cc: Sanderson, Melissa EMPR:EX; McNish, James EMPR:EX; Zadravec, Don GCPE:EX; Beaupre, Darren GCPE:EX; Grewar, Colin GCPE:EX; Dalal, Suntanu GCPE:EX; Sovka, David GCPE:EX
Subject: Rate Freeze Scrum

Stephanie – attached is the NR and QA on the BCH rate freeze. We want to arrange an MMM scrum in the causeway following cabinet. The time release for NR will be between 11 and 1130. Can you reach out to media this am and alert them that MMM will be available for a scrum on an important decision by government. I'm including Melissa so she can brief MMM on the ground as she heads into cabinet.

D'Argis, Krista GCPE:EX

From: Sanderson, Melissa EMPR:EX
Sent: Wednesday, November 8, 2017 10:23 AM
To: Grewar, Colin GCPE:EX
Cc: McNish, James EMPR:EX; Zadravec, Don GCPE:EX; Haslam, David GCPE:EX; Beaupre, Darren GCPE:EX; MacLaren, Les EMPR:EX; Sovka, David GCPE:EX; Dalal, Suntanu GCPE:EX
Subject: Re: Rate Freeze

Thank you

Sent from my iPhone

On Nov 8, 2017, at 10:16 AM, Grewar, Colin GCPE:EX <Colin.Grewar@gov.bc.ca> wrote:

Hi All: Please find attached the latest draft NR and QA/KMs on the rate freeze.
Colin



Colin Grewar
Public Affairs Officer
Government Communications and Public Engagement
Ministry of Energy, Mines and Petroleum Resources
Phone: 250-952-0650
Colin.Grewar@gov.bc.ca

Welgush, Lindsey GCPE:EX

From: Lloyd, Evan GCPE:EX
Sent: Wednesday, December 13, 2017 10:01 AM
To: Welgush, Lindsey GCPE:EX
Subject: Fw: Rate Freeze Procedural Conference

From: Zadravec, Don GCPE:EX
Sent: Thursday, November 23, 2017 4:36 PM
To: Lloyd, Evan GCPE:EX; Gibbs, Robb GCPE:EX; Kristianson, Eric GCPE:EX
Subject: FW: Rate Freeze Procedural Conference

From: Haslam, David GCPE:EX
Sent: Thursday, November 23, 2017 4:26 PM
To: Zadravec, Don GCPE:EX
Subject: FW: Rate Freeze Procedural Conference
FYI below. Bottom line. Decision will be about Jan 10.

Begin forwarded message:

From: "James, Fred" <Fred.James@bchydro.com>
Date: November 23, 2017 at 4:18:23 PM PST
To: "O'Riley, Christopher" <Chris.Oriley@bchydro.com>, "Peterson, Ken" <Ken.Peterson@bchydro.com>, "Fraser, Janet" <Janet.Fraser@bchydro.com>, "Yaremko, Cheryl" <Cheryl.Yaremko@bchydro.com>, "Poweska, Mark" <Mark.Poweska@bchydro.com>, "Duke, Ken" <Ken.Duke@bchydro.com>
Cc: "Layton, Ryan" <ryan.layton@bchydro.com>, "Magre, Leela" <Leela.Magre@bchydro.com>, "Sauer, Darwin" <Darwin.Sauer@bchydro.com>, "Sandve, Chris" <Chris.Sandve@bchydro.com>
Subject: Rate Freeze Procedural Conference

Hi everyone. The Rate Freeze Procedural Conference went pretty much as I expected. The Commission Panel decided that there is a need for a round of Information Requests, followed by submissions from BC Hydro and Interveners. We can expect a procedural order in the next day or two, but the timeline as noted from the Chair will see our the IRs coming in on December 1, with replies due a week later on December 8. Our final submission is to be filed no later than January 10, meaning that a decision on the Rate Freeze Application will probably follow in a week or two taking it to mid-late January.

