



**ORDER NUMBER**  
**G-40-23**

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, KC, Commissioner  
T. A. Loski, Commissioner

on March 2, 2023

**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 excluded 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, among other matters, approval of the COSA and proposed rate changes to Rural residential rates, effective September 1, 2021 (to be phased in over a three-year period with follow-up adjustments, effective September 1, 2022 and September 1, 2023);
- D. By Decision and Order G-196-22 dated July 19, 2022, the BCUC approved Nelson Hydro's 2019 COSA, subject to the directives and determinations set out in the Decision issued concurrently with the order (Modified 2019 COSA). Nelson Hydro was directed to recalculate and submit the Modified 2019 COSA to the BCUC. The Panel made no determination to approve the RDA component of the Application, as the Panel did not know whether changes to the rates for Nelson Hydro's Rural customers were justified until the results of the Modified 2019 COSA are reviewed;
- E. On October 3, 2022, Nelson Hydro filed the Modified 2019 COSA as directed by Decision and Order G-196-22. As part of the compliance filing, Nelson Hydro recommended that no rate design changes be implemented as a part of the proceeding;

- F. By letter dated December 9, 2022, the BCUC issued a letter acknowledging that BCUC staff reviewed the Modified 2019 COSA subsequent to two rounds of Nelson Hydro responses to staff questions;
- G. By letter dated December 22, 2022, the Panel requested submissions from Nelson Hydro and interveners regarding whether Nelson Hydro should be allowed to withdraw its RDA proposal as set out in the Application and whether further BCUC review on the revenue to cost coverage ratios based on the Modified 2019 COSA would be appropriate;
- H. By January 31, 2023, Nelson Hydro and three interveners provided submissions on Nelson Hydro's request to withdraw the RDA and no objections were raised. All parties agreed that no rate design changes were necessary based on the results of the Modified 2019 COSA; and
- I. The Panel has reviewed the Application, Nelson Hydro's request for withdrawal of the RDA and intervener submissions and determines that Nelson Hydro should be allowed to withdraw the RDA component of its Application, as the Modified 2019 COSA indicates a Rural residential revenue to cost coverage ratio of 95.1 percent and it is reasonable that no rate changes are required.

**NOW THEREFORE** pursuant to section 88.1 of the UCA, the BCUC orders that Nelson Hydro's application for a rate design is dismissed.

**DATED** at the City of Vancouver, in the Province of British Columbia, this        2<sup>nd</sup>        day of March 2023.

BY ORDER

*Original signed by:*

R.I. Mason  
Commissioner