



Dennis Swanson
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January 22, 2013

Via Email

Original via Courier

Ms. Erica Hamilton
Commission Secretary
BC Utilities Commission
Sixth Floor, 900 Howe Street, Box 250
Vancouver, BC V6Z 2N3

Dear Ms. Hamilton:

Re: *FortisBC Inc. Application for a Certificate of Public Convenience and Necessity for the Advanced Metering Infrastructure Project – Addendum*

On November 13, 2012 FortisBC Inc. (FortisBC or the Company) filed an application for a Certificate of Public Convenience and Necessity (CPCN) for the purchase of the electric utility assets of the City of Kelowna (CoK). On November 16, 2012 the Company filed an addendum to its application for a CPCN for the Advanced Metering Infrastructure (AMI) Project which detailed the financial impact of the proposed CoK asset acquisition on the AMI Project. The inclusion of approximately 15,000 CoK customers as part of the proposed AMI Project results in approximately \$3.5 million in additional project costs (increase from \$47.7 million to \$51.2 million) and an increase in the net present value of the benefits of the AMI Project by approximately \$5.8 million (from \$17.7 million to \$23.4 million).

In the addendum, the Company noted that it anticipates, subsequent to the receipt of a positive decision on the proposed CoK asset acquisition, a formal revision to the sought approval of estimated capital expenditures for the AMI Project from \$47.7 million to an estimated capital cost of \$51.2 million for the Project. The addendum to the application was provided to the Commission and interveners to allow the regulatory review of the AMI CPCN application to continue without any unnecessary delay resulting from a potential revision to the application subsequent to a decision on the proposed CoK asset acquisition. The addendum provided a detailed analysis of the impact of the CoK asset acquisition on the various quantified and non-quantified benefits of the Project, as well as the impact on project capital expenditures as well as future sustaining capital and operations and maintenance

(O&M) costs associated with the AMI Project. As noted in the addendum, the increase in AMI Project costs resulting from the CoK asset acquisition results primarily from the additional AMI meters, and deployment of those meters, to serve the approximately 15,000 additional customers associated with the proposed CoK asset acquisition.

On December 4, 2012 the Commission issued a letter requesting comment from Interveners by January 17, 2013 on the need for a third round of information requests focusing on the AMI financial impacts of the proposed purchase of the CoK electric utility assets, with a reply requested from FortisBC by January 24, 2013.

On January 16, 2013 the Commission ordered an oral hearing in the CoK application to be held on February 19-21, 2013. Based on this oral hearing date, it is possible that a decision on the proposed CoK asset acquisition will not be available prior to the commencement of the oral hearing for FortisBC's AMI application, currently scheduled to commence March 4, 2013.

Pursuant to sections 45 and 46 of the *Utilities Commission Act*, FortisBC hereby submits a conditional amendment to its application for a CPCN for the AMI Project, reflecting the financial impact of the proposed CoK asset acquisition, inclusion of which results in an increase in the estimated capital cost of the AMI Project from \$47.7 million to \$51.2 million. This amendment is sought on a conditional basis and is dependent on the outcome of the application for the acquisition of the CoK electric utility assets. In the event the application for the acquisition of the CoK electric utility assets is denied, or the Company declines to proceed with the proposed acquisition following a determination on the matter, the capital expenditure request associated with FortisBC's CPCN application for the AMI Project will remain at \$47.7 million.

If further information is required, please contact the undersigned at (250) 717- 0890.

Sincerely,



Dennis Swanson
Director, Regulatory Affairs

cc: Registered Interveners