



**bcuc**  
British Columbia  
Utilities Commission

**Sara Hardgrave**  
Acting Commission Secretary

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December 30, 2022

Sent via email/eFile

<b>NELSON HYDRO RECONSIDERATION AND VARIANCE OF BCUC ORDER G-196-22      EXHIBIT A-2</b>
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Scott Spencer  
General Manager  
Nelson Hydro  
Suite 101, 310 Ward Street  
Nelson, BC V1L 5S4  
sspencer@nelson.ca

**Re: Nelson Hydro – Cost of Service Analysis and Rate Design Application – Decision and Order  
G-196-22 – Application for Reconsideration and Variance of Order G-196-22 – Appointment of Panel**

Dear Mr. Spencer:

Further to your December 2, 2022 filing of the above-noted application, please find enclosed British Columbia Utilities Commission Order G-392-22 establishing a regulatory timetable.

Sincerely,

*Original signed by Ian Jarvis for:*

Sara Hardgrave  
Acting Commission Secretary

/nm

cc: Gabriel Bouvet-Boisclair, Deputy Corporate Officer (dco@nelson.ca)  
Kevin Cormack, City Manager (kcormack@nelson.ca)

Enclosure



**ORDER NUMBER**  
**G-392-22**

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

and

Nelson Hydro  
Application for Reconsideration and Variance of Order G-196-22

**BEFORE:**

C. M. Brewer, Panel Chair  
R.I. Mason, Commissioner  
A. Pape-Salmon, Commissioner

on December 30, 2022

**ORDER**

**WHEREAS:**

- A. On December 2, 2022, Nelson Hydro filed an application for reconsideration and variance of Decision and Order No. G-196-22 pursuant to section 99 of the *Utilities Commission Act* (UCA) with the British Columbia Utilities Commission (BCUC) in accordance with Part V of the BCUC's Rules of Practice and Procedure (Reconsideration Application);
- B. By Order G-196-22 and accompanying reasons for decision dated July 19, 2022, the BCUC issued its decision regarding Nelson Hydro's Cost of Service Analysis (COSA) and Rate Design application. The BCUC ordered, among other things, the following:
  - i. Nelson Hydro to recalculate its COSA with generation assets and costs assigned 100 percent to common assets and costs;
  - ii. Nelson Hydro to recalculate its COSA with power purchase costs assigned 100 percent to common costs; and
  - iii. Nelson Hydro's return on equity is set at a 50-basis point premium above the benchmark as established by Order G-75-13 on a deemed equity component of 50 percent;
- C. Nelson Hydro requests that the BCUC reconsider and vary Order G-196-22 on the grounds that the BCUC made material errors of law and fact in the following respects:
  - i. Nelson Hydro be directed to assign its generation assets and costs 100 percent to its Urban customers in the COSA;
  - ii. Nelson Hydro be directed to assign power purchases 33.5 percent to Urban and 66.5 percent to Rural; and

- iii. A debt-to-equity ratio reflecting the utility's actual debt-to-equity be used for the estimated rate base of Nelson Hydro's Rural operations and Nelson Hydro be directed to increase its debt in advance of any future COSA filing;
- D. Part V of the BCUC's Rules of Practice and Procedure, which are attached to Order G-15-19, provide the Rules for the reconsideration process (Reconsideration Rules); and
- E. The Panel has reviewed the Application and considers that a public hearing process is warranted, in accordance with the Reconsideration Rules.

**NOW THEREFORE** the BCUC orders as follows:

1. A public hearing process is established, in accordance with the regulatory timetable as set out in Appendix A to this order.
2. By the date established in the regulatory timetable in Appendix A, Nelson Hydro is directed to:
  - a. Provide a copy of this order and the Reconsideration Application to all registered interveners in the Nelson Hydro COSA and Rate Design Application.
  - b. Post notice of this proceeding, including at a copy of this order and the Reconsideration Application, on its website and social media platforms, as applicable.
3. Nelson Hydro must provide the BCUC confirmation upon completion of its actions in regard to Directive 2, including the names of social media platforms used to provide notice.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 30<sup>th</sup> day of December 2022.

BY ORDER

*Original signed by:*

C.M. Brewer  
Commissioner

Attachment

Nelson Hydro  
Application for Reconsideration and Variance of Order G-196-22

**REGULATORY TIMETABLE**

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Action	Date (2023)
Nelson Hydro to Provide Notice of the Reconsideration Application	Tuesday, January 10
Confirmation of Compliance with Directive 2 of Order G-392-22	Wednesday, January 11
Intervener Registration	Thursday, January 19
BCUC Information Request (IR) No. 1	Thursday, January 26
Intervener IR No. 1	Thursday, February 2
Nelson Hydro Response to IR No. 1	Thursday, February 23
Further Process	To be determined



# We want to hear from you

## NELSON HYDRO'S APPLICATION FOR RECONSIDERATION OF ORDER G-196-22

On December 2, 2022, Nelson Hydro filed an application for the BCUC to reconsider its decision regarding Nelson Hydro's Cost of Service Analysis and Rate Design application. Specifically, Nelson Hydro requests that the BCUC vary two aspects of Decision and Order G-196-22: (1) the Directives concerning allocations of generation and power purchases in the utility's Cost of Service Analysis; and (2) the Directive for the utility to utilize a debt-to-equity ratio of 50 percent/50 percent in calculating the rate base of its Rural operations.

### HOW TO PARTICIPATE

- **Submit a letter of comment**
- **Register as an interested party**
- **Request intervener status**

### IMPORTANT DATES

1. **Thursday, January 19, 2023** – Deadline to register as an intervener with the BCUC

For more information about the Application, please visit the [Proceeding Webpage](https://www.bcuc.com/GetInvolved/GetInvolvedProceeding) on bcuc.com under "Our Work – Proceedings". To learn more about getting involved, please visit our website at <https://www.bcuc.com/GetInvolved/GetInvolvedProceeding> or contact us at the information below.

### GET MORE INFORMATION

#### Nelson Hydro



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