At the Procedural Conference the interveners were more or less split on supporting the rate freeze itself. Our submission was that the issues are narrowing confined to the impact of the Rate Freeze as dictated by Direction No. 7. However, interveners had other interests they wanted reviewed. The most significant issue raised by most interveners, was a desire to get more information/ a better understanding concerning the impacts of the upcoming comprehensive review and the refreshed rates plan. Our submission to the Panel was that these two issues are beyond the scope of our rate freeze application and that we do not have any information regarding those two initiatives other than what is in the Mandate Letter. This was acknowledged by the Panel Chair when making the direction that there would be a round of IRs and the Procedural Order. As a result, I expect we will get quite a few IRs that we will not be in a position to respond to.

Surprisingly, the impact of the Site C decision was not raised by any party.

Please contact me if you have any questions regarding the above or the further process.

Cheers

Fred James CPA CA, MBA
Chief Regulatory Officer

BC Hydro
333 Dunsmuir Street, 16th Floor
Vancouver, B.C. V6B 5R3

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bchydro.com

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-BCHydroDisclaimerID5.2.8.1541

Welgush, Lindsey GCPE:EX

From: Lloyd, Evan GCPE:EX
Sent: Wednesday, December 13, 2017 10:02 AM
To: Welgush, Lindsey GCPE:EX
Subject: Fw: Rate Freeze - NR and QA support
Attachments: NR_Rate Freeze_Nov 7v2.docx; QA-KMs_Rate Freeze_Nov7 DRAFT.docx

Importance: High

From: Haslam, David GCPE:EX
Sent: Tuesday, November 07, 2017 4:41 PM
To: Lloyd, Evan GCPE:EX; Gibbs, Robb GCPE:EX; Zdravec, Don GCPE:EX
Cc: MacLaren, Les EMPR:EX; Sauer, Darwin; Sanderson, Melissa EMPR:EX; Beaupre, Darren GCPE:EX
Subject: Rate Freeze - NR and QA support
Evan/Robb/Don – attached is a draft NR and QA on the BCH rate freeze. This still needs to be reviewed by Les, BCH and MMM – as such I've cc'd Les, Darwin and Melissa. The plan is to release tomorrow at 1130 am – following cabinet – and offer MMM for comment in a hallway scrum. I'll work with media relations to ensure media are gathered.

NEWS RELEASE

For Immediate Release
[release number]
[Date]

Ministry of Energy, Mines and Petroleum
Resources

BC Hydro freezes rates

VICTORIA – BC Hydro is freezing electricity rates to make life more affordable for British Columbia families and businesses.

“For too long people have been working hard but just can’t get ahead,” said Minister of Energy, Mines and Petroleum Resources Michelle Mungall. “Hydro rates have gone up by more than 24% in the last four years, and more than 70% since 2001. Everyone deserves a break from annual rate increases that are putting the squeeze on households and businesses that are already stretched thin.” *(NOT APPROVED)*

The rate freeze will provide government the time to undertake a comprehensive review of BC Hydro. That review will identify changes and cost savings to keep rates low while ensuring BC Hydro has the resources it needs to continue to provide clean, safe and reliable electricity. Details of the scope and process for the review will be developed once Government has made a final decision on Site C.

After completing a comprehensive review of BC Hydro, any cost reductions and revenue increases identified will be reflected in rates starting in April 2019.

The rate freeze follows government’s commitment in its September budget update to phase out the provincial sales tax on electricity.

Just four months into its mandate the B.C. Government has taken decisive action to make life more affordable for everyone, including:

- Sending the Site C project to the BCUC for review to assess the economic viability of the project.
- Increasing income assistance and disability payments
- Increasing earnings exemptions for people on income disability assistance
- Eliminating tolls on the Port Mann and Golden Ears bridges
- Reducing medical services premiums
- Limiting ICBC increases for drivers
- Increasing funding for the construction of affordable and supportive housing
- Eliminating tuition fees on adult basic education and English language programs
- Making post-secondary education free for former children in care

In order to initiate the rate freeze, BC Hydro will amend its current rate application before the British Columbia Utilities Commission (BCUC) and request a 0% increase effective April 1, 2018, instead of the 3% increase originally planned.

