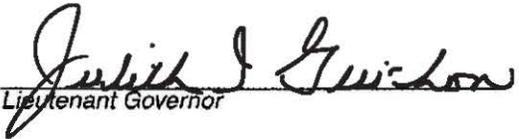


PROVINCE OF BRITISH COLUMBIA
ORDER OF THE LIEUTENANT GOVERNOR IN COUNCIL

Order in Council No. 123 , Approved and Ordered February 29, 2016


Lieutenant Governor

Executive Council Chambers, Victoria

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and consent of the Executive Council, orders that the attached Direction to the British Columbia Utilities Commission Respecting Mining Customers is made.



Minister of Energy and Mines and Minister
Responsible for Core Review



Presiding Member of the Executive Council

(This part is for administrative purposes only and is not part of the Order.)

Authority under which Order is made:

Act and section: *Utilities Commission Act, R.S.B.C. 1996, c. 473, s. 3*

Other:

February 24, 2016

R/76/2016/27

DIRECTION TO THE BRITISH COLUMBIA UTILITIES COMMISSION RESPECTING MINING CUSTOMERS

Contents

- 1 Definitions
- 2 Application
- 3 Rate

Definitions

1 In this direction:

“account balance”, in relation to each applicable mine of a mining customer, means an amount determined as follows:

$$\text{account balance} = (\text{TSA} + \text{I}) - (\text{TAA} + \text{A})$$

where

TSA = the total amount that would have been payable under rate schedule 1823, but for the application of the supplement, during the period beginning on the date the supplement begins to apply to the mining customer and ending on the date of making the determination of the account balance;

I = interest accumulated on the account balance as of the date of making the determination of the account balance, calculated in accordance with section 3 (1) (f);

TAA = the total of all adjusted amounts paid;

A = any payments made in addition to an adjusted amount;

“Act” means the *Utilities Commission Act*;

“adjusted amount” means an amount, calculated in accordance with section 3 (1) (b), paid under the supplement by a mining customer to the authority;

“applicable mine” means any of the following mines:

- (a) Coal Mountain;
- (b) Copper Mountain;
- (c) Elkview;
- (d) Fording River;
- (e) Gibraltar;
- (f) Greenhills;
- (g) Highland Valley;
- (h) Huckleberry;
- (i) Line Creek;
- (j) Mount Milligan;
- (k) Mount Polley;
- (l) New Afton;
- (m) Red Chris;

- “application period”** means the period that begins on the date the supplement begins to apply to a mining customer and ends on the closing date;
- “billing month”** means the month in which the authority issues a bill to a mining customer for electricity service respecting an applicable mine;
- “closing date”** means the date that is 5 years after the date the supplement comes into effect;
- “eligible customer”** means a customer of the authority who, immediately before this direction comes into force, was receiving electricity service from the authority respecting an applicable mine;
- “mining customer”** means an eligible customer who has made a request referred to in section 3 (1) (a) (i) and to whom the supplement applies;
- “prime”** means the prime lending rate of the principal banker of the authority on the date interest is calculated in accordance with subsection 3 (1) (f);
- “service price”** means the total that would have been payable by a mining customer in accordance with the first 2 years of bills that would have been issued to the mining customer under rate schedule 1823, but for the application of the supplement, while the supplement applies to the mining customer;
- “settlement price period”**, in relation to a mining customer, means a period that
- (a) begins 30 days before the day referred to in paragraph (b) (i) or (ii), as applicable, and
 - (b) ends on a day that is either
 - (i) the 15th day of the month that immediately precedes the billing month, if the authority issues the bill before the 15th day of the billing month, or
 - (ii) the 15th day of the billing month, if the authority issues the bill on or after that day;
- “supplement”** means the supplement to be added in accordance with section 3 (1).

Application

- 2 This direction is issued to the commission under section 3 of the Act.

