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Our File No.: 76312.1

July 4, 2017

Via E-Mail

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

**Attention: Patrick Wruck, Commission Secretary and Manager,
Regulatory Support**

Dear Sir:

**Re: FortisBC Energy Inc. ("FEI") 2016 Rate Design Application
Project No. 3698899
Teck Resources Limited, Domtar Inc., Weyerhaeuser Company Limited, and Zellstoff
Celgar Limited Partnership (collectively the "Industrial Customer Group") – Response
to the Commission's procedural questions dated 28 June 2017**

This letter sets out the response of the Industrial Customer Group to the procedural questions in the Commission's letter dated 28 June 2017. I also confirm that I will attend the procedural conference tomorrow on behalf of the Industrial Customer Group.

Item A: Early decision on key topics

1. Please explain if, and why, the Panel should issue an early decision with determinations on the following key topics:
 - a. The Cost of Service Allocation (COSA) studies included in the Application; and
 - b. Whether the revenue to cost (R:C) ratio; the margin to cost (M:C) ratio; or a combination of both R:C and M:C ratios should be used to guide rate design and the corresponding range(s) of reasonableness of the selected ratio(s).

Response to 1 a and b

The Commission should issue an early decision on these two topics. These topics are fundamental threshold questions for the rate design. An early decision will set the

conceptual foundation for the review of the rate design application, which will streamline the review.

2. Is further process needed to gather more evidence on the above key topics?
3. Given the options below, please discuss your preference, if any, for the process to gather further evidence on the above key topics:
 - i. another round of written information requests;
 - ii. an oral process (streamlined review process or oral hearing), which may include the cross examination of expert consultants (EES Consulting Inc. (EES Consulting) and Elenchus Research Associates Inc. (Elenchus)). Please discuss why the above key topics cannot be adequately dealt with through written information requests; or
 - iii. a combination of written information requests and an oral process.

Response to 2 and 3 i, ii, and iii

No further written information requests are necessary. A round of brief argument on these topics would be sufficient to complete the decision record.

If an oral proceeding is established, a streamlined review process would be preferable since these topics are well-defined and could be dealt with effectively through a streamlined process. A streamlined review process would be far more effective than another round of written information requests.

4. Please explain if you have any preference for when the review of the above key topics should occur and when the early decision should be issued.

Response to 4

- Fortis argument in August
- Intervenor argument in mid-September
- Fortis reply in late September
- Commission decision to follow

Item B: FEI's Transportation Service Review

FEI presents its Transportation Service Review in chapter 10 of the Application. The Transportation Service Review includes the following proposals:

- Eliminate the existing monthly balancing provisions entirely for the transportation model and require all transportation customers in all service areas to balance daily.
 - Amend the balancing tolerance from 20% to 10%, and implement a tiered charge approach whereby charges increase as tolerance ranges are exceeded.
 - Continue to manage the additional T-South Long-Haul capacity on an annual basis through the Annual Contracting Plan.
5. Should FEI's Transportation Service Review be reviewed separately from the rest of FEI's Application?

Response to 5

Yes. The Transportation Service issues are discrete from the other issues so it would be more efficient to review those issue separately. The Industrial Customer Group (and likely other transportation customers) would then only have to participate in this part of the review, which would simplify the overall review for all participants.

6. Is further process needed to gather more evidence on the Transportation Service Review?

Response to 6

Yes, these issues require further exploration and testing.

7. Given the options below, please discuss your preference, if any, for the process to gather further evidence on the Transportation Service Review:
- i. another round of written information requests;
 - ii. a streamlined review process; or
 - iii. a combination of written information requests and a streamlined review process.

Response to 7

Another round of information requests is unnecessary. A streamlined review process should be sufficient to complete the evidentiary record to be ready for argument.

8. Please explain if you have any preference for when the review of the Transportation Service Review should occur.

Response to 8

The streamlined Transportation Service Review could proceed in September or soon afterwards.

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Item C: All other issues

9. Is further process needed to gather more evidence on other issues within the Application not described above or on Elenchus' Rate Design Report?5
10. Given the options below, please discuss your preference, if any, for the process to gather further evidence on other issues within the Application or Elenchus' Rate Design Report:
 - i. another round of written information requests; or
 - ii. an oral process (streamlined review process or limited-scope oral hearing), which may include the cross examination of expert consultants (EES Consulting and Elenchus).
 - Please clearly identify the specific elements or issues that require an oral process and discuss why those elements or issues cannot be adequately dealt with through written information requests.

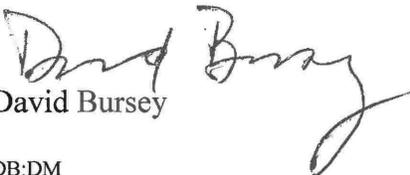
Response to 9 and 10

The Industrial Customer Group takes no position on the procedure for the other issues.

We would be pleased to answer any further questions to assist the Commission.

Yours truly,

BENNETT JONES LLP


David Bursey

DB:DM

cc.: FortisBC Energy Inc. and Registered Participants