QUESTION AND ANSWERS
BC Hydro Rate Freeze
November 7, 2017

Ministry of Energy and Mines

- BC Hydro is freezing rates to make life more affordable for British Columbia families and businesses.
- For too long people have been working hard but just can't get ahead.
- BC Hydro rates have gone up more than 24% in the last four years alone and over 70% since 2001.
- B.C. families deserve a break from annual rate increases that are putting the squeeze on households who are already stretched thin.
- The rate freeze will give Government the time to undertake a comprehensive review of BC Hydro.
- That review will identify changes and cost savings to keep rates low while ensuring BC Hydro has the resources it needs to continue to provide clean, safe and reliable electricity.
- Details of the scope and process for the review will be developed once Government has made a final decision on the Site C project.
- After completing a comprehensive review of BC Hydro, any cost reductions and revenue increases identified will be reflected in rates starting in April 2019.

Questions and Answers

1. Does the provincial government want to freeze rates to make it easier to say no to the Site C project?

Our review of the Site C project is underway – that process was initiated to assist us in making the best decision for keeping BC Hydro rates affordable in the long term.

We are mindful of the fact that our decision on Site C will have an impact on ratepayers. In its final report of the Site C review the BCUC takes no position on whether termination or completion has the greatest cost to ratepayers. We are considering the BCUC's report and factors outside their review to make the right decision.

The rate freeze announced today is another commitment we made to make life more affordable for British Columbians, prior to a comprehensive review of BC Hydro. That review will identify changes and cost savings to keep rates low while ensuring BC Hydro has the resources it needs to continue to provide clean, safe and reliable electricity. Details of the scope and process for the review will be developed once Government has made a final decision on the Site C project.

We are going to take the time we need to make a decision on Site C that works for B.C. families, businesses and the sustainability of our environment and economy. It's a decision we take very seriously. We anticipate a decision about Site C by the end of the year.

2. How exactly will you implement the rate freeze?

BC Hydro will provide a letter to the BC Utilities Commission (BCUC) amending its Revenue Requirements Application (RRA) for 2016/17 - to 2018/19 that is currently before the BCUC to request approval of a 0% increase instead of the 3% increase scheduled to take effect April 1, 2018.

The BCUC will announce its decision on the current RRA, including the request for a 0% increase, in due course, likely before the end of the year.

After completing a comprehensive review of BC Hydro, any cost reductions and revenue increases identified will be reflected in rates starting the next year, effective April 2019.

Rates for April 2019 and beyond will be the subject of BC Hydro's next RRA to the BCUC.

BC Hydro's plan to freeze rates was developed in consultation with government, and fully respects the role of the BCUC as the province's independent regulator to review and approve rates.

3. What will the savings be for BC Hydro's residential, commercial and industrial customers?

BC Hydro estimates that eliminating the rate increase of 3% that was to have taken effect on April 1, 2018 will save:

- Residential customers an average of \$23 per year (\$2 per month)

- Small commercial customers like smaller offices and restaurants \$58 per year (\$5 per month)
- Medium commercial customers like public schools and hotels an average of \$519 per year (\$43 per month)
- Large commercial customers like hospitals and universities an average of \$2,076 per year (\$173 per month)
- Industrial customers between approximately \$133,000 and \$2.0 million per year (about \$11,100 to \$167,000 per month) for each single customer site.

4. What rationale will BC Hydro provide to the BCUC to justify its request for a 0% increase effective April 2018?

BC Hydro is expected to reference its mandate letter for 2017/18-2019/20 which includes a direction to work with the Ministry of Energy, Mines and Petroleum Resources to freeze rates as soon as practical to keep rates low and predictable and to conduct a comprehensive review to identify potential efficiencies that can benefit ratepayers.

s.13

6. By lowering Hydro bills, aren't you just encouraging people to use more electricity instead of conserve?

According to BC Hydro, 75% of British Columbians have a favourable view of conservation and energy management. We don't think a rate freeze will change that. Conservation just makes sense – everyone recognizes the benefits of energy conservation not only to help lower electricity bills but to help lower our impact on the environment by reducing the need to develop new sources of generation.

