

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-139-09

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

and

**An Application by FortisBC Inc. for Approval of a
2009 Rate Design and Cost of Service Analysis**

BEFORE: A. J. Pullman, Panel Chair
and Commissioner
L. A. O'Hara, Commissioner
M. R. Harle, Commissioner
November 26, 2009

O R D E R

WHEREAS:

- A. On October 30, 2009, FortisBC filed its 2009 Rate Design and Cost of Service Analysis model (the "Application") with the British Columbia Utilities Commission (the "Commission"), pursuant to sections 58 and 61 of the *Utilities Commission Act*. The Application features a Rate Design, and an accompanying Cost of Service Analysis, for which FortisBC seeks Commission approval; and
- B. Commission Order G-58-06, issued on April 25, 2006, approved a Performance-Based Regulation ("PBR") Settlement for FortisBC, for the years 2007, 2008 and, potentially, 2009. The PBR Settlement required FortisBC to hold an Annual Review, Workshop and Negotiated Settlement Process each November with a goal of achieving firm rates by December 1st for the following year; and
- C. On February 27, 2009, the Commission issued a Decision on the FortisBC Application for Approval of a 2009-2010 Capital Expenditure Plan. In that Decision the Commission approved a 4.6 percent general rate increase and directed that the approved general rate increase not be exceeded. The Decision noted that FortisBC had not specifically addressed the development of time of use or similar rate structures, and other peak shaving initiatives, necessary to support future advanced metering infrastructure or similar programs; and
- D. The last comprehensive Rate Design review took place in 1997, when what is now FortisBC was West Kootenay Power. As described by FortisBC, the Application proposes the most significant set of changes and updates to the Company's rate structures and customer service guidelines since 1997. Major rate design changes in the Application are rate re-balancing, and new rate structures to promote energy-conservation; and

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2

- E. On September 21, 2007, Commission Order G-115-07, directed FortisBC to file a Cost of Service Study on, or before, June 30, 2008, and to file a Rate Design application on or before September 1, 2008; and
- F. By letter dated April 7, 2008, FortisBC requested Commission approval of extending the due dates for a Cost of Service Study to December 31, 2008, and a Rate Design application to March 31, 2009; and
- G. On May 22, 2008, Commission Order G-83-08 directed FortisBC to file a Cost of Service study by September 30, 2008, and file a Rate Design by December 31, 2008; and
- H. By letter dated September 16, 2008, FortisBC requested Commission approval of extending the due dates for a Cost of Service Analysis to December 31, 2008, and a Rate Design Application to February 20, 2009; and
- I. On September 26, 2008, Commission Order G-147-08 directed FortisBC to file a Cost of Service study by December 31, 2008, and to file a Rate Design application by February 20, 2009; and
- J. By letter dated October 24, 2008, FortisBC requested Commission approval of extending the due dates for a Cost of Service Analysis to June 30, 2009, and a Rate Design Application to September 30, 2009; and
- K. On November 10, 2008, Commission Order G-164-08 directed FortisBC to file a Cost of Service Analysis no later than June 30, 2009 and a Rate Design application no later than September 30, 2009; and
- L. FortisBC filed a draft Cost of Service Analysis with the Commission on June 30, 2009. The Commission accepted the draft Cost of Service Analysis as satisfying, in the interim, the relevant requirement of Order G-164-08; and
- M. By letter dated September 28, 2009, FortisBC advised the Commission that it was in the midst of consultation with the BC Municipal Electric Utilities ("BCMEU"), who represent wholesale customers of FortisBC. FortisBC proposed that a further extension of the filing deadlines might allow some matters of consequence to the Cost of Service Analysis and Rate Design applications to be resolved prior to a hearing, and requested extension to the end of October; and
- N. By letter dated November 6, 2009, BCMEU advised the Commission that it opposes the Cost of Service Analysis and Rate Design proposed by FortisBC, and does not anticipate that a Negotiated Settlement Process will be successful. BCMEU proposes a hearing as the appropriate forum for the review; and
- O. The Commission Panel has considered the procedural proposals in the Application and the history of FortisBC Rate Design and Cost of Service Analysis.

