



BCUC File 62343

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December 6, 2019

Commission Secretary  
Sixth Floor, 900 Howe Street  
Vancouver, BC, V6Z 2N3

**Via: upload to [www.BCUC.com](http://www.BCUC.com)**  
[Commission.Secretary@bcuc.com](mailto:Commission.Secretary@bcuc.com)

**RE: Nelson Hydro –BCUC Order G-274-19 Supplemental Compliance Filing**

On November 29, 2019 Nelson Hydro submitted a Compliance Filing pursuant to Commission Order G-274-19. Nelson Hydro advised that it would supplement this filing before December 8, 2019 in order to propose a refund mechanism with regard to the revenue variances for 2019 and the 2018 dividend refund. Accordingly, at this time Nelson Hydro submits this Supplemental Compliance Filing seeking approval of its proposed refund mechanisms.

Please do not hesitate to contact us with any questions.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gabriel Bouvet-Boisclair".

Gabriel Bouvet-Boisclair  
Deputy Corporate Officer, City of Nelson

On behalf of Alex Love, General Manager, Nelson Hydro

cc: Alex Love, General Manager, Nelson Hydro

# NELSON HYDRO

## BCUC Order G-274-19 – Supplemental Compliance Filing [Customer Refunds]

### Nelson Hydro 2019 Rural Rate Application

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## 1.0 OVERVIEW

On November 29, 2019, Nelson Hydro filed its Compliance Filing as directed by the British Columbia Utilities Commission (“BCUC”) Order G-274-19, including Appendix A, Reasons for Decisions to this Order.

In the Compliance Filing, Nelson Hydro stated that it was working with a billing software company to consider how to refund the difference between the interim and final 2019 rates for all Rural customer classes, as well as \$19,222 to Rural customers as a result of the 2018 Decision in which the BCUC directed a reduction to the 2018 dividend payment. Nelson Hydro stated that it would file the proposed refund mechanisms in a Supplemental Compliance Filing before December 8, 2019.

### 1.1.1 Interim and Final Rate Revenue Variances for 2019

In Section 3 of Reasons for Decision the BCUC directed Nelson Hydro to file “the calculations for the adjustment to the 2019 rates for Rural customers resulting from the difference between interim and permanent rates as part of this compliance filing”.<sup>1</sup>

The interim rate increase of 2.94% was approved by the BCUC effective April 1, 2019. The BCUC in its Order G-274-19 approved a final rate increase for 2019 for Rural customer classes at 1.5% effective April 1, 2019.

Nelson Hydro changed the rate tariffs for Rural customers effective December 1, 2019<sup>2</sup> based on a 1.5% rate increase as approved by the BCUC in its Order G-274-19. Nelson Hydro has reviewed a refund mechanism with a customer service software provider. The software provider will determine the difference between the actual amount billed at the 2.94% interim increase and the approved permanent rate of 1.5% for the period from April 1, 2019 to November 30, 2019 based on billing data. Rural customers will each be refunded their respective refund amount using this method.

Nelson Hydro has calculated that the difference between interim rate increase of 2.94% and final rate increase of 1.5% for the period from April 1, 2019 to November 30, 2019 is approximately \$47,381. The exact amount will be determined when the calculation of the difference between interim and final rates are completed for each customer. The refund will appear as an adjustment line item on the customer bills when the first batch of billing occurs in January 2020.<sup>3 4</sup>

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<sup>1</sup> Order G-274-19, Appendix A, p. 16.

<sup>2</sup> All billing after this date will be at the approved final rate (incorporating the 1.5% rate increase as approved by the BCUC). Due to billing cycles, the first bill to be sent after December 1, 2019 with final rates will include some consumption prior to December 1, 2019. All of the consumption covered by this billing period, including that which occurred before December 1, will be billed at the final rate. The difference between the interim rate and final rate for all consumption that was billed at the interim rate in prior billing periods will be refunded through a credit in the first billing cycle of 2020.

<sup>3</sup> For those customers that no longer live in the Rural area but are still Nelson Hydro customers, their refund will be transferred to their current account, regardless of location. For those customers who have closed their accounts and are no longer in the Nelson Hydro service area, refunds will be mailed out for all amounts over a \$10.00 threshold, should a forwarding address have been provided. Remaining credits will be available for refund should the customer initiate contact with Nelson Hydro based on current practice for the refunding of finalized accounts.

