



**ORDER NUMBER
G-75-25**

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

and

Nelson Hydro
2025 Revenue Requirements

BEFORE:

E. B. Lockhart, Panel Chair
E. A. Brown, Commissioner
W. E. Royle, Commissioner

on March 20, 2025

ORDER

WHEREAS:

- A. On October 31, 2024, Nelson Hydro filed an application with the British Columbia Utilities Commission (BCUC) seeking approval of a general annual rate increase of 7.54 percent for the Rural service area (Application) subject to adjustments and to any directives or determinations made in the decision for Stage 2 of the BCUC's Generic Cost of Capital proceeding, pursuant to sections 59 to 61 of the *Utilities Commission Act*;
- B. Nelson Hydro is owned and operated by the City of Nelson and is excluded from regulation under the *Utilities Commission Act* 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. By Order G-300-24 dated November 15, 2024, the BCUC approved Nelson Hydro's requested rate increase of 7.54 percent that applies to all Rural customer classes on an interim, refundable or recoverable basis, effective January 1, 2025;
- D. By Orders G-300-24 and G-328-24, the BCUC established a regulatory timetable for the review of the Application, which includes one round of BCUC Information Requests (IRs), among other matters;
- E. On March 10, 2025, pursuant to the regulatory timetable set out in Order G-328-24, Nelson Hydro filed responses to BCUC IR No. 1;
- F. In BCUC IR No. 1, the BCUC requested certain information in IR series 17 on scenarios regarding Nelson Hydro's allowed return on equity and cost of debt. In its responses, Nelson Hydro stated it is of the view that the scenarios presented in IR series 17 do not reflect the decision for Stage 2 of the Generic Cost of Capital proceeding, and that the information sought should not be considered by the Panel;

- G. The Panel has reviewed the evidentiary record, including Nelson Hydro's responses to BCUC IR No. 1, and finds that the following determinations are warranted.

NOW THEREFORE for the reasons outlined in the decision accompanying this order, the BCUC orders as follows:

1. An amended regulatory timetable for the review of the Application is established as set out in Appendix A to this order.
2. Nelson Hydro is directed to provide complete answers to BCUC IRs 17.1, 17.1.1, 17.2, 17.2.1, 17.3, and 17.4 by Friday, April 4, 2025.
3. Nelson Hydro is directed to file responses to Panel IR No. 1 by Friday, April 4, 2025.
4. Nelson Hydro is directed to publish notice of this order and the revised deadline for letters of comment on its existing social media platforms by Friday, March 28, 2025.
5. Nelson Hydro is directed to provide confirmation of compliance with Directive 4 of this order by Friday, April 4, 2025.

DATED at the City of Vancouver, in the Province of British Columbia, this 20th day of March 2025.

BY ORDER

Electronically signed by Blair Lockhart

E. B. Lockhart
Commissioner

Nelson Hydro
2025 Revenue Requirements

REGULATORY TIMETABLE

Action	Date (2025)
Panel Information Request (IR) No. 1	Thursday, March 20
Nelson Hydro public notice of this order	Friday, March 28
Nelson Hydro confirmation of compliance with public notice requirements	Friday, April 4
Nelson Hydro responses to BCUC IR No. 1 series 17 and Panel IR No. 1	Friday, April 4
Letters of comment deadline	Friday, April 11
Nelson Hydro final argument and responses to letters of comment	Wednesday, April 30

REASONS FOR DECISION

On October 31, 2024, Nelson Hydro filed an application with the British Columbia Utilities Commission (BCUC) seeking approval of a general annual rate increase of 7.54 percent for the Rural service area (Application) subject to adjustments and to any directives or determinations made in the decision for Stage 2 of the BCUC's Generic Cost of Capital proceeding (GCOC Stage 2 Decision), pursuant to sections 59 to 61 of the *Utilities Commission Act*.

The BCUC established a regulatory timetable for the review of the Application.¹ The BCUC also approved Nelson Hydro's requested rate increase of 7.54 percent that applies to all Rural customer classes on an interim, refundable or recoverable basis, effective January 1, 2025. The regulatory timetable includes one round of BCUC Information Requests (IRs).

On January 31, 2025, Nelson Hydro filed an evidentiary update relating to the GCOC Stage 2 Decision, among other matters (Evidentiary Update).

On March 10, 2025, Nelson Hydro filed its response to BCUC IR No. 1.² BCUC IR 17.1 requested information on scenarios regarding Nelson Hydro's allowed return on equity (ROE) and cost of debt. Nelson Hydro's response stated that the BCUC's preamble to the IR does not reflect the GCOC Stage 2 Decision, and that the scenarios outlined in IR 17.1 are not relevant to setting rates. Further, Nelson Hydro stated that it "understands that the deemed debt rate from the GCOC proceeding is to apply to all debt" and that "[t]he After-Tax ROE must be increased to achieve the before-tax ROE for the purposes of determining the Revenue Required from Rates."

For the remaining IRs in series 17 related to the Evidentiary Update (17.1.1, 17.2, 17.2.1, 17.3 and 17.4), Nelson Hydro submits that the information requested by the BCUC is based on an incorrect characterization of the GCOC Stage 2 Decision and should not be considered by the Panel in this proceeding.

Additionally, BCUC IR No. 1 asked for the final total cost for the Mill Street Substation Upgrade Project³ and Advanced Metering Infrastructure Project.⁴ Nelson Hydro provided responses to the IRs related to the two above-mentioned projects.

Panel Determination

The Panel has reviewed Nelson Hydro's responses to BCUC IR No. 1 and finds that Nelson Hydro's response to BCUC IR No. 1 series 17 is incomplete. BCUC IR No. 1 series 17 sought revised versions of certain schedules and calculations, based on specified assumptions, regarding scenarios which would be helpful to the Panel in assessing the range of possibilities on the cost of debt and ROE for Nelson Hydro. However, instead of providing the requested schedules and calculations, Nelson Hydro asserts that this information is irrelevant because the scenarios posed by the IRs differ from the utility's interpretation of how the GCOC Stage 2 Decision should be applied. While the Panel welcomes Nelson Hydro's views on issues related to the proceeding, the Panel reminds Nelson Hydro that the IR process is an evidence-gathering exercise. The complete evidentiary record, including these IR responses, will later inform the Panel's deliberations.

¹ Orders G-300-24 and G-328-24.

² Exhibit B-6.

³ Exhibit B-6, IR series 8.

⁴ Exhibit B-9, IR series 9.

Therefore, the Panel directs Nelson Hydro to provide complete responses to BCUC IR 17.1, 17.1.1, 17.2, 17.2.1, 17.3, and 17.4 by Friday, April 4, 2025.

Additionally, the Panel finds that additional information and clarification on the Mill Street Substation Upgrade Project and the Advanced Metering Infrastructure Project are warranted. Panel IR No. 1, which will address these matters, will be issued separately from this order. **The Panel directs Nelson Hydro to file responses to Panel IR No. 1 by Friday, April 4, 2025.**

To provide Nelson Hydro with additional time to provide the responses to BCUC IR No. 1 series 17 and Panel IR No. 1, **the Panel has amended the regulatory timetable as outlined in Appendix A to this order.**

DATED at the City of Vancouver, in the Province of British Columbia, this 20th day of March 2025.

Electronically signed by Blair Lockhart

E. B. Lockhart
Panel Chair

Electronically signed by Elizabeth A. (Lisa) Brown

E. A. Brown
Commissioner

Electronically signed by Wendy Royle

W. E. Royle
Commissioner