

SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, B.C. V6Z 2N3 CANADA
web site: <http://www.bcuc.com>



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-111-04

TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

**IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473**

and

**An Application by FortisBC Inc.
for Approval of 2005 Revenue Requirements,
2005-2024 System Development Plan and 2005 Resource Plan**

BEFORE: L. F. Kelsey, Panel Chair and
P.G. Bradley, Commissioner December 14, 2004

O R D E R

WHEREAS:

- A. On November 26, 2004, FortisBC Inc. ("FortisBC") filed its 2005 Revenue Requirements Application (the "Application") with the British Columbia Utilities Commission ("Commission"). FortisBC applies for an Order, pursuant to the applicable provisions of the Utilities Commission Act (the "Act") including Sections 23, 45, 57, 60, and 61, approving the Application for the purpose of setting rates and other ancillary matters; and
- B. The Application includes a request for an interim refundable general rate increase of 4.4 percent, effective January 1, 2005. The increase is based, in part, on a proposal to increase the equity risk premium of FortisBC from 40 to 75 basis points. In response to a Commission request, FortisBC determined that the general rate increase would equal 3.7 percent if derived on the basis of its existing equity risk premium of 40 basis points; and
- C. As part of its Application, FortisBC filed its 2005-2024 System Development Plan pursuant to Section 45 (6.1)(a) of the Act. FortisBC intends to file its 2005 Resource Plan, pursuant to Section 45 (6.1)(b) of the Act, before December 31, 2004. FortisBC seeks Commission approval that these plans satisfy the requirements of Section 45 of the Act and are in the public interest; and
- D. The Negotiated Settlement Agreement approving the 2004 Revenue Requirements of FortisBC, issued under Commission Order G-38-04, now requires an Annual Review, primarily to review the incentive sharing regarding 2004 power purchase costs and certain operating and maintenance expenditures; and
- E. The Commission requires that interim rates be established and that a regulatory process be established to review the Application, the System Development Plan and the Resource Plan.

NOW THEREFORE the Commission orders as follows:

- 1. The Commission approves for FortisBC an interim rate increase of 3.7 percent, effective January 1, 2005, subject to refund with interest calculated for the refund period at the average prime rate of the principal bank with which FortisBC conducts its business.

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2. FortisBC is to inform all customers of the interim rate increase by way of a customer notice.
3. The Commission will accept, subject to timely filing, amended Electric Tariff Rate Schedules in accordance with the terms of this Order.
4. A regulatory process is established to review the Application, the System Development Plan and the Resource Plan according to the timetable attached as Appendix A to this Order. The timetable accommodates the 2004 Annual Review at the conclusion of the Workshop on January 20, 2005. Subsequent to the conclusion of the Pre-Hearing Conference, the Commission will issue an Order finalizing the schedule for the remainder of the regulatory process.
5. FortisBC is to provide a copy of this Order to all Intervenor and Interested Parties who registered for the 2003 Annual Review and the 2004 Negotiated Settlement Process.
6. FortisBC will arrange for publication of the Notice of Workshops and Pre-Hearing Conference, attached as Appendix B to this Order, as soon as possible in such appropriate local news publications in its service area so as to provide adequate notice to the public.
7. The Application and supporting materials will be available for inspection at the following locations:

FortisBC Inc.

Head Office
5th Floor 1628 Dickson Avenue
Kelowna, B.C. V1Y 9X1

Public Libraries

Castlegar, Creston, Grand Forks, Kelowna, Oliver,
Penticton and Trail, BC

British Columbia Utilities Commission

Sixth Floor, 900 Howe Street
Vancouver, BC V6Z 2N3
Telephone: 1-800-663-1385

Internet

www.fortisbc.com
www.bcuc.com

8. Intervenor and Interested Parties should inform the Commission, in writing by January 5, 2005, of their intention to actively intervene in the proceeding, or become Interested Parties. Registered Intervenor will receive from FortisBC copies of the Application and, all correspondence and filed documentation. Interested Parties will receive the Application's Executive Summary and copies of all Orders issued.

DATED at the City of Vancouver, in the Province of British Columbia, this 14th day of December 2004.

