



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

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-199-11**

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

an Application by FortisBC Inc.
for Approval of 2012 – 2013 Revenue Requirements and
Review of 2012 Integrated System Plan

BEFORE: D.A. Cote, Commissioner
A.A. Rhodes, Commissioner November 30, 2011
N.E. MacMurphy, Commissioner

O R D E R

WHEREAS:

- A. On June 30, 2011, FortisBC Inc. (FortisBC or the Company) filed an application for approval of its 2012 – 2013 Revenue Requirements and the review of its 2012 Integrated System Plan (collectively referred to as the Application). Among other things, FortisBC sought approval of interim and permanent rate increases of 4.0 percent effective January 1, 2012, and a permanent rate increase of 6.9 percent effective January 1, 2013. The Application also sought approval of an unchanged rate of return of 9.9 percent (which is the based on the benchmark utility's allowed return and a 40 basis point risk premium) and a capital structure of 60 percent debt and 40 percent equity;
- B. The Company filed an evidentiary update to the Application on November 4, 2011 which reduced the rate increase sought to 1.5 percent in 2012 and 6.5 percent in 2013;
- C. In accordance with Order G-167-11, a Procedural Conference was held in Kelowna on November 22, 2011. Registered Interveners present at the Procedural Conference were British Columbia Municipal Electrical Utilities (BCMEU), Zellstoff Celgar Limited Partnership and others, collectively the Industrial Customer Group (ICG), British Columbia Old Age Pensioners' Organization (BCOAPO), BC Sustainable Energy Association and the Sierra Club of BC (BCSEA), and Mr. Norm Gabana. At the Procedural Conference, FortisBC and Registered Interveners, provided comments on process, timing and other matters brought forth;

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-199-11

2

- D. During the Procedural Conference, BCMEU and BCOAPO submitted that a negotiated settlement process (NSP) would be appropriate to review the Application. BCSEA also supports an NSP process although have indicated that it may seek an oral hearing regarding Demand Side Management issues if it was unable to reach a satisfactory conclusion in an NSP. ICG raised various issues requiring review which it characterized as policy issues and because of this strongly supports an oral hearing. Mr. Gabana also supports an oral hearing to review the Application.
- E. ICG also argued that the Application is deficient and stated that a review of the Company's allowed rate of return and capital structure is required.

NOW THEREFORE as set out in the Reasons for Decision attached as Appendix B to this Order, the Commission Panel orders as follows:

1. This Application is to be reviewed through an oral public hearing process in Kelowna at a venue to be determined. The amended regulatory timetable is attached as Appendix A to this Order.
2. The oral public hearing will not be expanded to include a comprehensive review of FortisBC's Capital Structure and Return on Equity.
3. The Company's rate of return and capital structure is to be maintained pending determinations made in the Generic Cost of Capital Proceeding.
4. FortisBC Inc.'s interim rates for 2011 are to be made permanent and a deferral account to capture any difference between the impact of BC Hydro's interim and final rates are approved.
5. Interim rates effective January 1, 2012 are approved at 1.5 percent.

DATED at the City of Vancouver, in the Province of British Columbia, this 30th day of November 2011.

BY ORDER

Original signed by:

D.A. Cote
Commissioner

Attachments

An Application by FortisBC Inc.
for Approval of 2012 – 2013 Revenue Requirements and
Review of 2012 Integrated System Plan

AMENDED REGULATORY TIMETABLE

ACTION	DATE (2012)
Oral Hearing Commencement	Tuesday, January 24
FortisBC Final Submission	Friday, February 24
Intervener Final Submissions	Friday, March 9
FortisBC Reply Submission	Friday, March 23