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**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER C-7-13**

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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 a Certificate of Public Convenience and Necessity  
for the Advanced Metering Infrastructure Project**

**BEFORE:** L.F. Kelsey, Commissioner  
D.M. Morton, Commissioner July 23, 2013  
N.E. MacMurchy, Commissioner

**CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

**WHEREAS:**

- A. On July 26, 2012, FortisBC Inc. (FortisBC) applied to the British Columbia Utilities Commission (Commission or BCUC) pursuant to sections 45, 46 and 56 of the *Utilities Commission Act*, for approval of the Advanced Metering Infrastructure (AMI) Project (Project, Application);
- B. By Order G-105-12, dated August 2, 2012, the Commission established a Preliminary Regulatory Timetable requesting comments on the regulatory process for the review of the Application, such as written, oral or both;
- C. By Order G-135-12, dated September 26, 2012, the Commission established a Procedural Conference to take place in Kelowna to hear participant submissions on the regulatory process for the review of the Application. The Order also appended an Amended Preliminary Timetable;
- D. By Order G-137-12, dated September 28, 2012, the Commission set November 6, 7 and 8, 2012, as the dates for Community Input Sessions on the Application in Trail, Osoyoos and Kelowna respectively. The Community Input Sessions took place on those dates;
- E. The Procedural Conference took place in Kelowna on November 8, 2012;
- F. By Order G-177-12, dated November 23, 2012, the Commission directed, among other things, that the review of the Application would proceed through a combination of a written and an oral hearing, with financial, operations, fire safety and privacy issues to be reviewed by way of a written process and health, security and environmental issues by way of an oral hearing. Among other matters, the Order also directed that the oral hearing take place in Kelowna commencing March 4, 2013, and concluding by no later than March 15, 2013. The Order also appended an Amended Regulatory Timetable;
- G. On November 13, 2012, FortisBC filed a application with the Commission to purchase the electric utility assets of the City of Kelowna (CoK CPCN);

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- H. On November 16, 2012, FortisBC filed an Addendum to the Application, which described the impacts to the Application in the event the Commission approved the CoK CPCN. On November 20, 2012, FortisBC filed the Excel file containing the Net Present Value analysis in its November 16 Addendum filing;
- I. The estimated cost of the AMI Project, including salvage value, is \$51.2 million;
- J. By Order G-198-12 dated December 20, 2012, the Commission denied the requests of two Interveners, Area D in the Regional District of Central Kootenay (RDCK) and the Nelson–Creston Green Party Constituency Association (NCGP), for a suspension of the proceeding and confirmed the Amended Regulatory Timetable established by Order G-177-12;
- K. By Order G-11-13, dated January 18, 2013, the Commission denied the request of an Intervener, Mr. Jerry Flynn, to make a PowerPoint presentation at the oral hearing;
- L. On January 22, 2013, FortisBC submitted an Evidentiary Filing on the Advanced Metering Initiative Market, technology and North American project costs;
- M. By Order G-12-13, dated January 22, 2013, the Commission ordered that FortisBC's responses to certain Commission Information Requests were to be treated as confidential by the Commission, but did allow access to Intervener counsel and a limited group of Interveners upon the filing of an Undertaking of Confidentiality;
- N. By Order G-17-13, dated February 1, 2013, the Commission, among other matters, granted a limited third round of Information Requests and one round of Confidential Information Requests to Interveners who qualified to make those requests pursuant to Order G-12-13 and issued a Further Amended Regulatory Timetable;
- O. By Order G-21-13, dated February 7, 2013, the Commission denied RDCK's request for reconsideration and variance of Order G-177-12 to permit financial, operational, fire safety and privacy issues including wireless vs. wired meters in the oral hearing;
- P. By Order G-24-13, dated February 13, 2013, the Commission allowed Commission staff and one Intervener, the British Columbia Pensioners' and Seniors' Organization, to submit additional Information Requests focussed on clarification and financial impacts of the Addendum and certain other evidence relating to the Addendum. In addition, the Commission allowed certain Information Requests delivered by another Intervener, BC; Sustainable Energy Association and the Sierra Club of BC, in the CoK CPCN proceeding to be filed as evidence;
- Q. By Letter L-3-13, dated February 15, 2013, the Commission granted the request of the Citizens for Safe Technology Society (CSTS) to have certain of its expert witnesses cross-examined by video-conference at the oral hearing;
- R. By Order C-4-13, dated March 1, 2013, another Panel of the Commission approved the CoK CPCN application with conditions, which were subject to acceptance by FortisBC by March 31, 2013;
- S. The oral hearing took place in Kelowna from March 4 to March 15, 2013, as provided for by Order G-177-12. The evidentiary record was closed following the conclusion of the evidence on March 15, subject to the filing of outstanding undertakings made by witnesses the oral hearing;
- T. FortisBC filed its Final Submissions on March 28, 2013;

