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VIA EMAIL

gas.regulatory.affairs@fortisbc.com

July 17, 2012

Ms. Diane Roy
Director, Regulatory Affairs
FortisBC Energy Inc.
16705 Fraser Highway
Surrey, BC V4N 0E8

Dear Ms. Roy:

Re: FortisBC Energy Utilities
[comprising FortisBC Energy Inc., FortisBC Energy Inc. Fort Nelson Service Area,
FortisBC Energy (Whistler) Inc., and FortisBC Energy (Vancouver Island) Inc.]
Project No. 3698628/Order G-81-11

Request for Clarification of Order G-44-12 and Decision on the
2012 - 2013 Revenue Requirements Application
and Natural Gas Rates Application

On May 11, 2012, the British Columbia Utilities Commission (Commission) responded to the FortisBC Energy Utilities (FEU) request for clarification of Order G-44-12 and the related Decision.

On June 5, 2012, the FEU requested further clarification of Commission Order G-44-12, the related Decision and the Commission's May 11, 2012 letter.

In the letter of June 5, 2012, the FEU request further clarification as follows:

1) Clarification that the FEU will manage its innovative technologies programs as being exempt from the 33 percent cap set out in subsection 4(1.5) of the DSM Regulation.

Response: The Commission clarifies that to the extent the FEU's innovative technologies programs meet the definition of "technology innovation program" in the Demand-Side Measures Regulation, they will not be subject to the 33 percent cap, by Section 4(4) of the Regulation.

2) Clarification regarding implementation of the Commission's direction regarding the holding of EEC funds for projects in which the FEU are participants.

Response: In their June 5, 2012 letter, the FEU propose that the direction from the Commission on page 183 of the Decision should be implemented as follows:

"Any EEC funds issued in the test period will be held in a separate deferral account:

- (a) as of the time the EEC funds are issued, if the FEU have signed a contract making it a participant in a TES or AES project and the EEC measure for which the funds were issued are part of that project;

OR

- (b) as of the time the FEU sign a contract making it a participant in a TES or AES project and the EEC measure for which the funds were issued becomes part of that project, if the EEC funds were issued within the period of two years prior to the TES or AES contract being signed.”

The Commission accepts this proposal with the addition that part (a) should include any EEC funds that are issued or committed, whichever is earlier.

Yours truly,



Erica Hamilton

AR/dg

cc: Registered Interveners
(F2012-F2013 RRA)