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**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER** G-110-12

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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 2012-2013 Revenue Requirements and  
Review of 2012 Integrated System Plan**

**BEFORE:** D.A. Cote, Commissioner  
A.A. Rhodes, Commissioner August 15, 2012  
N.E. MacMurchy, Commissioner

**O R D E R**

**WHEREAS:**

- A. On June 30, 2011, FortisBC Inc. (FortisBC or the Company) filed an application pursuant to sections 44.1, 44.2, 56 and 59 to 61 of the *Utilities Commission Act* (the Act) for approval of its 2012-2013 Revenue Requirements and the review of its 2012 Integrated System Plan (collectively referred to as the Application);
- B. The Application contains two parts:
  - 1) FortisBC's 2012-2013 Revenue Requirements (including the Company's 2012-2013 Capital Expenditure Plan filed pursuant to section 44.2(1) of the Act),
  - 2) FortisBC's 2012 Integrated System Plan filed pursuant to section 44.1 of the Act, comprising its 2012 Long Term Capital Expenditure Plan, its 2012 Resource Plan, and its 2012 Long Term Demand-Side Management Plan;
- C. FortisBC sought, among other things, approval of interim and permanent rate increases of 4.0 percent effective January 1, 2012, with any difference between interim and permanent rates to be refunded to or collected from customers by way of a general rate adjustment between the effective date of the permanent rates and December 31, 2012. FortisBC also sought a permanent rate increase of 6.9 percent effective January 1, 2013;
- D. The Company requests a determination from the British Columbia Utilities Commission (the Commission) on whether the 2012-2013 Capital Expenditure Plan is in the public interest pursuant to section 44.2 (3)(a) and satisfies the requirements of section 45(6) of the Act;
- E. The Company also requested a Commission determination on whether the 2012 Integrated System Plan, which is comprised of three components (the 2012-2013 Resource Plan, 2012 Long Term Capital Plan, and the 2012 Long Term Demand-Side Management Plan), is in the public interest pursuant to section 44.1 (6);
- F. A Workshop to review the Application was held in Kelowna on July 22, 2011;

- G. 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 a 6.5 percent increase in 2013;
- H. The 2011 Annual Review was held in Kelowna on November 22, 2011, to review the Company's performance for the 2011 year, followed by a Procedural Conference to hear submissions on procedural matters regarding the current Application;
- I. By Order G-199-11, the Commission approved a 1.5 percent interim rate increase for FortisBC, effective January 1, 2012;
- J. Pursuant to Order G-214-11, the Oral Public Hearing to review the Application took place between March 5 and March 9, 2012 in Kelowna;
- K. Between April 5 and April 23, 2012, FortisBC and Interveners filed their Final Submissions. FortisBC filed its Reply Submission on May 3, 2012;
- L. The Commission has considered the Application, the evidence and all the submissions as set forth in the Decision issued concurrently with this Order.

**NOW THEREFORE** the Commission, for the reasons stated in the Decision, orders as follows:

1. Pursuant to sections 59 to 61 of the *Act*:
  - a. The requested permanent rate increase of 1.5 percent in 2012 and 6.5 percent in 2013 is not approved, as filed.
  - b. Cross charges between FortisBC and its affiliates regulated by the Commission are approved to be based on fully loaded costs, not including overhead.
  - c. The proposed Deferral Account for Power Purchase Expense variances from forecast is approved and is to be amortized into rates in 2014. The proposed Revenue Variance Deferral Account is also approved and is to be amortized into rates in 2014.
  - d. Determinations for the new proposed Deferral Accounts and treatment for existing Deferral Accounts are set out in Section 5.4.4 of the Decision.
  - e. Costs of Removal of \$4.7 million for 2011, \$5.4 million for 2012 and \$4.0 million for 2013 are approved to be included in Rate Base as set out in Section 5.4.2 of the Decision.
2. Pursuant to section 44.2(3) of the *Act*, FortisBC's 2012-2013 Capital Expenditure Plan is approved subject to the determinations and reductions set out in Section 5.4.3 of the Decision.
3. The Commission Panel accepts FortisBC's Long Term Capital Plan is in the public interest and the Long Term Resource Plan meets the requirements of the *Act* except for the Planning Reserve Margin as set out in Section 7.0 of the Decision.

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4. FortisBC is directed to resubmit its financial schedules incorporating all the adjustments as outlined in the Decision, within 30 days of this Order.
5. The Commission will accept, subject to timely filing, amended Tariff Rate Schedules which conform to the Decision. FortisBC is to provide all customers, by way of an information notice, of the change in rates.
6. If the 2012 permanent rates are less than the interim rates, FortisBC is to refund to customers the difference in revenue with interest at the average prime rate of the principal bank with which FortisBC conducts its business. If the 2012 permanent rates exceed the interim rates, FortisBC is to reflect this difference in customer rates over the balance of 2012.
7. FortisBC is directed to comply with all other directives in the Decision issued concurrently with this Order.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 15<sup>th</sup> day of August 2012.

BY ORDER

*Original signed by:*

D.A.Cote  
Commissioner