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**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER** G-173-06

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

**and**

**An Application by  
Princeton Light and Power Company, Limited  
for Approval of Disposition of the Contracting Activities Deferral Account and  
the Contracting Operations Deferral Account**

**BEFORE:** L.F. Kelsey, Commissioner  
L.A. Zaozirny, Commissioner December 21, 2006

**O R D E R**

**WHEREAS:**

- A. Princeton Light and Power Company, Limited ("PLP") filed on November 30, 2006 a final report on the Contracting Activities Deferral Account ("CADA") from 2001 to December 31, 2005 as directed by Commission Order No. G-65-06. In the filing PLP proposes to dispose of the December 31, 2005 CADA balance and the actual December 31, 2006 Contracting Operations Deferral Account ("CODA") balance ("the Application"); and
- B. By Order No. G-35-02, the Commission had approved an application by PLP to create a holding (deferral) account (the CADA) to record extraordinary income and expenses from its contracting activities, pursuant to PLP's February 18, 2002 application, effective April 1, 2002; and
- C. Commission Order No. G-65-06 directed PLP to discontinue the CADA effective December 31, 2005, file a report showing the CADA activity from 2001 to December 31, 2005, and propose to dispose of the CADA balance. The Reasons attached as Appendix A to the Order noted that PLP filed two contracting activities schedules in response to BCUC IR 12.1 and 12.2. The schedules had indicated the CADA to be in a deficit balance at March 31, 2005, of \$125,792 and \$120,447; and
- D. Commission Order No. G-65-06 also directed a new CODA, effective January 1, 2006, that captures the annual net income of the contracting operations and PLP was requested to propose in future revenue requirements applications the disposal of any forecast balance in the CODA; and
- E. PLP calculates in Table C of the Application a CADA debit balance of \$36,259 at December 31, 2005 that reflects the cumulative net losses from the commencement of the deferral account; and
- F. PLP estimates in the Application the CODA is expected to be a credit of \$5,000 at December 31, 2006 that reflects the expected net income for the period; and

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- G. By Order No. G-159-06, the Commission approved an application by Fortis Pacific Holdings Inc., FortisBC and PLP for approval to transfer PLP shares and assets to FortisBC and the winding up of PLP and ordered that a determination of the CADA would be made by way of a future order; and
- H. PLP proposes in the Application that the December 31, 2005 CADA debit balance should be charged to PLP's operations for 2006. PLP also proposes that after the 2006 PLP financial results have been determined, any unapplied CODA credit balance would be treated as an adjustment to rate base that would be transferred to FortisBC Inc. ("FortisBC") subject to the approval of the PLP reorganization; and
- I. FortisBC filed a submission on December 19, 2006 in which FortisBC discussed the disposition of the two accounts with PLP and confirms the agreed upon approach to the two deferral accounts. PLP proposes to charge the CADA balance at December 31, 2005 to retained earnings in 2006. A preliminary review of the 2006 ROE indicates that PLP will not meet its target. PLP proposes that it will transfer the balance of the CODA to meet the target ROE in 2006; and
- J. The Commission has reviewed the Application and considers that approval to dispose of the CADA and CODA in 2006 on the basis proposed by FortisBC and PLP is warranted.

**NOW THEREFORE** pursuant to Section 56 of the Utilities Commission Act, the Commission orders as follows:

1. The PLP CADA debit balance of \$36,259 at December 31, 2005 is to be charged to PLP's operations for the period ended December 31, 2006.
2. The PLP CODA is to be finalized at the end of December 31, 2006 and the balance charged to PLP's current operations for the period ended December 31, 2006.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 21<sup>st</sup> day of December, 2006.

BY ORDER

*Original signed by*

L.F. Kelsey  
Commissioner