



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

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-47-13**

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 Utilities Commission Order C-5-06

and

FortisBC Inc.

Kettle Valley Distribution Source Project
Commission Order C-5-06 for a Stage 2 Prudency Expenditure Inquiry
Under Sections 59 and 60 of the Utilities Commission Act

BEFORE: D.M. Morton, Commissioner
R.D. Revel, Commissioner

April 3, 2013

ORDER

WHEREAS:

- A. On August 9, 2006, the British Columbia Utilities Commission (Commission, BCUC) issued Order C-5-06 granting a Certificate of Public Convenience and Necessity to FortisBC Inc. (FortisBC) for the Kettle Valley Distribution Source Project (Project), as described in Option 2 of FortisBC's application for the Project, with an estimated cost of \$21.48 million;
- B. On December 19, 2011, the Commission issued Order G-215-11 establishing a Stage 1 written comment process to address the questions as to whether there are reasonable grounds to question the prudence of the decisions of FortisBC;
- C. On March 15, 2012, the Commission issued Order G-36-12 establishing a Stage 2 Written Hearing to review the prudency of the expenditures on the Project previously approved by Order C-5-06, prior to allowing them into rates;
- D. On June 25, 2012, FortisBC requested a two-week extension, to Friday, July 6, 2012, for the filing of its reply to Commission Information Request No. 1;
- E. On June 27, 2012, FortisBC proposed an amended schedule to allow FortisBC to file evidence, if any;
- F. On July 5, 2012, the Commission issued Order G-96-12 amending the Regulatory Timetable to allow for a two-week extension to FortisBC for filing its reply to the Commission's Information Request No. 1 and to allow FortisBC to file evidence;
- G. In view of the amount of evidence already on the record, on October 15, 2012, the Commission issued a letter inviting comments from FortisBC and Registered Interveners as to whether or not they wished to continue the review with an Oral Phase or proceed directly to the Written Argument Phase. In the letter, the Commission also sought comment on the proposed Regulatory Timetable set out in the letter;

- H. In its response on October 16, 2012, the British Columbia Pensioners' and Seniors' Organization (BCSPO), formerly British Columbia Old Age Pensioners' Organization *et al.*, stated that it supported cancellation the oral argument phase and agreed with the Regulatory Timetable proposed by the Commission;
- I. In its response on October 24, 2012, the Industrial Customer Group (ICG) stated that that it did not request an Oral Phase of Argument in this proceeding and recommended proceeding with the Regulatory Timetable proposed by the Commission;
- J. In its response on October 25, 2012, FortisBC stated that it concurred with BCSPO and ICG and supported the Regulatory Timetable proposed by the Commission, including the cancellation of an oral argument phase; and is of the view, given the volume of evidence already on record and the proceedings to date, that there is no need for an oral argument phase;
- K. On November 14, 2012, the Commission issued Order G-171-12 amending the Regulatory Timetable and removed the oral argument phase from the Regulatory Timetable;
- L. The Commission has considered the evidence and the submissions and concludes that certain expenditures are not to be included in the rate base for recovery from customers.

NOW THEREFORE pursuant to sections 59 and 60 of the *Utilities Commission Act* and for the reasons set out in the Decision issued concurrently with this Order, the Commission orders as follows:

1. The expenditures related to the Kettle Valley Distribution Source Project to be included in rate base for recovery from customers, are reduced by the following amounts:
 - i. The expenditure amount of \$65,734 allocated for the Distribution Underground Feeder; and
 - ii. The expenditure amount of \$50,000 incurred to provide sufficient extra space for future site expansion of the Kettle Valley Substation.
2. The effective date for the permanent rate base reduction identified in directive 1 above is for 2012 and consistent with the temporary adjustment required by Order G-73-12.
3. FortisBC may hold the amount of \$50,000 used to provide sufficient extra space for future site expansion in a non-rate base, non-interest bearing, deferral account and recover the amount from ratepayers when and if this portion of the site becomes used and useful.

DATED at the City of Vancouver, in the Province of British Columbia, this *Third* day of April 2013.

BY ORDER

Original signed by:

D.M. Morton
Commissioner