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Our File No.: 05497-181

December 19, 2008

## BY EMAIL AND COURIER

BC Utilities Commission  
6th Floor, 900 Howe Street, Box 250  
Vancouver, BC V6Z 2N3

**Attention:   Erica M. Hamilton  
Commission Secretary**

Dear Sirs/Mesdames:

**Re:   FortisBC Inc. (“FortisBC” or “the Company”) Project  
No. 3698529/Order G-146-08 Application for a Certificate of Public  
Convenience and Necessity for the Benvoulin Substation Project (“the  
Project”)**

Please find enclosed 20 copies of FortisBC’s Reply Argument in regard to the above captioned Application.

Yours truly,

FARRIS, VAUGHAN, WILLS & MURPHY LLP

Per: 

Robert J. McDonell

RJM/lh  
Enclosures  
c.c.:        Intervenors

**REPLY SUBMISSION OF FORTISBC INC. IN SUPPORT OF**  
**THE BENOULIN SUBSTATION PROJECT**

**INTRODUCTION**

1. FortisBC Inc. (“FortisBC” or the “Company”) wishes to reply to the final submission of the BC Old Age Pensioners’ Organization et al. and to comment on the submission of Tantalus Holdings Ltd. dated December 9, 2008.

**REPLY TO BC OLD AGE PENSIONERS ORGANIZATION ET AL.  
 (“BCOAPO”)**

2. BCOAPO’s submission states that “the construction of a new station appears to be the most cost-effective alternative to meeting increased capacity needs in the Kelowna area” (paragraph 16), and further, that the recommended Site 7 is the preferable option because it has advantages in terms of reduced risks of delay and public acceptance (paragraph 27).
3. In regard to Project need, BCOAPO requested the issue dates for economic forecasts provided in response to the British Columbia Utilities Commission (“BCUC”) Information Request No. 1 Q54.2. The forecasts are dated:

Conference Board of Canada	October 27, 2008
Bank of Montreal	October 2008
BC Real Estate Association	Fall 2008
TD Bank Financial	October 16, 2008
Royal Bank of Canada	October 2008
BC Ministry of Finance	September 12, 2008
Canada Housing and Mortgage Corporation	October 30, 2008

4. BCOAPO states a concern that the need for the Project could be affected if these forecasts have since been revised downward.
5. FortisBC confirmed as recently as November 12, 2008, based on information obtained directly from area developers, that expected load growth has decreased somewhat, however the Benvoulin Substation is still required by the proposed in-service date (response to BCUC Information Request No. 1 Q47.1).
6. In response to BCUC Information Request No. 1 Q48.3, the Company noted that the Kelowna-area load is sensitive to temperature, to the extent that area loads may be more strongly affected by weather extremes than by the current economic slowdown.
7. The prolonged cold weather being experienced in December 2008 illustrates the weather sensitivity in the Kelowna area. On December 15, 2008 the FortisBC system experienced a record peak load of 723 MW. Both the Hollywood and OK Mission substations were operating at maximum capacity.
8. On December 17, 2008, the Commission granted Order G-196-08 authorizing emergency curtailment in the Kelowna area. One particular area of concern was overloading of the Hollywood Substation. This condition would not have been present had the Benvoulin Substation been in service. This further demonstrates that the need is present today, regardless of projected load growth with or without economic considerations.
9. Based on the information in its responses to BCUC Information Requests Q47.1 and Q48.3, and the recent peak loads, FortisBC does not believe it prudent to delay the Project.
10. BCOAPO would like to ensure that residential ratepayers do not incur any costs in the event that ALR approval for the substation is not obtained (paragraph 28).

BCOAPO itself states that this risk is low given the site's prior use as a gravel pit" (paragraph 28).

11. It is FortisBC's position that all costs prudently incurred should be recoverable through rates. Given the urban nature of this load, the Company does not consider it likely that an alternative site (whether on ALR or non-ALR land) could have been found that would be equally unobtrusive from a visual perspective, acceptable to area residents, have a willing vendor, and be near to the area of load growth. These characteristics of the proposed site, in the Company's opinion, are cost-mitigating; accordingly FortisBC submits that it has acted reasonably and prudently to secure a suitable substation site.

## **COMMENT ON TANTALUS VINEYARDS**

12. On December 9, 2008, Tantalus Vineyards ("Tantalus") submitted a second Information Request (Exhibit C4-4).
13. As the submission was filed subsequent to FortisBC's Final Submission in this proceeding, the Company has not filed a response.
14. Tantalus requests:
  1. A commitment to cut only those trees in the buffer where the location of the tree is in direct conflict with the placement of a power pole.
  2. Topping rather than removing trees under and around transmission lines in the forested buffer.
  3. Mitigate sight line gaps and openings that are a result of FortisBC's site alterations or Pine beetle kill within the forested buffer, by replacing with appropriate Pine beetle resistant and drought tolerant tree species i.e. Douglas Fir.
  4. Insure Pine trees affected by the Pine beetle will not be removed until they show red foliar casting. (confirmed mortality)

15. FortisBC confirms that it intends to minimize the visual impact of the substation site to the extent possible. Tree removal is expected to be minimal during construction however specifics will not be known until final pole placement is determined. Re-vegetation, if necessary for slope stabilization at the brow of the hill from Casorso Road to the substation site, will make use of indigenous shrubs. Tree removal versus topping, and the removal of dead trees, will be subject to the Company's Right-of-Way maintenance requirements.
16. FortisBC met with Tantalus on December 16, 2008 to discuss the concerns raised in its submission, to explain its construction and Right-of-Way management practices, and to review the environmental provisions that form part of the rezoning application. The Company understands that Tantalus is satisfied with those provisions.

## **CONCLUSION**

17. The evidence filed in this proceeding and the submissions of FortisBC and Intervenors demonstrates that the local community supports the Benvoulin Project and the recommended site.
18. The Company therefore requests that the Commission grant an Order issuing a CPCN for the Benvoulin Substation Project.

ALL OF WHICH IS RESPECTFULLY SUBMITTED



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Robert J. McDonell  
Counsel for FortisBC Inc.