

SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, B.C. V6Z 2N3 CANADA
web site: <http://www.bcuc.com>



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-54-08**

TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

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

and

**Application by British Columbia Transmission Corporation
for Approval of Rates Effective April 1, 2008 and April 1, 2009**

BEFORE: L.A. O'Hara, Panel Chair
and Commissioner March 25, 2008

O R D E R

WHEREAS:

- A. On February 20, 2008, British Columbia Transmission Corporation ("BCTC") filed an application for approval of its F2009 and F2010 Transmission Revenue Requirements (the "Application") pursuant to Sections 58 and 89 of the Utilities Commission Act (the "Act"). The Application seeks approval of permanent rates effective April 1, 2008 and April 1, 2009 and to amend on an interim basis the current rates effective April 1, 2008, to reflect the rates BCTC is seeking on a permanent basis as proposed in Table 11-9 of the Application; and
- B. The Application forecasts a revenue deficiency of \$51.4 million in F2009 and a further revenue deficiency of \$38.7 million in F2010, which result in the proposed revenue requirement increases of 9.9 percent and 6.8 percent for F2009 and F2010 respectively. The rates that BCTC seeks to have approved effective April 1, 2008 and April 1, 2009, are set out in Table 11-9 columns (d) and (e) respectively of the Application. The proposed rates are forecast to have an impact on British Columbia Hydro and Power Authority ("BC Hydro") rates of 1.7 percent in F2009 and an additional 1.2 percent in F2010. The impacts on BC Hydro rates from the proposed BCTC rate changes are already reflected in the BC Hydro F2009/F2010 revenue requirements application; and
- C. In the Application BCTC sets out that upon conclusion of the proceeding BCTC will implement permanent rates and make adjustments to prior billings, in accordance with the Commission's decision on the Application; and
- D. BCTC's Application also seeks approval of: (i) Substation Distribution Asset Management and Maintenance costs and Distribution Operations Services costs for F2009 and F2010; and (ii) continuation of the existing deferral accounts and approval of a new deferral account; and

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- E. By Order No. C-4-06 the Commission ordered that the incentive/penalty mechanism described in Section 9 of its July 7, 2006 Vancouver Island Transmission Reinforcement (“VITR”) Decision, be applicable to the VITR Project. The Application includes evidence that the cost variances of the VITR Project have primarily been outside BCTC’s control, and BCTC therefore requests that it be granted relief from the effects of the mechanism; and
- F. By Order No. G-22-08, the Commission approved interim refundable rates effective April 1, 2008 as set out in Table 11-9 column (d) of the Application; and
- G. By Order No. G-23-08, the Commission scheduled a Procedural Conference for March 20, 2008 to address procedural matters related to the Application. At the Procedural Conference, the British Columbia Old Age Pensioners’ Organization et al. (“BCOAPO”) made a motion that in view of the number of BC Hydro proceedings currently before the Commission this Procedural Conference be adjourned for a period of three months or longer (the “BCOAPO Motion”) (T1:5-8). The BCOAPO Motion was supported by Mr. Campbell but was not supported by the Joint Industry Electricity Steering Committee (“JIESC”), BC Hydro or BCTC. The Commission Panel considered the BCOAPO Motion, found that although it had significant merit the submissions by BCTC and other Intervenor were more persuasive and, accordingly decided that the Procedural Conference would proceed as planned (T1:15); and
- H. At the Procedural Conference, the Commission received submissions on the principal issues arising from or related to the Application, process options for the review of the Application, the Commission’s proposed regulatory timetable that was circulated on March 19, 2008, location of the proceedings and other matters that would assist the Commission’s efficient review of the Application. The primary issues raised were the magnitude of the proposed rate increases and whether the Application should be examined in a written hearing or negotiated settlement review process (“NSP”). BCTC and the Intervenor supported an NSP for the review of the Application with the JIESC proposing a Pre-hearing Conference and BCOAPO proposing a second Procedural Conference in the event the NSP is not successful in resolving all of the issues; and
- I. The Commission has determined that a regulatory process to deal with the Application is required.

NOW THEREFORE the Commission orders as follows:

1. A Negotiated Settlement Process will commence at 9:00 a.m., Wednesday, May 14, 2008 in the Commission Hearing Room, 12th Floor, 1125 Howe Street, Vancouver, B.C.
2. A second Procedural Conference is scheduled for 9:00 a.m., Wednesday, June 11, 2008 in the Commission Hearing Room, 12th Floor, 1125 Howe Street, Vancouver, B.C., in the event that the Negotiated Settlement Process does not resolve all of the issues in the Application.
3. A Regulatory Timetable is set out in Appendix A to this Order.

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4. Intervenors should advise the Commission, in writing or by email, no later than Monday, May 5, 2008, of their intention to participate in the NSP.

DATED at the City of Vancouver, in the Province of British Columbia, this 25th day of March 2008.

BY ORDER

Original signed by:

L.A. O'Hara
Panel Chair and Commissioner

Attachments

BRITISH COLUMBIA TRANSMISSION CORPORATION
Application for Approval of F2009 and F2010 Revenue Requirements
REGULATORY TIMETABLE

ACTION	DATES (2008)
Notice of Procedural Conference published	Monday, March 3
Intervenor Registration	Monday, March 10
Commission Information Requests No. 1	Friday, March 14
Procedural Conference	Thursday, March 20
Budget Estimates for Participant Assistance submitted	Friday, March 28
BCTC Response to Commission Information Requests No. 1	Tuesday, April 1
Intervenor Information Request No. 1 and Commission Information Request No. 2	Friday, April 11
BCTC Response to Intervenor Information Request No. 1 and Commission Information Request No. 2	Friday, April 25
Negotiated Settlement Process commences	Wednesday, May 14
Procedural Conference No. 2, if required	Wednesday, June 11