



VIA eFILING

August 3, 2016

**SUN PEAKS GAS DELIVERY RATE INCREASE
EXHIBIT A-3**

Ms. Pat A. Miller
Director, Utility Services
Sun Peaks Utilities Co., Ltd.
1280 Alpine Road
Sun Peaks, BC V0E 5N0

Dear Ms. Miller:

Re: Sun Peaks Utilities Co., Ltd.
Application for a Gas Delivery Rate Increase effective August 1, 2016

Further to Commission Order G-110-16, which amended the Regulatory Timetable with respect to the above noted proceeding, enclosed please find Commission Information Request No. 1.

In accordance with the Regulatory Timetable, please file your responses electronically with the Commission by Friday, August 12, 2016.

Yours truly,

Original signed by:

Laurel Ross

YD/cms
Enclosure

BRITISH COLUMBIA UTILITIES COMMISSION
INFORMATION REQUEST SUN PEAKS UTILITIES CO., LTD.

Sun Peaks Utilities Co., Ltd. (SPUCL)
Application for a Gas Deliver Rate Increase to be effective August 1, 2016

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A. FINANCIAL PROJECTIONS

1.0 Reference: APPLICATION Exhibit B-1, Schedule 1 and Schedule 5 Operations and Maintenance

1.1 SPUCL's costs for contract work (in particular, distribution system maintenance) appears to fluctuate year over year. Please clarify whether this category of costs are weather related or subject to any other contributing factors that may be outside of SPUCL's direct control. If not, please provide explanations for its apparent fluctuations year over year.

On page 7 of the financial schedules (Schedule 5), SPUCL states that "[b]eginning F2016, SPR LLP,¹ stopped charging separately for office rent and increased the \$2,000/mo. administration fee to \$3,000/mo. of which 1/3 is allocated to the Gas Division."

1.2 Please explain the business relationship of SPR LLP to SPUCL and provide an organization chart if available.

1.3 Given that 1/3 of the \$1,000 increase ($1/3 \times \$1,000 = \333) in office rent is allocated to the Gas Division, please explain the \$4,000 increase to the Line item "Office rent & admin charge" for 2016.

1.4 Please explain the rationale behind the 1/3 allocation to the Gas Division.

2.0 Reference: APPLICATION Exhibit B-1, Schedule 4 Other revenues - Service Line and Meter Installations

2.1 Please explain Service Line and Meter Installations revenue. Why are there fluctuations to this revenue source?

B. FACILITY STORAGE CHARGE

3.0 Reference: APPLICATION Exhibit B-1, p. 1; Utility Newsletter, p. 1 Exhibit A2-1, Schedule 4 FortisBC Facility Storage Charge

In its Utility Newsletter – June 2016, SPUCL stated:

... general operation costs, including the FortisBC's Facility Storage Charges, have increased so we will apply to the BCUC for an increase in the Gas Delivery Charge of \$0.3300 per gigajoule.

¹ Sun Peaks Resort LLP

On page 1 of the covering letter, SPUCL states:

This Gas Delivery Rate increase application reflects the cost increases seen by SPUCL as a result of the revised FortisBC Alternative Energy Services (FortisBC) contract signed in 2008. The FortisBC fee structure provides for an annual increase based on the cost of living as calculated each year by Stats Canada. The revised contract was due to the requirement to expand FortisBC's Gas Storage Facility from two 30,000 USG tanks to four 30,000 USG tanks, an updated vapourizer building and a third high-capacity vapourizer to ensure that SPUCL was able to meet the demands of current and future customers.

SPUCL's Gas Commodity Charge – Storage is one of three components in the SPUCL commodity charge and is currently at \$2.325/GJ.

In Exhibit A2-1, an excerpt from SPUCL's June 10, 2016 Application for a Gas Commodity Rate Decrease to be effective August 1, 2016, Schedule 4 – Gas Cost Reconciliation Account – by year 2014 to 2018 indicates that the Storage Facility Charges are fixed at \$176,400 each year as shown below:

Storage Facility Component					
Starting Storage Balance	(3,640)	(88,742)	(21,845)	(11,220)	(8,842)
Storage Facility Charges	176,400	176,400	176,400	176,400	176,400
Basic Charge & Storage Recovery Credits	-				
Interest Charge (Credit)	60	(2,291)	214	375	461
Commodity Charge - Storage Recovery	(261,562)	(107,212)	(165,989)	(174,397)	(174,746)
Ending Storage Balance (end of April)	(\$88,742)	(\$21,845)	(\$11,220)	(\$8,842)	(\$6,727)

- 3.1 Please confirm that FortisBC's gas storage facility was expanded in 2008 and was part of the revised contract between SPUCL and FortisBC in 2008. If not confirmed, please explain.
- 3.2 The Storage Facility Component is part of the commodity rate and the Storage Facility Charges are fixed at \$176,400 annually from 2014 through 2018. Please clarify how the delivery rate is affected with respect to SPUCL's statements: (i) June 2016 Newsletter and (ii) FortisBC's fee structure provides for an annual increase based on the cost of living as calculated each year by Statistics Canada.
- 3.3 What portion of the \$0.33/GJ delivery rate increase is attributable to the FortisBC Facility Storage Charges? Please make reference to the specific financial schedules filed.
- 3.4 Please explain the three line items under the subtitle labeled as "Fortis Plant & Distribution charges" on Schedule 1 of the Application.
- 3.5 Please confirm that these charges are not related to the FortisBC Facility Storage Charges.

