



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

and

An Application by Princeton Light and Power Company, Limited  
for Approval of a Holding Account for Contracting Activities

**BEFORE:** P. Ostergaard, Chair )  
P.G. Bradley, Commissioner )  
R.D. Deane, Commissioner ) May 16, 2002  
K.L. Hall, Commissioner )

**O R D E R**

**WHEREAS:**

- A. On February 18, 2002, Princeton Light and Power Company, Limited ("PLP") applied to the Commission for approval, pursuant to Section 56 of the Utilities Commission Act ("the Act"), to create a contract division holding (deferral) account to normalize extraordinary income and expenses incurred by PLP doing contracting work outside of its normal utility activities; and
- B. PLP contracts with UtiliCorp Networks Canada (British Columbia) Ltd. ("UNC") to perform operation and maintenance services for UNC's customers and its electrical system in the Similkameen area. PLP advised that such contracting activities could distort the financial reporting of PLP's own utility operations; and
- C. PLP proposes to create a deferral account to capture profits in excess of its approved return on equity ("ROE") up to \$100,000 and to draw down the deferral account to such an extent that it would boost its income to approved ROE levels. PLP proposes that account balances in the deferral account in excess of \$100,000 would be shared equally with customers and PLP shareholders; and
- D. On April 19, 2002, PLP provided information in response to staff information requests; and
- E. The Commission has reviewed the application and supporting information and finds that it should be approved in the public interest.

**NOW THEREFORE** the Commission orders as follows:

1. The Commission approves PLP's application to create a holding (deferral) account to record extraordinary income and expenses from its contracting activities, pursuant to its February 18, 2002 application, effective April 1, 2002. The Commission accepts the balance of this account carried forward from prior years.
2. PLP is to provide the Commission with an annual reconciliation of the deferral account, including disclosure of amounts paid out to shareholders and amounts made available to reduce customer rates. The reconciliation is to be filed in conjunction with PLP's Annual Report to the Commission. PLP is to provide a detailed report on the effectiveness of the account covering the years 2003 to 2005 to be filed by June 30, 2005, being the due date for its 2005 Annual Report.
3. PLP is directed to apply to the Commission for approval of any changes to the accounting treatment of indirect cost allocation percentages.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 16<sup>th</sup> day of May 2002.

BY ORDER

*Original signed by:*

Peter Ostergaard  
Chair