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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-10-06

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

and

**Requests for Exemptions by Simon Fraser University and
the Vancouver International Airport Authority from
British Columbia Hydro and Power Authority
Transmission Service Rates Schedules 1823 and 1825**

BEFORE: R.H. Hobbs, Chair February 6, 2006

O R D E R

WHEREAS:

- A. On October 17, 2004, the Commission issued a Report and Recommendations to the Government regarding a Heritage Contract for British Columbia Hydro and Power Authority's ("BC Hydro") existing Generation Resources and Stepped Rates and Transmission Access ("BCUC Report"); and
- B. The BCUC Report recommended that a Stepped Rate be a mandatory tariff (Recommendation #14), and that three customers, Aquila Networks Canada (British Columbia) Ltd. (now FortisBC Inc.), the City of New Westminster and the University of British Columbia, should be exempted from the Stepped Rate and be served under a separate rate schedule(s) (Recommendation #15); and
- C. The Government issued Special Direction No. HC2 (OIC 1123) to the British Columbia Utilities Commission ("BCUC", "the Commission"), which states that in designing rates for the Authority's (BC Hydro) transmission rate customers, the Commission must ensure that these rates are consistent with Recommendations #8 to #15 inclusive in the BCUC Report; and
- D. On March 10, 2005, BC Hydro applied to the Commission for approval of Transmission Service Rates ("TSR Application"). Consistent with the BCUC Report and Special Direction No. HC2, the TSR Application proposed eliminating Rate Schedule ("RS") 1821 - the primary rate for transmission voltage industrial and commercial customers - and replacing it with RS 1823 (Stepped Rate) or RS 1825 (Time-of-Use Stepped Rate) both of which are mandatory. Also consistent with Special Direction No. HC2, in combination with BCUC Recommendation #15, the three customers named in the BCUC Report were exempted from the requirement to take service under RS 1823 or RS 1825, and a separate rate schedule, RS 1827 - Rate for Exempt Customers, was created; and
- E. The TSR Application includes a specific rate (Rate Schedule 1827 - Rate for Exempt Customers) for customers who are to be exempted from the mandatory rates; and

- F. The Commission established a Negotiated Settlement Process (“NSP”) to review the TSR Application and a Negotiated Settlement was reached; and
- G. Prior to and during the NSP, Simon Fraser University (“SFU”) and the Vancouver International Airport Authority (“VIAA”) each indicated that they shared similarities to the three customers exempted from stepped rates, and that they might want to seek similar exemptions; and
- H. On August 29, 2005, the Commission issued Order No. G-79-05 approving the Negotiated Settlement Agreement for BC Hydro’s TSR Application; and
- I. The Negotiated Settlement stated that all parties agreed that the Commission should have the discretion to address the issue of exemptions, and they did not oppose exemptions for SFU or VIAA if they apply at some future date. The parties agreed that the Commission should take steps to confirm with Government that the BCUC does have the discretion, or absent such discretion, seek the necessary legislative approvals to exempt SFU and VIAA; and
- J. By letters dated September 15, 2005 and September 21, 2005, VIAA and SFU, respectively, confirmed that they wished to be exempted from BC Hydro’s Stepped Rate Schedule 1823 and included in Rate Schedule 1827 for Exempt Customers; and
- K. By letter dated September 15, 2005 to the Ministry of Energy, Mines and Petroleum Resources (“MEMPR”), the Commission requested that it may, at its discretion, exempt customers other than those specifically identified in Recommendation #15 of the BCUC Report; and
- L. By letter dated January 23, 2006, the MEMPR responded to the Commission, stating that, while not intended as legal advice or direction to the BCUC it is the view of the MEMPR “...that the BCUC has the authority to consider and make a determination with respect to its jurisdiction to grant exemptions from the stepped and time-of-use rates. The MEMPR is not opposed, from a policy perspective, to the BCUC exempting SFU and the VIAA from the stepped and time of use rates if the BCUC determines it has the jurisdiction to do so”; and
- M. The Commission has reviewed the wording of Recommendation #15 and Special Direction No. HC2 and has concluded that VIAA and SFU share similar characteristics to the three customers named in the BCUC Report in that they distribute a significant portion of their load to others and that exempting SFU and VIAA is consistent with Recommendation #15 and therefore is also consistent with Special Direction No. HC2; and
- O. Because the Commission concludes that exempting SFU and VIAA is consistent with Special Direction No. HC2, the Commission further concludes that it has the jurisdiction to direct BC Hydro to exempt SFU and VIAA from the Stepped Rate and provide service to them under Rate Schedule 1827 for Exempt Customers; and

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- P. Given the support shown by all parties for exempting SFU and VIAA from the mandatory Stepped Rate and Time-of-Use Rate, the Commission finds that including SFU and VIAA in Rate Schedule 1827 - Rate for Exempt Customers is in the public interest.

NOW THEREFORE the Commission Orders as follows:

1. For the Reasons set out above and as elaborated in the letter accompanying this Order, the Commission hereby directs BC Hydro to exempt SFU and VIAA from the mandatory stepped and time-of-use rates and serve them, as requested, under Rate Schedule 1827 - Rate for Exempt Customers, by amending Rate Schedule 1827 as required.
2. The Commission will accept a Revised Electric Tariff Rate Schedule 1827 - Rate for Exempt Customers in accordance with the terms of this Order.

DATED at the City of Vancouver, in the Province of British Columbia, this 14th day of February 2006.

BY ORDER

Original signed by:

Robert H. Hobbs
Chair