



IN THE MATTER OF

**SILVERSMITH POWER &
LIGHT CORPORATION**

2015 REVENUE REQUIREMENTS AND RATES APPLICATION

DECISION

September 3, 2015

Before:

L. F. Kelsey, Commissioner/Panel Chair

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COMMISSION ORDER G-144-15

EXECUTIVE SUMMARY

Silversmith Power & Light Corporation (Silversmith) is an investor-owned generation and distribution electric utility operating in the community of Sandon, located in the West Kootenay region of British Columbia.

On May 12, 2015, Silversmith filed a Revenue Requirements and Rates Application (RRA or the Application) with the British Columbia Utilities Commission (Commission), pursuant to section 58 of the *Utilities Commission Act*, seeking, among other things, to change electricity rates. The Application also requests changes to its tariff terms and conditions for electrical service and approval of a flow-through rate adjustment mechanism similar to that approved for Terasen Multi Utility Services at Sun Rivers Resort Community by way of Order G-68-05.

There are some limitations inherent in this Application. The Application does not provide forecast financial information for regulatory ratemaking purposes. The unaudited financial information for the year ended June 30, 2014 provided in the Application is not fulsome, nor is there extensive historical financial information available since the utility has not provided annual reports to the Commission on a consistent basis. The Commission reviewed the Application on this basis, taking its inherent limitations into consideration.

The Panel recognizes that RRAs are costly and time-consuming, and are ultimately funded by ratepayers. Reducing such regulatory costs is always a consideration and particularly important in the case of a small utility with a modest customer base over which to spread such costs. In the interests of regulatory efficiency and given Silversmith's history of operations, and that if it were not in operation due to proximity it is likely that customers would be served by the British Columbia Hydro and Power Authority (BC Hydro), the Panel considers matching rates to BC Hydro in a flow-through rate adjustment mechanism to be a reasonable basis for setting rates. By allowing this mechanism, any changes in BC Hydro's rates will automatically flow through into Silversmith's rates, without the need for a formal RRA.

The Panel analyzed the evidence to determine if the use of this mechanism results in earnings which exceed Silversmith's allowed return on rate base. In its analysis, the Panel considered the financial information available with a view to setting just and reasonable rates. The Panel estimated appropriate, normalized cost amounts which represent reasonable expenditures necessary for Silversmith to provide safe and adequate service to its customers on a go-forward basis. The Panel concludes that a flow-through rate adjustment mechanism that matches to BC Hydro rates will not result in Silversmith exceeding its allowed return on rate base. In view of the aforementioned benefits which result from a flow-through rate mechanism, the Panel considers the rates set to be just and reasonable.

The rates established by this RRA proceeding will become the permanent rates until either Silversmith files a further RRA, or the Commission directs it to file one, or until such time as an Electricity Purchase Agreement with BC Hydro becomes effective. In this decision, the Panel approves changes to electricity rates, fees and terms and conditions of service in order to maintain customer rates at levels comparable to BC Hydro, subject to the filing of amended tariff pages with the Commission within ten business days of the effective date for changes to BC Hydro's rates, subject to review by the Commission to verify the accuracy of the changes and subject to review by the Commission in the event of a complaint by an affected party within 60 days of the effective date of the amended rates. In the event that Silversmith does not file amended tariff pages within ten business days of the effective date of the BC Hydro rate change, the rate changes will not become effective until such time as otherwise approved by the Commission.

1.0 INTRODUCTION

Silversmith Power & Light Corporation (Silversmith) was formed in 1996. It is an investor-owned generation and distribution electric utility operating in the community of Sandon, located in the West Kootenay region of British Columbia. Its original hydroelectric station was built in 1897 to serve the mining interests of the area and is one of the oldest continuously operating plants. The investor-owner has an interest in the maintenance of the assets of this historical utility.

Currently, the utility serves approximately 10 customers, the majority of which are seasonal residential customers. The utility sells its surplus electricity to Powerex, a wholly owned subsidiary of BC Hydro. In F2014, Silversmith submits that customers consumed 24,563 kWh and Powerex sales were 1,147,700 kWh, making total consumption 1,172,263 kWh.¹

Silversmith filed its first tariff with the British Columbia Utilities Commission (Commission) in 1996 and its rates, terms and conditions and standard charges have remained unchanged since that time. This is the first revenue requirements application (RRA) filed by Silversmith since 1996.

