



June 21, 2017

Sent via email

STARGAS	ADDITIONAL DELIVERY COSTS
2016 DRARA	EXHIBIT A-2

Mr. Michael Waberski
Chair, Utility Services Committee
Silver Star Property Owners Association
PO Box 1872
Vernon, BC V1N 8Z7
utilities@sspoa.ca

**Re: Stargas Utilities Ltd.
Application to include additional costs in the 2016 Delivery Rate Application Regulatory Account**

Dear Mr. Waberski:

On June 6, 2017, Stargas Utilities Ltd. (Stargas) filed the enclosed submission with the British Columbia Utilities Commission (Commission) seeking Commission approval to include certain additional costs in the 2016 Delivery Rate Application Account (Application).

The Commission invites submissions from the Silver Star Property Owners Association (SSPOA) on the following issues:

1. A regulatory review process and regulatory timetable, if any;
2. Whether the requested amounts should be deferred for consideration until the next application for a delivery rate, which Stargas is directed to file by July 31, 2019.¹ Stargas would be permitted to accumulate the requested costs in the 2016 Delivery Rate Application Regulatory Account and accrue carrying costs on those amounts based on Stargas' weighted average cost of capital until such time as a determination is made; and
3. Any other matters that will assist the Commission in efficiently reviewing the submission.

The Commission notes that Stargas has not specifically filed a request for confidentiality in its submission. However, the Commission believes that some material in the attachments to Stargas' submission is personal or financial information which is confidential, or is not relevant to SSPOA providing comments. Accordingly, the Commission has provided a redacted version of Stargas' submission in the enclosed.

¹ Order G-59-17

Comments can be made to the Commission with a copy to Stargas by Wednesday, July 5, 2017. After comments have been received, or if no comments are received after this date, the Commission will make a determination on further process in due course.

Sincerely,

Original signed by:

Patrick Wruck

BG/cms

Enclosure

cc: stargas@shaw.ca



British Columbia Utilities Commission
Sixth Floor, 960 Howe Street, Box 250
Vancouver, B.C. V6Z 2N3

Attention: Commission Secretary

June 6, 2017

Subject: Application to include additional costs in the 2016 Delivery Rate Application Regulatory Account

Dear Ms. Hamilton:

Stargas seeks Commission approval to include additional costs, as itemized herein, in the 2016 Delivery Rate Application Account.

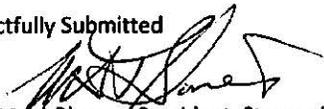
- a. **Costs related to Stargas Reconsideration and Variance of Order G-59-17:** Stargas recognizes that a decision with respect to its request that the requirement to refund \$6,000 with respect to 2015/2016 preferred share dividends is yet outstanding (its request for reconsideration meeting the "prima facie" test for a second stage review not determinative). However, absent allowance of the costs Stargas has and will incur being allowed for inclusion within the DRARA balance a decision in Stargas' favour would be but a pyrrhic victory in that its costs incurred in filing the initial request and to be incurred in responding to the submission of the SSPOA (ahead) will closely approximate the amount of the refund. Accordingly, Stargas seeks inclusion of costs related to the reconsideration process in the tabulation of its costs. OKF has, to date, billed Stargas for 16.5 hours in preparing the request for Reconsideration at the executive rate of \$144.26 and anticipates a further 10 hours in responding to the submission of the SSPOA; additionally, Stargas had the support of legal counsel at Bennett, Jones, the invoice for which has not been rendered but is estimated at \$1,500. Accordingly, Stargas estimates that it will have incurred \$5,323 in addressing this issue and submits that its costs, not to exceed \$5,500 be included in the Delivery Rate Application Regulatory Account.
- b. **Stargas is currently processing the credit to customers called for in Order G-59-17,** providing them a refund based on their consumption through November 2016 to March 31, 2017, interest on that amount together with related GST and PST as well as each ratepayers' share of the dividend refund (it the subject of reconsideration). Each customer will see either four or five separate credits on their May invoice (a number do not pay PST so that they will not see a PST refund amount) so that Stargas administrative staff will post approximately 1,200 separate entries in its billing routines. That work is underway – preparation of the spreadsheet summarizing the necessary detail was undertaken by accounting staff at the approved rate of \$69.24 per hour (4 hours) under executive direction (1 hour) so had a cost

of \$421.00 and 10 hours at the administrative rate have been incurred in posting approximately 3/8th of the data – a cost of \$245 at the approved administrative rate. Stargas estimates that its cost (not otherwise allowed for in the determination of rates will approximate \$1,000 and submits that it equitably ought to be allowed within the Delivery Rate Application Regulatory Account.

- c. Order G-59-17 considered and denied 25% of the OKF estimate of executive time but in acknowledging that the legal process “more complex” and “added value” awarded inclusion of the full amount of the estimate of Bennett Jones costs; OKF time reflected within its/Stargas records was recorded to March 3rd, 2017; thereafter, additional time was required and provided through the balance of the Stargas fiscal year ended May 31, 2017 and accounted for an approximate \$6,000 over budget expenditure for management fees. Legal fees estimated at \$16,500 in the \$47,500 estimate (Table 9 on page 14 of the Reasons for Decision) were subsequently billed at a total of \$35,231 (invoice appended). Stargas acknowledges that the 100% acceptance rate reflected in the Reasons for Decision for third party legal costs ought not to apply to actual incurred costs but submits that, given the extensive additional time of both legal counsel and OKF that consideration be given to inclusion of a material increment in the actual legal costs in what was a protracted and complex filing. Stargas submits that a \$10,000 increment of legal costs be awarded by the Commission for inclusion in the Delivery Rate Application Regulatory Account.

Stargas is a very small utility with limited human resources; in initiating a proposed reduction in its delivery rate (as did it in September 2016) Stargas did not contemplate, nor would its stakeholders’ have agreed to underwrite the quantum of denied costs (whether executive nor third party legal costs) that resulted from the protracted processes and leading to the dictates found in G-59-17. Stargas, on behalf of its stakeholder, submits that the amounts requested herein a fair and reasonable accommodation. Stargas management would expect to resolve this Application by written submission to the attention of M.A. (Moe) Blumes at info@stargas.ca.

Respectfully Submitted



M.A. (Moe) Blumes, President, Stargas Utilities Ltd.
[HTTP://WWW.Stargas.Ca](http://www.stargas.ca)

Attachments:

Posting schedule – ratepayer credits to be included in May 31, 2017 billing
Bennett, Jones legal account