



ORDER NUMBER
G-96-17

IN THE MATTER OF
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

British Columbia Hydro and Power Authority
Salmon River Diversion Ceasing of Operations Application

BEFORE:

W. M. Everett, QC, Chair/Commissioner
B. A. Magnan, Commissioner
R.D. Revel, Commissioner

on June 16, 2017

ORDER

WHEREAS:

- A. On March 7, 2017, British Columbia Hydro and Power Authority (BC Hydro) filed an application (Application) with the British Columbia Utilities Commission (Commission) under section 41 of the *Utilities Commission Act* (UCA), for permission to permanently cease operation of and decommission the Salmon River Diversion facility located on Vancouver Island (Salmon River Diversion or Diversion). The proposed scope of the project includes removal of the timber-crib diversion dam, all mechanical equipment at the headworks, mechanical equipment at the downstream fish screen, the Patterson Creek flume portion of the canal and restoration and remediation work all as set out in the Application;
- B. The Salmon River Diversion was built in 1957–1958 and is located in central Vancouver Island about 30 km west of Campbell River. The Diversion redirects a portion of the water flow from the Salmon River through an approximately 3 km long concrete-lined canal to an unnamed pond and then through an improved natural channel to Brewster Lake, from which it enters the Lower Campbell Reservoir where it is used to augment generation at the Ladore and John Hart generating stations;
- C. BC Hydro also requests permission to transfer the costs incurred to cease operations and decommission the Diversion into the Dismantling Cost Regulatory Account (DCRA), which BC Hydro has requested approval for in its Fiscal 2017 to Fiscal 2019 Revenue Requirements Application (RRA). If BC Hydro's request for the DCRA is not approved, then BC Hydro requests permission to transfer these costs to the Heritage Deferral Account (HDA);
- D. Roy Bishop, Richard Landale, Commercial Energy Consumers Association of British Columbia, and British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, Together Against Poverty Society, and the Tenant Resource and Advisory Centre (collectively, BCOAPO) registered as interveners in this proceeding;

- E. The written proceeding included one round of information requests, responses and arguments;
- F. On May 9, 2017, BC Hydro submitted a revised cost estimate to cease operations and decommission the Diversion. The revised cost estimate is \$15.0 million, with an accuracy range of +20/-15 per cent;
- G. The Panel reviewed the Application and submissions and determines that the following orders are warranted.

NOW THEREFORE, for the reasons contained in the decision issued concurrently with this order, the British Columbia Utilities Commission (Commission) orders as follows:

1. Pursuant to section 41 of the *Utilities Commission Act*, the Commission grants permission for the British Columbia Hydro and Power Authority (BC Hydro) to permanently cease operations and decommission the Salmon River Diversion facility (Diversion) as set out in its Application.
2. In the event the Dismantling Cost Regulatory Account (DCRA) is approved in the BC Hydro Fiscal 2017 to Fiscal 2019 Revenue Requirements Application (RRA) proceeding, BC Hydro may transfer the costs incurred to cease operations and decommission the Diversion into the DCRA, consistent with the terms approved for that account in the RRA. If BC Hydro's request for the DCRA is not approved in the RRA proceeding, the Panel denies permission to transfer the costs to cease operations and decommission the Diversion to the Heritage Deferral Account or the Non Heritage Deferral Account.
3. BC Hydro is directed to file a report with the Commission within six months of substantial completion of the cease operations and decommission work, summarizing the costs of the work and its accounting treatment, and providing explanation and justification of any material variances from the project plan, scope, schedule, budget or quality. BC Hydro is to also file a final completion report including similar information to the Heber Diversion Cease of Operations project Final Completion Report after obtaining the Certificate of Compliance issued by the Ministry of Environment, which may take 18 months to two years from substantial completion.
4. BC Hydro is to comply with all directives and determinations set out in the decision accompanying this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 16th day of June, 2017

BY ORDER

Original signed by:

W. M. Everett, QC
Commissioner