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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-28-08

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

and

**Applications by British Columbia Hydro and Power Authority ("BC Hydro")
for Review of the:
F2009 and F2010 Revenue Requirements Application
and
Transmission Service Rate Re-Pricing Application
and
Residential Inclining Block Rate Application**

BEFORE: R.H. Hobbs, Chair February 28, 2008

O R D E R

WHEREAS:

- A. BC Hydro filed on February 20, 2008, pursuant to sections 58 to 61 of the *Utilities Commission Act* (the "Act"), its F2009 and F2010 Revenue Requirements Application for, among other things, approval of across-the-board rate increases of 6.56 percent and 8.21 percent, effective April 1, 2008 and April 1, 2009, respectively, and approval of a reduction of the Deferral Account Rate Rider from 2.0 percent to 0.5 percent, effective April 1, 2008 (collectively, the "F09/F10 RRA"); and
- B. The F09/F10 RRA also seeks refundable interim relief pursuant to sections 58 to 61 and section 90 of the Act to allow BC Hydro to increase its rates by 6.56 percent on an across-the-board basis, and to decrease its Deferral Account Rate Rider from 2.0 percent to 0.5 percent, both effective April 1, 2008, pending a full hearing into the F09/F10 RRA and Orders subsequent to that hearing, on the basis that on April 1, 2008 BC Hydro's current rates would otherwise no longer be fair, just, sufficient and not unduly discriminatory; and
- C. On February 22, 2008 BC Hydro in its Transmission Service Rate Re-Pricing Application applied for interim and final Orders regarding the pricing of certain rate schedules applicable to its transmission service customers, to reflect the cost of new supply as indicated by the results of its F2006 Call for Tender process (the "TSR Re-pricing Application"); and
- D. The rate schedules that are the subject of the TSR Re-pricing Application are RS 1823 (Stepped Rate); RS 1825 (Time of Use or "TOU" Rate); RS 1880 (Standby and Maintenance Supply Rate); and RS 1890 (Energy Imbalance Rate); and

- E. Each of the rate schedules that are the subject of the TSR Re-pricing Application have rates that are either set on the basis that they ought to reflect BC Hydro's cost of new supply (Tier 2 Rates), or are calculated residually in accordance with the pricing mechanism of the respective rate schedule (Tier 1 Rates); and
- F. BC Hydro filed on February 26, 2008 pursuant to sections 58 to 61 of the Act an application for approval of a new, two-step, residential inclining block ("RIB") rate structure for residential customers, to be effective October 1, 2008, or as soon thereafter as practicable ("RIB Rate Application"); and
- G. The objective of the RIB Application is to encourage additional electricity conservation. Specifically, BC Hydro aims to start contributing to the 2007 Energy Plan's 2020 conservation goal, to accelerate customer awareness of the increasing cost of electricity, and to gain experience with residential customer demand response to rates in order to inform future rate design proposals; and
- H. The RIB Application is revenue neutral on a forecast consumption basis at the residential class level; and
- I. The proposed two-step rate has the Step 1 threshold set at 1,600 kWh per bi-monthly billing period and under the threshold, customers pay a lower per-unit rate for electricity consumption. The Step-2 Rate will be set annually based on the amount that is necessary to allow the recovery of the revenue requirement of the residential class, less the amount generated by the Step-1 Rate and the Basic Charge; and
- J. On February 22, 2008 the Commission issued Letter No. L-5-08 establishing the regulatory timetable for the Rate Rebalancing Reconsideration Application that included Intervenor Argument, BC Hydro Reply Argument, and Oral Phase of Argument (if required). The Letter also established the regulatory timetable for the F09/F10 RRA and the TSR Re-pricing Application to address, by written submission, the BC Hydro request to implement interim rates effective April 1, 2008; and
- K. By Order No. G-21-08 dated February 25, 2008, the Commission established the regulatory timetable for the F09/F10 RRA. The Order also established a Procedural Conference to hear submissions on the regulatory process for the review of the F09/F10 RRA, the TSR Re-pricing Application, and the RIB Rate Application. The Procedural Conference regarding the regulatory process for the review of the RIB Rate Application, TSR Re-pricing Application, and F09/F10 RRA will be held on Monday, April 28, 2008, commencing at 9:00 a.m., in the Commission's Hearing Room on the 12th Floor, 1125 Howe Street, Vancouver, B.C.; and
- L. The Commission considers that a Notice of Applications and Procedural Conference is required.

NOW THEREFORE the Commission orders as follows:

- 1. The Procedural Conference regarding the regulatory process for the review of the F09/F10 RRA, the TSR Re-pricing Application, and the RIB Rate Application is to be held on Monday, April 28, 2008, commencing at 9:00 a.m., in the Commission's Hearing Room on the 12th Floor, 1125 Howe Street, Vancouver, B.C., to address procedural matters which will include, but may not be limited to, the following:

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- scope of the Commission's review of each Application;
 - whether the reviews should proceed by oral or written public hearings, or some other process;
 - steps and timetable associated with the regulatory review process or processes; and
 - other matters that will assist the Commission to efficiently review the F09/F10 RRA, the TSR Re-pricing Application, and the RIB Rate Application.
2. After the Procedural Conference, the Commission will issue further procedural Orders and Regulatory Timetables for the review of the F09/F10 RRA, the TSR Re-pricing Application, and the RIB Rate Application.
3. BC Hydro will publish, as soon as possible, in display-ad format, the Notice of Applications and a Procedural Conference attached as Appendix A to this Order, in such appropriate news publications as may properly provide adequate notice to the public in its service areas.

