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British Columbia
Utilities Commission

Letter of Comment

In accordance with the Commission's Rules of Practice and Procedure, to submit a letter of comment concerning an application currently before the Commission, please provide a completed form to commission.secretary@bcuc.com. If email is unavailable, please mail the form to the address above. By doing so, you acknowledge that all letters of comment are published with the author's name as part of the public evidentiary record, both in print copy and on the Commission's website. All personal contact information provided on this page is removed before posting to the website. Forms must be received by the Commission by the last filing date included in the proceeding's regulatory timetable before final arguments.

Proceeding name

FEI 2016 Rate Design

Are you currently registered as an intervener or interested party?

Yes, interested party

Name (first and last)

Veikko Paivinen

City

Quesnel

Province

BC

Email

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Letter of Comment

Name (first and last)

Veikko Paivinen

Date:

28-Jun-17

Comment: Please specify the reasons for your interest in the proceeding, your views concerning the proceeding, any relevant information that supports or explains your views, the conclusion you support and any recommendations. The Commission may disallow comments that do not comply with the Rules of Practice and Procedure.

As per attached letter.



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June 28, 2017

sent by email to: commission.secretary@bcuc.com

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

Attention: Mr. Wruck, Commission Secretary and Manager, Regulatory Support

Dear Mr. Wruck

RE: FortisBC Energy Inc. ("FEI") Project No. 3698899

2016 Rate Design Application (the "Application")

On December 19, 2016 FEI filed the above referenced Application. It is our understanding that the customer rate schedules that form a part of the FEI natural gas tariff are being reviewed in a comprehensive manner as a part of the rate design process. West Fraser Mills Ltd. ("**West Fraser**") has owned and operated integrated wood products facilities in British Columbia for over 60 years. On November 1, 1987, West Fraser (and its affiliate, Cariboo Pulp and Paper Co.) entered into agreements (the "**Bypass Agreements**") with FEI (formerly BC Gas Utility Ltd. and its predecessor, Inland Natural Gas Co. Ltd.) to receive natural gas transportation service from FEI for three facilities that are located in close proximity to the main natural gas transmission pipeline in British Columbia (the "mainline") owned and operated by Westcoast Energy Inc. The Bypass Agreements allow West Fraser to receive transportation service from FEI at rates reasonably equivalent to the costs that would have been incurred by West Fraser had it constructed its own pipeline to connect each facility to the mainline ("**Bypass Facilities**"). West Fraser has relied on its ability to receive service from FEI under the Bypass Agreements in making investment and operational decisions since those agreements were implemented.

At the time, the British Columbia Utilities Commission ("**BCUC**") endorsed the concept of negotiated rates that are competitive with the Bypass Facilities alternative. On April 15, 1993 FEI (formerly BC Gas Utility Ltd.) filed an application known as the Phase B Rate Design Application with the BCUC for implementation of new Customer Rate Schedules effective November 1, 1993. Following the completion

of the rate design and hearing process, the BCUC issued its decision dated October 25, 1993, which in part approved the implementation of Rate Schedules for industrial class customers. As a result of the decision, on November 1, 1993, FEI and West Fraser entered into an amended Bypass Agreements containing the terms and conditions described under FEI Rate Schedule 22A for industrial class customers. Under Article 3, Term of Agreement, West Fraser may extend the Bypass Agreements beyond the initial term, and any subsequent extension thereof, for additional terms of at least 12 months. The current signed extensions expire October 31, 2024.

It is our understanding that the Bypass Agreements are designed to allow for the complete recovery by FEI of capital costs, depreciation, and operating and maintenance expenses to provide service to the West Fraser facilities consistent with the principles established by the BCUC. In our understanding there is nothing to indicate that circumstances have changed in any way that would warrant an examination of the terms of the Bypass Agreements at this time and that FEI has not asked for any such examination in the Application. Accordingly, we submit that the Bypass Agreements should be outside of the general scope of the issues being considered in the proceeding related to the Application and that it would be unfair and unduly prejudicial to West Fraser to undertake an examination of the Bypass Agreements without affording to West Fraser proper notice a reasonable opportunity to prepare to address all issues affecting its interests.

Sincerely,



Veikko Paivinen, CPA, CA

Financial Manager, Energy and Carbon

West Fraser Mills Ltd.