2.0 PROCEDURAL BACKGROUND

Silversmith filed its revenue requirements and rates application on May 12, 2015 (the Application). By way of Order G-83-15 dated May 20, 2015, the Commission established a regulatory timetable for the review process which allowed for one round of information requests from Commission staff and registered interveners. One party registered as an intervener and made information requests.

By way of letter dated July 20, 2015, the Commission established the remainder of the regulatory timetable for written final submissions from all parties. The intervener filed a written final submission on July 28, 2015 and Silversmith filed its written reply submission on August 5, 2015.

3.0 SUMMARY OF KEY ISSUES

In the Application, Silversmith requests approval to change electricity rates and use a flow-through rate adjustment mechanism to match BC Hydro rates, and also requests changes to its fees and terms and conditions of service.

The Panel considers the following key issues in making its determinations:

- The appropriateness of BC Hydro rates for comparison;
- The appropriateness of a flow-through rate adjustment mechanism to result in just and reasonable rates for customers and the utility, and not cause the utility to exceed its allowed return on rate base; and
- The appropriateness of any other changes to rates, fees, and the terms and conditions of service to result in just and reasonable rates for customers and the utility and not cause the utility to exceed its allowed return on rate base.

These key issues will be discussed in detail throughout the remainder of this decision.

¹ Exhibit B-2, BCUC IR 5.2, p. 23.

4.0 CONTEXTUAL BACKGROUND

In this decision, the Panel provides contextual information on RRAs to explain the purpose of utility regulation and the general concepts typical to RRAs. This information is intended to provide a basic level of understanding for those unfamiliar with RRAs, as the Panel considers this knowledge necessary to provide context for its decision to the applicant and intervener, as well as any other affected parties.

4.1 Purpose of utility regulation

Section 59(5) of the *Utilities Commission Act*, RSBC 1996 c. 473 provides that:

...a rate is “unjust” or “unreasonable” if the rate is

- (a) more than a fair and reasonable charge for service of the nature and quality provided by the utility,
- (b) insufficient to yield a fair and reasonable compensation for the service provided by the utility, or a fair and reasonable return on the appraised value of its property, or
- (c) unjust and unreasonable for any other reason.

The Commission is an independent regulatory agency of the Provincial Government that operates under and administers the *Utilities Commission Act*. The Commission’s primary responsibility is the regulation of British Columbia’s natural gas and electricity utilities, as well as intra-provincial pipelines and universal compulsory automobile insurance.

Regulation of the utility system is intended to protect the public interest and evolved to ensure that the system is reliable, safe and fairly administered. Utilities provide essential services to customers and as a result are affected with the public interest. The features of a utility system are also such that a single provider is often able to serve the overall demand at a lower total cost than any combination of smaller entities could. Market competition cannot thrive under these conditions and the result is that a utility becomes a natural monopoly. Given these conditions, economic regulation is necessary to achieve public benefits that the market would otherwise fail to achieve on its own.

Utility regulation exists as a means to allow natural monopolies to serve customers in situations where economics dictates that the most efficient allocation of society’s scarce resources results from the use of a single service provider, as opposed to more than one provider, which would be the case under free market competition.

It is the regulator’s function to prevent the abuse of monopoly power, so that customers have access to safe and reliable service at a fair price. At the same time, the utility is to be afforded the opportunity to earn a fair return on its investment so that it can continue to operate and attract the capital required to sustain and/or grow its business.

Thus, the regulator must balance the legitimate interests of both customers and utilities by setting rates which are just and reasonable.

4.2 Form of utility regulation

In British Columbia, rates charged by a utility are generally set based on the utility's forecast cost to provide service to its customers over a particular period of time, known as a "test period." Forecast costs include a fair return on the shareholder's invested capital or "rate base." As costs are forecast, there is no guarantee the utility will earn a fair and reasonable return; rather, it is afforded the opportunity to do so. This form of regulation is typically known as "return on rate base regulation." Note that there are other regulation methodologies which can be employed, however, for the purposes of this decision analysis, a return on rate base regulation methodology will be used.

In determining these costs, referred to as the "revenue requirements," for a particular test period, the Commission tends to follow Generally Accepted Accounting Principles (GAAP). These principles, as defined by the CPA Canada Standards and Guidance Collection (CPA Canada Handbook), address how costs are to be reported for financial reporting purposes. However, the Commission may deviate from GAAP when considered necessary for regulatory purposes.

