

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-156-09

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



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

**British Columbia Hydro and Power Authority
Large General Service Rate Application**

BEFORE: A. A. Rhodes, Commissioner
M. R. Harle, Commissioner December 10, 2009
R. J. Milbourne, Commissioner

O R D E R

WHEREAS:

- A. On October 26, 2007, the British Columbia Utilities Commission (the "Commission") issued its Decision on British Columbia Hydro and Power Authority's 2007 Rate Design Application ("2007 RDA"). Directive 19 of the Decision, in part, instructed British Columbia Hydro and Power Authority ("BC Hydro") to commence meaningful stakeholder engagement with its Large General Service ("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; and
- B. On October 16, 2009, BC Hydro filed its LGS Rate Application ("Application") under sections 58-61 of the *Utilities Commission Act* seeking orders approving the establishment of new energy rates for customers who take service under Rate Schedules ("RS") 1200, 1201, 1210, 1211 – General Service (35 kW and Over) referred to as its Existing Large General Service ("ELGS") customers, and consequential relief; and
- C. BC Hydro is seeking to have the ELGS accounts split into two new rates classes which BC Hydro refers to as the Medium General Service ("MGS") class and the Large General Service ("LGS") class. The specific orders that BC Hydro seeks, including the form of the new MGS and LGS rate schedules and consequential changes required to BC Hydro's Electric Tariff, are included as Appendix S of the Application; and

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-156-09

2

- D. By Order G-125-09 dated October 19, 2009, the Commission Panel established a Workshop on November 6, 2009, a Procedural Conference on December 8, 2009, and a Preliminary Regulatory Timetable that allowed for two rounds of Information Requests to BC Hydro, the filing of Intervenor Evidence if any, and Information Requests on Intervenor Evidence; and
- E. At the Procedural Conference on December 8, 2009, Registered Intervenor made submissions on their intention to file evidence and all Parties made submissions on the Commission staff proposed alternative timetables and the type of process to be undertaken for the review of the Application; and
- F. The Commission has considered the submissions of all Parties and has concluded that the regulatory review of the Application should proceed as an Oral Public Hearing.

NOW THEREFORE the Commission orders for the Reasons attached as Appendix A to this Order, as follows:

1. Commission Order G-125-09 is varied to amend the date for the delivery of Commission and Intervenor Information Request No. 2 to BC Hydro from Thursday, December 17 to Monday, December 21, 2009.
2. The Revised Regulatory Timetable is attached as Appendix B to this Order.
3. The Oral Public Hearing will commence on Monday, March 29, 2010 at 9:00 a.m. at the Commission Hearing Room, Twelfth Floor, 1125 Howe Street, Vancouver, BC, V6Z 2K8.

DATED at the City of Vancouver, in the Province of British Columbia, this 10th day of December 2009.

BY ORDER

Original signed by:

A.A. Rhodes
Panel Chair

Attachments



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

APPENDIX A
to Order G-156-09
Page 1 of 1

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

An Application by British Columbia Hydro and Power Authority
for Large General Service Rate

Regulatory Timetable

ACTION	DATE (2009)
Commission and Intervenor Information Request No. 2	Monday, December 21
	DATE (2010)
BC Hydro Responses to Information Request No. 2	Friday, January 22
Intervenor Evidence (if any) filed	Monday, February 1
Commission, BC Hydro and Intervenor Information Request No. 1 on Intervenor Evidence	Wednesday, February 10
Intervenor Responses to Information Request No. 1	Tuesday, March 2
Pre-Hearing Conference (if required)	Wednesday, March 10
Oral Hearing Commences	Monday, March 29

An Application by British Columbia Hydro and Power Authority
for Large General Service Rate
Regulatory Review Process and Timetable

REASONS FOR DECISION

BACKGROUND

British Columbia Hydro and Power Authority ("BC Hydro") filed its Application on October 16, 2009 for orders establishing new energy rates for those of its customers who currently take or would take service under four different rate schedules relating to large general electricity service. In the Application, BC Hydro proposes to divide the existing large general rate class into two groups: large general service ("LGS") and medium general service ("MGS"). It seeks to revise the rate designs and tariffs applicable to those groups.

Following receipt of the Application, the Commission issued Order G-125-09 which established, among other things, a preliminary regulatory timetable, including dates for two rounds of Information Requests ("IR"s) and a Procedural Conference to consider the regulatory process going forward.

