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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-190-08

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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")
Transmission Service Rate ("TSR") F2008 Annual Report**

BEFORE: L.F. Kelsey, Commissioner
D.A. Cote, Commissioner December 11, 2008
P.E. Vivian, Commissioner

O R D E R

WHEREAS:

- A. The British Columbia Utilities Commission's (the "Commission") October 17, 2003 Report and Recommendations on the inquiry into the Heritage Contract and stepped rates advised in recommendation #9:

"That a report be submitted to the Government of a three year review of the impacts of the stepped rates, including customer's demand response and the percentage of customers' load served by third party suppliers."; and

- B. The TSR Negotiated Settlement Agreement established the first transmission service stepped rate and was approved by Order G-79-05 stated that BC Hydro had committed to filing a public Annual Report regarding the stepped rates and that:

"After BC Hydro's third annual report to the Commission, the parties expect that the Commission, pursuant to Special Direction HC2 and BCUC recommendation #9, will provide a comprehensive evaluation to Government regarding the new rate schedules (Evaluation). This Evaluation will be filed by the end of 2009 and will be an expansive review of whether the new rates are achieving the objectives of avoiding cost-shifting between customer classes."; and

- C. On February 22, 2008, BC Hydro applied for interim and final orders regarding the pricing of certain rate schedules applicable to its transmission service customers ("TSR Re-pricing Application"), to reflect the cost of new supply as indicated by the results of its F2006 Call for Tender process; and

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- D. By Order G-29-08 dated February 29, 2008, the Commission established the Regulatory Timetable for the TSR Re-pricing Application, which included a Workshop on the TSR Re-pricing Application for March 13, 2008 and a round of Information Requests from the Commission and Intervenors and Responses from BC Hydro; and
- E. On March 10, 2008, the Commission received a submission from the Joint Industry Electricity Steering Committee ("JIESC") supporting the Tier 2 rate change but opposing interim approval of BC Hydro's proposed Tier 1 rate, and on March 11, 2008, received BC Hydro's Reply Submission; and
- F. By Order G-41-08 dated March 14, 2008, the Commission approved the interim relief sought in the TSR Re-pricing Application and the establishment of a regulatory account to record the variance in incremental revenue that arises due to the difference between the customer's actual consumption and its Customer Baseline Load amount; and
- G. By Order G-77-08 dated April 30, 2008, the Commission directed that the TSR Re-pricing Application be reviewed by a Written Public Hearing process, and that the revenue implications of the TSR Re-pricing be included in the Evidentiary Update of BC Hydro's F2009/F2010 Revenue Requirements Application; and
- H. Following Information Requests from the Commission and Intervenors and Responses from BC Hydro, and subsequently, Intervenor Arguments and BC Hydro Reply Argument, the Commission issued Order G-97-08 approving the Tier 2 Price applied-for by BC Hydro; and
- I. Order G-97-08 also directed BC Hydro to file its TSR F2008 Annual Report, which will be the second of three TSR annual reports, no later than November 1, 2008, and to include with its filing of the TSR Annual Report a proposal for terms of reference, a process for stakeholder involvement, and a timeline that will enable the Commission to file a report to Government on the TSR by the end of 2009; and
- J. By letter dated October 27, 2008, BC Hydro sought a reconsideration of Order G-97-08 and requested an extension to the deadline for filing its TSR F2008 Annual Report until November 21, 2008; and
- K. On November 4, 2007, the Commission issued Letter L-51-08 granting BC Hydro's request and directing that the TSR F2008 Annual Report be filed no later than November 21, 2008; and
- L. On November 21, 2008, BC Hydro filed the TSR F2008 Annual Report; and
- M. In the TSR F2008 Annual Report BC Hydro includes proposed Terms of Reference for the Commission's report to the government ("TSR Evaluation Report"); and
- N. In the TSR F2008 Annual Report BC Hydro, has proposed a written process for allowing parties an opportunity to comment on the Terms of Reference for the TSR Evaluation Report, and has indicated that it

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has provided copies of the TSR F2008 Annual Report to all Intervenors in BC Hydro's 2007 Rate Design Application and to its Transmission Service Customers.

NOW THEREFORE the Commission orders as follows:

1. Intervenors and stakeholders are to provide written submissions to the Commission regarding the TSR F2008 Annual Report and BC Hydro's proposed Terms of Reference by Friday, January 9, 2009, and BC Hydro is to provide its reply submissions to the Commission by Friday, January 30, 2009.
2. BC Hydro is directed to provide a copy of this Order to all of its TSR customers by Friday, December 19, 2008.

DATED at the City of Vancouver, in the Province of British Columbia, this 12th day of December 2008.

BY ORDER

Original signed by:

L.F. Kelsey
Commissioner