



Diane Roy
Vice President, Regulatory Affairs

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

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

FortisBC
16705 Fraser Highway
Surrey, B.C. V4N 0E8
Tel: (604) 576-7349
Cell: (604) 908-2790
Fax: (604) 576-7074
Email: diane.roy@fortisbc.com
www.fortisbc.com

March 16, 2018

British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC
V6Z 2N3

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

Dear Mr. Wruck:

Re: The Greater Vancouver Sewerage and Drainage District (GVS&DD) Application for an Exemption pursuant to section 88(3) of the *Utilities Commission Act* (the Application)

FortisBC Energy Inc. (FEI) Letter of Comment

FEI provides this letter of comment in regard to the GVS&DD Application for an exemption from Part 3 of the *Utilities Commission Act* (UCA) in respect of its proposed project to provide heat energy to the Lonsdale Energy Corporation (LEC).

As a regulated gas distribution utility, FEI has an interest in any proceeding that raises regulatory principles and policy that may impact future proceedings or FEI's business. In this case, FEI has reviewed the GVS&DD Application and considers there to be an insufficient evidentiary basis on which to determine whether the exemption sought is warranted. In particular, FEI observes that:

- The previous exemption orders granted to the GVS&DD and referenced in its Application concerned arrangements under which the GVS&DD would sell energy to a regulated public utility. As such, the rate impact of GVS&DD's activities were necessarily still subject to British Columbia Utilities Commission (Commission) oversight through the review of energy supply contracts. As the LEC is not a public utility, the Commission will have no visibility over the otherwise regulated activities of the GVS&DD and the resulting rate impact to customers if the exemption is granted;
- Despite the GVS&DD's submission that it does not intend to profit, beyond cost recovery, those costs will still be passed on to LEC's customers. Whether inclusive of profit or not, there is no evidence from which to determine whether the costs that will be borne by ratepayers will be just and reasonable;
- It appears that the equipment to be constructed to bring the heat energy from the

GVS&DD's facility to the LEC's system will be outside of the City of North Vancouver's municipal boundaries, raising the question of whether the LEC would continue to qualify under the exclusion to the public utility definition for municipally owned utilities in the UCA; and

- There is no evidence to assess GVS&DD's expertise or experience in the construction and operation of the type of facilities it contemplates, which is relevant to the determination of whether the public interest is adequately protected.

In FEI's view, the question of whether the exemption order sought is in the public interest cannot be answered in the absence of additional information. Accordingly, FEI submits that the Commission should direct a short written proceeding. In FEI's view, a single round of Information Requests followed by written argument should be sufficient to address the GVS&DD's application.

If further information is required, please contact Jason Wolfe at 604-592-7516.

Sincerely,

FORTISBC ENERGY INC.

Original signed:

Diane Roy

cc (email only): GVS&DD