



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

and

Aquila Networks Canada (British Columbia) Ltd.
2002 Annual Review and 2003 Revenue Requirements Application

BEFORE: P. Ostergaard, Chair)
R.D. Deane, Commissioner) November 18, 2002
K.L. Hall, Commissioner)

O R D E R

WHEREAS:

- A. Commission Order No. G-134-99 approved the November 22, 1999 Settlement Agreement (the "Settlement Agreement") for the period beginning January 1, 2000 and ending December 31, 2002, whereby West Kootenay Power Ltd. [now Aquila Networks Canada (British Columbia) Ltd. ("Aquila")] is required to file annually with the Commission materials for any rate change effective January 1 of the next year; and
- B. The terms of the Settlement Agreement require that Aquila institute a negotiated settlement process (the "Negotiated Settlement Process") and also an annual review process whereby the public will be invited to examine the filed material, submit other issues for determination by the Commission and meet to discuss all issues prior to the final rate application being made (the "Annual Review"). Following the Annual Review, unsatisfied customers may initiate a complaint with the Commission; and
- C. A 2002 Annual Review is required to assess Aquila's performance and to make adjustments against the 2001 and 2002 Revenue Requirements; and
- D. Rate increases for Aquila customers during the three years of the Settlement Agreement have been 4.5 percent, 5.0 percent and 4.9 percent; and
- E. On November 15, 2002, Aquila requested that the Settlement Agreement be extended for a period of one year ending December 31, 2003, and filed a Preliminary 2003 Revenue Requirements Application ("the Application") in support; and
- F. The Application includes a request for a 5 percent interim rate increase, effective January 1, 2003; and
- G. Aquila has requested that the 2002 Annual Review of its performance be scheduled with a Workshop and a Negotiated Settlement Process for 2003 with regard to its Application.

NOW THEREFORE the Commission orders as follows:

1. The Commission will hold a 2002 Annual Review on Monday, January 13, 2003 commencing at 9:00 a.m. at the Penticton Ramada Inn and Suites, 1050 Eckhardt Avenue West, Penticton, B.C. A Public Information Town Hall Meeting will commence at 7:00 p.m. on the same date for those parties not wishing, or able, to participate in the 2002 Annual Review.
2. The Commission approves a Negotiated Settlement Process to determine rates for 2003, commencing at 9:00 a.m. Tuesday, January 14, 2003 at the same location, and has established the Regulatory Timetable attached as Appendix A.
3. The Commission approves an average interim rate increase of 5 percent, effective January 1, 2003, subject to refund with interest calculated at the average prime rate of the principal bank with which Aquila conducts its business.
4. Aquila is to inform all customers of the interim rate increase by way of a customer notice.
5. The Commission will accept, subject to timely filing, amended Electric Tariff Rate Schedules in accordance with the terms of this Order.
6. Aquila will arrange for publication of the Notice of Annual Review and Negotiated Settlement Process (Appendix B), as soon as possible in such appropriate local news publications in its service area so as to provide adequate notice to the public.
7. Aquila is to provide copies of its Application and this Order to all parties who registered in the 2001 Annual Review and the Negotiated Settlement Process.
8. Aquila is to provide copies of this Order, with an appropriate notice, to all of its wholesale and large industrial customers.
9. The Application and supporting materials are to be made available for inspection at the following locations:

Aquila Networks Canada (British Columbia) Ltd.

Head Office
1290 Esplanade
Trail, B.C. V1R 4L4

British Columbia Utilities Commission

Sixth Floor 900 Howe Street
Vancouver, B.C. V6Z 2N3
Telephone: 1-800-663-1385

Public Libraries

Located in Castlegar, Creston, Grand Forks, Kelowna, Oliver, Penticton and Trail, B.C.

The Application is also available for viewing on Aquila's web site:

<http://www.aquilanetworks.ca>

10. Those persons wishing to participate in the 2002 Annual Review and/or the Negotiated Settlement Process on 2003 rates are to advise the Commission Secretary of their intention to do so, in writing, no later than Friday, November 29, 2002.

BRITISH COLUMBIA
UTILITIES COMMISSION

ORDER
NUMBER G-83-02

DATED at the City of Vancouver, in the Province of British Columbia, this 18th day of November 2002.

