



**ORDER NUMBER**  
**G-27-17**

IN THE MATTER OF  
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

Nelson Hydro  
2017 Rate Application

**BEFORE:**

D. A. Cote, Commissioner / Panel Chair  
B. A. Magnan, Commissioner  
M. Kresivo, QC, Commissioner

on March 1, 2017

**ORDER**

**WHEREAS:**

- A. On February 10, 2017, Nelson Hydro filed an application with the British Columbia Utilities Commission (Commission) for approval to increase its electrical rates for its non-municipal customers by 4.28 percent, effective April 1, 2017 (Application);
- B. The rate increase will be applied uniformly to all Nelson Hydro ratepayers receiving service both inside and outside of the City of Nelson's municipal boundaries; however, the approvals sought in the Application pertain solely to Nelson Hydro's non-municipal ratepayers;
- C. Nelson Hydro states in the Application that the rate increase is comprised of, among other things, inflationary increases in operating expenses. The implementation of the 4.28 percent general rate increase effective April 1, 2017, results in an effective rate increase of approximately 2.96 percent for the calendar year; and
- D. The Commission has commenced review of the Application and finds that the establishment of a written public proceeding and approval of the applied for electrical rate increase on an interim and refundable basis is warranted.

**NOW THEREFORE** pursuant to sections 58-61 and 89 of the *Utilities Commission Act*, the British Columbia Utilities Commission orders as follows:

- 1. Nelson Hydro's applied for rate increase of 4.28 percent is approved on an interim and refundable basis, effective April 1, 2017.
- 2. Nelson Hydro is directed to provide the Commission with final certified copies of the amended interim rate schedules within 10 business days of enactment by the City of Nelson's municipal council.

3. Any variance between the interim and the permanent rates as determined by the Commission following final disposition of the 2017 Rate Application is subject to refund/recovery, with interest at the average prime rate of Nelson Hydro's principal bank for its most recent year.
4. A preliminary regulatory timetable for the review of the 2017 Rate Application is established as set out in Appendix A to this order.
5. Nelson Hydro is directed to supplement the 2017 Rate Application with the additional information outlined in Appendix C to this order.
6. Nelson Hydro is directed to provide notice of the 2017 Rate Application and this order to all non-municipal customers as soon as reasonably possible and to post a copy of this order on the City of Nelson website. Nelson Hydro is also directed to publish as soon as reasonably possible the Public Notice attached as Appendix B to this order, in display-ad format, in the appropriate local news publications to provide adequate notice to the public.
7. Interveners who wish to participate in the regulatory proceeding are to register with the Commission by completing a Request to Intervene Form, available on the Commission's website at <http://www.bcuc.com/Registration-Intervener-1.aspx>, by the date established in the regulatory timetable attached as Appendix A to this order, and in accordance with the Commission's Rules of Practice and Procedure attached to Order G-1-16.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 1<sup>st</sup> day of March 2017.

BY ORDER

*Original signed by:*

D. A. Cote  
Commissioner

Attachments

Nelson Hydro  
2017 Rate Application

**REGULATORY TIMETABLE**

ACTION	DATE (2017)
Nelson Hydro filing of supplementary information	Thursday, March 16
Intervener registration deadline	Monday, March 20
Further process to be determined	TBD

# PUBLIC NOTICE

## *Nelson Hydro 2017 Rate Application*

On February 10, 2017, Nelson Hydro filed its 2017 Rate Application requesting approval to increase the electrical rates for Nelson Hydro's non-municipal customers by 4.28 percent, effective April 1, 2017. The rate increase will be applied uniformly to all Nelson Hydro's customers both inside of and outside of the City of Nelson's municipal boundaries; however the approvals sought in this application pertain solely to Nelson Hydro's non-municipal customers.

### HOW TO PARTICIPATE

There are a number of ways to participate in a matter before the Commission:

- [Submit a letter of comment](#)

- [Register as an interested party](#)

- [Request intervener status](#)

For more information, or to find the forms for any of the options above, please visit our website or contact us at the information below.



[www.bcuc.com/RegisterIndex.aspx](http://www.bcuc.com/RegisterIndex.aspx)

All submissions received, including letters of comment, are placed on the public record, posted on the Commission's website and provided to the Panel and all participants in the proceeding.

### NEXT STEPS

**Intervener registration** - Persons who are directly or sufficiently affected by the Commission's decision or have relevant information or expertise and that wish to actively participate in the proceeding can request intervener status by submitting a completed Request to Intervene Form by March 20, 2017.

### GET MORE INFORMATION

All documents filed on the public record are available on the "Current Proceedings" page of the Commission's website at [www.bcuc.com](http://www.bcuc.com).

If you would like to review the material in hard copy, or if you have any other inquiries, please contact Laurel Ross, Acting Commission Secretary, at the following contact information.

**British Columbia Utilities Commission**  
Sixth Floor, 900 Howe Street  
Vancouver, BC V6Z 2N3

**Email:** [Commission.Secretary@bcuc.com](mailto:Commission.Secretary@bcuc.com)  
**Phone:** 604-660-4700  
**Toll Free:** 1-800-663-1385

Nelson Hydro  
2017 Rate Application

**SUPPLEMENTARY INFORMATION LIST**

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1. Please provide the following information regarding the number of end use customers which Nelson Hydro serves: (i) number of total customers; (ii) number of municipal customers and non-municipal customers; and (iii) number of municipal and non-municipal customers in each rate class.
2. Please compare the electricity usage between the municipal and non-municipal customers.
3. Please clarify if the municipal and non-municipal customers are distinguished by the terms “Urban” (i.e. municipal) and “Rural” (i.e. non-municipal) for rate schedule purposes.
4. Please explain why the Small Commercial Service Rates – Urban (Rate B-1) are being charged a lower rate than the Commercial Service Rates – Rural (Rate B-4). As part of this explanation, please explain when the rate differentiation occurred, and when the Urban and Rural customer rate increases became aligned.
5. Please provide a similar explanation as was provided in Question No. 4 for the (i) Urban and Rural General Service Rates (Rate C-1 and C-4); (ii) Urban and Rural Commercial Flat Services Rate (Rate F-1 and F-2); and (iii) Urban and Rural Street or Outdoor Lighting (Rate G-3 and G-4).
6. Please clarify who owns the electrical utility assets – i.e. Nelson, the City of Nelson, or other.
7. Please provide a breakdown of the electrical utility capital assets by category, including the total gross capital assets, the accumulated depreciation balance, and the total net capital assets. Please also explain how depreciation of the assets is accounted for and how it is recovered from electrical customers.
8. Please describe Nelson Hydro’s mandate for maintaining the infrastructure within and outside municipal boundaries.
9. Please provide a breakdown and description of the 2016 and Draft 2017 Operating Expenses, as well as a more detailed breakdown of the \$197,576 increase to operating expenses by separately quantifying and describing the key components/drivers of the increase. Please show all calculations.
10. Please describe and provide a breakdown of the “Transfers to City General” expense.
11. Please describe and provide a breakdown of the “Transfer to Capital Reserve” expense.
12. Please provide descriptions for and explain how the following inputs into the rate change calculations were determined:
  - \$16,277,165
  - \$161.1 GWh
  - \$162.0 GWh
  - 0.6907 (i.e. the denominator used to derive the 4.28 percent rate increase)