

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G- 67-10

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

**An Application by British Columbia Hydro and Power Authority
to include in the Smart Metering Infrastructure Regulatory Account the Actual F2010
Smart Metering Program and Smart Grid Program Operating Costs**

BEFORE: L.F. Kelsey, Commissioner April 8, 2010
D.A. Cote, Commissioner

O R D E R

WHEREAS:

- A. The *Utilities Commission Amendment Act*, 2008 added new section 64.04 regarding smart meters to the *Utilities Commission Act* (Act) effective May 1, 2008; and
- B. Section 64.04 of the Act, as amended, requires the British Columbia Hydro and Power Authority (BC Hydro) to install and put into operation “smart meters” in accordance with and to the extent required by regulations, and to complete such obligations by the end of the 2012 calendar year; and
- C. By way of Order G-64-09, the Commission authorized BC Hydro to establish the Smart Metering Infrastructure Regulatory Account for the purpose of deferring the fiscal 2009 (F2009) operating costs BC Hydro incurred for its Smart Metering Program and Smart Grid Program (SMI), plus interest at BC Hydro’s weighted average cost of debt; and
- D. At March 31, 2010 no regulations, in accordance with section 125.1(4)(n) of the Act, have been issued clarifying the nature and extent of smart metering or the inclusion of smart grid contemplated by section 64.04(1) the Act; and
- E. On March 31, 2010 BC Hydro applied to the Commission for an Order to approve the inclusion of actual operating costs BC Hydro incurred during its fiscal year 2010 (F2010) for the SMI, plus interest (the Application); and

- F. BC Hydro advised that the expenditures in F2010 relate to planning, investigating and testing activities in relation to smart meters, theft detection and the related equipment and infrastructure; selection of smart metering technologies and vendors; finalization of business cases and deployment planning; and BC Hydro advised that it considers the expenditures as necessary to meet the requirements of section 64.04 of the Act, as amended; and
- G. BC Hydro advised that it excluded all costs related to smart meters and the SMI from its F2009/F2010 Revenue Requirements application and that the costs it incurred in F2009 and F2010 for the SMI are not provided for in BC Hydro's current rates as approved by Commission Order G-16-09; and
- H. BC Hydro advised that the operating costs it will be incurring for the SMI in F2010 will be approximately \$8.8 million; and
- I. BC Hydro intends to file with the Commission in late fiscal 2011 (F2011) an application pursuant to section 44.2(1)(b) of the Act in relation to its SMI activity; and
- J. BC Hydro advises that at this time it does not seek a determination by the Commission that expenditures included in the SMI deferral account may be recovered in rates, nor does BC Hydro seek a determination as to whether these expenditures are in the public interest.

NOW THEREFORE in accordance with the application, the Commission orders as follows:

- 1. BC Hydro is authorized to include in the SMI Regulatory Account actual operating costs incurred in F2010 up to \$8.8 million, for its Smart Metering Program and Smart Grid Program as described in the application, plus interest at BC Hydro's weighted average cost of debt for its most recent fiscal year.
- 2. BC Hydro is authorized to carry forward the SMI Regulatory Account until BC Hydro files an application with the Commission requesting recovery of the account balance in rates and the Commission has made determinations thereon.
- 3. Costs accumulated in the SMI regulatory account may be subject to a prudency review and earned value project reporting.
- 4. To the best of their ability, BC Hydro is instructed to file with the Commission no later than May 31, 2010 a schedule detailing all deferred F2009 and F2010 SMI costs into the following categories: Smart Meters, Telecommunication Systems, Meter Data Management Systems, Systems Integration, In Home Display and Feedback Tools, Conservation Based Rates, and Smart Grid. Also, BC Hydro will provide the estimated cost associated with writing off existing meters. All future BC Hydro SMI applications and filings to the Commission shall provide costs broken down by these categories.

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5. BC Hydro is instructed to file with the Commission no later than 60 days from the date of this Order, a revised forecast of SMI costs for F2011.
6. BC Hydro shall file with the Commission quarterly updates on all SMI activities, including costs incurred and budgeted commencing in F2011. The quarterly updates shall also include a description and value of any contracts or commitments BC Hydro undertakes related to future SMI activities.
7. The Commission requires BC Hydro to file with the Commission an application in relation to its Smart Metering Program and Smart Grid Program (SMP/SGP application) no later than December 31, 2010. If the SMP/SGP application is not available at that time, BC Hydro will file a draft business plan for the SMI program. The draft business plan shall include, at a minimum, expected project scope, procurement strategy and activity to date, current and projected team organization, deployment strategies under consideration and planned project schedule with planned milestones. The draft business plan shall describe progress made in the year and milestones achieved. The draft budget will also describe planned activities for the next two years and will include a preliminary project budget for at least the next two years.

DATED at the City of Vancouver, in the Province of British Columbia, this 9th day of April 2010.

BY ORDER

Original signed by:

L.F. Kelsey
Commissioner