

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-25-05

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

**Application by British Columbia Transmission Corporation
for Approval to Amend F2006 Rates**

BEFORE: L.A. Boychuk, Panel Chair
L. O'Hara, Commissioner March 8, 2005
R. Whitehead, Commissioner

O R D E R

WHEREAS:

- A. On December 23, 2004, British Columbia Transmission Corporation ("BCTC") filed for approval of its F2006 Revenue Requirements Application ("the Application") and rates effective April 1, 2005 pursuant to sections 58 and 60 of the Utilities Commission Act ("the Act"). For F2006, BCTC applies for interim rates based on the forecast Deemed Equity Component as of April 1, 2005. After April 1, 2005 and determination of the actual Deemed Equity Component, BCTC intends to request for permanent rates for F2006 based on the actual April 1, 2005 Deemed Equity Component; and
- B. BCTC also seeks approval of its depreciation accounts and rates of depreciation, pursuant to Section 56 of the Act; and
- C. By Order No. G-8-05, the Commission established a regulatory timetable for registration of intervenors and interested parties and scheduled a Pre-hearing Conference ("PHC") for Monday, February 14, 2005 to identify principal issues and address procedural matters related to process options for review of the Application; and
- D. By Order No. G-17-05, the Commission re-scheduled the PHC to Thursday, March 3, 2005; and
- E. On February 15, 2005, BCTC filed for Approval of a temporary Open Access Transmission Tariff ("OATT") Terms and Conditions of Service as well as rates for certain Ancillary Services pursuant to sections 60 and 61 of the Act. This filing would effectively rollover the terms and conditions contained in BC Hydro's current Electric Tariff Supplement 30 – the WTS Tariff ("WTS Rollover Tariff Application"); and
- F. On March 2, 2005 BCTC filed its Evidentiary Update with a reduction to the Total Transmission Revenue Requirement ("TRR") of \$2.6 million, a reduction of \$6.9 million to the Network Integrated Transmission Service charge, and a forecast increase in revenues from Point-to-Point ("PTP") and Ancillary Services of \$4.3 million. On March 9, 2005 BCTC filed revised rate schedules resulting from the Evidentiary Update ("Revised Rate Schedules"); and

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-25-05

2

- G. At the PHC, the participants reviewed and commented on the Draft Issues List prepared and circulated by Commission staff on March 1, 2004. Three additional issues were requested to be included on the Draft Issues List by the Joint Industry Electricity Steering Committee ("JIESC") and the BC Old Age Pensioners' Organization et al ("BCOAPO"); and
- H. At the PHC, all of the intervenors supported approval of the temporary WTS Rollover Tariff; and
- I. At the PHC, the Applicant and Intervenors expressed their desire for an efficient and cost effective process to review the Application and the general consensus of the participants including BCTC who had initially recommended a written process, supported a Negotiated Settlement Process ("NSP"); and
- J. The Commission requires that interim rates and a Regulatory Timetable be established.

NOW THEREFORE the Commission orders as follows:

- 1. The BCTC Application will be examined through an NSP and the Regulatory Timetable, attached as Appendix A, has been established.
- 2. The Issues List as set out in Appendix B to this Order includes the additional issues proposed by the Intervenors.
- 3. The Commission pursuant to section 60 and 61 of the Act, approves for BCTC the WTS Rollover Tariff Application and the Revised Rate Schedules on an interim basis effective April 1, 2005. The interim rates are refundable with interest at the average prime rate of the principal bank with which BCTC conducts its business.
- 4. BCTC is to provide a copy of this Order, by facsimile if possible, to all Intervenors registered in the F2006 Revenue Requirement Application proceedings, as soon as possible.
- 5. The Commission will accept, subject to timely filing, amended Electric Tariff Rate Schedules in accordance with the terms of this Order. BCTC is to provide all customers with a notice of the interim rates as soon as practicable.

DATED at the City of Vancouver, in the Province of British Columbia, this 11th day of March 2005.

BY ORDER

Original signed by:

Lori Ann Boychuk
Panel Chair and Commissioner

BRITISH COLUMBIA TRANSMISSION CORPORATION

F2006 Revenue Requirements Application

REGULATORY TIMETABLE

ACTION

DATES 2005

BCUC Information Request Issued

Thursday, March 24

Intervenor Information Requests Issued

Friday, April 1

BCTC Response to all Information Requests

Friday, April 22

Workshop and Settlement Discussions commence

Wednesday, May 25, 2004

**BRITISH COLUMBIA TRANSMISSION CORPORATION
F2006 Revenue Requirements Application**

ISSUES LIST

	Issues	References
1.	Status of F2006 Capital Plan filing	Application, p. 6
2.	Reconciliation of Table 2-1 to Table 6A-3 in the BC Hydro F2005 and F2006 Revenue Requirements Application	Application, p. 7
3.	Non-tariffed Revenue re: Distribution Operations Services has increased significantly in F2006	Application, p. 7
4.	Reconciliation of Table 2-2 to Tables 6A-9 and 6A-10 in the BC Hydro F2005 and F2006 Revenue Requirements Application	Application, p. 8
5.	Significant decrease in Point to Point revenue short term transmission services long term transmission services	Application, pp. 9, 36
6.	New procurement department created in F2006 at a cost of \$2.9 million	Application, pp. 11, 15
7.	Depreciation and interest on capital leases	Application, p. 12
8.	Increased maintenance costs for circuit breakers, switchgear and fire risk reduction program	Application, p. 13
9.	Sustainment cost for technology reallocated to different responsible areas	Application, pp. 14-15
10.	BCTC underwent a re-organization in F2005 and re-alignment of budget	Application, p. 14
11.	Increased General and Administration costs – Finance Controller	Application, p. 15
12.	Unchanged Capital Overhead relative to deferred capital projects	Application, pp. 15, 26
13.	Research and Development expenditures	Application, pp. 16-18
14.	Increase in Grid West Initiative Expenditures	Application, p. 20

15.	Accelerated depreciation on existing control centre assets pending System Control Modernization Project (“SCMP”) approval. Impact on F2006 revenue requirements resulting from SCMP approval.	Application, pp. 24-25
16.	Forecast interest rates	Application, p. 25
17.	Significant increase in depreciation and amortization expenses in F2006	Application, p. 26
18.	Deemed Equity Component, Forecast Debt, Forecast Equity, F2006 Rate of Return on Equity, F2006 Interim Rates	Application, pp. 29-30
19.	Non-OATT/WTS Revenues and Recoveries	Application, p. 33
20.	February 15, 2005 WTS Roll Over Tariff Application	
21.	F2006 Benchmark (forecast) amounts for deferral accounts of Utilization and Credit Risk, Cost of Market Expenses, and Forecast Regulatory Expenses	
22.	Reassignment of revenues of \$1.6 million from BC Hydro to BCTC for telecom services.	Application, p. 13
23.	Reduced maintenance for the UHF/VHF radios transferred to BC Hydro Field Services.	Application, p. 14
24.	Program details of the Capital Plan relating to: • reliability indices • BCTC and BC Hydro agreement on various performance indicator targets • long term plan for system reliability • expense areas of system operations, asset management, maintenance and general administration • reduced capital spending and implications for system reliability and performance • current and projected asset base	F2006 Capital Plan