In this regulatory proceeding, there have been no submissions from interveners regarding the accuracy of information presented in the unaudited financial statements provided by Silversmith in its Application. The Panel considers the financial information submitted by Silversmith, although unaudited, to be reasonable for its decision analysis. Further consideration of this financial information will be given throughout this decision.

4.2.1 Calculation of rate base

Rate base represents an entity's investment in regulated operations and can include net working capital, deferred assets and the net book value of property, plant and equipment. It generally excludes construction work in progress. Rate base is used to determine a utility's allowed return.

Because a utility's rate base varies over time, as assets are added or retired and depreciation is taken, an average mid-year rate base is commonly used for rate setting purposes. The mid-year rate base for a particular test period is calculated by taking the average of opening and closing rate base balances. An entity's rate base must be approved by the regulator.

Silversmith's rate base consists solely of property, plant and equipment (PP&E). These PP&E assets are included in rate base at their net book value (original or historical cost less accumulated depreciation). Accumulated depreciation is deducted from the historical cost of the assets to arrive at the net book value of rate base, since the depreciation expense taken represents the portion of cost of the assets already recovered from ratepayers.

From the information provided in the unaudited financial statements in the Application, the Panel calculated Silversmith's rate base to be \$100,809.

4.2.2 Calculation of allowed return

A utility is entitled to a reasonable opportunity to earn a "fair return" on its invested capital. The fair return represents the recovery of the cost of both debt and equity financing required to maintain the regulated operations. Using the return on rate base methodology, the allowed return is calculated by multiplying the particular utility's rate base (as defined in this decision) by its weighted average cost of capital.

The weighted average cost of capital represents the average cost of financing rate base. It is a function of the interest which the entity pays, or is deemed to pay, and what is determined to be a fair return on the equity invested in the entity, weighted by the entity's capital structure.

For comparison purposes, Silversmith is considered to be similar in size and risk to the Group 3 utilities as identified in the Generic Cost of Capital Proceeding Stage 2 Decision by way of Order G-47-14. This decision sets out the following parameters for Group 3 utilities:

- A debt to equity structure of 57.5 percent to 42.5 percent;
- An allowable return on equity of 7.5 percent; and
- A deemed debt financing rate of 4.7 percent as determined using the Bank of Canada prime rate (2.7 percent as of July 29, 2015) plus a 2 percent risk premium.

The cost of debt to be recovered in rates is calculated by multiplying the mid-year rate base of \$100,809 by the debt component of the deemed capital structure of 57.5 percent, and then multiplying that amount by the deemed debt financing rate of 4.7 percent. This results in a cost of debt of \$2,724.

The cost of equity to be recovered in rates is calculated by multiplying the mid-year rate base of \$100,809 by the equity component of the deemed capital structure of 42.5 percent, and then multiplying that amount by the allowed return on equity of 7.5 percent. This results in a cost of equity of \$3,213.

From the information provided in the unaudited financial statements in the Application, and using the return on rate base methodology, the Panel calculated Silversmith's allowed return to be \$5,938 (or \$2,724 cost of debt plus \$3,213 cost of equity). This means that Silversmith is allowed the opportunity to earn this return on its approved rate base.

4.2.3 Calculation of revenue requirements

Revenue requirements are driven by forecast costs for the test year, the year in which rate changes are to take effect, plus the allowed return on rate base (as described in this decision).

To calculate the revenue requirement, the Panel analyzed Silversmith's historical financial information as well as the unaudited financial information provided in the Application to determine a normalized base to use as the test year. This normalized base is intended to ensure that rates will not result in the utility exceeding its allowed return on rate base, but will be fair to the owner of the utility to allow recovery of its costs.

The revenue requirement calculation uses Silversmith's F2014 operating costs of \$59,739 as submitted in its Application, and making any necessary adjustments to these operating costs to calculate a normalized base. No interveners made submissions regarding these costs.

Where actual F2014 costs do not appear to be representative of "normal circumstances," the Panel made adjustments in an effort to create a stable cost base that best reflects on-going operations. Specifically, the Panel considers the fuel and lubrication costs of \$20,277 included in F2014 operating costs total to be abnormal based on historical cost information. As a result, the Panel applied little weight to this item, and instead allowed one-third of this cost item to be included in its calculation of the revenue requirement.