BC Hydro's two-tiered rate structure remains in place and provides an incentive to conserve by charging a low rate for electricity up to a certain threshold in each billing period, and a higher rate for all electricity use beyond that threshold.

BC Hydro also continues to offer a range of excellent programs to help people reduce their electricity use. In fact, October was "Power Smart Month", BC Hydro's annual campaign to help customers learn more about making smart energy choices and taking action to lower their bills.

7. How much revenue will BC Hydro forego as a result of the freeze?

The rate freeze will mean BC Hydro will have to forego approximately \$150 million in planned revenues for fiscal 2019, and absorb the cumulative impact of that lost revenue in following years.

8. How will BC Hydro absorb that lost revenue?

BC Hydro will request approval from the BCUC to roll the \$150 million in foregone revenue for fiscal 2019 into its current rate smoothing regulatory account. This account spreads rate increases over longer periods of time to reduce rate shock for ratepayers while BC Hydro is investing heavily in required capital projects to maintain and expand its aging infrastructure system of dams, power stations and transmission lines.

The rate freeze will give BC Hydro and Government the time necessary to undertake a comprehensive review of BC Hydro. The review will identify savings and changes we can make to keep rates low and predictable in the future while ensuring BC Hydro has the revenue it needs to provide safe, reliable and affordable electricity to British Columbians.

We are confident that the BC Hydro review will identify savings that will help to address BC Hydro's revenue gap

9. What is the impact on the rate smoothing account?

BC Hydro projects it will need a total of \$450 million in additional revenue for fiscal 2019 to cover the difference between revenue received and costs incurred. \$150 million of that would have come from the 3% rate increase. Without the 3% increase the full \$450 million will be transferred to the rate smoothing account, instead of \$300 million which would have been transferred if the rate increase had gone ahead. .

The balance in the rate smoothing account at June 30, 2017 was \$548 million.

We are confident that the BC Hydro review will identify savings that will help to address BC Hydro's revenue gap

10. In opposition, your party was critical of BC Hydro's use of regulatory accounts. Why are you now ok with increasing the balance in those accounts?

The use of regulatory accounts is common amongst regulated utility industries throughout North America, and transfers to BC Hydro's regulated accounts are approved by the BCUC.

The rate smoothing regulatory account spreads rate increases over longer periods of time to reduce rate shock for ratepayers while BC Hydro is investing heavily in capital projects required to maintain and expand its aging system of dams, power stations and transmission lines.

That said we still have concerns about BC Hydro's use of regulatory accounts and the balance in the accounts. This is one of the issues we expect will be fully canvassed in the review of BC Hydro.

Until we can complete the review and explore ways to address the regulatory account balance and other issues at BC Hydro the rate smoothing account provides BC Hydro with a tool to freeze rates and make life more affordable for British Columbians while ensuring it has the financial resources it needs to operate, maintain and expand its facilities to continue to provide clean, safe and reliable electricity to the province.

We are confident that the review will identify savings that will help to address BC Hydro's revenue gap.

11. How much would rates have needed to go up to cover BC Hydro's \$450 million revenue gap for fiscal 2019?

Rates would need to go up by approximately 9% on April 1, 2018 to provide the revenue of \$450 million required by BC Hydro. The current rate plan caps the rate increase for April 2018 at 3%. BC Hydro is requesting a 0% increase for April 2018 to freeze rates for one year.

12. If BC Hydro is amending their RRA does this mean starting F2017-F2019 RRA all over again? It's drawing to a close after over a year of process and it has involved a huge amount of work already invested by the BCUC, BC Hydro and 11 interveners, and a decision was expected in early October.

