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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-77-07

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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
Regulatory Asset Treatment for F2008 Operating Costs to Improve Response to Future Storms**

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 regulatory asset treatment in respect of the incremental operating expenditures of \$8.18 million it plans to incur in F2008 to improve outage communication with customers and improve the resiliency of vulnerable portions of its distribution system ("F2008 Incremental Operating Expenditures") (the "Application"); and
- B. BC Hydro advised that it considers it necessary to respond proactively to the key findings of the Winter Storm Report it filed with the Commission in response to Letter No. L-5-07 in advance of the next storm season. BC Hydro also advised that the planned expenditures are expected to lessen damage to the most vulnerable portions of the distribution system from future severe events; to allow timelier service restoration; provide customers who have lost power with timelier and more useful information during outages; and to improve awareness and preparation for major outage events; and
- C. BC Hydro proposed that the incremental operating expenditures of \$8.18 million be transferred to a regulatory asset instead of increasing F2008 rates in keeping with the terms of the BC Hydro F2007/F2008 Revenue Requirements Application negotiated settlement agreement, which was approved by Commission Order No. G-143-06. BC Hydro also advised that it will seek recovery of these costs in its next revenue requirements application; and
- D. BC Hydro has requested that the review of the prudence of the F2008 Incremental Operating Expenditures be performed concurrently with the review of BC Hydro's F2007 Unplanned Major Storm Restoration Costs and completed by mid-July 2007; and
- E. The Commission considers that the Application is in the public interest.

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

1. The cost recovery review of BC Hydro's F2008 Incremental Operating Expenditures will be performed along with the review of BC Hydro's next revenue requirements application.
2. BC Hydro is authorized to apply, in its fiscal year 2008, the amount of \$8.18 million plus interest at BC Hydro's weighted average cost of debt calculated for its most recent fiscal year, to the balance of the F2007 Unplanned Major Storm Restoration Costs regulatory asset established by Commission Order No. G-76-07, and carry forward the regulatory asset until a review in BC Hydro's next revenue requirements application of:
 - i. those F2008 Incremental Operating Expenditures contained in the regulatory asset which may be recoverable, if any, in rates; and
 - ii. 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

Robert H. Hobbs
Chair