

Roger A. Dall'Antonia
Vice President, Strategic Planning, Corporate
Development and Regulatory Affairs

FortisBC
10th Floor, 1111 West Georgia Street
Vancouver, BC V6E 4M3
Tel: (604) 443-6570
Cell: (604) 312-5996
Fax: (604) 443-6534
Email: roger.dall'antonio@fortisbc.com
www.fortisbc.com

Regulatory Affairs Correspondence
Gas: gas.regulatory.affairs@fortisbc.com
Electric: electricity.regulatory.affairs@fortisbc.com

May 9, 2012

British Columbia Utilities Commission
6th Floor, 900 Howe Street
Vancouver, BC
V6Z 2N3

Attention: Ms. Alanna Gillis, Acting Commission Secretary

Dear Ms. Gillis:

Re: Generic Cost of Capital Proceeding

Fortis BC Utilities (comprised of FortisBC Inc., FortisBC Energy Inc., FortisBC Energy (Vancouver Island) Inc., and FortisBC Energy (Whistler) Inc.)

Submission on Participant Assistant/Cost Awards and Preliminary Regulatory Timetable

On April 19, 2012, the British Columbia Utilities Commission (the "Commission" or "BCUC") issued Order No. G-50-12 (the "Order"), providing a list of further procedural matters to be considered in the Generic Cost of Capital Proceeding (the "GCOC" or the "Proceeding"). Specifically, the Order requires participants in the GCOC to file comments on two matters by May 9, 2012: (1) eligibility and allocation of Participant Assistant/Cost Awards ("PACA") and (2) the draft preliminary regulatory timetable.

FortisBC Inc., FortisBC Energy Inc., FortisBC Energy (Vancouver Island) Inc., and FortisBC Energy (Whistler) Inc. (collectively "FortisBC Utilities", the "Companies", or "we" in this submission) hereby submit the following comments on these two matters.

A. Eligibility and Allocation of Participant Assistant/Cost Awards

We rely on the PACA guidelines on the issue of funding eligibility. The Companies' position on the allocation of costs is outlined in our March 21, 2012 submission. For convenience, it is restated below:

The FortisBC Utilities submit that regulatory review costs should be shared among all participants pursuant to the utility cost sharing formula established in Order No. F-5-06, irrespective of whether they have been characterized as "Affected Utilities" or "Other Utilities" in Appendix C of the Order [G-20-12]. This treatment is consistent with past

proceedings such as the 2005 *Application to Determine the Appropriate Return on Equity and Capital Structure and to Review and Revise the Automatic Adjustment Mechanism*.

B. Regulatory Timetable - Appendix D to Order No. G-50-12

In Appendix D to Order No. G-50-12, the Commission provided a preliminary regulatory timetable.

The FortisBC Utilities respectfully request that the timetable for activities, starting from Filing of Evidence and Submissions by Affected Utilities and Other Utilities on Monday, July 9, 2012, be moved back a minimum of three weeks, such that the Filing of Evidence and Submissions by Affected Utilities and Other Utilities will be now due no earlier than August 1, 2012. The remainder of the schedule would be shifted back accordingly. There are three reasons why this change in the timetable is required.

First, based on the Final Scoping Document (Order No. G-47-12, Appendix B) and the Preliminary Minimum Filing Requirements for Affected Utilities (Order No. G-50-12, Appendix B), the evidence required from the Companies is extensive. The Companies have significant evidence to collect and to draft. The current timetable, with the Affected Utilities to file submissions and evidence just about two months away, will be very challenging to meet. This is particularly so in light of the fact that the final evidentiary requirements have yet to be finalized, and the Commission's survey evidence will not be available until later this month.

Second, in order to present the evidence required for the Proceeding, the Companies will need to engage experts in the related fields to prepare evidence and reports. Some of the experts that the Companies intend to engage have indicated that they are unavailable at times during the next two months due to their involvement in other proceedings.

Third, the Companies are currently, and will be, involved in significant regulatory applications and proceedings before the Commission during the rest of this year, for example, the "Common Rates, Amalgamation and Rate Design Application" currently before the Commission. The FortisBC Utilities have a finite amount of internal resources, and some of the same personnel will have to be involved in these regulatory proceedings at the same time. We expect some other participants will be similarly challenged.

The GCOC Proceeding has significant implications for the Companies, and we therefore wish to be an active participant. Adopting the draft timetable in its current form would limit our ability to participate effectively. Shifting the timetable back by a minimum of three weeks will not prejudice any party, and in fact should benefit all parties by helping to manage overlapping proceedings. The Commission has already stated its intention to make the determination in this proceeding effective as at January 1, 2013, so any adjustment to the timetable will not affect that outcome.

In addition to the extended time required for filing evidence, the Companies expressed in our May 3, 2012 letter our view that the first part of the process should address the identity or characteristics of a “benchmark” utility. We continue to believe strongly that this is the most efficient approach. Several matters listed in the Preliminary Minimum Filing Requirements for Affected Utilities are dependent upon a determination of a benchmark utility and its attributes, and we are unclear as to the Commission’s expectations regarding this evidence.

Our proposed process would see participants file Company Specific Information and Other Filing Requirements that are not dependent on the knowledge of the benchmark (for example, the adoption of a formula, and deemed debt issue matters) on August 1, 2012, along with submissions on the characteristics of the benchmark utility. Following the Commission’s determination of the benchmark utility, the participants would file the remaining evidence related to ROE and Capital Structure matters for the benchmark utility as determined by the Commission.

Knowing the characteristics of the benchmark in advance of preparing evidence will ensure that all participants and their experts can focus their evidence accordingly, and it will promote a fair and efficient regulatory proceeding.

Yours very truly,

on behalf of the FORTISBC UTILITIES

Original signed by: Diane Roy

For: Roger Dall’Antonia

cc (email only): Registered Parties