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## Electronic Filing

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

**Attention: Mr. Patrick Wruck, Commission Secretary**

Dear Sirs/Mesdames:

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

This letter represents FAES's reply to the Delta School District's March 12, 2019 submission on phase-in.

FAES has no further submission other than to point out that paragraph 4.b.2 of the DSD's submission, as worded, is at odds with how the District Deferral Account ("DDA") functions.

The DSD states in paragraph 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..."*

The DSD's description is inconsistent with how the DDA works, which is to capture the difference between the actual cost of service and the revenues collected. On the DSD's proposal to delay the date until July 1, 2019, the "current market rate" would be the same as the "permanent rate" during the 2018/2019 rate year, such that there would be no "difference between" them to flow to the DDA. The DSD's formulation, if used in the BCUC's order, would result in the non-recovery of a significant portion of the cost of service, i.e., everything that exceeded the revenues generated by the Market Rate during the 2018/2019 rate year.<sup>1</sup>

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<sup>1</sup> A better formulation of the DSD's statement would have been: *"to require FAES to recover the difference between the actual revenues and the actual cost of service, as determined by the BCUC following final disposition of the Application via the approved COS Rate, in the DDA..."*.

FAES submits that, if the BCUC is minded to adopt the DSD's proposal to remain on the Market Rate for the 2018/2019 rate year, then the BCUC should adopt the wording in FAES's March 5, 2019 Submission on Phase-in. FAES's wording is more consistent with the RDA and Order G-213-15 (which described the functioning of the DDA).

ALL OF WHICH IS RESPECTFULLY SUBMITTED.

Yours truly,

**FASKEN MARTINEAU DuMOULIN LLP**

*[Original signed by]*

Matthew Ghikas  
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MTG/gvm  
Encl.