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November 7, 2018

Mr. Patrick Wruck
Commission Secretary and Manager
Regulatory Support
British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC V6Z 2N3

Dear Mr. Wruck:

**RE: Project No. 1598939
British Columbia Utilities Commission (BCUC or Commission)
FortisBC Inc. 2017 Cost of Service Analysis and Rate Design Application
(FortisBC RDA)
British Columbia Hydro and Power Authority (BC Hydro)
Final Argument**

Further to Commission Order G-180-18, BC Hydro writes to offer its final submissions in this proceeding.

BC Hydro filed evidence on July 31, 2018 (Exhibit C1-3).¹ Its evidence was prompted by an assertion by FortisBC Inc. (FortisBC) in an IR response² to the effect that the current rate harmonization provisions of the wholesale transmission tariffs of BC Hydro and FortisBC did not warrant any review by the Commission. In its evidence and in response to BCUC IR 1.1.3 (Exhibit C1-4)³ BC Hydro described a number of factors that together indicate that FortisBC's views on rate harmonization issues are perhaps a bit too optimistic. Finally, in its evidence BC Hydro also indicated that it would provide any submissions with respect to future Commission reviews into rate harmonization in its final argument. These are those submissions.

BC Hydro's evidence indicates that "no entity has ever used the PTP service across the point of interconnection between the BC Hydro and FortisBC transmission systems"

¹ BC Hydro Evidence, Exhibit C1-3
https://www.bcuc.com/Documents/Proceedings/2018/DOC_52116_C1-3_BCH-Evidence.pdf

² FortisBC response to BCUC IR 1.63.7, Exhibit B-8
https://www.bcuc.com/Documents/Proceedings/2018/DOC_51480_B-8_FBC-Response-to-BCUC-IR1.pdf

³ BC Hydro response to BCUC IR 1.1.3, Exhibit C1-4
https://www.bcuc.com/Documents/Proceedings/2018/DOC_52465_C1-4-BCH-BCUC-IR1-Resp.pdf

(Exhibit C1-3, page 4, lines 17-18). In consequence the rate harmonization provisions of the utilities' respective wholesale transmission service tariffs have not been employed. However, in its October 17, 2018 final submission, FortisBC indicates that a new customer might be taking Non-Firm PTP service on FortisBC's RS 102 (paragraph 106).⁴ BC Hydro understands that this potential new customer may be able to avail itself of the rate harmonization provisions of BC Hydro's wholesale transmission tariff.

We note this new development, if it materializes, might provide useful insight into how those provisions can work and may inform a future rate harmonization review. In particular, BC Hydro notes that some of the factors that might support a potential rate harmonization review are purely operational,⁵ and the use of the rate harmonization provisions by a new customer would provide information with respect to some of those operational issues. Given that the rate harmonization provisions have not been used to date, the potential complexity of the issues associated with the applicability of and the need for rate harmonization, and the lack of any urgent need to address those issues without a compelling reason, BC Hydro does not propose a Commission review of rate harmonization at this time.

At the conclusion of its response to BCUC IR 1.1.3 (Exhibit C1-4) BC Hydro noted that the Commission's reasoning in regard to FortisBC's rate harmonization proposals could impact the need for or scope of a potential future review of rate harmonization. BC Hydro suggested that a Commission acceptance of FortisBC's rate harmonization proposals on the narrow basis that FortisBC proposed them would not have that consequence. BC Hydro reiterates that observation here.

Accordingly, and in conclusion, BC Hydro submits that the BCUC can and should accept the rate harmonization proposals of FortisBC (referred to as the "anti-pancaking provisions of RS 101 and RS 102") solely for the reasons identified by FortisBC in its Final Submission.

For further information, please contact Anthea Jubb at 604-623-3545 or by email at bchydroregulatorygroup@bchydro.com.

Yours sincerely,



(for) Fred James
Chief Regulatory Officer

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⁴ https://www.bcuc.com/Documents/Other/2018/DOC_52683_181017_FBC_2020_RDA_FBC_Final_Submission.pdf

⁵ BC Hydro's response to BCUC IR 1.1.3, Exhibit C1-4, factors #1 and #3.