Rate

- 3 (1) Within 10 days of the date of an application by the authority for the purposes of this section, the commission must issue an order so that the authority's Electric Tariff Supplement No. 5 is amended by adding a supplement that
- (a) applies only to a mining customer who,
 - (i) as an eligible customer, requests that the supplement apply respecting amounts that will be payable to the authority for electricity service provided for the operation of an applicable mine that is, on the date of the request, a producing mine, and
 - (ii) has no overdue bills with the authority on the date of the request,

- (b) subject to paragraphs (c) and (d), requires a mining customer, for each bill issued during the application period, to pay an adjusted amount, in Canadian dollars, calculated as follows:

$$\text{adjusted amount} = \text{SA} + (\text{SA} \times \text{AP})$$

where

SA is the amount that would have been payable under rate schedule 1823 but for the application of the supplement;

AP is, subject to the Rule below, the applicable of the following adjustment amounts:

AP for a mining customer who operates a copper mine = $[(\text{settlement price} - 3.40) \times 208] / 100$

AP for a mining customer who operates a coal mine = $[(\text{settlement price} - 134) \times 5] / 100$

where

settlement price calculated for a mining customer who operates a copper mine is the average of the daily settlement price of copper, in pounds, as reported by the London Metal Exchange, for the settlement price period, converted into Canadian currency by using the Bank of Canada's average daily closing exchange rate over that period;

settlement price calculated for a mining customer who operates a coal mine is the average of the daily settlement price of Hard Coking Coal (Premium Low Vol) FOB Australia, in tonnes, as reported by Platts (Coal Trader International), for the settlement price period, converted into Canadian currency by using the Bank of Canada's average daily closing exchange rate over that period;

Rule: If an AP is calculated to be more than 0.75, the adjusted amount must be calculated using an AP of 0.75, and if an AP is calculated to be less than -0.75, the adjusted amount must be calculated using an AP of -0.75,

- (c) provides that if a mining customer's account balance, once adjusted to subtract amounts representing interest, is, on the date the authority issues a bill to the mining customer, equal to 75% of the service price, the mining customer must pay
- (i) the amounts required under rate schedule 1823 instead of the adjusted amounts, if the AP calculated in accordance with paragraph (b) is less than zero, and
 - (ii) the adjusted amount, if the AP calculated in accordance with paragraph (b) is zero or more,
- (d) provides that if a mining customer's account balance is, on the date a bill is issued to the mining customer, equal to zero, the mining customer must pay
- (i) the amounts required under rate schedule 1823 instead of the adjusted amounts, if the AP calculated in accordance with paragraph (b) is zero or more, and

- (ii) the adjusted amount, if the AP calculated in accordance with paragraph (b) is less than zero,
 - (e) requires a mining customer who has a positive account balance to pay the amount of that balance to the authority on the closing date, unless the mining customer and the authority agree that payment of that amount will be made over a period specified in the agreement,
 - (f) provides that the interest included in the account balance of a mining customer is compounded monthly and is calculated by applying the following annualized interest rates to the account balance:
 - (i) prime plus 5% for the mining customers operating a mine referred to in paragraphs (a) to (g) and (i) to (m) of the definition of "applicable mine" in section 1;
 - (ii) 12% for the mining customer operating the mine referred to in paragraph (h) of the definition of "applicable mine" in section 1, and
 - (g) on request by a mining customer, allows the authority to cease applying the supplement to amounts payable by the mining customer, if at the time of the request the mining customer's account balance is zero.
- (2) The commission must allow the authority
- (a) to establish a regulatory account to defer to future fiscal years of the authority amounts equal to the sum of the following:
 - (i) the account balances of mining customers, if those account balances are impaired;
 - (ii) any other amounts that are payable to the authority by mining customers before the closing date and that are impaired;
 - (iii) any taxes paid by the authority on behalf of mining customers on the account balances referred to in subparagraph (i) and the amounts referred to in subparagraph (ii),
 - (b) to reduce the account referred to in paragraph (a) by an amount collected from an applicable mining customer, and
 - (c) to include in the account referred to in paragraph (a) interest determined in a fiscal year at a rate equal to the authority's weighted average cost of debt in that fiscal year.
- (3) After the closing date, the commission must allow the authority to recover in rates, over a period determined by the authority, the amounts in the regulatory account referred to in subsection (2).
- (4) The commission may not cancel, suspend or amend the supplement or require the authority to retire the regulatory account referred to in subsection (2), except on application by the authority.