

## HOW MUCH DO ELECTRICITY CONSUMERS OWE BC HYDRO?

In its 2015/16 annual report BC Hydro recorded a net balance in the deferral/regulatory accounts of \$5.91 billion as of 31 March 2016. This was some \$1.1 billion higher than the amount originally planned when the 10-year financing plan was released in March 2014. Because expenditure deferrals (and accelerated revenue) is considered as loans to the ratepayers, the net deferral balance adds to the assets of BC Hydro.

The total 2015/16 equity was \$4.55 billion, meaning that the deferral/regulatory loans were 131% of equity, which is up from the 121.4% reported in 2014/15.

If all the loans were called in and paid the equity (in theory) would be negative as most of the liabilities would remain. In practice, however, if the 'loans' were paid the pension liability of some \$1.2 billion would be paid too. Therefore, the equity would be about negative \$160 million [ $\$4.557\text{b} - (\$5.91\text{b in loans} + \$1.2\text{b pension liability}) = \$0.16\text{b}$ ].

The Average Customer Loan Liability Owed to BC Hydro.

Using the 2015/16-dollar value of domestic revenue, by customer group sales, produces the following share of the \$5.91 billion in loans by BC Hydro:<sup>1</sup>

	<u>\$Sales</u>	<u>'Loan'</u>
Residential	39.0%	\$2.30b
Light Ind./Comm.	35.4%	\$2.09b
Large Industrial	16.1%	\$0.95b
Other	<u>9.8%</u>	<u>\$0.58b</u>
TOTAL	100.0%	\$5.91b

Page 100 of the 2015/16 annual report shows the number of customer accounts by group; therefore, the average amount owing per customer is:

Residential	\$ 1,315
Light Indust./Comm.	\$ 10,175
Large Industrial	\$ 5.14 million

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<sup>1</sup> BC Hydro, Annual Report 2015/16, p. 18. <https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/accountability-reports/financial-reports/annual-reports/bchydro-2015-16-annual-service-plan-report.pdf>

Other \$ 167,300

BC Hydro's long term debt was \$17.98 billion, an increase of approximately \$1.3 billion from the previous year. Using the same methodology as was used to calculate the net deferral per customer, the per customer debt liability for 2015/16 was:

Residential	\$ 4,000
Light Indust./Comm.	\$ 30,900
Large Industrial	\$ 15.6 million
Other	\$ 506,800

The net deferral 'loan' is assumed to be included in the long term debt number.

BC Hydro has not advised its customers that this loan obligation exists.

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The writer is a retired senior BC government public servant who's paper on the 40-year financial history of ICBC was published by *BC Studies* in 2013. The same academic journal will be publishing his paper describing the BC government's manipulation of the finances of BC Hydro from 2008 to 2014 in the fall. He has been an intervener in the BC Utilities Commission's 2014 and 2015 reviews of ICBC's rate requests.