



ORDER NUMBER
G-346-20

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

and

Nelson Hydro
Cost of Service Analysis and Rate Design Application

BEFORE:

R. I. Mason, Panel Chair
A. K. Fung, QC, Commissioner
T. A. Loski, Commissioner

on December 22, 2020

ORDER

WHEREAS:

- A. On November 27, 2020, Nelson Hydro filed a Cost of Service Analysis (COSA) and Rate Design Application (RDA) with the British Columbia Utilities Commission (BCUC) (Application);
- B. Nelson Hydro is owned and operated by the City of Nelson and is exempt from regulation under the *Utilities Commission Act* (UCA) to the extent it is serving customers within its municipal boundaries. Accordingly, the BCUC's review of the Application pertains solely to Nelson Hydro's non-municipal, or rural, ratepayers;
- C. In the Application, Nelson Hydro requests approval of the following:
 - 1. Proposed return on equity for the Rural service area at 9.25% to be used for future rate applications;
 - 2. Nelson Hydro's Policies approved by City Council relating to the non-municipal portion of the utility (i.e. the Allocation Factors Policy, Generation Rates Policy, Debt Policy, and Deferral Account Policy);
 - 3. The COSA;
 - 4. Proposed rate changes to Rural residential rates effective September 1, 2021 (to be phased-in over a three-year period: effective with follow-up adjustment effective September 1, 2022 and September 1, 2023); and
- D. The BCUC has commenced review of the Application and considers that establishing a regulatory timetable is warranted.

NOW THEREFORE the BCUC orders as follows:

1. A public hearing for the review of the Application is established, as set out in the regulatory timetable attached as Appendix A to this order.
2. Nelson Hydro is directed to, by January 19, 2021:
 - a. Provide notice of the Application and this order to all non-municipal ratepayers and to all registered interveners who participated in the Nelson Hydro 2019 Rural Rate Application and the 2017 and 2018 Nelson Hydro rate applications;
 - b. Post a copy of this order on the City of Nelson website; and
 - c. Publish the Public Notice attached as Appendix B to this order, in display-ad format, in the appropriate local news publications to provide adequate notice to the public.
3. In accordance with BCUC's [Rules of Practice and Procedure](#), parties who wish to actively participate in this proceeding must submit the [Request to Intervene Form](#), available on the BCUC's website at <https://www.bcuc.com/get-involved/get-involved-proceeding.html>, by the date established in the regulatory timetable.
4. Members of the public are invited to submit letters of comment on the Application. Letters of comment must be received by the BCUC by the last date included in the proceeding's regulatory timetable before final arguments, unless the BCUC directs otherwise. Letters of comment must be in the Letter of Comment Form available on the BCUC's website at <https://www.bcuc.com/forms/letter-of-comment.aspx>.

DATED at the City of Vancouver, in the Province of British Columbia, this 22nd day of December 2020.

BY ORDER

Original signed by:

R. I. Mason
Commissioner

Attachment

Nelson Hydro
Cost of Service Analysis and Rate Design Application

REGULATORY TIMETABLE

Action	Date (2021)
Nelson Hydro Publication of Public Notice	Tuesday, January 19
Intervener Registration	Tuesday, February 9
BCUC Information Request (IR) No. 1	Tuesday, February 16
Intervener IR No. 1	Tuesday, February 23
Nelson Hydro response to IRs No. 1	Tuesday, March 9
Further process	To be determined



We want to hear from you

NELSON HYDRO COST OF SERVICE ANALYSIS AND RATE DESIGN APPLICATION

On November 27, 2020, Nelson Hydro filed a Cost of Service Analysis (COSA) and Rate Design Application (Application) with the British Columbia Utilities Commission requesting, among other items, approval to increase Rural residential rates. Information regarding the Application can be found here: <https://bit.ly/37EwPMW>

Nelson Hydro states that the COSA is used for the evaluation of rate schedule revenue level, and its analysis indicates that revenues are insufficient to cover the cost of service for the Rural residential rate class. Nelson Hydro proposes the following rate adjustments be phased-in over a three-year period:

Date	Rate Adjustment
September 1, 2021	5.72%
September 1, 2022	5.72%
September 1, 2023	5.72%
Compounded	18.17%

In the Application, Nelson Hydro also requests approval of a return on equity for the Rural service area at 9.25% to be used for future rate applications and certain policies relating to the non-municipal portion of the utility.

As a separate proceeding, on November 30, 2020, Nelson Hydro filed a General Rate Increase Application requesting a general annual rate increase of 2.3% for the Rural service area for the calendar year. This general annual rate increase is proposed to become effective on April 1, 2021, which results in a compounded rate increase of 3.32%. Information regarding the Nelson Hydro 2021 General Rate Increase Application can be found here: <https://bit.ly/38yR5iy>

HOW TO PARTICIPATE

- **Submit a letter of comment**
- **Register as an interested party**
- **Request intervenor status**

IMPORTANT DATE

1. **Tuesday, February 9, 2021** – Deadline to register as an intervenor with the BCUC

For more information on getting involved, please visit our website (www.bcuc.com/get-involved) or contact us at the information below.

GET MORE INFORMATION

Nelson Hydro



Suite 101, 310 Ward Street
Nelson, BC V1L 5S4



E: dco@nelson.ca



P: 250.352.8254

British Columbia Utilities Commission



Suite 410, 900 Howe Street
Vancouver, BC Canada V6Z 2N3



E: Commission.Secretary@bcuc.com



P: 604.660.4700