



July 19, 2022

BCUC recognizes rural rates need to stand on their own while directing some changes to the Cost of Service Analysis submitted

Nelson, BC – The British Columbia Utilities Commission (BCUC) issued a decision today regarding Nelson Hydro’s Cost of Service Analysis (COSA) & Rate Design Application (RDA) which was filed in November 2020. Among other approvals, the BCUC approved Nelson Hydro’s COSA subject to the COSA being refiled with a number of modifications. The BCUC did not make any determination on the utility’s rate design proposals and indicated that it will not do so until the revised COSA is filed. The BCUC is an independent agency of the Government of British Columbia and is responsible for regulating British Columbia’s energy utilities.

The COSA, completed by regulatory professionals, identified that rural residential customers are underpaying for the services they receive from Nelson Hydro. The COSA included a thoroughly reasoned and researched calculation of the cost to service rural and city customers. While the Utility Commission accepted a number of principles in the COSA, including that the City, as the owner of the assets, is entitled to a fair and reasonable return on those assets, the Commission directed Nelson Hydro to make several changes and then resubmit the COSA.

“We are pleased that the Commission recognized rural rates must stand on their own and Council has full authority to set urban rates.”, says Mayor John Dooley. “Our goal, all along, was to ensure Nelson Hydro is able to recoup its expenditures; provide a fair return to the City as the owner of the electric utility and finally provide fair and competitive rates to customers. It is too early to be able to comment on the impact of the changes directed by the Commission on the COSA as it regards rates. Our staff will be completing that work over the next several weeks.”

The City of Nelson has operated the electric utility, Nelson Hydro, for over 125 years. It is a progressive, agile and customer-focused local utility that provides great value for service for Nelson and area residents. Staff responded to over 1,000 information requests through the submission process.

Through the application process, there was significant public interest in the application. Nelson Hydro received several comments from the public on service reliability, and we want to ensure our customers that these comments were heard and acted upon. Nelson Hydro has worked hard to address reliability concerns through a substantial increase in resources committed to its

Vegetation Management and Strategic Capital Investment programs. This significant increased spending has resulted in improved reliability throughout the service area.

Nelson Hydro is committed to helping customers reduce their energy usage and costs. Our energy retrofit programs have a proven track record of saving customers on average 30% on their energy bills. Our staff has worked with hundreds of customers. We encourage you to register for the Regional Energy Efficiency Program, where you are supported throughout the process, including determining the best options for energy upgrades and accessing rebates through multiple sources and low-interest financing. For more information on the program and energy-saving tips, please visit: www.nelson.ca/ecosave.

Related Links:

BCUC News Release on COSA-RDA Application for Nelson Hydro

<https://docs.bcuc.com/documents/NewsRelease/2022/2022-07-19-NewsRelease-BCUC-Issues-Decision-NelsonHydro-CostServiceAnalysis-RRA.pdf>

BCUC Decision on COSA-RDA Application for Nelson Hydro

https://docs.bcuc.com/Documents/Other/2022/DOC_67180_G-196-22-Nelson-Hydro-COSA-RD-Decision.pdf

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About Nelson Hydro

Nelson Hydro is a City of Nelson-owned and operated utility and is the local supply authority for electrical service in the City of Nelson and surrounding area. Operations include a 16MW generating plant, six substations with approximately 24km of transmission lines and 300km of distribution power lines within its service territory. Nelson Hydro serves approximately 11,000 customers in Nelson and the Regional District of Central Kootenay (RDCK). The rural service area and rates are subject to regulation by the BC Utilities Commission, whereas the City of Nelson provides oversight and regulation for the urban service area. For more information on Nelson Hydro, visit nelson.ca/hydro.