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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-91-03

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

and

**An Application by Aquila Networks Canada (British Columbia) Ltd.
for Approval of Preliminary 2004 Revenue Requirements**

BEFORE: L. A. Boychuk, Panel Chair and)
Commissioner)
L. F. Kelsey, Commissioner) December 24, 2003
R. Milbourne, Commissioner)

O R D E R

WHEREAS:

- A. On November 19, 2003, Aquila Networks Canada (British Columbia) Ltd. ("Aquila" or "Company") filed a Preliminary 2004 Revenue Requirements Application ("the Application") with the Commission. Aquila applied pursuant to the applicable provisions of the Utilities Commission Act ("the Act") and in particular Sections 58, 60, and 61 for an Order to set rates in accordance with a rate adjustment mechanism for 2004. Aquila recommended a Negotiated Settlement Process, pursuant to the Commission's Guidelines, to determine the 2004 Revenue Requirements and the parameters of the Incentive Mechanism; and
- B. Due to the impending sale of the Canadian business of Aquila Networks Canada Corp. to Fortis Inc. and the potential for restructuring, Aquila is proposing a one year extension of the current Settlement Agreement, which expires on December 31, 2003, subject to certain changes as described in the Application; and
- C. The Application includes a request for a 3.4 percent interim refundable rate increase, effective January 1, 2004. On December, 19, 2003, Aquila filed a revision to the Application and requested that the above interim refundable rate increase be changed to 3.6 percent to reflect the Rate of Return on Equity approved by the Commission for the 2004 calendar year; and

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- D. A Pre-Hearing Conference was held on Thursday, December 18, 2003, in the Prestige Inn, 1675 Abbott Street, Kelowna, B.C., to discuss certain issues in the Application and the proposed regulatory process (as stipulated in Order No. G-79-03); and
- E. In accordance with Commission Order No. G-79-03, a summary report of the positions of participants was prepared by Commission staff and submitted to the Commission Panel. Participants either supported or took no position regarding the request for interim rates and no further submissions were received; and
- F. The Commission requires that interim rates be established.

NOW THEREFORE the Commission orders as follows:

1. The Commission approves for Aquila Networks Canada (British Columbia) Ltd. an interim rate increase of 3.6 percent, effective January 1, 2004, subject to refund with interest calculated for the refund period at the average prime rate of the principal bank with which Aquila conducts its business.
2. Aquila is to inform all customers of the interim rate increase by way of a customer notice.
3. The Commission will accept, subject to timely filing, amended Electric Tariff Rate Schedules in accordance with the terms of this Order.

DATED at the City of Vancouver, in the Province of British Columbia, this 24th day of December 2003.

BY ORDER

Original signed by:

Lori Ann Boychuk
Panel Chair and
Commissioner