



**ORDER NUMBER  
G-311-23**

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

and

Nelson Hydro  
Application for Reconsideration and Variance of Order G-196-22

**BEFORE:**

C.M. Brewer, Panel Chair

on November 15, 2023

**ORDER**

**WHEREAS:**

- A. On December 2, 2022, Nelson Hydro filed an application for reconsideration and variance of Decision and Order G-196-22 pursuant to section 99 of the *Utilities Commission Act* with the British Columbia Utilities Commission (BCUC) in accordance with Part V of the BCUC's Rules of Practice and Procedure (Reconsideration Application);
- B. By Order G-196-22 and accompanying reasons for decision dated July 19, 2022, the BCUC issued its decision regarding Nelson Hydro's Cost of Service Analysis (COSA) and Rate Design application (COSA Decision). The BCUC ordered, among other matters, the following:
  - i. Nelson Hydro to recalculate its COSA with generation assets and costs assigned 100 percent to Common assets and costs, which are assets and costs that cannot be allocated 100 percent to the Urban or Rural service areas and are broken out to all customers based on usage (Common);
  - ii. Nelson Hydro to recalculate its COSA with power purchase costs assigned 100 percent to Common costs; and
  - iii. Nelson Hydro's return on equity is set at a 50-basis point premium above the benchmark as established by Order G-75-13 on a deemed equity component of 50 percent;
- C. Nelson Hydro requests that the BCUC reconsider and vary Order G-196-22 on the grounds that the BCUC made material errors of law and fact in the following respects:
  - i. Nelson Hydro be directed to assign its generation assets and costs 100 percent to its Urban customers in the COSA;
  - ii. Nelson Hydro be directed to assign power purchases 33.5 percent to Urban customers and 66.5 percent to Rural customers; and

- iii. A debt-to-equity ratio reflecting the utility's actual debt-to-equity be used for the estimated rate base of Nelson Hydro's Rural operations and Nelson Hydro be directed to increase its debt in advance of any future COSA filing;
- D. In the event the BCUC confirms the COSA Decision regarding generation assets and costs and power purchases, Nelson Hydro makes the following alternative requests in the COSA (Alternative Requests):
- i. To adjust the allocation of power purchases costs from the Coffee Creek Substation to 100 percent to Rural service area; and
  - ii. To assign the capital reserve transfer 100 percent to Common costs.
- E. By Orders G-392-22, G-34-23, G-73-23, and G-175-23, the BCUC established the regulatory timetable for the review of the Reconsideration Application, which included intervenor registration, one round of BCUC and intervenor information requests, and final and reply arguments; and
- F. The Panel has reviewed the submissions received and considers the following determinations are warranted.

**NOW THEREFORE** pursuant to section 99 of the *Utilities Commission Act*, the BCUC Rules of Practice and Procedure, and for the reasons set out in the decision issued concurrently with this order, the BCUC denies Nelson Hydro's Reconsideration Application to vary the directives in Order G-196-22, including the Alternative Requests. The BCUC confirms the directives set out in the COSA Decision and Order G-196-22.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 15<sup>th</sup> day of November 2023.

BY ORDER

*Original signed by:*

C.M. Brewer  
Commissioner