

July 10, 2009

Ms. Erica M. Hamilton
Commission Secretary
BC Utilities Commission
Sixth Floor, 900 Howe Street, Box 250
Vancouver, BC V6Z 2N3

Dear Ms. Hamilton:

**Re: *Revised Code of Conduct and Transfer Pricing Policy Project No. 3698560 -
Erratum***

Please find attached a replacement page for Exhibit B-4 containing the following erratum:

- 1 Exhibit B-4 BCUC IR No. 1, A22.1, Page 41**
The response is revised.

Sincerely,



Dennis Swanson
Director, Regulatory Affairs

cc: Registered Intervenors

1 **22.0 Reference:Exhibit B-1, Revised Code of Conduct & Transfer Pricing**
2 **Policy, Attachment F, p. 4**
3 **Fortis Pacific Holdings Inc. - Address**

4 **Q22.1 Please confirm the address for Fortis Pacific Holdings Inc., shown as**
5 **“25th Floor - 4700 West Georgia Street, Vancouver BC.”**

6 A22.1 Not confirmed. The correct address for Fortis Pacific Holdings Inc. is
7 “25th Floor, 700 West Georgia Street, Vancouver, BC V7Y 1B3”

8 **23.0 Reference:Exhibit B-1, Revised Code of Conduct & Transfer Pricing**
9 **Policy, Attachment F, p. 4**
10 **General and Administrative Functions: Economies of Scale**

11 **“G&A functions in regard to NRBs are characterized by economies of**
12 **scale – that is, the additional workloads associated with those general**
13 **and administrative tasks are absorbed by existing employees.”**

14 **Q23.1 Given that G&A functions feature economies of scale, explain how cost**
15 **allocators, scaled to total activity, adequately recover for FortisBC the**
16 **fixed cost components that would otherwise have to be borne by service-**
17 **receiving NRBs on their own.**

18 A23.1 FortisBC can find no reference in the Guidelines to a requirement that costs
19 charged to a NRB should be the same as would be incurred by the NRB to self
20 serve. With regard to the overall costs charged to NRBs, the G&A loading is a
21 relatively small component, and FortisBC believes that its rates are
22 comparable, for reasons described in the response to Q1.1 above.