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FEI 2016 RATE DESIGN

EXHIBIT C13-3

British Columbia Utilities Commission
Sixth Floor, 900 Howe Street,
Box 250 Vancouver, BC, V6Z 2N3

Attn: Patrick Wruck, Commission Secretary

Dear Mr. Wruck:

Re: FortisBC Energy Inc. 2016 Rate Design Application ~ Project No.3698899
Cascadia Energy Ltd. (CEL) comments on process.

July 4 , 2017

Further to the above referenced process please see attached our comments on the procedural conference scheduled for July 5, 2017.

Cascadia Energy is unable to attend this conference due to staff availability however continues to have a strong and abiding interest in this matter.

Specifically, these are Cascadia Energy Ltd's responses to the questions in the Commission's June 28, 2017 letter [Exhibit A-10] in anticipation of the procedural conference scheduled for July 5, 2017.

Preamble

FortisBC has filed a proposal that seeks two separate goals. The first of these is a realignment of its cost of service model of the pre-existing methodology in alignment with more current profiles of it's customer base. The second of these is to transform the way small and large volume customers are able to directly access the natural gas commodity marketplace.

CEL recognizes that the impact of the first portion, the COSA review, would increase delivery rates for customers in general and for commercial and industrial customers specifically. While we do not understand nor agree that residential customers continue to be subsidized at less than 100% recovery of costs by commercial and industrial customers at greater than 100% recovery of costs we acknowledge the validity of the process. We would argue strenuously the following point: if the FortisBC sponsored study reflects the most accurate assessment of costs of service and if it is to be relied upon for making cost allocations why are the results of the study put aside in actually making the final cost allocations? It seems that FortisBC is suggesting a detailed analysis to support approximate cost assignments that reflect optics and politics more than rigorous study.

On the second point, the transformation of the transportation service model, CEL has not yet seen sufficient evidence for the proposed changes nor have we had sufficient opportunity query and explore the proposal fully. We have observed, from our initial IR's a lack of clarity and depth, as well as a lack of fullness, to the information discovery process. The application was narrowly focussed and provided just sufficient information to support the FortisBC position but, in our opinion, has neglected additional information that would be useful to fully understand and decide on the issue.

Further we believe the omnibus nature of combining the transportation review with the COSA process reduces clarity and opportunity for reviewing each thoroughly.

CEL believes and suggests that the process be bifurcated and that COSA be dealt with first, in its entirety as Phase A and that Transportation Review be dealt with consecutively at the conclusion of Phase A as Phase B.

We believe that this approach will serve the interests of all interested parties more fully and allow for a fulsome exploration of the issues at hand.

Specifically,

Item A: Early decision on key topics

CEL does object to issuing an early decision but does not object to the Commission issuing a prior decision with determinations on the Cost of Service Allocation (COSA)

studies included in the Application, and all of the the corresponding range(s) of reasonableness of the selected ratio(s).

CEL requests that, because of the omnibus nature of the proposal, additional rounds of information requests are allowed.

CEL believes that because rate design is a rare occurrence, a full process of at least a partial oral hearing be conducted for the COSA review prior to a decision. The basic nature of the proposal is to perpetuate the determinations made in decisions decades ago, which were themselves the products of lengthy negotiation and/or hearing processes.

To quickly rubber-stamp these old approaches, without further debate and discovery, would do a disservice to all natural gas consumers in BC.

We believe the process should include additional IR's and hearing process and could reach a decision well before the proposed implementation target currently proposed.

Item B: FEI's Transportation Service Review

CEL respectfully encourages the Commission that FEI's Transportation Service Review (TSR) be dealt with separately from the rest of FEI's Application, as suggested above, as part of a Phase B process implemented after the COSA Phase A process is complete. Doing so would be more efficient, and would allow for proper and fulsome treatment of this very significant issue.

CEL requests that the Transportation Service Review allow for additional rounds of IR, a round of intervenor evidence, and finally, if there are outstanding issues at that time, the option of a full hearing process.

We can not stress enough how significantly the proposal will alter consumer access to direct supply and fundamentally alter customer choice in the BC natural gas market-place.

We repeat that the TSR should begin fully after the COSA review as Phase B and should conclude still well before the Nov 2018 implementation date proposed at this time.

Item C: All other issues

Subject to hearing the views of other parties at the procedural conference, CEL would reserve the option to gather more evidence on other issues within the Application not described above or on related matters.

All the above is respectfully submitted.
Yours truly,



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