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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-38-11**

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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.
Request for Variance of Order G-195-10 in the 2011 Capital Expenditure Plan**

BEFORE: L.F. Kelsey, Commissioner
D.A. Cote, Commissioner
D. Morton, Commissioner
N.E. MacMurchy, Commissioner
C.A. Brown, Commissioner

March 3, 2011

O R D E R

WHEREAS:

- A. On June 18, 2010, FortisBC Inc. (FortisBC, the Company) filed its 2011 Capital Expenditure Plan (Application) to the British Columbia Utilities Commission (the Commission), pursuant to sections 44.2(1)(a) and 45.(2) of the *Utilities Commission Act*;
- B. During the above proceeding, some interveners stated their concerns that certain expenditures classified as sustaining capital under the current Capitalization Policy should be more appropriately classified as operating and maintenance expense;
- C. On December 17, 2010, the Commission issued its Decision on the 2011 Capital Expenditure Plan (Decision) and concurrently with Order G-195-10. Directive 5 of Order G-195-10 instructed FortisBC to comply with all the determinations and directives set out in the Decision;
- D. In its Decision, the Commission Panel was not convinced that all sustaining programs described in the Application are appropriately categorized under a capital plan even though these programs may have been previously accepted as such in the past and denied the Company's proposed capital expenditures for three sustaining capital programs;
- E. Directive 16 of the Decision instructed FortisBC to file a report concerning their interpretations of how each of the current sustaining programs are properly classified as capital, including an assessment of their Capitalization Policy guidelines and its minimum capitalizable amount. This report was to be filed to the Commission by March 17, 2011;

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- F. By letter dated March 1, 2011 and pursuant to section 99 of the Act, FortisBC applied to the Commission for a variance of Directive 16 in Order G-195-10 (Variance Application) to provide that the report specified be filed as part of FortisBC's next Revenue Requirements Application on or about June 30, 2011;
- G. FortisBC submits that its request for variance is procedural in nature and has canvassed comments from all Registered Interveners. None of the interveners contacted by FortisBC oppose the request for variance;
- H. The Commission has reviewed the Variance Application and supporting evidence and has concluded that the request should be granted.

NOW THEREFORE pursuant to section 99 of the *Utilities Commission Act*, the Commission orders, Directive 16 in the 2011 Capital Expenditure Plan Decision is varied to provide that the specified report be filed as part of FortisBC's next Revenue Requirements Application.

DATED at the City of Vancouver, in the Province of British Columbia, this 3rd day of March 2011.

BY ORDER

Original signed by:

D. A. Cote
Commissioner