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Our File No.: 05497-0259

May 24, 2018

BY EMAIL

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

Attention: Patrick Wruck

Dear Mr. Wruck:

**Re: FortisBC Inc. (“FBC”) 2017 Cost of Service Analysis and
Rate Design Application (the “Application”)
Project No. 1598939**

Overview

We write further to Exhibit A-8, in which the British Columbia Utilities Commission (the “**Commission**”) requested that interveners address the following issues and that FBC reply to those submissions:

1. What the appropriate timing of intervener evidence is and why.
2. Whether or not parties intend to file intervener evidence. Parties must specifically identify the nature of the evidence they intend to file and explain how this evidence is relevant to the issues in the proceeding.
3. Whether or not a second round of IRs is necessary and why. If a second round of IRs is required, please identify any topics which do not need to be included in IR No. 2 and can proceed to written argument.

FBC addresses the intervener submissions under each of the headings above.

Question 1: What the appropriate timing of intervener evidence is and why.

FBC notes that the British Columbia Sustainable Energy Association and Sierra Club B.C. (“**BCSEA**”) (Ex. C2-4), the Kaslo Senior Citizens Association (“**KSCA**”) (Ex. C4-8), the Irrigation Ratepayers

Group (“**IRG**”) (Ex. C8-4), the Industrial Customers Group (“**ICG**”) (Ex. C12-4) and the British Columbia Old Age Pensioners Organization et al. (“**BCOAPO**”) (Ex. C13-3) would prefer that the filing of intervener evidence occur after a second round of information requests (“**IR No. 2 round**”), assuming that one is scheduled.

In the circumstances FBC does not oppose rescheduling the order of filings such that an IR No. 2 round, if scheduled, would precede the filing of intervener evidence.

In the regulatory timetable that the Commission set after the procedural conference, in Order G-62-18, intervener evidence was to follow 13 days after FBC’s responses to the first round of information requests (“**IR No. 1 round**”). BCSEA has now suggested that there be a period of *three* weeks (21 days) between the filing of FBC’s responses to the IR No. 2 round and the filing of intervener evidence. FBC does not agree that an expanded period is required given:

- the amount of time that has passed since the filing of this Application (in December 2017);
- the amount of time that has passed since the filing of FBC’s responses to the IR No. 1 round on May 8, 2018¹;
- the relatively narrow scope of questions that should be asked during the IR No. 2 round, as returned to in response to Question 3 below, and as reflected in the descriptions provided by various interveners (including BCSEA) of their intended use of an IR No. 2 round; and
- the fact that intervener evidence surely relates at least in part to certain positions that interveners hold irrespective of the content of FBC’s responses to an IR No. 2 round. Correspondingly, for example, the Anarchist Mountain Community Society and Regional District of Okanagan Similkameen (“**AMCS-RDOS**”) note in Exhibit C3-5 that it would be prepared to submit its evidence by the end of May and even without an IR No. 2 round.

Question 2: Whether or not parties intend to file intervener evidence, specifically identifying the nature of the evidence they intend to file and explain how this evidence is relevant to the issues in the proceeding.

FBC will review any intervener evidence submitted for its form and content once filed. It anticipates that there may be some issues related to admissibility and weight. For example, evidence that KSCA may be intending to file on the level of electricity rates, and a comparison between those rates and income, may be both outside the scope of this proceeding and (to the extent related to prospective low income rates) the Commission’s statutory jurisdiction as examined in BC Hydro and Power Authority’s recent rate design application..

¹ Given “the large volume of IRs addressed to FBC in the first round”, the time for FBC to respond was extended from April 24 to May 8, 2018: Ex. A-6.

FBC emphasizes that even if it comes to take the position that certain evidence filed does not belong within the scope of this proceeding, it is open to having dialogue *outside* the proceeding on issues that do not belong *within* it. This is so both formally (e.g., through FBC's upcoming annual review process, to the extent issues relate to that) and less formally. For example, as noted in Exhibit B-19, the Village of Kaslo ("VOK") as a municipal customer is welcome to contact its Key Account Manager at FBC for assistance with information regarding billing or taxation that is specific to its circumstance but not relevant to the current regulatory process, which seeks to apportion the approved revenue requirement through the COSA in order to inform the design of rates.

Question 3: Whether or not a second round of IRs is necessary and why. If a second round of IRs is required, please identify any topics which do not need to be included in IR No. 2 and can proceed to written argument.

