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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-122-07

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

and

**British Columbia Hydro and Power Authority ("BC Hydro")
2007 Rate Design Application ("2007 RDA") Phase III**

BEFORE: A.J. Pullman, Panel Chair
R.J. Milbourne, Commissioner
L.A. O'Hara, Commissioner
October 5, 2007

O R D E R

WHEREAS:

- A. In March 1998, BC Hydro applied to the Commission for approval to use the average unit cost of electricity generation at all BC Hydro Zone II diesel generating stations for the fiscal year ending March 31st as a standard rate for all Special Contract customers in Tariff Zone II on the following June 1st; and
- B. By Order No. G-30-98 dated March 24, 1998, the Commission approved for BC Hydro the use of a standard rate for Zone II Special Contract customers and ordered BC Hydro to include the new calculation method of the annual adjustment to the energy rate in its Tariff; and
- C. By Order No. G-50-07 dated May 8, 2007, the Commission established an oral public hearing process for the review of the 2007 RDA that was filed on March 15, 2007 to update BC Hydro's rates and terms and conditions of service (Exhibit A-4); and
- D. Pursuant to Commission Orders No. G-44-91 and No. G-79-91, BC Hydro filed on July 6, 2007 with the Commission the calculation and working papers of the average unit cost per kWh incurred by BC Hydro to generate electricity at the diesel generating stations in Tariff Zone II for F2007 for interruptible rates to three Independent Power Producers ("IPPs") serving Zone II customers (Exhibit A2-3); and
- E. By letter dated July 11, 2007, BC Hydro filed with the Commission its annual calculation of the rate to be charged to its Zone II Special Contract customers. BC Hydro calculated the energy charge would be \$0.2522 per kWh and proposed that the Special Contract rate of \$0.1769 kWh which was effective June 1, 2006 continue to be applicable for the contract year beginning June 1, 2007 on an interim (refundable) basis until BC Hydro has filed its application on or before October 1, 2007 for a Special Contract rate calculation and the Commission has issued its order regarding that application (Exhibit B-37); and

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- F. On July 17, 2007 the Commission Panel made the determination that the 2007 RDA would be heard in three phases and Phase III would cover the BC Hydro Special Contract rate. BC Hydro was directed to file its application on the Zone II Special Contract rate with the Commission on or before October 1, 2007 (T8: 1333); and
- G. On July 19, 2007, the Commission Panel approved the Zone II Special Contract rate on an interim (refundable) basis on the terms requested by BC Hydro in its letter dated July 11, 2007 and determined that the rate for interruptible supply to three Zone II IPPs as filed in BC Hydro's letter dated July 6, 2007 should form part of Phase III (T10: 1646-1648). These determinations were set out in Order No. G-84-07 dated July 26, 2007 (Exhibit A-25); and
- H. By letter dated August 13, 2007, BC Hydro wrote to the Commission to request a reconsideration of Commission Order No. G-84-07 with respect to Paragraphs 3 and 4 of the Order (Exhibit B-83). BC Hydro sought to amend Paragraph 3 such that the scope of the new application to be filed on or before October 1, 2007 would be limited to issues regarding Zone II Special Contract rate instead of all issues regarding Zone II. It also sought to have Paragraph 4 of the Order which included the issues contained in the BC Hydro July 6, 2007 letter to be heard in Phase III be rescinded; and
- I. In the cover letter to Commission Order No. G-97-07 dated August 20, 2007, the Commission informed BC Hydro that it would be appropriate to review the compliance filings as contained in the July 6, 2007 letter in the context of the 2007 RDA proceeding. The Commission issued Order No. G-97-07 to amend Paragraph 3 of Order No. G-84-07 (Exhibit A-30); and
- J. On October 1, 2007, BC Hydro filed Zone II Special Contract Rate Application ("Application") pursuant to Commission Orders No. G-84-07 and G-97-07; and
- K. In the cover letter to the Application, BC Hydro proposes that there be a period of time to allow registration of Special Contract customers as Intervenors, a round of information requests and response to information requests, and an opportunity for submissions on the review process; and
- L. The Commission considers that establishing a Regulatory Timetable for registration of Intervenors and for preliminary review of the Application leading to submissions on a formal review process for the Zone II Special Contract Application, is necessary and in the public interest.

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NOW THEREFORE the Commission orders as follows:

1. The Application and any supporting materials will be made available for inspection at BC Hydro's Head Office in Vancouver and at the Commission's Office.
2. Intervenor and Interested Party registration, an initial round of Information Requests from the Commission and Intervenors, and responses to Information Requests by BC Hydro will occur according to the Preliminary Regulatory Timetable attached as Appendix A to this Order.
3. BC Hydro is directed to provide a copy of this Order and the Zone II Special Contracts application to its Zone II Special Contracts customers and to the Zone II Independent Power Producers with Interruptible Electricity Supply Agreements with BC Hydro.
4. Pursuant to paragraph 3, BC Hydro is to provide to the Commission the list of parties that were contacted and received the application by Friday, October 19, 2007.

DATED at the City of Vancouver, in the Province of British Columbia, this 5th day of October 2007.

BY ORDER

Original signed by:

L.A. O'Hara
Commissioner

**British Columbia Hydro and Power Authority
2007 Rate Design Application
Phase III – Zone II Special Contracts**

PRELIMINARY REGULATORY TIMETABLE

Action	Date (2007)
BCUC Information Request No. 1	Friday, October 26, 2007
Intervenor and Interested Party Registration	Friday, October 26, 2007
Intervenor Information Request No. 1	Friday, November 2, 2007
BC Hydro Responses to Information Requests	Monday, November 19, 2007
Written submissions on procedure for reviewing the application	Friday, November 23, 2007