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VANCOUVER, B.C. V6Z 2N3 CANADA
web site: <http://www.bcuc.com>



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-130-05

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

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

and

**An Application by FortisBC Inc.
for Approval of 2006 Revenue Requirements
and Establishment of a Multi-Year Performance Based Regulation Mechanism**

BEFORE: L.F. Kelsey, Panel Chair and Commissioner
L.A. O'Hara, Commissioner December 2, 2005

O R D E R

WHEREAS:

- A. On November 24, 2005, FortisBC Inc. ("FortisBC") filed for approval of its 2006 Revenue Requirements and to establish a Multi-Year Performance Based Regulation Mechanism (the "Application") with the British Columbia Utilities Commission ("Commission") pursuant to Sections 60 and 61 of the Utilities Commission Act (the "Act"); and
- B. The Application requests an interim rate increase of 5.9 percent, effective January 1, 2006. The increase is based, in part, on significant capital expenditures, a change in the amortization rates for various assets and an increase in the amount of overheads charged to capital; and
- C. Commission Order No. G-52-05 dated May 31, 2005 approving FortisBC's 2005 Revenue Requirements Application, directs an Annual Review of the 2005 incentive sharing mechanism along with a Review of the Performance Based Regulation Mechanism; and
- D. The Commission requires that interim rates for 2006 be established and that a regulatory process be established to review the Application

NOW THEREFORE the Commission orders as follows:

- 1. The Commission approves for FortisBC an interim rate increase of 5.9 percent, effective January 1, 2006, subject to refund with interest calculated for the refund period at the average prime rate of the principal bank with which FortisBC conducts its business.
- 2. FortisBC is to inform all customers of the interim rate increase by way of a customer notice to be reviewed by the Commission in advance of its release.

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3. The Commission will accept, subject to timely filing, amended Electric Tariff Rate Schedules in accordance with the terms of this Order.
4. A regulatory timetable is established to review the Application and attached as Appendix A to this Order. The timetable accommodates an Annual Review and Workshop on February 9, 2006 followed by a Pre-hearing Conference to be held before the Commission Panel on February 10, 2006 to address procedural matters which will include, but not be limited to, the following:
 - identification of principal issues arising from or related to the Application,
 - process options for review of the Application, including,
 - oral public hearing
 - negotiated settlement process
 - written hearing
 - or, as appropriate, some combination of the above
 - timetable (information requests, responses, intervenor evidence, etc.),
 - location(s) of the proceeding, and
 - other matters that will assist the Commission Panel to efficiently review all aspects of the Application.

After the Pre-hearing Conference, the Commission Panel will issue a further procedural order and regulatory agenda for the review of the Application.

5. FortisBC is to provide a copy of this Order to all Intervenors and Interested Parties who registered for the 2005 Revenue Requirements Application.
6. FortisBC is to arrange for publication of the Notice of Annual Review, Workshop and Pre-Hearing Conference, attached as Appendix B to this Order, as soon as possible in such appropriate local news publications in its service area so as to provide adequate notice to the public.
7. The Application and supporting materials will be available for inspection at the following locations:

FortisBC Inc.

Head Office

5th Floor 1628 Dickson Avenue
Kelowna, B.C. V1Y 9X1

FortisBC Inc.

Trail Office

1290 Esplanade
Trail, B.C. V1R 4L4

Public Libraries

Castlegar, Creston, Grand Forks, Kelowna,
Oliver, Penticton and Trail, BC

British Columbia Utilities Commission

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

Internet

www.fortisbc.com
www.bcuc.com

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8. Intervenors and Interested Parties should inform the Commission, in writing or register on-line at www.bcuc.com by Thursday, January 5, 2006, of their intention to actively intervene in the proceeding, or become Interested Parties. Registered Intervenors will receive from FortisBC copies of the Application and, all correspondence and filed documentation. Interested Parties will receive the Application's Executive Summary and copies of all Orders issued.