BY ORDER

Original signed by:

Peter Ostergaard
Chair

Attachments

SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, B.C. V6Z 2N3 CANADA
web site: <http://www.bcuc.com>

TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

REGULATORY TIMETABLE

Aquila Networks Canada (British Columbia) Ltd. – 2002 Annual Review and
2003 Revenue Requirements Application

ACTION

DATES

Filing of Interventions and Registration	Friday, November 29, 2002
Filing of Information Requests to Aquila	Friday, December 13, 2002
Aquila to Respond to Information Requests	Monday, January 6, 2003
2002 Annual Review	Monday, January 13, 2003
Workshop and Negotiated Settlement Process on 2003 Rates	Tuesday, January 14, 2003

AQUILA NETWORKS CANADA (BRITISH COLUMBIA) LTD. ("AQUILA")
2003 REVENUE REQUIREMENTS

Notice of 2002 Annual Review
and
Negotiated Settlement Process for 2003 Rates

Under the terms of the 2000-2002 Settlement Agreement of Aquila's rates for electric service, the British Columbia Utilities Commission (the "Commission") holds an Annual Review of the operation of the settlement and proposed rate adjustments. As the existing Settlement Agreement expires December 31, 2002 and, in order to establish rates effective January 1, 2003, Aquila applied on November 15, 2002 for a one year extension of the existing Settlement Agreement. In support of this proposal, it filed a Preliminary 2003 Revenue Requirements Application ("Application").

In the Annual Review, the public is invited to examine the material, submit other issues for determination by the Commission, and meet to review all issues. The Commission will hold the 2002 Annual Review on Monday, January 13, 2003, commencing at 9:00 a.m., at the Penticton Ramada Inn and Suites, 1050 Eckhardt Avenue West, Penticton, B.C. A Public Information Town Hall Meeting will be held at 7:00 p.m. on the same day in the same location for those parties not able to participate in the Annual Review. Aquila representatives will attend both meetings to answer questions from customers and interested parties.

Rate increases from 2000 to 2002 have been 4.5 percent, 5.0 percent and 4.9 percent respectively. For 2003 the Company is forecasting the need for a rate increase of 5 percent, or nearly \$8 million. The largest components of this increase are \$7 million for increased power purchase expenses and \$6 million in carrying costs required to finance major capital projects. The Application states that these increased costs are only partially offset by decreases in taxes and increases in residential sales. Aquila is to file a comprehensive review of its costs in 2003, and expects to propose a multi-year ratesetting mechanism to commence January 1, 2004.

The Commission has approved a 5 percent interim rate increase, effective January 1, 2003, subject to refund after a Negotiated Settlement Process to determine final rates for 2003. The Negotiated Settlement Process will commence at 9:00 a.m. Tuesday, January 14, 2003 at the same location, in accordance with the following Regulatory Timetable.

ACTION

DATE

Filing of Interventions and Registration	Friday, November 29, 2002
Filing of Information Requests to Aquila	Friday, December 13, 2002
Aquila to Respond to Information Requests	Monday, January 6, 2003
Workshop and Negotiated Settlement on 2003 Rates	Tuesday, January 14, 2003

Aquila is to provide copies of the Application to all parties wishing to participate in the Annual Review and/or Negotiated Settlement Process. Those persons wishing to participate in either process are to advise the

Commission Secretary of their intention to do so, in writing, no later than Friday, November 29, 2002 as follows:

Mail: Sixth Floor
Box 250, 900 Howe Street,
Vancouver, B.C. V6Z 2N3

Email: *Commission.Secretary@bcuc.com*

Facsimile: (604) 660-1102

The Application and supporting materials will be available for inspection at the following locations:

Aquila Networks Canada (British Columbia) Ltd.

Head Office
1290 Esplanade
Trail, B.C. V1R 4L4

British Columbia Utilities Commission

Sixth Floor 900 Howe Street
Vancouver, B.C. V6Z 2N3
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The Application will also be available for viewing on Aquila's web site:

<http://www.aquilanetworks.ca>

For further information, please contact the Commission Secretary (Toll Free) at 1-800-663-1385 or (604) 660-4700.