No. BC Hydro will be amending their request for a rate increase for just one of the three years included in the RRA – fiscal 2019. All of the information that has been provided to the BCUC from BC Hydro and interveners, including information related to BC Hydro's demand-side management expenditure, transfers to the rate smoothing account, and other issues will be considered by the BCUC as part of their decision.

It's also worth noting that the BCUC has already released its decision on the portion of the RRA related to BC Hydro's load forecast. That decision was issued on August 25th – the BCUC accepted BC Hydro's load forecast for fiscal 2016/17 – 2018/19.

13. What do you say to interveners who are expecting a decision on the RRA?

We anticipate that the impact of the BC Hydro's amended application would be minimal, and that the BCUC would be in a position to release its decision on the RRA before the end of the year.

It's also worth noting that the BCUC has already released its decision on the portion of the RRA related to BC Hydro's load forecast. That decision was issued on August 25, 2017 – the BCUC accepted BC Hydro's load forecast for fiscal 2016/17 – 2018/19.

14. What happens to rates after the rate freeze is over, come April 1, 2019?

Rates for April 1, 2019 will be included in BC Hydro's next RRA which is expected to be filed in early 2019. By that time, we will have completed a comprehensive review of BC Hydro and identified savings and other changes that can be passed along to B.C families and businesses to keep rates low while ensuring BC Hydro has the revenues it needs to provide safe, clean, reliable electricity to British Columbians.

The BCUC will set rates for April 2019 and beyond.

15. When will this review take place and what will it include?

We will announce details of the review, including the scope and terms of reference after Government makes a final decision on the Site C project.

16. If you freeze rates for one year aren't you just going to have to bring in higher rate increases in subsequent years?

We're confident that through a comprehensive review of BC Hydro we will be able to identify changes and cost savings that will offset revenue lost to the rate freeze.

To the extent that the rate freeze is not offset by cost reductions or revenue increases, there are a number of options Government can explore to address a revenue gap.

For example, we could:

- Extend the time for paying down the rate smoothing account beyond the current 2024 that is prescribed in the current rates plan,
- Reduce BC Hydro's net income requirements, leaving BC Hydro more money for operations and reducing its dividend payable to the Province.
- Accelerate the phasing out of the dividend which is currently on track to be reduced to zero by fiscal 2020.

These are options that we will be examining with BC Hydro over the course of the review.

17. BC Hydro's debt is approaching \$20 billion and they've deferred about \$5.6 billion in regulatory accounts that will have to be collected from ratepayers sometime in the future. Won't the rate freeze just make BC Hydro's financial picture worse?

We're confident that through a comprehensive review of BC Hydro we will be able to identify changes and cost savings that will ultimately improve BC Hydro's financial picture.

To the extent that the rate freeze is not offset by cost reductions or revenue increases at BC Hydro, there are a number of options Government can explore to address a revenue gap.

For example, we could:

- Extend the time for paying down the rate smoothing account beyond the current 2024 that is prescribed in the current rates plan,
- Reduce BC Hydro's net income requirements, leaving BC Hydro more money for operations and reducing its dividend payable to the Province.
- Accelerate the phasing out of the dividend which is currently on track to be reduced to zero by fiscal 2020.

18. Are you also going to offer a reduced lifeline or low-income rate?

A lifeline or low-income rate will be outside and additional to the rate freeze.

We are currently consulting with BC Hydro regarding a lifeline rate in order to ensure everyday British Columbians aren't left out in the cold. The rate could mean that families who have demonstrated need would have access to a lower rate for their electricity.

In order to introduce a lifeline rate and have it approved by the BCUC we will likely need to amend the Utility Commission Act.

Over the coming weeks and months, we will have more to say about this, but our first commitment is to freeze hydro rates to make life more affordable for all British Columbians.

In the meantime, BC Hydro is developing a customer emergency fund pilot program that would provide support to residential customers who are unable to pay their electricity bills. BC Hydro also continues to provide energy efficiency programs to help low-income families conserve electricity and reduce their bills.