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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER C-5-12**

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

and

**Application by British Columbia Hydro and Power Authority
for a Certificate of Public Convenience and Necessity
to Construct and Operate the Ruskin Dam and Powerhouse Upgrade Project**

BEFORE: M.R. Harle, Panel Chair/Commissioner
N.E. MacMurchy, Commissioner March 30, 2012
A.W.K. Anderson, Commissioner

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

WHEREAS:

- A. On February 22, 2011, British Columbia Hydro and Power Authority (BC Hydro) filed pursuant to section 46(1) of the *Utilities Commission Act* (the Act), an application for a Certificate of Public Convenience and Necessity (CPCN) to construct and operate the Ruskin Dam and Powerhouse Upgrade Project (the Project) as described in the Application;
- B. The Project is located at the existing Ruskin Dam and Generating Station (Ruskin Facility) located on the Stave River in the District of Mission. The Ruskin Facility was originally constructed in 1930, and has seismic and static deficiencies which require remediation to mitigate public and employee safety, financial and environmental risks. The age and condition of the existing units at the Ruskin Facility represent a significant and increasing risk to reliability;
- C. The Project has an Expected Amount of \$718.10 million that includes costs to date;
- D. The Project has two main components:
 - (i) the Dam upgrade entails measures to address the seismic/safety deficiencies of parts of the Dam, namely: the replacement of the spillway piers and spillway gates, rehabilitation of the spillway surface, replacement of the roadway crossing the top of the Dam, anchoring and reinforcement of sections of the existing Right Abutment and construction of a new seepage cut-off wall at the Right Abutment and construction of a new seepage cut-off wall at the Left Abutment, and reducing the slope and installing a filter blanket and monitoring instrumentation at the Left Abutment, and
 - (ii) the Powerhouse upgrade includes seismic upgrades to the Powerhouse structure, rehabilitation/replacement of the three generating units, electrical and mechanical systems, rehabilitation of water conveyancing components, replacement of step-up transformers, and an upgrade and relocation of the Switchyard currently located on the roof of the existing Powerhouse to an area above the Powerhouse.

The Project has a target Completion Date of March 2018;

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- E. By Order G-34-11 dated February 24, 2011, the British Columbia Utilities Commission (Commission) established a Written Public Hearing process for the review of the Application having two rounds of Information Requests according to the Regulatory Timetable as set out in Appendix A to that Order;
- F. BC Hydro held a Workshop on the Application on February 28, 2011, at the Commission Hearing Room, 12th Floor, 1125 Howe Street in Vancouver, BC;
- G. By letter dated March 29, 2011, BC Hydro applied for a revision to the Regulatory Timetable to:
- provide BC Hydro additional time to respond to the large number of Intervener Information Requests (IRs);
 - allow more time for Interveners to review the Application; and
 - schedule an informal Ruskin site visit for Commission staff and Interveners;
- H. BC Hydro circulated a draft copy of the proposed changes to the Regulatory Timetable to all Interveners registered for the Proceeding on Friday, March 25, 2011, and no Intervener raised any concerns;
- I. By Order G-65-11 dated March 31, 2011, the Commission approved BC Hydro's request for a revised Regulatory Timetable as set out in Appendix A to that Order;
- J. By letter dated April 21, 2011, the Commission received a request from counsel for the Kwantlen First Nation (Kwantlen) to amend the Regulatory Timetable to extend the date for filing Intervener Evidence. The letter further stated Kwantlen's counsel had canvassed BC Hydro and Interveners and no concerns were raised;
- K. By Order G-76-11 dated May 4, 2011, the Commission approved the Kwantlen First Nation's request for a revised Regulatory Timetable as set out in Appendix A to that Order;
- L. By letter dated June 23, 2011, BC Hydro requested an amendment to the Regulatory Timetable in order to narrow Project-related issues through further dialogue with the Kwantlen First Nation. BC Hydro heard no objections to the proposed amendment from Interveners;
- M. By Order G-116-11 dated June 30, 2011, the Commission approved BC Hydro's request to amend the Regulatory Timetable as set out in Appendix A to that Order;
- N. By letter dated September 2, 2011, BC Hydro requested an amendment to the Regulatory Timetable:
- to permit a round of IRs from the Commission and Interveners to test BC Hydro's Evidentiary Update, which was submitted in response to the June 2011 Government panel report entitled "Review of BC Hydro";
 - to test BC Hydro's rebuttal evidence addressing aspects of Kwantlen First Nation's evidence submitted on July 29;
 - to extend the time to respond to a Commission information request for further clarification.

