



ORDER NUMBER
G-149-18

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

and

Nelson Hydro
2018 Rate Application

BEFORE:

A. K. Fung, QC, Panel Chair/Commissioner

on August 13, 2018

ORDER

WHEREAS:

- A. On December 8, 2017, Nelson Hydro filed an application with the British Columbia Utilities Commission (BCUC) for approval of a general rate increase of 2.25 percent, effective April 1, 2018 (Application);
- B. By Order G-13-18 dated January 17, 2018, the BCUC approved the applied for rate increase on an interim and refundable basis, effective April 1, 2018;
- C. Nelson Hydro is owned and operated by the City of Nelson and is exempt from regulation under the *Utilities Commission Act* (UCA) to the extent it is serving customers within its municipal boundaries. Accordingly, while the requested rate increase will be applied uniformly to all ratepayers receiving service both inside and outside the City of Nelson's municipal boundaries, the BCUC's review of the Application pertains solely to Nelson Hydro's non-municipal, or rural, ratepayers;
- D. One individual initially registered as an intervener but later switched to become an interested party, resulting in no interveners by the conclusion of the evidentiary phase of the proceeding;
- E. On July 11, 2018, the BCUC issued Order G-124-18 and accompanying reasons for decision approving permanent 2018 rates (Decision). As part of the Decision, the BCUC did not approve Nelson Hydro's proposed increase to the City of Nelson dividend payment and directed Nelson Hydro to re-calculate the 2018 revenue requirements and rates for non-municipal ratepayers to reflect the disallowed increase to the dividend payment, and to refund the difference between 2018 interim and permanent rates to non-municipal ratepayers;
- F. By letter dated August 2, 2018, Nelson Hydro requested that the BCUC vary certain directives in Order G-124-18 to allow Nelson Hydro to apply the dividend adjustment to 2019 rates as opposed to applying the adjustment to 2018 permanent rates. Nelson Hydro stated that this approach would save a great amount of time and effort and it expects to file the 2019 rate application at the end of November 2018; and

G. The BCUC has reviewed the letter and considers that a variance of Order G-124-18 is warranted.

NOW THEREFORE pursuant to section 99 of the *Utilities Commission Act*, the BCUC orders that Order G-124-18 be varied as follows:

1. Directive 1 of Order G-124-18 is varied to read:

The 2018 general rate increase is approved on a permanent basis, subject to the reduction of \$54,000 to the dividend payment, as outlined in the reasons for decision attached as Appendix A to this order. The reduction of \$54,000 to the dividend payment, as it pertains to the non-municipal ratepayers, is directed to be applied as a reduction to 2019 rates for non-municipal ratepayers.

2. Directive 2 of Order G-124-18 is varied to read:

Nelson Hydro is directed to accrue interest on the \$54,000 reduction to the dividend payment, as it pertains to the non-municipal ratepayers, at the average prime rate of Nelson Hydro's principal bank for the most recent year, and to include the accrued interest in the calculation of the reduction to 2019 rates for the non-municipal ratepayers.

3. Directive 3 of Order G-124-18 is varied to read:

Nelson Hydro is directed to file tariff pages reflecting permanent 2018 rates as soon as reasonably possible. Nelson Hydro is directed to file the calculations for the adjustment to the 2019 rates for the non-municipal ratepayers resulting from the \$54,000 reduction to the dividend payment as part of Nelson Hydro's 2019 rate application.

DATED at the City of Vancouver, in the Province of British Columbia, this 13th day of August 2018.

BY ORDER

Original signed by:

A. K. Fung, QC
Commissioner