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October 14, 2015

Via Email
Original via Mail

British Columbia Utilities Commission
6th Floor, 900 Howe Street
Vancouver, BC
V6Z 2N3

Attention: Ms. Erica M. Hamilton, Commission Secretary

Dear Ms. Hamilton:

Re: British Columbia Hydro and Power Authority (BC Hydro) 2015 Rate Design Application (the Application)
FortisBC Energy Inc. and FortisBC Inc. (collectively FortisBC or the Companies) Intervener Registration and Order G-156-15 Appendix B Submissions

By Order G-156-15, dated September 29, 2015, the British Columbia Utilities Commission (the Commission) established a Regulatory Timetable in the above referenced Application, including processes and dates for registration of interventions, submissions on certain issues raised in Appendix B to the Order, first round of information requests, a procedural conference to determine method and time for further review of the Application, and potential Streamlined Review Processes for certain issues.

FortisBC hereby submits this letter of registration to participate as an intervener in the above referenced proceeding.

Registration of Intervention

The Companies are duly incorporated under the laws of the Province of British Columbia and are subject to the regulation of the Commission. FortisBC is part of the largest investor-owned distribution utility in Canada, maintaining operation centres at various locations throughout the Province and delivering natural gas and electricity, safely and reliably, to over 1.1 million customers in 135 communities in the Province of British Columbia, representing approximately 21 percent of the total energy consumed in the Province.

As Commission-regulated public utilities, the Companies have an interest in regulatory proceedings before the Commission which may deal with regulatory principles and policy that could impact future proceedings of the Companies. Additionally, the Companies are competitors and customers of BC Hydro, thereby having an interest in rate design issues and cost allocation methods and results.

FortisBC plans to fully participate in the proceedings, and reserves the right to ask information requests, file evidence, cross examine witnesses and make submissions should it become necessary as the proceedings unfold. FortisBC will attend the procedural conference currently scheduled for January 12, 2016.

All communications with respect to FortisBC's intervention in this proceeding should be directed, preferably by Email, to:

Ms. Diane Roy
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The Companies' Submissions regarding Matters Identified in Appendix B

In Appendix B to Order G-156-15, the Commission invited submission on the following five matters, and FortisBC's submissions are as follows:

1. The Commission wishes to hear from all parties their positions on the significance of the F2016 COS study in the 2015 RDA given the recent B.C. Reg 140/2015 Order-in-Council (OIC) 405 dated July 15, 2015. This OIC set out that for F2017, F2018 and F2019, the Commission must not set rates for BC Hydro for the purpose of changing the revenue-cost ratio for a class of customers. The Commission wishes to hear: (a) if this F2016 COS study should be subject to Commission approval, endorsement, or to be limited in its use as a contextual document for rate design; and (b) if there should be a full review whether it should be undertaken as a NSP.

FortisBC Comments:

FortisBC believes that the F2016 COS study should be considered as part of the evidence in support of this Application and that the COS study remains relevant even in light of OIC 405. This is consistent with section 60 of the *Utilities Commission Act* and with the Commission's past statements about fully allocated COS studies. For instance, in Order G-156-10, the Commission stated (on page 7 of accompanying decision) that:

An assessment of the fairness of rates is typically based on a comparison of the revenues collected from each class of customer with the cost of providing service to

them. The cornerstone of this assessment is the COSA which attempts to equitably allocate the revenue requirement of the utility to the various customer classes of service (i.e., residential, commercial, etc.).

FortisBC believes that COSA results are an important aspect of a comprehensive rate design proceeding and that COSA results assist with understanding rate design issues; however, approval or endorsement of all or some portion of the COSA elements is not necessarily required as the F2016 COS study, “was used to inform rate design, such as the level of demand charge cost recovery...” [Emphasis added.]¹

If the Commission determines that a full review of F2016 COS study is required, FortisBC cannot comment at this time on whether a NSP would be the most appropriate, effective review process as the Companies do not know at this time the potential issues that may arise with respect to the F2016 COS study.

2. BC Hydro’s proposed accelerated process for Large General Service customers and Medium General Service customers who are without historical baseline to take service at 100 percent Part 1 Pricing. The Commission wishes to hear the need, if any, of a final order, separate from the main final order, for the different treatment of accounts who do not have historical baselines, including: (a) an accelerated process to make the proposed 100 percent Part 1 pricing effective January 1, 2016; (b) that it be reviewed by way of a written hearing; and (c) BC Hydro’s proposed timetable.

FortisBC Comments:

The Companies take no position on the items listed above.

3. BC Hydro’s proposed expedited processes for (i) freshet rate pilot for Transmission Services, requesting approval by February 1, 2016; (ii) Pricing Principles for Rate Schedule 1823; and (iii) other existing Transmission Service rates. The Commission wishes to hear the need for an order for the freshet rate pilot by no later than February 1, 2016, as well as the Streamlined Review Processes (SRP) and timetable proposed for the above three matters.

FortisBC Comments:

FortisBC is in support of an effective and efficient process for reviewing an application or a portion of an application, whether it be an expedited process such as a SRP or a NSP.

With respect to the proposed expedited processes for reviewing the three items listed above, FortisBC believes that all three of these matters would be appropriate to review through one or more SRPs. Of the three items, only the freshet pilot rate for Transmission Services is testing new concepts, but in view of the fact that it is proposed as a two-year pilot, a regulatory process consisting of one round of information requests (as set out in

¹ Application, at page 1-25 to 1-26.

Order G-156-15) followed by a SRP should be adequate to facilitate sufficient understanding of the proposed innovative rate structure and allow for its implementation on a pilot basis in a timely fashion.

FortisBC also considers the issues in items (ii) and (iii) above to be sufficiently contained such that the same regulatory process is appropriate (i.e. one round of information requests followed by a SRP). BC Hydro's proposed timetable, as adjusted by BCUC Order G-156-15, provides an appropriate time line for dealing with these matters.

4. BC Hydro's proposed expedited process for Minimum Reconnection Charges in the electric tariff terms and conditions, requesting approval for implementation April 1, 2016. The Commission wishes to hear the positions from parties on the SRP expedited process and timetable proposed by BC Hydro.

FortisBC Comments:

FortisBC believes that an expedited review process for reviewing Minimum Reconnection Charges in the electric tariff terms and conditions is appropriate. The matter of Minimum Reconnection Charges is limited in scope and the implications, if any, of adopting a change in this area can be reviewed in the balance of the RDA hearing process. BC Hydro's proposed timetable, as adjusted by BCUC Order G-156-15, provides an appropriate time line for dealing with this matter.

5. Any other relevant matters that parties wish to bring to the attention of the Panel before the procedural conference.

FortisBC Comments:

The Companies have not identified any other matters at this time.

FortisBC plans to participate fully in the regulatory review process of issues arising from this Application and having relevance to the Companies regardless what process the Commission finally determines to use for reviewing a particular issue.

If further information is required, please contact Michelle Carman at 604-592-7458.

Sincerely,

on behalf of FORTISBC

Original signed by: Michelle Carman

For: Diane Roy

cc (email only): BC Hydro