From the information provided in the unaudited financial statements in the Application, the Panel calculated Silversmith's normalized operating costs to be \$46,221. With the addition of the allowed return on rate base of \$5,938 (as described in this decision), this results in a forecast annual revenue requirement of \$52,159. The Panel notes that this revenue requirement calculation does not have any tax implications due to Silversmith reporting that it is in a net loss position. This calculation of Silversmith's revenue requirement will be considered throughout the remainder of this decision.

5.0 PANEL DETERMINATIONS ON KEY ISSUES

The Panel considers and makes determinations on the following key issues in order to satisfy itself of the following:

- The appropriateness of BC Hydro rates for comparison;
- The appropriateness of a flow-through rate adjustment mechanism to result in just and reasonable rates for customers and the utility, and not cause the utility to exceed its allowed return on rate base; and
- The appropriateness of any other changes to rates, fees and the terms and conditions of service to result in just and reasonable rates for customers and the utility and not cause the utility to exceed its allowed return on rate base.

5.1 Comparable rates to BC Hydro

The Commission must first consider the comparison of Silversmith rates to BC Hydro rates, since the flow-through rate adjustment mechanism proposed is intended to match BC Hydro rates.

Silversmith's system was connected to the BC Hydro grid in 2001, but BC Hydro does not serve the residents of Sandon, British Columbia. Silversmith is the sole utility that provides electric services to these customers. BC Hydro provides electric services to surrounding areas in the West Kootenay region. If Silversmith were not in operation, the BC Hydro tariff would require it to service these customers.

On the basis that the Commission already approved BC Hydro rates for use under the principle that they will result in just and reasonable rates for customers and the utility, and that due to proximity it is likely that BC Hydro would otherwise be required to serve these customers, the Panel finds that matching Silversmith's rates to those of BC Hydro is reasonable and results in an efficient rate-setting mechanism.

This principle will apply throughout the remainder of this decision, and the Panel will continue to make comparisons of Silversmith's rates to those of BC Hydro in its determinations.

5.2 Flow-through rate adjustment mechanism

The Commission must next consider if the flow-through rate mechanism will result in just and reasonable rates for customers and the utility.

Silversmith proposes to match its residential rates to those of BC Hydro's approved Rate Schedule 1101 and its commercial rates to those of BC Hydro's approved Rate Schedule 1300. Both of these rates also include a rate rider per BC Hydro's approved Rate Schedule 1901.

The intervener's final submission objects to the use of a flow-through rate adjustment mechanism linked to BC Hydro's rates on the basis that it may result in rates fluctuating without their knowledge.²

Silversmith's reply submission states that the utility will send notice of any rate changes to customers.³

Under the principle of comparable rates to BC Hydro, the Panel considers the use of BC Hydro Rate Schedules 1101, 1300 and 1901 in Silversmith's flow-through rate adjustment mechanism reasonable. The Panel performed an analysis of these rates and considers the basic charges and energy charges to be just and reasonable for customers and the utility, without causing the utility to exceed its allowed return on rate base.

Therefore, the Panel approves the basic charges and energy charges proposed by Silversmith to match those of BC Hydro Rate Schedules 1101, 1300 and 1901 using a flow-through rate adjustment mechanism. The Panel approves these rates effective as of the date of this decision. For future adjustments to rates, the changes will become effective on the same effective date as for BC Hydro.

The Panel directs Silversmith to file amended tariff pages within 30 days of the date of this decision that conform to the determinations made in this decision. Silversmith must notify all customers of the approved rate changes by way of letter and include a copy of this decision and all tariff schedule amendments in its customer communications.

For future adjustments, if Silversmith wishes to utilize the flow-through rate adjustment mechanism and automatically change its basic charges and/or energy charges to match those of BC Hydro, it must file amended tariff pages with the Commission within ten business days of the effective date of the BC Hydro rate change, subject to review by the Commission to verify the accuracy of the changes, and subject to review by the Commission in the event of a complaint by an affected party within 60 days of the effective date of amended rates. In the event that Silversmith does not file amended tariff pages within ten business days of the effective date of the BC Hydro rate change, the rate changes will not become effective until such time as otherwise approved by the Commission.

The rates established by this RRA proceeding will become the permanent rates until either Silversmith files a further RRA, the Commission directs it to file one or until such time as an Electricity Purchase Agreement with BC Hydro becomes effective.

