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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-195-10**

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

and

**An Application by FortisBC Inc.
for Approval of 2011 Capital Expenditure Plan**

BEFORE: L.A. O'Hara, Panel Chair/Commissioner
A.A. Rhodes, Commissioner December 17, 2010
D.A. Cote, Commissioner

O R D E R

WHEREAS:

- A. On June 18, 2010 FortisBC Inc. (FortisBC) filed its 2011 Capital Expenditure Plan (the Application) with the British Columbia Utilities Commission (the Commission) pursuant to sections 44.2 (1)(a) and (b) and 45(2) of the *Utilities Commission Act* (the Act);
- B. FortisBC requests an order that its 2011 Capital Expenditures Plan (2011 CEP) is accepted by the Commission, satisfies the requirements of section 45(6) of the Act and that the expenditures for the capital projects contained therein are in the public interest pursuant to Section 44.2(3)(a) of the Act;
- C. The FortisBC 2011 CEP seeks acceptance of expenditures of \$66.151 million in 2011 and \$1.475 million in 2012. FortisBC states these expenditures are necessary to continue to provide reliable service, ensure public and employee safety, and to deliver Demand Side Management (DSM) programs to the Company's growing customer base;
- D. By Order G-112-10 dated June 25, 2010 the Commission established a Written Hearing Process and Regulatory Timetable for its review of the Application and also ordered that a Workshop be held in Kelowna, BC on August 4, 2010;
- E. By Order G-147-10 dated September 24, 2010 the Commission established a Regulatory Timetable for Final Submissions;
- F. The filing of Final Submissions was completed with the Reply Argument of FortisBC dated and filed on October 21, 2010;
- G. The Commission has reviewed the evidence and submissions of FortisBC and Registered Interveners.

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NOW THEREFORE the Commission, for the reasons stated in the Decision issued concurrently with this Order, orders that:

1. Capital expenditures in the total sum of \$53.385 million for 2011 and 2012 as described in Appendix A to this Order are in the public interest and are accepted.
2. Capital expenditures in the total sum of \$14.241 million for 2011 and 2012 as described in Appendix A to this Order are not in the public interest and are rejected. Of this total, expenditures in the sum of \$3.767 million are more appropriately classified as operating expenses.
3. Subsection 45(2) of the *Act* does not apply to the Kelowna 138 kV Loop project, the Grand Forks to Warfield Fibre Installation project and the SCADA project included under "General Plant" in the Application (the "Projects"). If FortisBC intends to proceed with the Projects, it must apply for a separate Certificate of Public Convenience and Necessity which includes all three Projects.
4. The 2011 CEP satisfies the filing requirements of section 45(6) of the *Act*.
5. Fortis BC is directed to comply with all the determinations and directives set out in the Decision.

DATED at the City of Vancouver, in the Province of British Columbia, this 17th day of December 2010.

BY ORDER

Original signed by:

L.A. O'Hara
Panel Chair and Commissioner

Attachment

FortisBC Inc.
2011 Capital Expenditure Plan

Expenditures by Plant Category

1		2011	2012	Adjustments	Accepted	(a)
2		(\$000s)		(\$000s)		
3		Requested				
4	Generation					
5	Growth	-	-			
6	Sustaining	2,513	1,439	*	3,952	(a)
7	Subtotal	2,513	1,439	*	3,952	(a)
8	Transmission and Stations					
9	Growth	5,341	-	Nil	5,341	
10	Sustaining	6,950	-	(2,276) ¹	4,674	
11	Subtotal	12,291	-	(2,276)	10,015	
12	Distribution					
13	Growth	11,529	-	Nil	11,529	
14	Sustaining	12,075	-	(3,441) ²	8,634	
15	Subtotal	23,604	-	(3,441)	20,163	
16	Telecom, SCADA, and P&C					
17	Growth	4,049	-	(4,049) ³	0,000	
18	Sustaining	1,551	-	Nil	1,551	
19	Subtotal	5,600	-	(4,049)	1,551	
20	General Plant					
21	Mandatory Reliability	-	-			
22	Vehicles	2,000	-	Nil	2,000	
23	Metering	213	-	Nil	213	
24	Information Systems	5,550	-	(1,028) ⁴	4,522	
25	Telecommunications	358	-	Nil	358	
26	Buildings	1,244	-	Nil	1,244	
27	Kootenay Operations Centre	485	-	Nil	485	
28	Kelowna Long Term Solution	489	-	Nil	489	
29	Furniture	176	-	Nil	176	
30	Tools and Equipment	601	-	Nil	601	
31	PCB Environmental Compliance	1,852	-	Nil	1,852	
32	Subtotal	12,968	-	(1,028)		
33	Subtotal - Plant and Equipment	56,976	1,439	(10,794)		
34	Demand Side Management	5,764		Nil	5,764	
35	Subtotal	62,740	1,439	(10,794)	53,385	
36	Cost of Removal (net)	3,411	36	(3,447)	0,000	
37	Total	66,151	1,475	(14,241)	53,385	

(a) Acceptance of Generation, Transmission, and Stations Capital is subject to a global reduction of \$1.5 million pertaining to sustaining capital referred to in the Decision Section 2.0.

¹ \$2,276 = (\$1.500*million sustaining capital reduction for Generation, Transmission and Stations total of \$9.463 million in 2011 and \$1.439 in 2012) + (Transmission Right-of-Way Reclamation denial of \$534K) + (Transmission Pine Beetle Kill Hazard tree removal denial of \$242K)

² \$3,441 = (Distribution Urgent Repair, Small Planned Capital, and Forced Upgrades and Line Moves reduction of \$450K) + (Hot Tap Connector Replacement denial of \$500K) + (Distribution Right-of-Way Reclamation denial of \$578K) + (Distribution Pine Beetle Kill Hazard tree removal denial of \$1,913K)

³ 4,049 = (Kelowna Fiber Loop \$3.382 million denial) + (Grand Forks to Warfield Tie \$0.667 million denial)

⁴ \$1,028 = (denial of General Plant SCADA enhancements \$528K) + (Information Services reduction of \$500K)