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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-171-07

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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 ("BC Hydro")
2007 Rate Design Application ("2007 RDA") Phase II and Phase III**

BEFORE:

A.J. Pullman, Panel Chair
R.J. Milbourne, Commissioner
L.A. O'Hara, Commissioner

December 21, 2007

O R D E R

WHEREAS:

- A. BC Hydro filed on March 15, 2007, pursuant to the Utilities Commission Act ("Act") and Commission Order No. G-148-06, the 2007 Rate Design Application ("Application") to update BC Hydro's rates and terms and conditions of service; and
- B. On May 8, 2007, the Commission established an Oral Public Hearing process for the review of the Application by Order No. G-50-07 (Exhibit A-4); and
- C. Central Coast Power Corporation ("CCPC") is an Independent Power Producer ("IPP") in the Non-Integrated Area ("NIA") whose Energy Purchase Contract with BC Hydro was the subject of Information Requests ("IRs") and a motion by a Registered Intervenor, the Heiltsuk Tribal Council/Shearwater Marine Limited ("Heiltsuk"). On July 3, 2007, the Commission issued Commission Letter No. L-57-07 to inform all Parties that the Commission would hear the motion from Heiltsuk ("Heiltsuk Motion") immediately following the Opening Statement of the Chair; and
- D. The Commission Panel Hearing Issues List was issued on July 6, 2007 (Exhibit A-23). Items No. 6 and No. 7 on the Issues List related to NIA – Zone II rates and the Bella Bella NIA, and were identified in the cover letter as subject to the Commission Panel's determination on the motions before the Commission Panel at that time; and
- E. The Oral Public Hearing of the Application commenced on July 9, 2007 in Vancouver, BC; and
- F. By letter dated July 11, 2007, BC Hydro filed with the Commission a proposal that the F2006 Zone II Special Contract rate of \$0.1769 per kWh effective June 1, 2006 continue for the contract year beginning June 1, 2007 on an interim (refundable) basis (Exhibit B-37); and

- G. By letter dated July 6, 2007, BC Hydro submitted its compliance filings on interruptible rates to IPPs serving Zone II customers for the period commencing July 1, 2007 and ending June 30, 2008 (Exhibit A2-3); and
- I. On July 17, 2007, the Commission Panel determined that the Application would be heard in three phases. Phase I would cover the issues in Items No. 1 to 5 of the Issues List; Phase II would cover Items 6 and 7 of the Issues List; and Phase III would cover BC Hydro's Special Contract rates (T8: 1331-1333 and T10: 1646-1648). The Commission Panel's determinations were set out in Commission Order No. G-84-07 dated July 26, 2007 (Exhibit A-25) as amended by Commission Order No. G-97-07 dated August 20, 2007 (Exhibit A-30); and
- J. Subject to the filing of certain outstanding information requests, the evidentiary phase of Phase I closed on July 19, 2007; and
- K. The Oral Public Hearing for Phase II commenced on September 4, 2007; and
- L. Subject to the filing of certain outstanding information requests, the evidentiary phase of Phase II closed on September 7, 2007. The schedule for Argument provided that Heiltsuk file its Final Argument on September 21, 2007; Intervenor(s) and BC Hydro file their Arguments on October 5, 2007, and Heiltsuk file its Reply Argument on October 12, 2007; and
- M. On September 19, 2007, the Commission Panel issued interim Commission Order No. G-111-07 regarding the Fully Allocated Cost of Service Study and Rate Schedules to ensure that the Rate Schedules resulting from the Commission Panel's Decision could be in place by April 1, 2008; and
- N. On October 1, 2007, pursuant to Commission Orders No. G-84-07 and No. G-97-07 and Sections 58 to 61 of the Act, BC Hydro filed an application ("Phase III Application") to address all issues related to Zone II Special Contract rates, including Special Contracts for IPPs in Zone II (Exhibits B-105-1 and B-105-2); and
- O. In the Phase III Application, BC Hydro sought to (i) revise its Electric Tariff specifically to remove from the Terms and Conditions in the tariff the section that permits BC Hydro to place customers in Zone II whose demand is or is likely to be in excess of 45 kVA on a Special Contract; (ii) have the interim Special Contract rate of \$0.1769 per kWh as approved by Commission Order No. G-84-07 made permanent for the later of the period from June 1, 2007 to November 1, 2007 or the effective date of the Order granting the relief sought; and (iii) amend RS 1901 to remove from the rate the requirement that the 2 percent rate rider be applicable to IPPs taking power under their Special Contracts; and
- P. By Order No. G-122-07 dated October 5, 2007, the Commission, among other things, established a Preliminary Regulatory Timetable for the review of the Phase III Application including IRs by November 2, 2007 and responses to IRs on November 19, 2007; and
- Q. On October 26, 2007, the Commission issued its Decision on Phase I issues with Commission Order No. G-130-07 attached. In the Decision, the Commission also confirmed that the subject matter of interim Order No. G-111-07 was confirmed as final; and

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- R. By Order No. G-142-07 dated November 27, 2007, the Commission established a Written Public Hearing for the review of the Phase III Application; and
- S. CCPC submitted its Argument with respect to Phase III on December 9, 2007; Heiltsuk submitted its Argument on December 10, 2007, and BC Hydro submitted its Reply Argument on December 17, 2007; and
- T. The Commission Panel has reviewed the evidence and arguments for both Phase II and Phase III of the Application.

NOW THEREFORE the Commission for the reasons stated in the Decision issued concurrently with this Order, orders as follows:

1. BC Hydro shall amend its tariff effective from April 1, 2008 to allow customers in the Bella Bella NIA to qualify for Zone I rates.
2. BC Hydro's application to revise its Tariff to specifically remove from the Terms and Conditions in the Tariff, the section permitting BC Hydro to place those customers in Zone II, whose demand is or is likely to be in excess of 45 kVA, on a Special Contract is approved.
3. The interim Special Contract rate of \$0.1769 per kWh is made permanent for the period from June 1, 2007 to November 1, 2007.
4. BC Hydro is to ensure that the Special Contract customers in the Bella Bella NIA also qualify for Zone I rates effective from April 1, 2008.
5. BC Hydro's Tariff Supplements No. 7, 8 and 39 are accepted as filed.
6. BC Hydro's application to amend RS 1901 to remove from the rate requirement that the 2 percent rate rider be applicable to IPPs taking power under their Special Contracts is approved.
7. The requests by Heiltsuk that the Bella Bella NIA non-Special Contract customers qualify retroactively for Zone I rates, that Special Contract customers in the Bella Bella NIA qualify retroactively for Zone I rates, and that Special Contract customers who were charged the 2 percent rate rider under RS 1901 be provided with retroactive relief by way of a 2 percent credit on their bills for as many months as it was charged, are denied.
8. BC Hydro is directed to comply with all other directives in the Decision.

DATED at the City of Vancouver, in the Province of British Columbia, this 21st day of December 2007.

BY ORDER

Original signed by:

A.J. Pullman
Panel Chair and Commissioner