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File No. 551952/000002

March 12, 2019

Delivered by Email (commission.secretary@bcuc.com)

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

Attention: Patrick Wruck, Commission Secretary

Dear Sirs/Mesdames:

Re: FortisBC Alternative Energy Services Inc. 2018/2019 Revenue Requirements and Cost of Service Rate Application for the Thermal Energy Service to Delta School District No. 37 – Project No. 1598949

We write on behalf of the Delta School District No. 37 (the “DSD”) to respond to the B.C. Utilities Commission’s recent request for clarification regarding the DSD’s February 26, 2019 supplementary submissions on a potential phase-in of the COS Rate. The DSD’s response to this request for clarification is enclosed herewith.

Should the B.C. Utilities Commission require further information or have any questions regarding these submissions, please contact the undersigned.

Yours truly,

Borden Ladner Gervais LLP

A handwritten signature in black ink, appearing to be 'Dionysios Rossi', is written over the printed name and firm name.

Dionysios Rossi

cc Matthew Ghikas (mghikas@fasken.com)

Enc. Response to Request for Clarification

FortisBC Alternative Energy Service Inc. (FAES) Application for Approval of the Fiscal 2018/2019 Revenue Requirements and Cost of Service Rates for the Thermal Energy Service to Delta School District No. 37 (DSD) (the "Application")	Submission Date: March 12, 2019
Delta School District No. 37 – Written Argument (Potential Phase In of the Proposed COS Rate)	

BRITISH COLUMBIA UTILITIES COMMISSION
IN THE MATTER OF THE UTILITIES COMMISSION ACT
R.S.B.C. 1996, CHAPTER 473

AND

FORTISBC ALTERNATIVE ENERGY SERVICES INC.
APPLICATION FOR APPROVAL OF THE FISCAL 2018/2019
REVENUE REQUIREMENTS AND COST OF SERVICE RATES
FOR THE THERMAL ENERGY SERVICE TO DELTA SCHOOL
DISTRICT NO. 37

WRITTEN ARGUMENT OF DELTA SCHOOL DISTRICT NO. 37
(POTENTIAL PHASE IN OF THE PROPOSED COS RATE)

MARCH 12, 2019

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FortisBC Alternative Energy Service Inc. (FAES) Application for Approval of the Fiscal 2018/2019 Revenue Requirements and Cost of Service Rates for the Thermal Energy Service to Delta School District No. 37 (DSD) (the “Application”)	Submission Date: March 12, 2019
Delta School District No. 37 – Written Argument (Potential Phase In of the Proposed COS Rate)	

1.0 DEFINED TERMS

1. For the purposes of these submissions, the DSD adopts the defined terms in its Final Argument dated February 1, 2019.

2.0 DSD POSITION ON A POTENTIAL PHASE-IN OF THE COS RATE

2. The DSD repeats and relies upon the submissions made in its Final Argument dated February 1, 2019, specifically, that:
 - (a) the BCUC should issue an Order dismissing the Application; or
 - (b) alternatively, the BCUC should delay its decision regarding the Application until after the BCUC has undertaken a full prudence review of the Capital Costs that are meant to be recovered via the COS Rate.
3. If, however, notwithstanding the DSD’s position, the BCUC decides to issue an Order granting the Application and requiring the DSD to pay the COS Rate, the DSD confirms its position that, as set out in its submissions dated February 26, 2019, the switch to the COS Rate should occur effective July 1, 2019, and not July 1, 2018.
4. The DSD acknowledges that:
 - a. Order G-77-18 states that “any difference between the interim market rate and the permanent rate as determined by the BCUC following final disposition of the Application is subject to refund/recovery”; and
 - b. the effect of switching the DSD to the COS Rate effective July 1, 2019 is:
 - 4.b.1 to effectively permit a one year phase-in of the COS Rate (in other words, the DSD would remain on the current market rate until June 30, 2019); and
 - 4.b.2 to require FAES to recover the difference between the current market rate and the permanent rate as determined by the BCUC following final disposition of the Application via the approved COS Rate (which would potentially be higher than \$0.253/kWh because of the increased balance in the DDA), rather than by one or more payments made by DSD in respect of retroactive invoices for thermal energy services dating back to July 1, 2018 (as alluded to in paragraph 4 of FAES’ submissions dated March 5, 2019).

FortisBC Alternative Energy Service Inc. (FAES) Application for Approval of the Fiscal 2018/2019 Revenue Requirements and Cost of Service Rates for the Thermal Energy Service to Delta School District No. 37 (DSD) (the "Application")	Submission Date: March 12, 2019
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5. With respect to the basis of its request for a one-year phase-in of any approved COS Rate, as the DSD has emphasized throughout this proceeding, it faces unique budgeting constraints that will restrict its ability to pay a COS Rate retroactively to July 1, 2018. To this end, the DSD confirms that its budget for the 2018/2019 fiscal year does not contemplate the payment of a COS Rate.
6. If the DSD is required to pay a COS Rate commencing on July 1, 2019, it will likely be necessary for the DSD to implement service reductions to accommodate such a significant change to its 2019/2020 budget. As the exact amount of any COS Rate resulting from a one-year phase-in remains unknown to the DSD, the extent of any such service reductions likewise remains unknown at this point. However, commencing a switch to the COS Rate on July 1, 2019 will better afford the DSD an opportunity to determine the possible effects of such a switch during the 2019/2020 fiscal year.
7. The DSD confirms that the above-noted budgetary constraints are the overriding consideration for its position on the implementation of any approved COS Rate, and that, in general, the DSD desires to avoid any prolonged phase-in period, given the resulting effect on the DDA.
8. We trust that this clarifies the position of the DSD concerning this issue, as previously set out in its submissions dated February 26, 2019.