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- U. On March 29, 2013, FortisBC advised the Commission that it accepted the conditions in Order C-4-13;
- V. By Order G-51-13, dated April 8, 2013, and in response to requests from RDCK and CSTS, the Commission granted Interveners a one week extension to the filing date for their Final Submissions to April 25, 2013, and a corresponding one week extension to FortisBC to May 2 to file its Reply;
- W. On April 19, 2013, CSTS advised the Commission of the release that day of the monograph of the International Agency for Research on Cancer (Report), requested a reopening of the record to admit the Report into evidence and an extension to the Regulatory Timetable by 10 days to allow parties the opportunity to review the Report and reference it in argument. On the same day, by Order G-62-13, the Commission denied RDCK's request to correct Exhibit C13-30-1;
- X. By letter dated April 22, 2013, the Commission denied CSTS's request to extend the Regulatory Timetable, but established a process for written submissions on the reopening of the record to admit the Report;
- Y. By Order G-80-13, dated May 15, 2013, the Commission reopened the evidentiary record, admitted the Report into evidence and allowed the filing of limited Supplemental Submissions on the Report. Interveners filed their Supplemental Submissions by May 23 and FortisBC filed its Reply on May 30, 2013; and
- Z. The Commission Panel has considered the Application, the evidence and submissions presented on the Application and has determined that it is in the public interest that a CPCN be issued to FortisBC for the AMI Project.

**NOW THEREFORE** pursuant to sections 45, 46 and 56 of the *Utilities Commission Act* the Commission orders as follows:

1. A Certificate of Public Convenience and Necessity is granted to FortisBC for the AMI Project as described in the Application and as modified by directives in this Order and the Decision issued concurrently with it and subject to the condition that FortisBC must confirm in writing by August 1, 2013 that it will file an application for an opt-out provision by November 1, 2013 based on the following principles:
  - (a) Customers may choose to opt-out of accepting a wireless transmitting meter.
  - (b) Customers who choose to opt-out will be provided with an AMI meter that has the wireless transmit functions disabled. Transmit functions on these meters will remain disabled until the individual chooses to opt back in to the AMI program; in the event that the customer moves from the property, the opt-out choice will move with the customer.
  - (c) The incremental cost of opting-out of the AMI program will be borne by the individuals choosing to opt-out.
2. A depreciation rate of 5 percent, to be applied to the AMI meters to be installed as part of the AMI Project, is approved until the completion of FortisBC's next depreciation study.
3. The request to recover the costs of FortisBC's 2007 AMI CPCN application as part of the costs of the AMI Project is denied. FortisBC is directed to apply for the recovery of those costs in its next Revenue Requirements application.
4. A capital budget of \$50.898 million including approved development costs and contingency amounts is approved as a control budget.

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5. FortisBC is directed to file with the Commission Quarterly Progress Reports on the AMI Project showing planned vs. actual schedule, planned vs. actual costs, and any variances or difficulties that the AMI Project may be encountering. The Quarterly Progress reports are to be filed within 30 days of the end of each reporting period.
6. FortisBC is directed to file with the Commission a Final Report on the AMI Project schedule and costs within six months of the end or substantial completion of the AMI Project that provides a complete breakdown of the final costs of the AMI Project, compares these costs to the cost estimate in the Application inclusive of the cost increase resulting from the Commission's approval of the CoK CPCN, and provides a detailed explanation and justification for all material cost variances.
7. FortisBC is directed to file with the Commission an Annual Cost/Benefit Tracking Report on the AMI Project benefits (reduced costs) and the new operating costs of the AMI program for each of the first 5 years following the end or substantial completion of the AMI Project. The Annual Cost/Benefit Tracking Report is to be filed with the Commission within 3 months of each calendar year end included in the 5 year period.
8. FortisBC is directed to determine the form and additional content of the Quarterly Progress Reports, Final Report and Annual Cost/Benefit Tracking Reports in consultation with Commission staff.
9. FortisBC is directed to comply with the directives in the Decision issued concurrently with this Order.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 23<sup>rd</sup> day of July 2013.

BY ORDER

*Original signed by:*

L.F. Kelsey  
Commissioner