5.2.1 Minimum charge

Silversmith requests approval to increase its existing minimum charge from \$20 to \$25 per month for consumption equal to or less than 100 kWh per month (residential service).

The Panel must consider whether the minimum charge will result in Silversmith earning sufficient revenues to be able to recover a portion of its fixed costs, even if its customers do not consume any energy in a given month. Due to its relatively small customer base, the Panel expects that the minimum charge for Silversmith to be in excess of the amount charged by BC Hydro.

² Berney Final Submission.

³ Silversmith Reply Submission.

In regards to intervenor submissions on the minimum charge and the basic charge, Silversmith submits that only one of these charges will apply in any given month, and it will be the greater of the two charges that customers will be billed.⁴

For comparison, BC Hydro's Rate Schedule 1101 (residential service) states that its minimum charge is equal to the basic charge, which is currently \$0.1764 per day. This equates to \$5.47 per month for a month with 31 days.

The Panel does not find the evidence compelling enough to warrant changes to the minimum charge. Despite the lack of evidence to support Silversmith applying a minimum charge which exceeds BC Hydro's minimum charge, the Panel acknowledges the unique circumstances of Silversmith that result in higher administrative costs per customer than that of BC Hydro, which would reasonably result in a minimum charge greater than the basic charge. On this basis, the Panel is in agreement with the currently approved minimum charges for Silversmith, but is not persuaded an increase is warranted.

The Panel does not approve Silversmith's proposed increase to its minimum charges. The minimum charges will remain unchanged.

5.3 Fees and terms and conditions of service

In light of the requested flow-through rate adjustment mechanism to match rates to BC Hydro and that if Silversmith did not exist due to proximity BC Hydro would likely serve these customers, the Panel next considered whether Silversmith's proposed changes to its fees and terms and conditions of service were reasonable in comparison to BC Hydro.

The Panel made its determinations through comparison to the fees and terms and conditions of service for BC Hydro. In circumstances where there was a compelling argument to support a deviation from BC Hydro terms and conditions of service, the Panel considered the merit of the argument and made its determination on this basis.

No interveners contested the cost estimates for the fees and terms and conditions of service as submitted by Silversmith in response to information requests. The Panel performed an analysis of the proposed changes. Refer to the sections below for further consideration of the proposed changes to its fees and terms and conditions of service.

5.3.1 Electronic billing

Silversmith requests to change from paper to electronic billing in order to reduce the environmental impact and administrative costs associated with paper bills. Silversmith proposes to charge customers for paper billing if they do not opt for electronic billing, or if they opt for electronic billing but do not have a working email address for this method of billing to function properly. To cover the utility's administrative costs, Silversmith proposes a \$2.50 charge per paper bill.

The intervenor's final submission objects to a fee for paper statements due to the lack of high speed internet service available in Sandon, British Columbia.⁵

⁴ Exhibit B-3, p. 5.

Silversmith's reply submission states that satellite internet service is available in the area.⁶

For comparison purposes, BC Hydro offers customers the option of electronic billing, but does not charge customers that do not opt for this method of billing.

The Panel supports the move to an electronic billing option, accepting that this option is administratively efficient and environmentally sensitive. The Panel does not support a charge for paper billing. The reported internet support in the community of Sandon, British Columbia would seem to be a potential problem for some customers resulting in electronic billing being impractical. Further, Silversmith requested rate comparability with BC Hydro and BC Hydro does not charge customers who opt for paper billing.

The Panel does not approve Silversmith's proposed charge for paper billing.

5.3.2 Bi-monthly billing

Silversmith requests to change from monthly to bi-monthly billing in order to reduce the administrative costs associated with billing customers on a monthly basis. No interveners made submissions regarding bi-monthly billing.

For comparison, BC Hydro offers residential customers the option of bi-monthly billing.

The Panel approves Silversmith's proposed change to bi-monthly billing of its customers.

5.3.3 Non-sufficient funds (NSF) charge

Silversmith requests an increase to its returned cheque charge from \$20 to \$25. In responses to information requests, Silversmith submits that the bank charges \$48 and the credit union charges \$40 to the utility for each non-sufficient funds item. Silversmith also submits that if a returned cheque causes the utility to go into overdraft, it results in an additional \$10 charge to the utility.⁷

For comparison, BC Hydro's Electric Tariff section 11.3 for its Standard Charges states that the charge for a returned cheque or pre-authorized payment is equivalent to BC Hydro's lead bank's NSF cheque charge in effect on April 1 each year.

