



**BRITISH COLUMBIA
UTILITIES COMMISSION**

ORDER
NUMBER G-27-93

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CANADA

**AN ORDER IN THE MATTER OF the Utilities Commission
Act, S.B.C. 1980, c. 60, as amended**

and

An Application by British Columbia Hydro and Power Authority

for
Rate Schedule 3808
and

Revised Power Purchase Agreement with West Kootenay Power Ltd.

BEFORE: M.K. Jaccard, Chairperson;)
L.R. Barr, Deputy Chairperson; and) April 22, 1993
K.L. Hall, Commissioner)

WHEREAS:

- A. On October 10, 1991, British Columbia Hydro and Power Authority ("B.C. Hydro") filed for Commission approval an Agreement in Principle ("the Agreement") entered into between B.C. Hydro and West Kootenay Power Ltd. ("WKP") for bulk electricity supply for the period from October 1, 1991 to September 30, 2010. Supply under the Agreement was intended to replace supply under Rate Schedule 3807, the availability of which expired on September 30, 1991 under Commission Order No. G-22-90; and
- B. Commission Order No. G-96-91 established a deferral account and approved an interim rate for supply to WKP at the level previously charged under Rate Schedule 3807 effective October 1, 1991 until final approval of the Agreement was given. The Order included the Agreement and ensuing contract as a separate phase of B.C. Hydro's Rate Design Application and Public Hearing that commenced January 13, 1992; and
- C. WKP and B.C. Hydro were unable to reach agreement into long-term power supply during the public hearing. Commission Order No. G-36-92 authorized the Decision into B.C. Hydro's Application for Rate Design of Electric Tariffs and advised that the matter of Rates and Supply Agreement to WKP would be the subject of a future Commission Order; and
- D. On August 10, 1992, WKP advised the Commission that the parties had been unable to reach a mutually acceptable contract after 11 months of negotiations and requested a Commission Inquiry under Section 97 of the Utilities Commission Act ("the Act"); and
- E. On August 11, 1992, B.C. Hydro notified WKP that the negotiations had failed, that the Agreement must be discarded, and that, in the near future, B.C. Hydro would submit an application to the Commission regarding WKP; and
- F. On September 4, 1992, WKP requested that B.C. Hydro be directed to relieve WKP of take or pay provisions of the October 15, 1986 Power Purchase Agreement for the 1991/92 operating year (the "Nominations Dispute"); and
- G. On October 14, 1992, WKP requested an Inquiry under Section 97 of the Act to determine the Demand Charges applicable to WKP for 1992 (the "Demand Billing Dispute"); and

- H. On December 11, 1992, B.C. Hydro applied to the Commission for Orders that terminate Electric Tariff Rate Schedule 3807 and the October 15, 1986 Power Purchase Agreement with WKP and replace them with a proposed Rate Schedule 3808 and new Power Purchase Agreement ("the Application") on an effective date to be determined by the Commission; and
- I. Commission Order No. G-119-92 set the Application down for public hearing which commenced on February 8, 1993 in Castlegar, B.C. and concluded in Vancouver on February 18, 1993; and
- J. On February 26, 1993 the Commission made its preliminary Decision on the Application and issued a letter to all parties to the proceeding.

NOW THEREFORE the Commission orders as follows:

1. The interim rate for supply to WKP established under Order G-96-91 is confirmed as firm to September 30, 1993.
2. The Commission will accept, subject to timely filing by B.C. Hydro, an amended Electric Tariff Rate Schedule 3808 as detailed in the Decision, to be effective October 1, 1993 and will also accept the cancellation of Rate Schedule 3807 effective the same date.
3. B.C. Hydro and WKP will enter into negotiations leading to a revised Power Purchase Agreement to incorporate the findings and directions as set out in the Commission's Decision. On or before August 1, 1993 B.C. Hydro and WKP shall jointly file with the Commission, with copies to Registered Intervenors, a report respecting these negotiations.
4. The Commission declines jurisdiction concerning the Demand Billing Dispute and the Nominations Dispute, as discussed in the Decision.
5. B.C. Hydro and WKP will comply with the other directions incorporated in the Commission's Decision issued concurrently with this Order.

DATED at the City of Vancouver, in the Province of British Columbia, this 23rd day of April, 1993.

BY ORDER



Dr. Mark K. Jaccard
Chairperson