DATED at the City of Vancouver, in the Province of British Columbia, this 7th day of December 2005.

BY ORDER

Original signed by:

L.F. Kelsey
Panel Chair and Commissioner

Attachments

An Application by FortisBC Inc.
for Approval of 2006 Revenue Requirements and
Establishment of a Multi-Year Performance Based Regulation Mechanism

REGULATORY TIMETABLE

Action	Date – Time
Registration deadline for Intervenor and Interested Parties	Thursday, January 5, 2006
Annual Review	
2005 Incentive Sharing Mechanism	Thursday, February 9, 2006 – 9:00 a.m.
Workshop	
2006 Revenue Requirements Application Multi-Year PBR Mechanism	Thursday, February 9, 2006 – following Annual Review Friday, February 10, 2006 – 8:00 a.m. (if required)
Pre-Hearing Conference	
2006 Revenue Requirements Application	Friday, February 10, 2006 – 10:00 a.m.
Location:	Grand Okanagan Resort 1310 Water St. Kelowna, B.C.



FORTISBC INC. ("FORTISBC")
2006 REVENUE REQUIREMENTS AND
MULTI-YEAR PERFORMANCE BASED REGULATION MECHANISM

NOTICE OF ANNUAL REVIEW, WORKSHOP AND PRE-HEARING CONFERENCE

Annual Review

Date / Time: Thursday, February 9, 2006- 9:00 a.m.
Location: Grand Okanagan Resort, 1310 Water St, Kelowna, BC

Workshop

Date / Time: Thursday, February 9, 2006 – following Annual Review
Friday, February 10, 2006 - 8:00 a.m. (if required)
Location: Grand Okanagan Resort, 1310 Water St, Kelowna, BC

Pre-Hearing Conference

Date / Time: Friday, February 10, 2006 – 10:00 a.m.
Location: Grand Okanagan Resort, 1310 Water St, Kelowna, BC

On November 24, 2005, FortisBC filed its 2006 Revenue Requirements Application and proposed the Establishment of a Multi-Year Performance Based Regulation Mechanism (the "Application") with the British Columbia Utilities Commission ("the Commission"). FortisBC recommended a two stage negotiated settlement process to the Commission to review this Application. The first stage would set the 2006 Revenue Requirements and the second stage would determine the parameters of Performance Based Regulation ("PBR").

FortisBC requested a 5.9 percent interim refundable rate increase, effective January 1, 2006. The Commission has approved an interim refundable rate increase of 5.9 percent, effective January 1, 2006 by Order No. G-130-05.

FortisBC will hold an Annual Review to provide updates on the 2005 Incentive Sharing Mechanism and a Workshop for the Application.

The Commission has scheduled a Pre-hearing Conference to solicit input from all participants on the proposed regulatory process and agenda to deal with the Application, and any other preliminary matters.

FortisBC is to provide copies of the Application to all parties wishing to participate in the Pre-hearing Conference. Those persons wishing to participate are to advise the Commission Secretary of their intention to do so no later than Thursday, January 5, 2005. Notification by mail, courier delivery, fax or e-mail is acceptable.

Mail:
Box 250, Sixth Floor, 900 Howe Street
Vancouver, BC V6Z 2N3

Email:
Commission.Secretary@bcuc.com

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

FortisBC Inc.

Head Office
5th Floor 1628 Dickson Avenue
Kelowna, B.C. V1Y 9X1

British Columbia Utilities Commission

Sixth Floor, 900 Howe Street
Vancouver, B.C. V6Z 2N3
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Penticton and Trail, B.C.

For further information, please contact the Commission Secretary or Ms. Fong Kwok, Financial Analyst as follows:

Commission Secretary

Telephone: (604) 660-4700

Facsimile: (604) 660-1102

E-Mail: Commission.Secretary@bcuc.com

Telephone: (B.C. Toll Free) 1-800-663-1385

Ms. Fong Kwok

Telephone: (604) 660-0718