Following the methodology of comparable rates to BC Hydro throughout this decision, the Panel approves a NSF cheque charge equivalent to the lesser of the utility's lead bank and/or credit union NSF cheque charge in effect on April 1 each year. The current NSF cheque charge for Silversmith, equivalent to its credit union NSF cheque charge, is approved at \$40 per item effective the date of this decision. The utility can reset this charge on April 1 each year based on the lesser of its lead bank and/or credit union NSF cheque charge in effect on April 1 of that same year.

⁵ Berney Final Submission.

⁶ Silversmith Reply Submission.

⁷ Exhibit B-2, BCUC IR 1.6, p. 7.

5.3.4 Security deposit

Silversmith requests an increase to its charge for a security deposit from \$150 to \$200.

For comparison, BC Hydro requires a security deposit from its customers when they are a new customer with no credit history with BC Hydro, when they cannot conduct a credit check, when the credit check shows a credit risk or when the customer cannot provide a reference letter from another utility. The amount of the deposit is based on the customer's billing plan, two or three times the estimated average monthly bill or average monthly bills of similar dwellings where no historical consumption exists.

Given that Silversmith is a small resource-constrained utility, the Panel considers it to be impractical for the utility to carry out credit and reference checks on new customers to determine whether a security deposit is required, and if so, in what amount. **Accordingly, the Panel finds that a departure from the BC Hydro charge is reasonable and approves a security deposit of \$200 for all new residential customers.**

5.3.5 Service charge

Silversmith requests an increase to its service charge from \$2 to \$3 for each arrears notice to customers. The currently approved tariff rates include a charge for interest on delinquent accounts from the date upon which they become delinquent at the rate of 1.5 percent compounded monthly.

For comparison, BC Hydro charges a late payment charge of 1.5 percent compounded monthly for late payments from its customers.

The Panel notes that BC Hydro does not apply a service charge for each arrears notice and that doing so appears to be a costly administrative step. **For these reasons, the Panel disallows a service charge for an arrears notice, and having disallowed it, the Commission will not further consider Silversmith's request for an increase to this service charge for an arrears notice.**

5.3.6 Connection charges

Silversmith requests an increase to its connection charge from \$100 to \$150, and submits that its approximate cost of a new connection is \$2,950.⁸ This cost estimate includes hardware, the rental of a bucket truck and labour.

For comparison, BC Hydro's Electric Tariff section 11.1 for its Standard Charges states that the charge for an overhead connection for 200 Amp (a typical residential dwelling) in Rate Zone I is \$496.

The Panel notes that Silversmith approximates the cost of a new connection at \$2,950, however due to the lack of details to support this cost estimate, the Panel affords it little weight. The Panel is persuaded however that the current connection charge does not recover Silversmith's costs for this service. **Therefore, consistent with the general approach taken in this decision to follow BC Hydro rates, the Panel approves a connection charge of \$496.**

⁸ Exhibit B-2, BCUC IR 1.5.1, p. 6.

5.3.7 Change of meter location

Silversmith requests an increase to its charge for changing meter locations from \$225 to \$300. Silversmith submits that its approximate cost of changing the location of a meter is all or more of the costs of a new connection, or \$2,950, depending on the extent of the change requested by the customer. It also includes the costs of dismantling the old service.⁹ This cost estimate includes hardware, the rental of a bucket truck and labour.

There is no BC Hydro charge for direct comparison. However, the Panel considers the cost estimate to be reasonably comparable to a new connection, which per BC Hydro's Electric Tariff section 11.1 for its Standard Charges for an overhead connection for 200 Amp (a typical residential dwelling) in Rate Zone I is \$496.

Similar to the basis for the charge for a new connection as outlined in this decision, the Panel approves a change of meter location charge of \$496.

5.3.8 Reconnection charges

Silversmith requests an increase to its reconnection charge from \$100 to \$125, and submits that its approximate cost of a reconnection is \$700 to \$760.¹⁰ This cost estimate includes labour, the rental of a bucket truck and possibly a new meter.

For comparison, BC Hydro's Electric Tariff section 11.2 for its Standard Charges states that the minimum charge for reconnection ranges from \$125 to \$355 per meter, depending on when and how the reconnection is performed by BC Hydro staff.

