



Stargas Utilities Ltd.  
Unit 17, 1960 K.L.O. Road  
Kelowna, B.C. V1W 5L2  
Email: info@stargas.ca

British Columbia Utilities Commission  
6<sup>th</sup> Floor, 900 Howe Street  
Vancouver, B.C. V6Z 2V3

Attention: Patrick Wruck, Commission Secretary

July 14, 2017

**Subject: SSPOA Response to Stargas Application to Include Additional Costs in its 2016 Delivery Rate Application Regulatory Account**

Dear Sir:

Stargas welcomes the opportunity to address the eight pages of response provided by the Norton Rose Fulbright firm on behalf of its client, the SSPOA, which, as was pointed out from one of its members in a recent email, is “a voluntary organization ... very much dependent on the volunteer resources available”. It is unsurprising that the legal firm would, in its selfish interest, advocate extending proceedings as they (if only by the presentation of eight pages on this occasion and nine in the last) are the sole beneficiary of the Commission allowing further submissions. Surely, given the relative size of Stargas and of the limited resources of both it and of the Property Owners Association, a speedy resolution to the matters at hand best serves the affected parties. Accordingly, Stargas submits that the Commission determine the matters with respect to the outstanding items before it be based upon submissions now before it.

The Norton document suggests that what Stargas seeks is, in substance, a further request for Reconsideration and were that to be confirmed by the Commission that in each of three instances, consideration would not be granted based upon there not being “prima facie” support for reconsideration. Stargas, in addressing its concern with respect to the three items discussed each with Commission staff and in doing so narrowed the quantum of the request both as to breadth and amount. To be sure, Commission staff made no undertaking with respect to the prospect for acceptance of the items or amounts, but did acknowledge that the arguments presented and recited below were not without merit.

As to the \$5,500 amount sought with respect to the costs incurred with respect to Reconsideration: Stargas submits that seeking to recover costs associated with its initial argument and to Norton’s nine-page commentary thereupon could not have been a part of any filing prior to the submission of the request for Reconsideration and that the assumption of inclusion of attendant administrative costs implicit to and an integral part of any decision. Each of the SSPOA and the utility were risking an equivalent (or greater – SSPOA) amount in the decision – absent an award for related costs there would be no winner, whatever the decision.

As to the \$1,000 for processing credits to ratepayers: Effective June 1, 2017 Stargas/Okanagan Funding are to manage the utility within sharply constrained hours/rates. Nor was there provided in the Order establishing the sharply reduced management fees any transitional provisions that would have accommodated the several tasks (including the processing of refunds arising in Order G-59-17). The preparation of the credit to ratepayers was and remains a burden accepted by Stargas; it, we had assumed, not to be exacerbated by the additional administrative burden of posting the various amounts. There will be an array of transitional costs not claimed including incremental accounting fees on financial reporting and recruitment/training costs to identify an administrative candidate willing to be available 24/7 at \$24.46 per hour (55.6% of that paid our current administrator who has agreed to continue until he can be replaced).

As to the request to increase the quantum of legal fees included in the 2016 Regulatory Account: Stargas agrees with the Commission observation that "legal counsel provided value" and notes that the full amount of the \$16,500 estimate of Application costs was awarded for inclusion in the 2016 Regulatory Account. If the inclusion of the actual legal cost or of a revised estimate is to be assessed as a "reconsideration" we would on basis of both the utility and Commission acknowledging value expect to succeed on both of two phases in that proceeding. Here, as elsewhere, we describe the limited financial resources of the parties to this issue and suggest that it serves but one third party to extend the debate. Stargas did not have an opportunity, during the delivery rate process, to file a revised estimate of its expected legal cost and now submits it an unwarranted and inequitable levy of the Stargas shareholder should the approximate \$18,500 excess legal cost be borne by it. Norton acknowledges, in its final submissions, Stargas sought and was denied "true up" confirming that the material difference between that estimated and that billed had no "home" else awarded consideration in the current Application.

Stargas submits that the Commission should expedite the following:

- Render its decision on the Application for inclusion of additional costs without further proceedings (extended processes will, inevitably, layer additional costs on both ratepayer and Stargas investor).

Yours truly,



Morley A. Blumes  
President, Stargas Utilities Ltd.