

CREATIVEENERGY

April 11, 2018

Via Email

Original via Mail

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: CE Application - 2018-2022 IBR Mechanism

By letter dated April 3, 2018, the Commission suspended the regulatory timetable established by Order G-43-18 and sought written submissions from interveners and Creative Energy related to the IRs specifically identified (Identified IRs) by Creative Energy in its letter of March 26, 2018.

Prior to its request for written submissions on the Identified IRs, the Commission found that the following areas/issues (Identified Areas/Issues) would be within the scope of the proceeding:

- Evidence to determine the appropriate “base” for operating & maintenance (O&M) and capital expenses;
- Evidence as to the reasonableness of utilizing an IBR mechanism, including why IBR is more appropriate than the status quo approach of cost of service;
- Whether the design of the IBR as proposed by Creative Energy is appropriate and protects the interests of ratepayers and the utility, or whether modifications are required; and
- The overall impact to ratepayers of moving to an IBR mechanism, including whether both the interests of ratepayers and the utility are sufficiently safeguarded.

As requested by the Commission, Creative Energy provides comments (in tabular format below) regarding whether each of the Identified IRs fall within the scope of the proceeding as set out above.

	Question	Reason
BCOAPO	11	Unrelated to Identified Areas/Issues and is specific to cost of service
FEI	2.1.3	Unrelated to Identified Areas/Issues and is specific to cost of service
	2.1.3.1	Unrelated to Identified Areas/Issues and is specific to cost of service
CEC	3.1	Such a jurisdictional review is beyond the expertise of Creative Energy, Creative Energy expects the cost of engaging such an expert would far exceed the probative value and the annual rate increases of this Application.
	4.7	Unrelated to Identified Areas/Issues and is specific to cost of service
	4.8	Unreasonable amount of historical information, actual costs of last application and estimate of costs of this Application will be filed
	5.2	Total labour costs for past 10 years is an unreasonable amount of historical information with limited or no probative value
	5.4	The Company and union have agreed to a new CBA with reasonable and fair costs that will be filed on the record of this proceeding
	5.6	The Company and union have agreed to a new CBA with reasonable and fair costs that will be filed on the record of this proceeding
	6.1	Rates and revenue requirements for 20 years is unlikely to be available and is an unreasonable amount of historical information with limited or no probative value
	6.2	Both historic rates for the past 20 years and the cost of natural gas for the past 20 years is an unreasonable amount of historical information, and will have limited or no probative value
	6.3	The number of customers calls for the past 10 years is an unreasonable amount of historical information, and will have limited or no probative value
	7.1	Creative Energy will respond to this information request
	7.2	Creative Energy will respond to this information request
	9.3	The costs of alternatives for existing customers are customer specific and will be unique to each customer; Creative Energy

		will provide examples of steps customers have taken to reduce energy consumption, but without identifying the customer
10.3		Unrelated to Identified Areas/Issues and is specific to cost of Service
12.1		Creative Energy cannot confirm or otherwise provide any evidence relevant to the FortisBC PBR Plan. CEC can refer to Commission decisions relevant to the FortisBC PBR Plan.
12.2		Unrelated to Identified Areas/Issues and is specific to cost of service
12.3		Unrelated to Identified Areas/Issues and is specific to cost of service
12.4		Unrelated to Identified Areas/Issues and is specific to cost of service
12.5		Unrelated to Identified Areas/Issues and is specific to cost of service
12.6		Unrelated to Identified Areas/Issues and is specific to cost of service
14.2		Total capital expenditures for past 10 years is an unreasonable amount of historical information with limited or no probative value
23.3		FCAC and FSCA balances for past 10 years is an unreasonable amount of historical information with limited or no probative value
26.1		The historical information for past 10 years is an unreasonable amount of historical information with limited or no probative value. Creative Energy has provided the information requested for 2016 and 2017 in Exhibit B-3
31.4		The historical information of components of steam expenses for past 10 years is an unreasonable amount of historical information with limited or no probative value.
31.5		The historical volume of natural gas is an unreasonable amount of historical information with limited or no probative value.
37.5		CEC can do the literature search requested. Moreover, the Commission has accepted the use and application of the Massachusetts Formula.
39.1		The identification of key issues for steam service are unrelated to cost drivers of steam service and the identification of key issues will have limited or no probative value.
41.2		The historical information for past 10 years is an unreasonable amount of historical information with limited or no probative value

The Panel also requested Creative Energy to provide the following information:

In the event that some or all of the identified IRs are determined to be out of scope, is an extension to the IR No. 1 response deadline for the remaining IRs nonetheless required and, if so, the length of the proposed extension

Creative Energy assumes that a new date for filing information request responses is necessary because the regulatory timetable established by Order G-43-18 has been suspended. Assuming all of the Identified IRs are determined to be out of scope, Creative Energy believes that responses can be filed within one week after the date the Commission establishes a revised regulatory timetable.

In the event that some or all of the identified IRs are determined to be in scope, a revised deadline for submitting the IR No. 1 responses to those IRs that are so determined.

Creative Energy submits that if some, but not all of the Identified IRs, are determined to be in scope, responses can be filed within three weeks after the date the Commission establishes a revised regulatory timetable. Creative Energy is unlikely to be able to respond to all identified IRs no matter how much time is made available to do so, depending on the availability of accounting records that were manual until three years ago. After further investigation, Creative Energy expects to be able to identify those Identified IRs (that cannot be responded because of records are not available) at the time of filing responses within the same three week period noted above.

Sincerely,
(original signed)
Kelsey Devine

