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Our File No.: 05497-0240

June 5, 2018

BY EMAIL

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

Attention: Patrick Wruck

Dear Mr. Wruck:

**Re: FortisBC Inc. Self-Generation Policy Stage II Application
(the SGPA II)
Project No. 1598895**

We write, pursuant to Exhibit A-11, to provide the reply submissions of FortisBC Inc. (FBC) to intervener submissions on further process in the above-noted proceeding.

Further IRs Not Needed

Regarding the first issue on which the Commission invited the parties to provide their views, all interveners that filed submissions were of the view that a further round of information requests (IRs) was not needed for a final resolution of the SGPA II proceeding. This is consistent with FBC's position as expressed in our letter of May 24, 2018 (Ex. B-13).

One intervener, Zellstoff Celgar Limited Partnership (Celgar) made its view that no additional IRs are necessary conditional on the removal of Exhibit A2-1 from the regulatory record in this proceeding. Pursuant to Exhibit A2-1, dated February 8, 2018, Commission staff submitted for the record a Witness Statement of FBC's Dennis Swanson made on August 22, 2014 in a NAFTA arbitration proceeding between Mercer International Inc. and the Government of Canada.

FBC does not object to the removal of Exhibit A2-1 from the regulatory record in this proceeding.

However, if the Commission does not assent to Celgar's request and Exhibit A2-1 remains part of the record, then FBC remains of the view, for the reasons previously stated (and consistent with the views of all other interveners), that no further evidence or IRs are needed for this proceeding to move to a final resolution. Further, FBC does not agree that if Exhibit A2-1 remains part of the record an oral hearing could or should be held involving the cross-examination of Mr. Swanson. Exhibit A2-1 was filed by Commission staff, not FBC, and FBC has not sought to rely on it in this proceeding. The

Witness Statement was also made almost four years ago in a non-BCUC legal proceeding, to which FBC was not a party. In these circumstances, Mr. Swanson could not be compelled to be cross-examined on the Witness Statement in this Commission proceeding.

Final Resolution of the Application

In Exhibit B-13, we stated FBC's position that it was content to proceed directly to final argument, but that a negotiated settlement process (**NSP**) would be its preferred process for concluding the SGPA II proceeding.

Of the interveners, only B.C. Sustainable Energy Association and Sierra Club B.C. (**BCSEA**) was supportive of an NSP in this proceeding. Celgar and British Columbia Hydro and Power Authority (**BC Hydro**) are expressly opposed to an NSP. FBC does not agree with the views of Celgar and BC Hydro that some or all issues could not be appropriately addressed through an NSP. There is an existing and abundant history of Commission proceedings and decisions related to self generation policy in British Columbia, including the Commission's Decision and Order G-27-16 in respect of FBC's Self-Generation Policy Stage I Application (**SGPA I**). Celgar's submission that there is insufficient precedent for an NSP is not well founded. There is also a comprehensive evidentiary record already amassed as a result of this proceeding as well as the SGPA I proceeding and all customer classes and groups that are likely to be affected by a settlement would have an opportunity to participate in the NSP.

Nonetheless, given that there is limited support among the parties for an NSP and most have expressed a preference for proceeding now with final argument, FBC would also be agreeable with moving now to final written submissions instead of an NSP. An NSP without motivated participants is not as likely to result in the type of finality, certainty, and clarity of a resolution that motivated FBC's suggestion in the first place.

Finally, FBC notes that BC Hydro has, in its letter, advanced various arguments on the substance of the proceeding. FBC disagrees with BC Hydro's position on these points, but in this reply confines its remarks to procedural matters.

Yours truly,

FARRIS, VAUGHAN, WILLS & MURPHY LLP

Per:

Ludmila B. Herbst, Q.C.

LBH/nth

c.c.: Registered interveners
client