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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-1-04

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

and

**An Application by British Columbia Transmission Corporation
for Approval of an Application for a System Control Modernization Study Deferral Account**

BEFORE: R.H. Hobbs, Chair)
L.A. Boychuk, Commissioner) January 6, 2004
M.P. Birch, Commissioner)

O R D E R

WHEREAS:

- A. On December 15, 2003, British Columbia Transmission Corporation ("BCTC" or "Company") applied under Section 60 of the Utilities Commission Act and Section 6 of Special Direction No. 9 for approval to establish a System Control Modernization Study Deferral Account ("SCMS Deferral Account") and accrue therein Definition Phase costs (not to exceed \$2.0 million); and
- B. BCTC is seeking Commission approval that the balance of this deferral account would be capitalized along with other Project costs should the Project ultimately receive a Certificate of Public Convenience and Necessity from the Commission and enter service. In the event the Project is not approved for construction or is not built for some reason, BCTC is seeking Commission approval for BCTC to recover the balance of the SCMS Deferral Account in rates within a reasonable period of time following a decision to terminate the Project. BCTC expects that actual Definition Phase expenditures would be reviewed for prudence before being included in rates; and
- C. BCTC seeks to recover in rates any interest costs associated with the balances in the SCMS Deferral Account and similarly suggests that rate compensation is appropriate to reflect accrued interest on positive balances in these accounts. BCTC also suggests that interest rates used should be those judged reasonable by the Commission from time to time; and

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D. The Company is seeking the earliest possible decision on this Application since BCTC has already begun the preliminary investigations of this Project.

NOW THEREFORE the Commission orders as follows:

1. Approval is granted for the immediate establishment of a SCMS Deferral Account.
2. BCTC will accrue all actual Definition Phase costs related to the System Control Modernization Study in the SCMS Deferral Account. The actual Definition Phase costs are not to exceed the total sum of \$2 million.
3. Approval is granted for recovery of the balance of the SCMS Deferral Account in the event that the Project is not approved for construction or is not built for some other reason, subject to the prudence review provided for in section 6 below.
4. Approval is granted to capitalize the balance of the SCMS Deferral Account along with other Project costs in the event that a Certificate of Public Convenience and Necessity is granted for the Project, subject to the prudence review provided for in section 6 below.
5. The actual balances recorded in the SCMS Deferral Account will bear interest at the average prime rate of the principal bank with which BCTC conducts its business.
6. The Commission will make a determination with respect to prudence of the actual Definition Phase costs and the subsequent recovery, if any, of these costs in rates, at a later date.

DATED at the City of Vancouver, in the Province of British Columbia, this 8th day of January, 2004.

BY ORDER

Original signed by:

Robert H. Hobbs
Chair