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April 18, 2018

British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC
V6Z 2N3

Attention: Mr. Patrick Wruck, Commission Secretary and Manager, Regulatory Support

Dear Mr. Wruck:

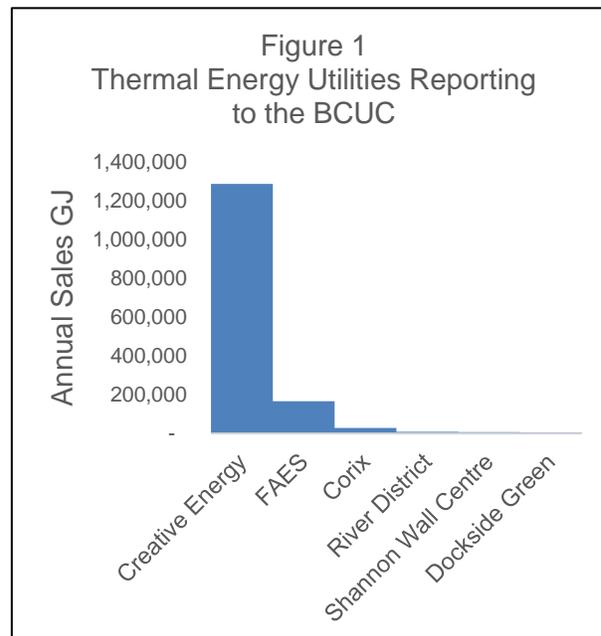
Re: Creative Energy Vancouver Platforms Inc. (Creative Energy) 2018-2022 Revenue Requirements Application (the Application) Project No. 1598938
FortisBC Alternative Energy Services Inc. (FAES) Submission on Scope

FAES writes further to the British Columbia Utilities Commission (the Commission) letter dated April 3, 2018 (Exhibit A-6) seeking written submissions from Creative Energy and interveners on whether the information requests (IRs) specifically identified by Creative Energy in its March 26, 2018 letter should be considered as falling within the scope of the proceeding or whether any interveners should modify their IRs to reduce the breadth of information requested.

FAES respectfully provides the following submission.

FAES is both a competitor and a customer of Creative Energy and has extensive experience with Commission processes as an applicant, and an intervener. Creative Energy is the largest regulated thermal energy provider (see Figure 1) and is also the oldest running thermal energy franchise in British Columbia dating back to the late 1960s.

This Application represents a departure from the conventional rate setting methodology that has been in place at Creative Energy. This is not an application for a new utility under the Thermal Energy Systems (TES) Guidelines, rather this is an established



utility with a need to set rates on an ongoing basis. Creative Energy is not exempt from any of the provisions of the *Utilities Commission Act*, including duties to provide information to the Commission and to keep records. For the past 50 years, the steam distribution system that Creative Energy owns and operates has been setting rates using a cost of service rate setting methodology. With this Application, Creative Energy is requesting a rate setting mechanism that is unique and that diverges from the established rate setting convention for customers of Creative Energy.

Under these particular circumstances, it seems reasonable to expect that this Application will require comparisons of the proposed rate structure relative to historical, current and forecast rates under the status quo, which is the cost of service rate setting mechanism.

FAES notes that in previous TES proceedings, there have been an average of over 450 IRs (see Figure 2). While FAES understands the challenges of responding to extensive IR requests, the issue of procedural fairness often outweighs the burden placed on the Applicant in responding to the requests. The number of IRs in this case do not appear out of proportion.

Nonetheless, FAES is careful to restrict IRs when it is intervening in a proceeding to those that will provide meaningful clarification or additional information that will assist in understanding the merits of the approvals that the applicant is requesting. Interveners that ask frivolous or vexatious questions about the Application may cause unnecessary costs and accordingly may not receive intervener funding. However, the Applicant should bear in mind that the Commission may not be in a position to approve their request if it cannot satisfy itself that the approval requested is warranted after examining the merits of the Application.

Establishing the base costs for a formulaic rate proposal does intuitively support the requirement to review historical records. With an operational history spanning five decades, it seems more than appropriate to examine the stability and trends of those historical costs in an effort to test the reasonableness of the base cost and the formula. Creative Energy complains that the review of historical records is unreasonable because most of those accounting records are manual. While this is no doubt challenging for Creative Energy, the status of historical records is not the fault of the Commission or Interveners nor is it a compelling reason to avoid answering information requests.

Many of the IRs Creative Energy argues are out of scope or onerous relate to establishing the base cost of service and the historical trends associated with the status quo. The responsibility does lie with Creative Energy to demonstrate that the proposed Index Based Ratemaking (IBR) mechanism is more appropriate than the status quo. In this regard,

Figure 2	
TES Application	IR's
Creative Energy NEFC	1,372
AES Inquiry	907
Kelowna DES	882
Delta SD CPCN	840
Marine Gateway	413
TELUS Garden	382
Tsawwassen Springs	355
River District	280
UniverCity	227
Sovereign & Artemisia	128
SOLO	65
4 GT&C 12A legacy	45
Dockside Green CPCN	42
Average	457

requests for evidence as to the widespread or limited use of the proposed mechanism also appears to be intended to inform the decision as to whether the proposal in the Application is just and reasonable and how it may impact ratepayers as compared to traditional rate structures. Creative Energy may find that some of this survey work already exists in other TES proceedings that have gone before the Commission.

FAES would also remind Creative Energy that the Commission is not bound by precedent and that each application must be determined on its own merits and evidence. The TES Guidelines are only that, and the fact remains that Creative Energy operates a public utility that is fully regulated by the Commission and has been for an extended period of time, without any exemptions.

If you require further information or have any questions regarding this submission, please contact Grant Bierlmeier at (604) 443-6548.

Sincerely,

FORTISBC ALTERNATIVE ENERGY SERVICES INC.

Original signed:

Doug Slater
General Manager

cc (email only): Registered Parties