In this same letter, BC Hydro revised its request for the CPCN to be issued on the basis of an Expected Amount of \$728.6 million, and not the originally requested Authorized Amount of \$856.9 million.

BC Hydro canvassed and heard no objections to the proposed amendment from Interveners;

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- O By Order G-159-11 dated September 14, 2011, the Commission approved BC Hydro's request to amend the Regulatory Timetable as set out in Appendix A to that Order;
- P. By letter dated September 26, 2011, BC Hydro advised that the Procedural Conference placeholder was not required. By letter dated September 27, 2011, the Commission determined that the Procedural Conference was not warranted and the review of the Application would proceed in accordance with the Regulatory Timetable as per Appendix A to Order G-159-11;
- Q. By letter dated January 3, 2012, the Commission received a request from counsel for the Kwantlen First Nation seeking leave to file limited submissions in response to the reply argument filed by BC Hydro (Sur-Reply);
- R. By letter dated January 5, 2012, BC Hydro stated its view that although the Kwantlen failed to justify its Sur-Reply, BC Hydro will not oppose the Kwantlen Sur-Reply application provided that BC Hydro is afforded the opportunity to reply to the Kwantlen Sur-Reply by January 11, 2012;

BC Hydro shared a draft copy of this letter with the Association of Major Power Consumers of B.C. (AMPC), British Columbia Old Age Pensioners' Organization (BCOAPO) and the Commercial Energy Consumers Association of BC (CEC) because all three of these customer interveners took a position on the adequacy of consultation with Kwantlen and recommended these groups be given an opportunity to make submissions with respect to the Kwantlen Sur-Reply. BC Hydro copied its letter to all registered Interveners;

- S. By letter dated January 5, 2012, the Commission granted the Kwantlen leave to file its Sur-Reply and established deadlines for AMPC, BCOAPO and the CEC to submit responses to the Sur-Reply by January 9, 2012, and BC Hydro to provide its reply by January 11, 2012;
- T. Responses were received on the subject of the Sur-Reply by letter from AMPC, CEC and BC Hydro by the due dates;
- U. On February 2, 2012, the BC Government enacted amendments (Amendments) to: (1) the Electricity Self-Sufficiency Regulation issued under the *Clean Energy Act*, and (2) Special Direction No. 10 to the British Columbia Utilities Commission (Amended SD 10) issued under the *Utilities Commission Act*;
- V. By letter dated February 8, 2012, BC Hydro submitted its view of the effect of these Amendments on the Project-related CPCN public interest test, and suggested a process for Interveners to provide their submissions and for BC Hydro to reply to those submissions;
- W. By letter dated February 9, 2012, the Commission wrote to registered Interveners accepting BC Hydro's proposed process for review of the Amendments;
- X. Interveners submitted their views on the effect of the Amendments by February 13, 2012, and BC Hydro replied to those views by February 15, 2012, in accordance with the Commission's due dates.
- Y. The Commission has reviewed and considered the Application, the evidence and the submissions presented on the Application, and has determined, as set out in the Decision issued concurrently with this Order, that the Project is in the public interest and that a CPCN should be issued to BC Hydro for the Project, subject to the conditions and directions set out in this Order.

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NOW THEREFORE the Commission orders as follows:

1. A CPCN is granted to BC Hydro for the Project as set out in the Application.
2. BC Hydro is directed to file with the Commission semi-annual progress reports on the Project schedule, costs with a comparison to the Expected Amount set out in the Application and any variances or difficulties that the Project may be encountering. The form and content of the semi-annual progress reports will be consistent with other BC Hydro capital project progress reports filed with the Commission. The semi-annual progress reports will be filed within 45 days of the end of each reporting period.
3. BC Hydro is directed to reflect in its semi-annual progress reports on the Project that the Commission has approved only a Basic Expected Amount of \$640.6 million, which excludes Capital Overhead (COH). This amount is to be supplemented in the future as COH rates are approved by the Commission from time to time in its decisions on BC Hydro's Revenue Requirement Applications, to arrive at a Total Expected Amount.
4. BC Hydro is directed to include in its semi-annual progress reports on the Project, detailed reporting on its ongoing consultation with First Nations, similar to the Revelstoke Unit 5 Project Quarterly Reports.
5. BC Hydro is directed to file a final report within six months of the end or substantial completion of the Project. The final report is to include a complete breakdown of the final costs of the Project, a comparison of these costs to the Expected Amount set out in the Application and provide an explanation of all material cost variances.

DATED at the City of Vancouver, in the Province of British Columbia, this 30th day of March 2012.

BY ORDER

Original signed by:

M.R. Harle
Panel Chair/Commission