



IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

West Kootenay Power Ltd. - 1998 Annual Review and
Preliminary 1999 Revenue Requirement and Incentive Mechanism Review

BEFORE: P. Ostergaard, Chair)
L.R. Barr, Deputy Chair) October 29, 1998
F.C. Leighton, Commissioner)

O R D E R

WHEREAS:

- A. Commission Order No. G-73-96 approved the May 24, 1996 Settlement Agreement setting up a rate adjustment mechanism ("the Incentive Mechanism") for a three-year test period, beginning January 1, 1996, whereby West Kootenay Power Ltd. ("WKP") is required to file annually with the Commission materials for a rate increase effective January 1 of the next year; and
- B. The terms of the Settlement Agreement require that an Annual Review process be instituted, whereby the public will be invited to examine the filed material, submit other issues for determination by the Commission, and meet to review all issues prior to the rate application being made. Following the review, unsatisfied parties may institute a complaint procedure before the Commission; and
- C. The Settlement Agreement also provided for a Three-Year Review as follows:

"In the fall of 1998, West Kootenay Power Ltd. will provide an application for rates in 1999 and beyond. The application will detail all cost components and may propose a continuation of existing ratemaking methods. The application will detail the performance of each of the existing target costs by category along with actual costs. The components of the target cost will be reviewed, including base cost, cost driver, base cost escalator and productivity improvement factor to determine their appropriateness for ongoing rate regulation. New categories of target costs and new cost components may be proposed to make target costs more effective. All parties reserve their rights to argue in favour of proposed targets, performance based regulation methods or traditional rate regulation."

- D. On October 26, 1998, WKP filed its Preliminary 1999 Revenue Requirements and Incentive Mechanism Review Application ("the Application"). WKP applied pursuant to the Utilities Commission Act ("the Act") for an Order to set rates, during a period beginning January 1, 1999 and ending on any anniversary date of January 1, 1999 following the filing of adequate justification for such termination, in accordance with the Incentive Mechanism approved by Commission Order No. G-73-96; and
- E. WKP further applied for an Order approving certain amendments to the Incentive Mechanism; and

- F. WKP applied for an Order that a Negotiated Settlement Process be implemented with the following key dates:

<u>Incentive Mechanism Review</u>	<u>Date (1998)</u>
Pre-hearing conference	November 10
Filing of initial Information Requests	November 18
WKP Responses to IRs	November 25
Negotiated Settlement Days	November 30, December 1 & 2
 <u>1998 Annual Review</u>	
Preliminary 1999 Revenue Requirements	December 1 & 2

- G. A 1998 Annual Review is required to assess WKP's performance and to make adjustments against 1997 and 1998 Revenue Requirements; and
- H. The Commission, in its desire to expedite issues relating to the Application, requires that a timetable and a process for dealing with the issues be established.

NOW THEREFORE the Commission orders as follows:

- The Commission will hold a Pre-hearing Conference on WKP's Application on November 10, 1998, commencing at 10:00 a.m. at the Utility's Head Office in Trail, B.C. Video conferencing facilities will be made available at the Concord Room, Suite 1100, 1100 Melville Street, Vancouver, B.C., for participants registered with the Commission. The Conference will address procedural matters, which will include, but not be limited to, the following:
 - whether the WKP Preliminary 1999 Revenue Requirements and Incentive Mechanism Review Application will proceed to a negotiated settlement process on November 30, 1998;
 - completeness of the Application;
 - identification of principal issues; and
 - other matters that will enable the proceeding to efficiently cover and review all aspects of the Application.
- The Commission will also hold a 1998 Annual Review on December 2, 1998 commencing at 9:00 a.m. at the Coast Capri Hotel, Kelowna, B.C. A Public Information Town Hall Meeting will commence at 7:00 p.m. on December 1, 1998 for those parties not wishing, or able, to participate in the 1998 Annual Review.
- WKP will arrange for immediate publication, not later than November 6, 1998, in display-ad format, of a Notice of Pre-hearing Conference and 1998 Annual Review, in the business sections of the Vancouver Sun, The Province and such other appropriate local news publications in the service area of the Utility so as to provide adequate notice to the public. A copy of the draft Notice is to be provided to the Commission in advance of publication.

4. The Application and supporting materials are to be made available for inspection at the Head Office of West Kootenay Power Ltd., 1290 Esplanade, P.O. Box 130, Trail, B.C., V1R 4L4; and at its District Offices located at Castlegar, Creston, Grand Forks, Kelowna (Benvoulin Road and Gordon Road), Oliver, Penticton, Trail and Warfield, B.C.

The Application and supporting materials are also available for inspection at the office of the British Columbia Utilities Commission, 6th Floor, 900 Howe Street, Vancouver, B.C. V6Z 2N3.

5. An appropriate notice and copy of this Order is to be faxed to all wholesale and large industrial customers and all interested parties who participated in the 1997 Annual Review, as soon as possible.
6. Those persons wishing to participate in the Pre-hearing Conference or 1998 Annual Review are to advise the Commission Secretary of their intention to do so, in writing, as soon as possible, but no later than November 10, 1998.
7. Participants requesting additional information from WKP should do so as soon as possible. After receipt of the material, WKP is directed to use its best efforts to respond in a timely manner to information requests.
8. All Parties intending to apply for Participant Assistance and who wish to attend the Pre-hearing Conference or 1998 Annual Review must do so consistent with the Commission's Policy and Rate Sheet as outlined in Order No. G-103-96. Copies of the Participant Assistance Policy and Rate Sheet will be sent, upon request, to parties registering with the Commission.
9. Persons intending to participate, and who are uncertain as to the manner in which to proceed, may contact Mr. Robert J. Pellatt, Commission Secretary, or Mr. Barry McKinlay, Manager, Rates and Finance as follows:

Telephone:	(604) 660-4700	E-Mail:	Commission.Secretary@bcuc.com
Fax:	(604) 660-1102	B.C. Toll Free:	1-800-663-1385

DATED at the City of Vancouver, in the Province of British Columbia, this 30th day of October, 1998.

BY ORDER

Original signed by:

Peter Ostergaard
Chair