<sup>4</sup> Nelson Hydro utilizes different billing cycles for different customer groups by location. Accordingly, customers receive their bills at different times. As a result, customers will receive their refunds at different times. All refunds will be completed by March 2020.

### 1.1.2 2018 Dividend Refund

The BCUC in its Order also directed that Nelson Hydro “refund \$19,222 to its Rural customers on a one-time basis including accrued interest on or before December 31, 2019, and to file as a compliance filing, for review and approval by this Panel before January 15, 2020, the calculations for this one-time adjustment for Rural ratepayers and to confirm the payment of this refund to Rural customers.”<sup>5</sup>

The total refund amount with calculated interest through December 31, 2019 is \$19,359. This amount will be refunded equally amongst all the current Rural customers as a flat dollar amount. The estimated amount is \$4.24 per customer based on a current Rural customer count of 4,567. Customers will receive this credit beginning with the first batch of billing that occurs in January 2020 as noted in the previous section.

## 2.0 NEXT NELSON HYDRO APPLICATION

Nelson Hydro would like to clarify its statement to the BCUC regarding future rate applications as set out in its November 29, 2019 Compliance Filing.

On October 23, 2019, Nelson Hydro, in response to the BCUC’s request provided a list of Nelson Hydro’s expected regulatory filings for the period of October 21, 2019 to September 30, 2020. *See Appendix 1.* Based on the information available at that time, Nelson Hydro indicated that it planned to file a 2020 Rural Rate Application in December 2019 and a 2020 Rate Design Analysis in January 2020.

On November 7, 2019, Nelson Hydro received the BCUC’s Final Order with Reasons for Decision (Order G-274-19) in response to its 2019 Rural Rate Application with a number of directives. Directive Number 5 ordered Nelson Hydro “to submit as part of its 2020 rate application a ‘fully reasoned calculation and approach to determining the City’s allowed return . . . .’”

In its November 29, 2019 Compliance Filing, Nelson Hydro indicated that forecasted revenue for 2020 is sufficient to fund operations and maintain the City dividend and transfers to capital reserves at 2019 budget levels. Nelson Hydro advised that no rate change is required or being sought for 2020 and as a result it no longer intends to file a 2020 Rural Rate Application.

Given that Nelson Hydro is no longer filing a 2020 Rate Application, Nelson Hydro now proposes that it include the information requested by the Commission (i.e. “a fully reasoned calculation and approach to determining the City’s allowed return” and other calculations) as part of its next filing.

In that regard, Nelson Hydro intends to file a Rate Design Analysis in 2020, which will include for approval a Cost of Service Allocation (COSA). In order to include the information requested by the Commission in directive number 5, Nelson Hydro now expects that such a filing will not be submitted until later in 2020 (rather than January as initially projected).

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<sup>5</sup> Order G-274-19, Appendix A, p. 16.

### **3.0 REQUESTED APPROVALS**

Nelson Hydro now respectfully requests the following approvals:

1. Approval of the refund mechanism described above for the difference between the 2019 interim rate at 2.94% and the 2019 final rate at 1.5% based on actual bills sent between April 1, 2019 and November 30, 2019.
2. Approval of the refund mechanism for the 2018 dividend refund of \$19,222 (\$19,359 with interest) as a flat dollar amount of \$4.24 per Rural customer.
3. Approval of Nelson Hydro's proposal to satisfy directive number 5 from Order G-274-19 by filing the requested information along with its Cost of Service Allocation and Rate Design Analysis in 2020.

**From:** Gabriel Bouvet-Boisclair  
**To:** ["Commission.Secretary@bcuc.com"](mailto:Commission.Secretary@bcuc.com)  
**Cc:** [Alex Love](#)  
**Subject:** Re: British Columbia Utilities Commission Forecasting of Regulatory Filing Requirements  
**Date:** October 23, 2019 3:27:00 PM

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Good afternoon,

In response to the BCUC's request, below is an updated list of Nelson Hydro's expected regulatory filings for the period October 31, 2019 – September 30, 2020.

Anticipated Major Regulatory Filings	Estimated Date (month, year)
2020 Nelson Hydro Rural Rate Application	December 2020
2020 Nelson Hydro Rate Design Application	January 2020

Anticipated Other Regulatory Filings	Estimated Date (month, year)
Nelson Hydro – Electric Utility Bylaw Update (City of Nelson)	June 2020

Regards,

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Deputy Corporate Officer  
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