

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



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-135-10

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

**British Columbia Transmission Corporation
An Application for Fiscal 2011 Transmission Revenue Requirement and Rate Change**

BEFORE: L.F. Kelsey, Commissioner
D.A. Cote, Commissioner
L. O'Hara, Commissioner

August 4, 2010

O R D E R

WHEREAS:

- A. On March 4, 2010, British Columbia Transmission Corporation (BCTC) filed an application for approval of its F2011 Rates (the Application), pursuant to sections 59 to 61 of the *Utilities Commission Act* (the Act) for permanent rates effective April 1, 2010. Pursuant to section 89 of the Act, the Application sought an approval for an interim rate change as proposed in Table 6-7 column (e) of the Application, effective April 1, 2010; and
- B. BCTC's Application seeks approval of: i) the Generation Related Transmission Assets (GRTA) and Substation Distribution Assets (SDA) non-tariff revenues; ii) the Growth and Sustaining Capital Plant In-Service; iii) the Asset Management and Maintenance Revenue Requirement (AMM RR) and BCTC's Revenue Requirement (BCTC RR) forecast; iv) BCTC's Allowed Return on Deemed Equity for F2011; and v) the F2011 Point-to-Point Transmission Service Revenue Forecast; and
- C. The Application forecasts a revenue sufficiency in F2011 which results in the proposed Transmission Revenue Requirement (TRR) decrease of \$5.9 million or a 1.0 percent reduction from the F2010 approved TRR; and
- D. By Order G-53-10A, the British Columbia Utilities Commission (Commission) established a written regulatory review process and also approved interim refundable rates effective April 1, 2010 as set out in Table 6-7 column (e) of the Application; and
- E. The Commission and Interveners issued information requests to BCTC on April 23, 2010 and April 30, 2010, respectively. BCTC responded to the information requests on May 13, 2010 and May 20, 2010; and

- F. On June 4, 2010, a Commission Panel was established to review large variances in several growth capital projects; and
- G. By Order G-108-10 dated June 18, 2010, the Commission Panel amended the Regulatory Timetable to include a further review by the Commission on six capital projects. BCTC was directed to reduce the F2011 TRR by the revenue requirement impact on costs differences of the capital projects with the difference being placed in a deferral account for future determination; and
- H. The Commission Panel finds that the variances on the six capital projects are attributable to multiple inaccuracies, errors in performance, miscommunication, and lack of discipline in the capital planning and submission process; and
- I. On July 5, 2010, BCTC's responsibilities were transferred to British Columbia Hydro and Power Authority (BC Hydro) pursuant to the *Clean Energy Act, S.B.C. 2010, c.16*; and
- J. Submissions were received by all parties registered in this proceeding. The written phase of this proceeding ended on July 16, 2010 when BC Hydro filed its Reply Submission on this Application; and
- K. The Commission Panel has reviewed the Application, evidence and submission of all parties and the Applicant and considers that a determination approving the Application with minor modifications is required.

NOW THEREFORE pursuant to sections 59 to 61 of the Act, the Commission orders as follows:

- 1. Approval of the following components of the F2011 TRR:
 - a) The forecast for GRTA and SDA non-tariff revenues;
 - b) The forecast capital plant in-service to be included in the BC Hydro Owners Revenue Requirement (BCH ORR) as directed in paragraph 2 below;
 - c) The forecast AMM RR and BCTC RR, including the revised Return on Deemed Equity to be recalculated as directed in paragraph 3 below; and
 - d) The Point-to-Point Transmission Services Revenue Forecast.

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-135-10

3

2. Directive no. 2 in Order G-108-10, establishing a deferral account to capture the TRR impact of the six capital projects, is rescinded. The BCH ORR included in the final F2011 TRR should reflect removal of the Dawson Creek – Chetwynd Area RAS project and the corrections made in BCTC's responses to Commission Information Requests 1.5.12 and 1.5.13.
3. BC Hydro is directed to submit a timely filing to the Commission with finalized Transmission Rates. BC Hydro is to include a recalculation of the Return on Deemed Equity as a result of the transfer of BCTC's responsibilities to BC Hydro, pursuant to the *Clean Energy Act, S.B.C. 2010, c.16*. This revised Return on Deemed Equity will be used to calculate the final Transmission Rates.

DATED at the City of Vancouver, in the Province of British Columbia, this 19th day of August 2010.

BY ORDER

Original signed by:

D.A. Cote
Commissioner