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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-139-14**

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

and

**FortisBC Inc.
Application for Approval of a
Multi-Year Performance Based Ratemaking Plan
for the years 2014 through 2018**

BEFORE: D.A. Cote, Panel Chair/Commissioner
D.M. Morton, Commissioner
N.E. MacMurchy, Commissioner September 15, 2014

O R D E R

WHEREAS:

- A. On July 5, 2013, FortisBC Inc. (FBC) applied to the British Columbia Utilities Commission (Commission) for approval of a proposed multi-year Performance Based Ratemaking (PBR) plan for the years 2014 through 2018 (Application);
- B. Among other things, FBC's Application includes the following requests, under section 59-61 of the *Utilities Commission Act* (UCA):
- a. to make its interim rates at that time be permanent, effective January 1, 2013, and to increase the permanent rates for all customers by 3.3 percent, effective January 1, 2014;
 - b. a rate stabilization mechanism for the years 2014 to 2018;
 - c. the flow through, during 2014, of any increase or decrease arising from the Generic Cost of Capital Stage 2 proceeding;
 - d. certain accounting treatment and financing of deferral accounts;
 - e. certain accounting policies changes to be used in the determination of rates effective January 1, 2014; and
 - f. approval of a proposed PBR mechanism for setting rates during the years 2014 to 2018;

- C. FBC also seeks acceptance of certain Demand-Side Management expenditures and changes, pursuant to section 44.2 of the UCA;
- D. On July 25, 2013, FBC held a Workshop in Kelowna, BC to review the Application;
- E. On September 5, 2013, a Procedural Conference was held jointly with FBC's affiliate, FortisBC Energy Inc. (FEI), who has also applied for a PBR plan with the Commission. The Procedural Conference considered the regulatory process for both the FEI and FBC Applications and the possibility of combining some parts or all of the two proceedings;
- F. By Orders G-151-13, the Commission amended the Regulatory Timetables and established that an Oral Hearing to review PBR related issues be held jointly with FEI. The Commission also approved a 3.3 percent interim and refundable rate increase for FBC, effective January 1, 2014;
- G. The Regulatory Timetables for review of the Application was further amended by Orders G-206-13, G-219-13, G-8-814, and G-10-14;
- H. The Oral Hearing on PBR related issues commenced on March 10, 2014 and was completed on March 18, 2014;
- I. Between April 25 and May 22, 2014, FBC and Interveners filed their Final Arguments on both PBR related and non-PBR issues. On June 12, 2014, FBC filed its Reply Arguments.
- J. A Commission Panel Information Request was issued on June 19, 2014 with an accompanying timetable for completion;
- K. On July 14, 2014, the Commission Panel held the Oral Argument Phase to address the Panel Information Requests, its related responses and certain topics identified by the Panel;
- L. The Commission has considered the FBC Application, the evidence and submissions by all parties in this proceeding and provides its 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 *Utilities Commission Act*, the Commission Panel makes the following determinations:
 - a. The rate stabilization mechanism is denied;
 - b. Rates effective January 1, 2013 are to be made permanent;

- c. Approval to flow-through the revenue requirement impact as a result of the decrease in the return on equity that was used to calculate its rates effective January 1, 2013 is granted; and
 - d. A PBR mechanism in setting rates for the period of 2014 to 2019 is approved, subject to the various amendments outlined in the Decision.
2. Pursuant to section 44.2(3) of the *Utilities Commission Act*:
 - a. The Demand-Side Management (DSM) expenditure, up to \$3.0 million for 2014, is accepted;
 - b. The proposal to change the amortization period of existing and future DSM expenditures from 10 years to 15 years is denied; and
 - c. The proposal to discontinue the semi-annual reporting on its DSM program and to submit annual reports at the end of each calendar year, effective January 1, 2014 is accepted.
3. FortisBC Inc. is directed to submit a Compliance Filing to the Commission, within 60 days of this Order, with amended financial schedules that incorporate all the adjustments and directives as outlined in the Decision. FortisBC Inc. must also propose a method to treat the difference between the 2014 interim rate and the rate approved in this Decision.
4. The Commission will accept, subject to timely filing, amended Tariff Rate Schedules that conform to the Decision.
5. FortisBC Inc. is to notify all customers, by way of an information notice, of the change in rates.
6. FortisBC Inc. must comply with all other directives contained in the Decision issued concurrently with this Order.

DATED at the City of Vancouver, in the Province of British Columbia, this 15th day of September of 2014.

BY ORDER

Original signed by:

D.A. Cote
Commissioner/Panel Chair