In FBC's view an IR No. 2 round is not "necessary" or "required", given the very substantial volume of information already available through the Application and the answers provided in the IR No. 1 round. In addition, while certain interveners prefer an IR No. 2 round before filing intervenor evidence, some expressly acknowledge they could proceed to file evidence without one. For example, BCSEA indicates it could file its evidence by June 14 if there is no IR No. 2 round (Ex. C2-4).

This said, FBC does not oppose an IR No. 2 round being scheduled, subject to the following comments:

- If an IR No. 2 round is scheduled, FBC would prefer that the Commission and interveners provide IR No. 2 to FBC as soon as possible after the Commission issues a new regulatory timetable. BCSEA has said that it would not need more than one week to file an IR No. 2 after the Commission's decision on the regulatory timetable (Ex. C2-4). KSCA suggests it would require "at least ten working days (excluding weekends)" for the IR No. 2 round, but it is already en route to developing a list of questions (Ex. C4-8).
- In accordance with normal practice, the IR No. 2 round should primarily relate to clarification that interveners may believe to be required after the IR No. 1 round rather than introducing new topics.
- The interveners should proceed in accordance with the Commission's caution in Exhibit A-10: "The BCUC reminds KSCA and all parties to refrain from IRs of this nature that are not directly related to either COSA or FBC's rate design application." FBC also notes, by reference to the VOK's request for further information (Ex. C5-4), that while FBC will make inquiries to see if it can accelerate delivery to that municipality of the information that would be delivered to it later in the year under s. 644 of the *Local Government Act*, FBC would propose to provide it off-line: the municipal planning objectives that the information serves are not part of this process, and the information itself does not assist in addressing points that the VOK may wish to make in this process in relation to rate impacts (VOK itself seems to point out that revenue variances are likely linked to colder weather, in which case there is no conclusion that can be drawn about rates from revenue).

- FBC would not oppose removing from the scope of the IR No. 2 round certain issues that interveners have not expressed interest in pursuing via further IRs or, indeed, have said outright can proceed directly to written argument. The latter category appears to include:
 - “Rate Rebalancing matters”, according to the British Columbia Municipal Electrical Utilities (the “**BCMEU**”) (Ex. C6-3) and the Commercial Energy Consumers Association of British Columbia (the “**CEC**”) (Ex. C10-5);
 - “General Terms and Conditions” (Ex. C6-3, Ex. C10-5);
 - “Cost of Service...matters” (Ex. C6-3, Ex. C10-5), though it may be that KSCA and/or ICG wish to file or seek further evidence in this regard; and
 - “proposed TOU residential rates”, though KSCA (which raises this) also says it would “prefer to be given an opportunity to ask some supplementary questions first” (Ex. C4-8).

Finally, AMCS-RDOS note that in their view, there is “more value in an oral hearing and an opportunity for cross-examination, than a second round of IRs” (Ex. C3-5); KSCA seems to agree with this in part (Ex. C4-8). While FBC realizes this is not the forum for argument on whether an oral hearing is required (FBC’s view remains that it is not), it makes the following points specifically in response to AMCS-RDOS’ comparison:

- To FBC’s knowledge, AMCS-RDOS have no specific complaint regarding any written response that FBC has made in the IR No. 1 round, and FBC is not aware of the basis for any such complaint to be made.
- AMCS-RDOS’ argument in favour of an oral hearing again is in no way based – as it would need to be for an oral hearing to be ordered – “on the specific circumstances of the matters within a particular proceeding”: Reasons for Order G-7-17 on BC Hydro and Power Authority’s F2017-F2019 Revenue Requirements Application at 3.2.
- To the contrary, to the extent AMCS-RDOS propose in Exhibit C3-5 to file evidence opposed to the Residential Conservation Rate (“**RCR**”) and suggest that an immediate rather than phased return to the flat rate is required, those topics would not require cross-examination of FBC: FBC also wishes to move from the RCR and a phase-in period is proposed strictly as a means to mitigate bill impacts. There is no evidentiary dispute to resolve at an oral hearing in this regard.
- Given the nuance and numerical focus that certain interveners wish to pursue on other points in an IR No. 2 round, as expressed in their various submissions (*e.g.*, “LRMC and avoided costs” in Ex. C2-4, clarification of “production plant versus purchase costs” in Ex. C4-8, more detail regarding cost causation in Ex. C12-4), that militates in favour of a written process in which the

May 24, 2018

- 5 -

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appropriate care and mathematical precision can be taken and in which answers can be appropriately expressed.

Yours truly,

FARRIS, VAUGHAN, WILLS & MURPHY LLP

Per:

Ludmila B. Herbst, Q.C.

LBH/trw

c.c.: Registered interveners
client