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**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER** G-50-07

TELEPHONE: (604) 660-4700  
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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 ("BC Hydro")  
2007 Rate Design Application ("2007 RDA")**

**BEFORE:** A.J. Pullman, Panel Chair  
R.J. Milbourne, Commissioner May 8, 2007  
L.A. O'Hara, Commissioner

**O R D E R**

**WHEREAS:**

- A. BC Hydro filed on March 15, 2007, pursuant to the Utilities Commission Act and Commission Order No. G-148-06, a rate design application ("Application") to update BC Hydro's rates and terms and conditions of service; and
- B. The Commission reviewed the Application and issued Order No. G-36-07 dated March 23, 2007, establishing a Preliminary Regulatory Timetable and a Procedural Conference to be held on Friday, May 4, 2007 to hear submissions on the regulatory process for the review of the 2007 RDA; and
- C. At the Procedural Conference, the Commission Panel considered submissions on the format of the hearing, scheduling of the alternative review processes, and the disposition of BC Hydro's deferral account balances; and
- D. The Commission Panel has made determinations with respect to the hearing format, regulatory timetable and the disposition of the deferral account balances with Reasons for Decision attached as Appendix B to this Order.

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**NOW THEREFORE** the Commission establishes an oral public hearing process for the review of the 2007 RDA and proceeds with the Regulatory Timetable as attached in Appendix A to this Order.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 8<sup>th</sup> day of May 2007.

BY ORDER

*Original signed by:*

Anthony J. Pullman  
Panel Chair

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**British Columbia Hydro and Power Authority  
2007 Rate Design Application**

**Regulatory Timetable**

<b>Action</b>	<b>Date (2007)</b>
BCUC and Intervenor Information Requests No. 2 to BC Hydro	Wednesday, May 16
E-Plus Customers Information Requests No. 1 to BC Hydro	Wednesday, May 23
Filing of Participant Assistance/Cost Award Budgets	Wednesday, May 23
BC Hydro Responses to IR No. 2	Friday, June 1
BC Hydro Responses to E-Plus Customers Information Request No. 1	Wednesday, June 6
Intervenor Evidence	Monday, June 11
Information Requests on Intervenor Evidence	Friday, June 15
Intervenor Responses to Information Requests	Tuesday, June 26
BC Hydro Testimony and Rebuttal Evidence (if any)	Friday, June 29
Commission Staff issue Hearing Issues List	Tuesday, July 3
Responses to Hearing Issues List	Thursday, July 5
Commission Panel issues Final Issues List	Friday, July 6
Oral Hearing Commences	Monday, July 9

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**APPENDIX B**  
to Order No. G-50-07  
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**BRITISH COLUMBIA HYDRO AND POWER AUTHORITY**  
**2007 RATE DESIGN APPLICATION**

**REASONS FOR DECISION**

**BACKGROUND**

By Commission Order No. G-36-07, the Commission ordered the convening of a Procedural Conference to consider procedural matters arising from BC Hydro's filing of its 2007 Rate Design Application ("Application", "2007 RDA"). BC Hydro was required to file the Application in accordance with Commission Order No. G-148-06.

The Application is BC Hydro's first rate design application to the Commission since 1991. The main reason for this considerable hiatus is that the provincial government froze BC Hydro's rates between 1996 and 2002/2003.

At the May 4, 2007 Procedural Conference, Participants made submissions regarding the hearing format, the regulatory timetable, and the issue with respect to addressing BC Hydro's deferral account balances in this rate design proceeding. The Commission Panel has considered the submissions and determines that:

- (1) The 2007 RDA will proceed with an oral public hearing;
- (2) Some amendments to the BC Hydro proposed regulatory timetable (Exhibit B-4) are warranted and a new regulatory timetable is required;
- (3) While the issue of the disposition of deferral account balances will not be an issue for the Hearing, the allocation of the amounts deferred among customer classes remains within the scope for the 2007 RDA proceeding.

**THE HEARING FORMAT**

The Commission Panel notes that BC Hydro considers the 2007 RDA a foundational element of its long term rate strategy to align its rates with the 2007 Energy Plan and that BC Hydro plans to update and review the Cost of Service Study and the need for any rate rebalancing on a regular basis.

The Commission Panel is of the view that after a hiatus of over 16 years and given the foundational nature of the Application, the need for transparency and the creation of a public record are paramount. The Panel finds that a negotiated settlement process ("NSP"), by its very nature, is unlikely to fulfill these needs.

Furthermore, the submissions from the Applicant and a majority of the Intervenor left the Commission Panel in doubt as to whether all the issues could likely be settled by an NSP. Therefore, the Panel considers that under such circumstances, a focused oral hearing should provide a more efficient regulatory process than the proposed combination of an NSP followed by an oral hearing for any unresolved issues.

## **REGULATORY TIMETABLE**

### Information Requests No. 2 and E-Plus Customers

The Commission Panel accepts the submission of counsel for a number of E-Plus Customers that the economic interests of E-Plus Customers might be materially prejudiced by not having counsel to inform their Information Requests. Therefore, in setting the Regulatory Timetable, those E-Plus Customers forming the group represented by Mr. Cairns are allowed some additional time to ask questions that are not limited to follow up or clarification of their earlier Information Requests.

For all other Participants not included in the group represented by Mr. Cairns, the Commission Panel accepts BC Hydro's submissions that the Information Requests No. 2 should be limited to follow-up questions or questions to clarify the Responses to Information Requests No. 1.

### Hearing Issues List

The Panel has amended BC Hydro's proposed regulatory timetable by setting a date for staff to issue a Hearing Issues List and allocating a round of comments and responses to the staff's Hearing Issues List, following which the Commission Panel will issue a Final Issues List.

### Expert Witnesses

The Commission Panel notes that the majority of Intervenor, with the exception of the Heiltsuk Tribal Council and Shearwater Marine Limited ("Heiltsuk"), have not made any final determinations to call evidence, and that only Heiltsuk has declared its intention to file Intervenor evidence.

The Panel has decided to amend the timetable proposed by BC Hydro with respect to Intervenor evidence and the Information Requests turnaround time given the limited number of Intervenor who are expected to file evidence.

### Participant Funding/Cost Award Application

The deadline for filing budgets for participant funding/cost award application is May 23, 2007.

## **DEFERRAL ACCOUNT BALANCES**

The Commission Panel acknowledges that the majority of Intervenor are opposed to expanding the scope of the Hearing to include the disposition of the deferral account balances.

The Commission Panel determines that the disposition of the deferral account balances will not be an issue for the 2007 RDA Hearing. However, the Commission Panel finds that the allocation of the balance of the amounts deferred among customer classes will remain within the scope of the Hearing.