**BRITISH COLUMBIA
UTILITIES COMMISSION**

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3

NOW THEREFORE the Commission Panel orders as follows:

1. Intervenor and Interested Party registration, Information Requests from the Commission and registered Intervenor, and responses to Information Requests by FortisBC, will occur according to the Preliminary Regulatory Timetable, attached as Appendix "A" to this Order.
2. A Procedural Conference will be held on December 15, 2009, at the Manteo Resort, in Kelowna, BC, commencing at 1:00 p.m.
3. FortisBC will publish the Notice of Procedural Conference, attached as Appendix "B" to this Order, in appropriate local news publications, in the FortisBC service area, by Thursday, December 10, 2009. Publication will be in display-ad format.
4. Persons wishing to participate in the hearing as Intervenor or Interested Parties should register with the Commission, via written or electronic submission, by **Monday, December 14, 2009**. Intervenor should provide the following information: the nature of their interest in the Application; the nature of the issues they intend to pursue during the proceeding; the nature and extent of their anticipated involvement in the review, including whether they expect to file written evidence as part of the hearing.
5. Intervenor intending to apply for Participant Assistance must submit a budget estimate by Friday, December 18, 2009. Participant Assistance applications should be consistent with the Commission's Participant Assistance/Cost Award Guidelines and Order G-15-04. Copies of the Guidelines are available upon request or can be downloaded from the Commission's web site at http://www.bcuc.com/Documents/Guidelines/2007/DOC_5014_G-72-07_PACA_2007_Guidelines.pdf

DATED at the City of Vancouver, in the Province of British Columbia, this day of November 2009.

BY ORDER

Anthony J. Pullman
Panel Chair and Commissioner

Attachment



APPENDIX A
to Order G-139-09
Page 1 of 1

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PRELIMINARY REGULATORY TIMETABLE

ACTION	DATE (2009/2010)
Intervenor Registration	Monday, December 14
Procedural Conference	Tuesday, December 15
Commission Information Request No.1 to FortisBC; Intervenor Information Request No. 1 to FortisBC; Participant Assistance Budget Submissions	Friday, December 18
FortisBC Response to Commission Information Request No. 1; FortisBC Response to Intervenor Information Request No. 1	Monday, January 18
Commission Information Request No. 2 to FortisBC; Intervenor Information Request No. 2 to FortisBC	Monday, February 1
FortisBC Response to Commission Information Request No. 2; FortisBC Response to Intervenor Information Request No. 2	Thursday, March 4



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NOTICE OF APPLICATION AND PROCEDURAL CONFERENCE

Date:	Tuesday, December 15, 2009
Time:	1:00 p.m.
Location:	Manteo Resort, Kelowna, BC

THE APPLICATION

The Application presents FortisBC's 2009 Rate Design and Cost of Service Analysis. FortisBC seeks Commission approval of the Application, pursuant to subsections 58 and 61 of the *Utilities Commission Act* ("UCA", the "Act").

On December 11, 2008, the Commission issued Order G-193-08, which approved the terms of a Negotiated Settlement Agreement concerning FortisBC's 2009 Revenue Requirements Application. The Application is intended to recover the established revenue requirement, while conforming to established regulatory practices for cost allocation and Provincial policy for providing correct incentives to reduce energy consumption.

THE REGULATORY PROCESS

A Procedural Conference will be held at the Manteo Resort, in the City of Kelowna, on the afternoon of Tuesday, December 15, 2009, to discuss procedural matters related to the Application.

PUBLIC INSPECTION OF THE APPLICATION

The Application is available for inspection at the following locations:

FortisBC
Suite 100 - 1975 Springfield Road
Kelowna, BC V1Y 7V7
Telephone: 1-866-436-7847

BC Utilities Commission
Sixth Floor, 900 Howe Street
Vancouver, BC V6Z 2N3
Telephone: 604-660-4700

The Application is also available for viewing on the following web sites:

<http://www.fortisbc.com>

<http://www.bcuc.com>

REGISTERING TO PARTICIPATE

Persons who expect to actively participate in the review process or processes should register as Intervenors with the Commission. Intervenors will receive copies of the Application, 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 Application's summary, all Orders issued, and the Commission's Decision.

Intervenors and Interested Parties should inform the Commission Secretary, in writing, by Monday, December 14, 2009 of their intention to become Intervenors or Interested Parties, and their intention to attend the Procedural Conference.

All submissions and/or correspondence received from active participants or the public relating to the Application will be placed on the public record and posted to the Commission's web site.

PARTICIPANT ASSISTANCE/COST AWARDS

Any party intending to apply for a Participant Assistance/Cost Award is advised to review the Commission's Guidelines with respect to the requirements for eligibility. The Participant Assistance/Cost Award Guidelines may be obtained by writing to the Commission Secretary, or on line at http://www.bcuc.com/Documents/Guidelines/2007/DOC_5014_G-72-07_PACA_2007_Guidelines.pdf

FURTHER INFORMATION

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

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Facsimile: (604) 660-1102

Email: Commission.Secretary@bcuc.com

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