



**ORDER NUMBER
G-2-20**

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

and

Nelson Hydro
2019 Rural Rate Application

BEFORE:

R. I. Mason, Panel Chair
A. K. Fung, QC, Commissioner
T. A. Loski, Commissioner

on January 3, 2020

ORDER

WHEREAS:

- A. On March 8, 2019, Nelson Hydro filed an application with the British Columbia Utilities Commission (BCUC) for approval of a 2.94 percent general rate increase to all rural customer classes, effective April 1, 2019 (Application);
- B. 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, the BCUC's review of the Application pertains solely to Nelson Hydro's non-municipal, or rural, ratepayers;
- C. By Order G-60-19, the BCUC approved Nelson Hydro's requested 2.94 percent rate increase that applies to all Rural customer classes on an interim and refundable basis, effective April 1, 2019;
- D. By Order G-274-19, the BCUC approved a 2019 general rate increase of 1.5 percent on a permanent basis for all Rural customer classes, effective April 1, 2019, as outlined in the reasons for decision attached as Appendix A to Order G-274-19.
- E. In Order G-274-19, the BCUC directed Nelson Hydro to submit compliance filings related to customer refunds and specified information Nelson Hydro must include as part of its 2020 rate application;
- F. On November 29, December 6 and December 16, 2019, Nelson Hydro submitted filings in accordance with Order G-274-19, including:
 - i. A refund amount of approximately \$47,381 to Rural customer classes for the difference between the actual amount billed at the 2.94 percent interim rate increase and the approved permanent rate of 1.5 percent for the period from April 1, 2019 to November 30, 2019;

- ii. An amended refund amount of \$19,550.85 to Rural customer classes for the reduction in the 2018 dividend payment. Using this figure as the full amount to be refunded amongst the current rural accounts of 4,567, this results in a refund amount of \$4.28 per customer;
- iii. Nelson Hydro will not file a 2020 Rate Application because its forecast indicates there will be sufficient revenue to fund operations and maintain the city dividend and transfer to capital reserve at 2019 budget levels; and

G. The Panel has reviewed Nelson Hydro's filings in accordance with Order G-274-19 and considers certain approvals are warranted.

NOW THEREFORE the BCUC orders as follows:

1. The refund mechanism by which Nelson Hydro proposes to refund the approximated \$47,381 difference between the 2019 interim rate increase of 2.94 percent and the 2019 permanent rate of 1.5 percent for Rural customers is approved.
2. The refund mechanism by which Nelson Hydro proposes to refund \$19,550.85 to Rural customers for the reduction in the 2018 dividend payment is approved. Nelson Hydro is directed to confirm the payment of this refund to Rural customers.
3. Directive 5 of Order G-274-19 is amended. Nelson Hydro is directed to submit as part of its next rate application a "fully reasoned calculation and approach to determining the City's 'allowed return,'" as was requested by the BCUC in 2017 and directed again by the BCUC in 2018. This filing must include detailed supporting calculations on the issues including, but not limited to: an assessment of the utility's credit rating and risk profile, the ability of the utility to attract capital at reasonable costs and any impact to the utility's financial integrity. Nelson Hydro must also include a discussion on how any future application for an allowed return will impact and/or reconcile with the current method of the dividend transfer.

DATED at the City of Vancouver, in the Province of British Columbia, this 3rd day of January 2020.

BY ORDER

Original Signed By:

R. I. Mason
Commissioner