C. GAS TARIFF CHANGES

**4.0 Reference: APPLICATION
Exhibit B-1, pp. 11-12, Gas Tariff
Section 2.4 - Change in Ownership or Tenancy of Property**

In Section 2.4, on pages 11-12 of the Gas Tariff, SPUCL stated:

Change in Ownership or Tenancy of Property - When there is a change in ownership or tenancy of property, the property seller should ensure that the Utility bill is paid before transfer of the title to the purchaser. Where there is a change in ownership or tenancy of property, it is the responsibility of the new owner and/or new Tenant to ensure:

(a) any outstanding obligations are included in the statement of adjustments of the property purchase, or are fully paid by the previous owner or Tenant,

(b) if a new owner is leasing or renting a Premises and wants the Utility bill sent to a Tenant, the new owner must complete an agreement with the Utility which authorizes the Utility to send the Utility bill to the Tenant, but the Owner will not be released for its obligation to pay the Utility's bills.

(c) In the event that a previous owner or Tenant vacates the Premises leaving an outstanding Utility bill, then the Utility's agreement to provide Gas Service is subject to the new property owner paying the outstanding balance owing on the Gas bill.

4.1 Please identify the concerns with SPUCL's current Section 2.4 "Rental Premises." Please clarify how the proposed wording of Section 2.4 will resolve these concerns.

4.2 Please explain if SPUCL accepts/plans to accept Tenants as customers of the Utility or is SPUCL implying only an Owner can be a customer of the Utility? Why?

In accordance with the *Utilities Commission Act*, section 59 (2) states:

A public utility must not

(a) as to rate or service, subject any person or locality, or a particular description of traffic, to an undue prejudice or disadvantage, or

(b) extend to any person a form of agreement, a rule or a facility or privilege, unless the agreement, rule, facility or privilege is regularly and uniformly extended to all persons under substantially similar circumstances and conditions for service of the same description.

4.3 Please explain how the new wording of Gas Tariff Section 2.4 is consistent with section 59 (2) of the *Utilities Commission Act*?

4.4 Please explain why owners and/or Tenants are to be held accountable for liabilities of previous owners and/or Tenants of any premise?

- 4.5 SPCUL indicates that when there is a change in ownership or tenancy of property, it is the responsibility of the “new property owner” (as stated in Section 2.4 (c)) to pay the outstanding bill. Please explain what happens if the previous tenant vacated the property but the owner remains unchanged? Who is then responsible for the outstanding bills?
- 4.6 What jurisdiction does the Commission have to enforce Section 2.4 (a) regarding statement of adjustments of the property purchase? Is SPUCL aware of any other Public Utility operating in the province of BC with Terms and Conditions containing such provisions? If so, please provide references.
- 4.7 In a scenario where one Customer/Owner has multiple properties, some of which are rental, how, if at all, will any outstanding bills that occur in the rental properties impact the services or the responsibility of the Owner?

**5.0 Reference: APPLICATION
Exhibit B-1, p. 22, Gas Tariff
Section 7.12 - Vegetation Management and Interference with the Utility’s Facilities**

In Section 7.12 of the Gas Tariff, SPUCL states:

Vegetation Management and Interference with the Utility’s Facilities

- (a) The Customer shall be responsible for managing vegetation on the property owned or controlled by the Customer so as to allow and permit easy access to the Utility’s facilities. No Person shall obstruct or impede free and direct access to any service, gas main, gas valves, gas meter, remote reader, or other appurtenances of the Gas Works.
 - (b) Where a Customer fails to adhere to any part of Section 7.12 and fails to cure the cause of such default within fifteen (15) days after being notified in writing by the Utility, the Utility is authorized to remedy the cause of such default at the Customer’s cost.
 - (c) Customer’s shall not install or allow to be installed on property owned or controlled by the Customer any temporary or permanent structures as well as those listed in Section 7.11, that could interfere with the proper and safe maintenance and operations of the Utility’s facilities or result in non-compliance with applicable statues, regulations, standards and codes.
- 5.1 This section appears to be a new addition to the Gas Tariff, please explain how SPUCL has managed vegetation in the past, and why it is necessary include this new section at this time.
 - 5.2 How will these new Terms and Conditions be communicated to SPUCL’s customers?
 - 5.2.1 Does SPUCL anticipate any increase in customer inquiries related to these changes? If so, how does SPUCL plan to manage the increase volume of inquiries?
 - 5.3 Section 7.12 (b) states that SPUCL has the authority to remedy the cause of the interference with the Utility’s facilities at the customer’s cost, should the customer fail to adhere to any part of Section 7.12. What would be the typical cost for vegetation management at a residential premise? Commercial premise?