

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-138-08

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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 1
an Application for Reconsideration of Commission Order G-130-07
regarding Decision Directive 19**

BEFORE: A.J. Pullman, Panel Chair
R.J. Milbourne, Commissioner
L.A. O'Hara, Commissioner
September 24, 2008

ORDER

WHEREAS:

- A. BC Hydro filed on March 15, 2007, pursuant to the *Utilities Commission Act* and Commission Order G-148-06, the 2007 RDA to update BC Hydro's rates and terms and conditions of service; and
- B. The 2007 RDA addressed, among other things, proposed changes to the Large General Service ("LGS") rates in order to flatten both the demand charge and the declining energy charge; and
- C. The issues to be addressed in the context of the 2007 RDA were reviewed in three phases, and BC Hydro's proposed changes to the LGS rates were reviewed in an Oral Public Hearing for Phase I that commenced on July 9, 2007 in Vancouver and ended on July 19, 2007; and
- D. On September 19, 2007, the Commission issued interim Order G-111-07 to ensure that the Rate Schedules resulting from its Decision would be in place by April 1, 2008; and
- E. On October 26, 2007, the Commission issued its Decision on the 2007 RDA and concurrently issued Order G-130-07. Order G-130-07 confirmed the interim Order as final and ordered BC Hydro to comply with all the directives of the Commission in the Decision, including those directives that are the subject matter of Order G-111-07; and
- F. Directive 19 of the Decision, in part, instructed BC Hydro to commence meaningful stakeholder engagement with its LGS customers to develop and file with the Commission an application for a rate structure or structures that encourage conservation without unduly benefiting or harming any of its customers in that class. Directive 19 set out that such a rate structure or structures should be in place by April 1, 2009 with a two-year phase-in if necessary; and

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- G. By letter dated September 10, 2008, BC Hydro applied for a variance of Directive 19 of Commission Order G-130-07 ("Reconsideration Application"). In its Reconsideration Application, BC Hydro seeks an Order that: (i) sets out the date by which BC Hydro must file a rate design application for the LGS rather than the date by which the new rates must be implemented; and (ii) allows for a multiple-year phase-in rather than a two-year phase-in, if necessary; and
- I. In the Reconsideration Application, BC Hydro describes the LGS rate design activities completed to date as well as those activities going forward and concludes that more time is required for meaningful stakeholder engagement. BC Hydro submits that the Commission should revise Directive 19 to: (i) allow the LGS Rate Design Application to be filed no later than June 30, 2009; and (ii) allow for a multi-year phase-in that will result in a greater array of possible rate designs and lessen negative bill impacts on LGS customers; and
- H. In the Reconsideration Application, BC Hydro requests that the Commission proceed directly to the second phase of the reconsideration process instead of proceeding under the normal two-stage process for reconsideration. BC Hydro submits that its Reconsideration Application is largely procedural in nature, relating primarily to the timing of an impending application rather than to its substance; and
- J. By letter dated September 15, 2008, the Commission accepted the Reconsideration Application to proceed as a single phase process and set September 18, 2008 as the deadline date for Intervenor submissions on the merits of the Reconsideration Application and September 23, 2008 as the deadline date for BC Hydro's Reply submissions; and
- J. Submissions were received from four Intervenors, namely, the Commercial Energy Consumers Association of British Columbia ("CEC"), the Joint Industry Electricity Steering Committee ("JIESC"), Energy Solutions for Vancouver Island Society ("ESVI"), and the B.C. Sustainable Energy Association and the Sierra Club of British Columbia ("BCSEA *et al.*"). A submission from the external members of BC Hydro's Rates Working Group ("RWG"), composed of representatives from some of BC Hydro's customer Intervenor groups and individual members of the public was forwarded to the Commission by BC Hydro; and
- K. All the submissions supported BC Hydro's request that the LGS Rate Design Application be filed by June 30, 2009 and all the submissions, except one, supported BC Hydro's request for an allowance of a multiple-year phase-in period if necessary. The CEC submitted that the question of whether there should be a phase-in period should be determined in a hearing based on the facts and not pre-judged and therefore took the position that a multi-year phase-in should not be precluded but equally that it should not be granted; and

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- L. In Reply, BC Hydro summarized the submissions from the Intervenor and the RWG and stated that it is not aware of any submissions opposing the Reconsideration Application;
- M. The Commission Panel has reviewed the Reconsideration Application, the Intervenor's submissions and BC Hydro's Reply submissions, and has concluded that the request for relief should be accepted.

NOW THEREFORE the Commission orders as follows:

1. Directive 19 in the 2007 RDA Decision is amended to read, in part, as follows:

"Accordingly, BC Hydro is directed to commence meaningful stakeholder engagement with its Large General Service customers to develop, and file with the Commission an application for a rate structure or structures that encourage conservation without unduly benefiting or harming any of its customers in that class. Such an application is to be filed no later than June 30, 2009. The term of the phase-in period is to be addressed in the application."

DATED at the City of Vancouver, in the Province of British Columbia, this 25th day of September 2008.

BY ORDER

Original signed by

L.A. O'Hara
Commissioner