DATED at the City of Vancouver, in the Province of British Columbia, this 28th day of February 2008

BY ORDER

Original signed by:

Robert H. Hobbs
Chair

Attachment



**NOTICE OF APPLICATIONS AND
PROCEDURAL CONFERENCE**

**Applications by British Columbia Hydro and Power Authority
for Review of the:
F2009 and F2010 Revenue Requirements Application
and
Transmission Service Rate Re-pricing Application
and
Residential Inclining Block Rate Application**

DATE:	Monday, April 28, 2008
TIME:	9:00 a.m.
LOCATION:	Commission Hearing Room 12 th Floor 1125 Howe Street, Vancouver, B.C.

THE APPLICATIONS

On February 20, 2008 British Columbia Hydro and Power Authority ("BC Hydro") filed with the British Columbia Utilities Commission ("the Commission") pursuant to sections 58 to 61 of the *Utilities Commission Act* (the "Act"), the F2009 and F2010 Revenue Requirements Application ("F09/F10 RRA"). The F09/F10 RRA requests, among other things, approval of an across-the-board rate increase of 6.56 percent, on an interim and refundable basis effective April 1, 2008, to be made permanent following the Commission's review process, and an 8.21 percent permanent rate increase to be effective April 1, 2009. The F09/F10 RRA also seeks interim approval to decrease its Deferral Account Rate Rider from 2.0 percent to 0.5 percent, effective April 1, 2008, to be made permanent following the Commission's review process.

On February, 22, 2008 BC Hydro in its Transmission Service Rate Re-pricing Application applied for interim and final Orders regarding the pricing of rate schedules, 1823, 1825, 1880, and 1890 applicable to its transmission service customers, to reflect the cost of new supply as indicated by the results of its F2006 Call for Tender process (the "TSR Re-pricing Application").

BC Hydro filed on February 26, 2008 pursuant to sections 58 to 61 of the Act an application for approval of a new, two-step residential inclining block ("RIB") rate structure for its customers, to be effective October 1 2008, or as soon thereafter as practicable ("RIB Rate Application"). The proposed two-step rate has the Step 1 threshold set at 1,600 kWh per bi-monthly billing period and under the threshold, customers pay a lower per-unit rate for electricity consumption. The Step-2 Rate will be set annually based on the amount that is necessary to allow the recovery of the revenue requirement of the residential class, less the amount generated by the Step-1 Rate and the Basic Charge.

The Commission wishes to ensure that affected parties have an opportunity to understand the Applications and their implications for customer rates. The Commission also wishes to hear from affected parties before determining the public process necessary for the disposition of the Applications.

THE REGULATORY PROCESSES

The Commission will hold a Procedural Conference in Vancouver on Monday, April 28, 2008 to discuss procedural matters related to the F09/F10 RRA, the TSR Re-pricing Application, and the RIB Rate Application. On-line broadcasting services will be provided by Allwest Reporting Ltd.

For each Application, the regulatory timetable of the steps preceding the Procedural Conference can be found on the Commission website at <http://www.bcuc.com>.

PUBLIC INSPECTION OF THE APPLICATIONS

The F09/F10 RRA, the TSR Re-pricing Application, and the RIB Rate Application are available for inspection at the following locations:

BC Hydro
17th Floor, 333 Dunsmuir Street
Vancouver, B.C. V6B 5R4
Telephone: (604) 623-4046

BC Utilities Commission
Sixth Floor, 900 Howe Street
Vancouver, B.C. V6Z 2N3
Telephone: (604) 660-4700

The Applications will also be available for inspection at the following BC Hydro district offices:

- 6911 Southpoint Drive, Burnaby
- 630 Brooksbank, North Vancouver
- 8475 128th St., Surrey
- 400 Madsen Rd., Nanaimo
- 4400 W. Saanich Rd., Victoria
- 9228 100th Ave., Fort St. John
- 3333 22nd Ave., Prince George
- 1155 McGill Rd., Kamloops
- 4850 Auto Rd. SE, Salmon Arm
- 1401 Kalamalka Lake Rd., Vernon

The Applications are also available for viewing on the following web sites:

<http://www.bchydro.com>

<http://www.bcuc.com>

REGISTERING TO PARTICIPATE

Persons who expect to actively participate in the review processes and Procedural Conference should register as Intervenor. When registering, Intervenor should identify the Application(s) in which they wish to intervene. Intervenor will receive copies of any one or all of the Applications, all correspondence and filed documents. Persons not expecting to actively participate should register with the Commission as Interested Parties and will receive a copy of the Applications' summaries, all Orders issued, as well as the Commission's Decision(s).

Intervenors and Interested Parties should inform the Commission Secretary, in writing or online web registration, by Thursday, March 20, 2008 of their intention to become Intervenors or Interested Parties with respect to any one or all of the F09/F10 RRA, the RIB Rate Application and the TSR Re-pricing Application and their intention to attend the Procedural Conference.

FURTHER INFORMATION

For further information, please contact Ms. Erica M. Hamilton, Commission Secretary, as follows:

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