BY ORDER

Original signed by:

L. F. Kelsey
Panel Chair and Commissioner

Attachments

An Application by FortisBC Inc.
for Approval of 2005 Revenue Requirements,
2005-2024 System Development Plan and 2005 Resource Plan

REGULATORY TIMETABLE

Action	Date – Time - Location
Registration deadline for Intervenor and Interested Parties	Wednesday, January 5, 2005
Workshop 1 System Development Plan & Resource Plan	Tuesday, January 18, 2005 - 9:00 a.m. J.A. Drennan Bldg., 1290 Esplanade, Trail, BC
Workshop 2 System Development Plan & Resource Plan	Thursday, January 20, 2005 - 9:00 a.m. Grand Okanagan Resort, 1310 Water St, Kelowna
Annual Review 2004 Revenue Requirements Annual Review	Thursday, January 20, 2005 - 4:45 p.m. Grand Okanagan Resort, 1310 Water St, Kelowna
Workshop 3 2005 Revenue Requirements Application	Friday, January 21, 2005 - 9:00 a.m. Grand Okanagan Resort, 1310 Water St, Kelowna
Pre-Hearing Conference 2005 Revenue Requirements Application & Plans	Friday, January 21, 2005 - 1:00 p.m. Grand Okanagan Resort, 1310 Water St, Kelowna
Commission Order finalizing regulatory process	Monday, January 24, 2005
Preliminary Schedule	
Filing of Commission and Intervenor Information Requests to FortisBC	Wednesday, January 26, 2005
Filing of FortisBC response to all Information Requests	Friday, February 4, 2005
Filing of Intervenor Evidence	Friday, February 11, 2005
Filing of Information Requests on Intervenor Evidence to Applicable Intervenor	Wednesday, February 16, 2005
Filing of Intervenor response to all Information Requests	Wednesday, February 23, 2005
Oral Public Hearing (tentative)	Tuesday, March 1, 2005 – Friday, March 4, 2005

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APPENDIX B
to Order No. G-111-04
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FORTISBC INC. ("FORTISBC")
2005 REVENUE REQUIREMENTS
2005-2024 SYSTEM DEVELOPMENT PLAN AND 2005 RESOURCE PLAN

NOTICE OF WORKSHOPS, ANNUAL REVIEW AND PRE-HEARING CONFERENCE

Workshop 1 – System Development Plan and Resource Plan

Date: Tuesday, January 18, 2005
Time: 9:00 a.m.
Location: J.A. Drennan Bldg., 1290 Esplanade, Trail, BC

Workshop 2 – System Development Plan and Resource Plan

Date: Thursday, January 20, 2005
Time: 9:00 a.m.
Location: Grand Okanagan Resort, 1310 Water St, Kelowna, BC

Annual Review – 2004 Revenue Requirements Annual Review

Date: Thursday, January 20, 2005
Time: 4:45 p.m.
Location: Grand Okanagan Resort, 1310 Water St, Kelowna, BC

Workshop 3 – 2005 Revenue Requirements Application

Date: Friday, January 21, 2005
Time: 9:00 a.m.
Location: Grand Okanagan Resort, 1310 Water St, Kelowna, BC

Pre-Hearing Conference - 2005 Revenue Requirements Application & Plans

Date: Friday, January 21, 2005
Time: 1:00 p.m.
Location: Grand Okanagan Resort, 1310 Water St, Kelowna, BC

On November 26, 2004, FortisBC filed its 2005 Revenue Requirements Application (the "Application") with the British Columbia Utilities Commission ("the Commission"). FortisBC believes that much of the Application is amenable to a Negotiated Settlements Process, and recommends this process to the Commission. The Application, if approved, would result in an increase in general rates of 4.4 percent. As it is not possible to make a determination on final rates until sometime in 2005, FortisBC requested a 4.4 percent interim refundable rate increase, effective January 1, 2005. The Commission has approved an interim refundable rate increase of 3.7 percent, effective January 1, 2005.

As part of its Application, FortisBC filed its 2005-2024 System Development Plan. FortisBC intends to file its 2005 Resource Plan before December 31, 2004. FortisBC seeks Commission approval that these Plans satisfy the requirements of the Utilities Commission Act and are in the public interest.

FortisBC has scheduled three workshops to explain, and to seek stakeholder input on, its Revenue Requirements Application and its System Development Plan and Resource Plan. FortisBC has also scheduled the 2004 Annual Review to review the incentive sharing regarding 2004 power purchase costs and certain other expenses.

The Commission has scheduled a Pre-Hearing Conference to solicit input from all participants as to the proposed regulatory process to deal with the Application and Plans, and any other preliminary matters.

FortisBC is to provide copies of the Application to all parties wishing to participate in the Pre-Hearing Conference. Those persons wishing to participate are to advise the Commission Secretary of their intention to do so no later than January 5, 2005. Notification by mail, courier delivery, fax or e-mail is acceptable.

Mail:

Box 250, Sixth Floor, 900 Howe Street
Vancouver, BC V6Z 2N3

Facsimile:

(604) 660-1102

Email:

Commission.Secretary@bcuc.com

Web Registration:

<http://www.bcuc.com>

The Application and supporting materials will be available for inspection at the following locations:

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For further information, please contact the Commission Secretary Toll Free at 1-800-663-1385 or (604) 660-4700 or Mr. Werner J. Krampl, Senior Financial Analyst at (604)-660-4755.