The Procedural Conference was held on December 9, 2009. Nine Intervenor were represented and made submissions at the Procedural Conference. In addition to BC Hydro providing an outline of the Application, the following issues were canvassed:

1. The Nature of the Regulatory Process
2. Whether Intervenor intended to call evidence;
3. The Regulatory Timetable

PROCESS

The Commission Panel has considered the submissions received and has decided that an Oral Public Hearing should be held to review this Application and that, for the purposes of regulatory efficiency, that process should be confirmed at this time, to allow all parties to focus their efforts to that end.

Although BC Hydro indicated that it prefers a Negotiated Settlement Process ("NSP") where possible, it also noted that that process is only useful where all the parties are willing to engage in "without prejudice" discussions in an attempt to accommodate one another to come to an appropriate settlement. BC Hydro also noted that an Oral Hearing process consumes considerable preparation time.

BC Hydro proposed to delay any decision on process until after a second procedural conference following the second round of IRs and the filing of Intervenor evidence, unless all parties indicated that they were in favour of attempting resolution through an NSP at this Procedural Conference. This position was adopted by a number of Intervenors.

The Commercial Energy Consumers Association of British Columbia ("CEC") (also working with Coast Forest Products Association) stated that it thought an NSP process might resolve some issues, but also submitted that, given the serious issues contained in the filing, resort should be had to an oral hearing process on any issues which could not be resolved through an NSP.

The Terasen Utilities, Pinnacle Pellet Inc. and BC Ferries Corporation also supported the NSP process.

The Joint Industry Electricity Steering Committee favoured an NSP before any process, whether written or oral and submitted that it was premature to determine the ultimate process at this stage.

The BC Old Age Pensioners' Organization ("BCOAPO") *et al.* expressed skepticism at the concepts of both a written hearing and an NSP given the complexity of the issues and the dynamics of a settlement process where one party's interests are quite different from those of the rest of the group.

Corix Multi Services Utility Inc. ("Corix") also submitted that an NSP process would be "very challenging" in the circumstances.

Commission Panel Determination

The Commission Panel agrees with BCOAPO and Corix that the issues raised in the Application are complex and that an Oral Public Hearing process is best suited to resolve such issues. The Commission Panel notes that the Application arises from the rejection by the Commission of the proposal made by BC Hydro in the 2007 RDA which was reviewed by way of an Oral Public Hearing, and that the current large general service rate design has not had the benefit of the full scrutiny of the Commission which attaches to an Oral Public Hearing process.

There are also additional issues arising from the stated "Government's Energy Objectives" which, in the Panel's view, can only be fully canvassed by way of an Oral Public Hearing. Although the Panel acknowledges the potential cost savings associated with an NSP, that process is only a tool which can be used to complement the traditional regulatory process. In this case, the complexity of the issues and the lack of a recent oral hearing to consider them, militates against an NSP in favour of an oral hearing.

Accordingly, given these views, the Commission Panel finds that there is no benefit to deferring the decision as to the review process to a further procedural conference. The Application will be reviewed by way of an Oral Public Hearing commencing March 29, 2010.

DATE FOR FILING SECOND ROUND OF INFORMATION REQUESTS TO BC HYDRO

The CEC also requested that the date for filing the second round of IRs be moved to January 5, 2010 from December 17, 2009 to allow more time for the Intervenor groups to analyze BC Hydro's extensive responses to the first round of IRs, which were provided on December 7, 2009. A number of Intervenors supported, and no Intervenor opposed, this position.

BC Hydro observed that such an extension, when coupled with constraints which will be imposed by the Olympic Games, would amount to a six week extension. BC Hydro opposed such an extension in the absence of an extension to the other relevant dates in the timetable.

Commission Panel Determination

The Commission Panel accepts BC Hydro's position that the 19 day extension requested (from December 17, 2009 to January 5, 2010) would bring other timetable constraints imposed by the Olympic Games into play. The Commission Panel also acknowledges that under the current timetable there is a relatively short time for the Intervenors to consider the extensive record now in place as a result of the first round of IRs. The Commission Panel is cognizant of the fact that, although, as counsel for BC Hydro noted, "the lights won't go off" if the matter is delayed, there are other applications pending which will also involve many of the parties and there is a need to have the rate design finalized without undue delay given the Province's energy objectives.

Accordingly, the Commission Panel therefore directs that the second round of IRs to BC Hydro be provided on or before December 21, 2009. This allows additional time for the Intervenors to prepare their questions and leaves the remaining timetable intact.

Order G-125-09 is to be amended to reflect an Oral Public Hearing commencing on March 29, 2010, and a change in the date for the filing of Information Request No. 2 to BC Hydro from December 17, 2009 to December 21, 2009. The remaining relevant dates in Order G-125-09 remain unchanged, all as set out in the Revised Regulatory Timetable attached to Order G-156-09.