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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-76-07

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

and

**British Columbia Hydro and Power Authority
Establishment of a Regulatory Asset Regarding F2007 Unplanned Major Storm Restoration Costs**

BEFORE: R.H. Hobbs, Chair
A.J. Pullman, Commissioner June 29, 2007

O R D E R

WHEREAS:

- A. On May 31, 2007 the British Columbia Hydro and Power Authority ("BC Hydro") applied to the British Columbia Utilities Commission ("Commission") for an Order approving the establishment of a regulatory asset in respect of the costs BC Hydro incurred repairing the electric system and restoring power to customers after five Major Storms that occurred in October of 2006 to January of 2007 ("F2007 Storm Restoration Costs") (the "Application"); and
- B. In the Application BC Hydro identified that it considers a single weather-related event to be a Major Storm if it meets one or more of the following criteria:
- more than 100,000 customers are simultaneously without power;
 - the event is province-wide or encompasses a large geographical region;
 - the restoration period is greater than two days, or additional resources from outside the affected region are required; and
 - the operating costs associated with restoring power to customers exceed \$1 million ("Major Storm Criteria"); and
- C. BC Hydro advised that it considered the Major Storms in F2007 to be extraordinary unforeseeable events, and that it launched round-the-clock response efforts to restore power to customers after each of the Major Storms, particularly because customers were without service during winter months; and
- D. BC Hydro assessed its net incremental costs of repairing the electric system and restoring power to customers after the five Major Storms to be \$32.9 million, which is primarily comprised of maintenance costs and a small portion of operations and administrative costs; and

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2

- E. BC Hydro acknowledged that the F2007 Storm Restoration Costs do not qualify for inclusion in the Heritage Payment Obligation Deferral Account and in its October 29, 2004 Decision the Commission did not approve distribution emergency restoration costs as a cost element of the Non-Heritage Deferral Account as proposed by BC Hydro in its F2005 and F2006 Revenue Requirements Application; and
- F. In the Application BC Hydro is seeking Commission approval to record the \$32.9 million in a regulatory asset plus interest at BC Hydro's weighted average cost of debt calculated for its most recent fiscal year, and carry forward the regulatory asset until: (i) BC Hydro has filed an application providing for the manner in which that amount may be recovered in rates; and (ii) the Commission has made a determination thereon; and
- G. BC Hydro has requested that the review of the prudence of the F2007 Storm Restoration Costs be completed by mid-July 2007 and will apply for the recovery of the F2007 Storm Restoration Costs and interest in its next revenue requirements application; and
- H. The Commission considers that the Application is in the public interest.

NOW THEREFORE in accordance with the Application, the Commission orders as follows:

- 1. The cost recovery review of the BC Hydro F2007 Storm Restoration Costs will be performed along with the review of BC Hydro's next revenue requirements application.
- 2. BC Hydro is authorized to establish, in fiscal year 2007, a regulatory asset (the "F2007 Unplanned Major Storm Restoration Costs" regulatory asset) in the amount of \$32.9 million plus interest at BC Hydro's weighted average cost of debt for its most recent fiscal year and carry forward the regulatory asset until a review in BC Hydro's next revenue requirements application of:
 - i. the Major Storm Criteria;
 - ii. those F2007 Storm Restoration Costs contained in the regulatory asset which may be recoverable, if any, in rates; and
 - iii. a BC Hydro application providing for the manner in which that amount may be recovered in rates,and the Commission has made determinations thereon.

DATED at the City of Vancouver, in the Province of British Columbia, this 6th day of July 2007.

BY ORDER

Original signed by

Robert H. Hobbs
Chair