The Panel notes that BC Hydro's reconnection charges are for its smart meters, which do not require an on-site visit. Due to the lack of details provided to support Silversmith's cost estimate, the Panel affords it little weight. The Panel further notes that the work to be performed is within a confined service territory which may indicate a lower reconnection cost, however the requested change is within the range of BC Hydro charges for similar service. **Therefore, consistent with the general approach taken in this decision to follow BC Hydro rates, the Panel approves a reconnection charge of \$125.**

5.3.9 Meter removal

Silversmith requests an increase to its meter removal charge from \$50 to \$75, and submits that its approximate cost of removing a meter is \$300.¹¹ This cost estimate includes labour.

There is no BC Hydro charge for direct comparison.

The Panel places little weight on Silversmith's estimate of the cost of a meter removal at \$300 due to the lack of details provided to support this estimate. However, the Panel acknowledges that there is a cost to perform this task. In consideration of the fact that BC Hydro does not apply a similar charge as part of its standard customer charges, and that Silversmith has not provided adequate evidence to support its proposed increase, the Panel is

⁹ Exhibit B-2, BCUC IR 1.5, p. 6.

¹⁰ Exhibit B-2, BCUC IR 1.5.1, p. 6.

¹¹ Exhibit B-2, BCUC IR 1.5, p. 7.

not persuaded that an increase from the current charge is justified. **The Panel does not approve the proposed increase to the meter removal charge.**

DATED at the City of Vancouver, in the Province of British Columbia, this 3rd day of September, 2015.

Original signed by:

L. F. KELSEY

COMMISSIONER

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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-144-15**

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

and

Silversmith Power & Light Corporation
Application for Approval of Revenue Requirements and Rates

BEFORE: L. F. Kelsey, Commissioner

September 3, 2015

O R D E R

WHEREAS:

- A. On May 12, 2015, Silversmith Power & Light Corporation (Silversmith), filed with the British Columbia Utilities Commission (Commission) pursuant to section 58 of the *Utilities Commission Act*, an application seeking, among other things, approval to change electricity rates (Application);
- B. In the Application, Silversmith requested approval of a flow-through rate adjustment mechanism similar to that approved by Order G-68-05. Silversmith also requested approval to change its tariff terms and conditions for electrical service; and
- C. Order G-83-15 established a regulatory timetable for the review process which allowed for one round of information requests, and by way of letter dated July 20, 2015, the Commission established the remainder of the regulatory timetable for written final submissions from all parties.

NOW THEREFORE pursuant to sections 58 through 61 of the *Utilities Commission Act*, the British Columbia Utilities Commission orders as follows:

- 1. Silversmith Power & Light Corporation is directed to comply with all directives in the decision issued concurrently with this order.
- 2. A rate-setting mechanism that generally matches its rates, fees and terms and conditions of service to those of British Columbia Hydro and Power Authority (BC Hydro) is approved for Silversmith Power & Light Corporation. The rates, fees and terms and conditions of service established in this decision will be permanent until Silversmith Power & Light Corporation files a further revenue requirements application, the Commission directs it to file one, or until such time as an Electricity Purchase Agreement with BC Hydro becomes effective.

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-144-15

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3. A flow-through rate adjustment mechanism is approved for Silversmith Power & Light Corporation in order to maintain customer rates at levels equivalent to BC Hydro, subject to the filing of the amended tariff pages with the Commission within ten business days of the effective date for changes to BC Hydro's rates, and subject to review by the Commission to verify the accuracy of the changes, and subject to review by the Commission in the event of a complaint by an affected party within 60 days of the effective date of amended rates. Electricity rates must match those of approved BC Hydro Rate Schedules 1101, 1300 and 1901 using the approved flow-through rate adjustment mechanism. In the event that Silversmith does not file amended tariff pages within ten business days of the effective date of the BC Hydro rate change, the rate changes will not become effective until such time as otherwise approved by the Commission.
4. All approved changes to rates, fees and terms and conditions of service as outlined in the decision are to take effect as of the date of the decision, subject to the filing of the amended tariff pages with the Commission within 30 days of the date of the decision, and which conform to the determinations made in this decision.
5. Silversmith Power & Light Corporation must notify all customers of the approved rate changes by way of letter and include a copy of this order, the decision and the amended tariff pages in its customer communications.

DATED at the City of Vancouver, in the Province of British Columbia, this 3rd day of September, 2015.

BY ORDER

Original signed by:

L. F. Kelsey
Commissioner