FORTISBC

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November 30, 2007

Via Email
Original via mail

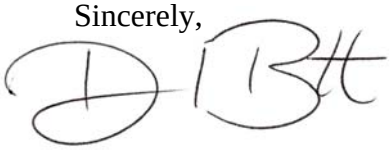
Ms. Erica M. Hamilton
Commission Secretary
BC Utilities Commission
Sixth Floor, 900 Howe Street, Box 250
Vancouver, BC V6Z 2N3

Dear Ms. Hamilton:

Re: An Application for a CPCN for the Distribution Substation Automation Program ("the Program")

Please find enclosed twenty copies of FortisBC Inc.'s Final Argument with regard to the above noted project.

Sincerely,



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cc: Registered Intervenors

FINAL WRITTEN SUBMISSION OF FORTISBC INC.

A. INTRODUCTION

1. On August 28, 2007, FortisBC Inc. ("FortisBC" or "the Company") applied (the "Application") (Exhibit B-1) to the British Columbia Utilities Commission ("BCUC" or "the Commission") pursuant to Sections 45 and 46 of the Utilities Commission Act, for a Certificate of Public Convenience and Necessity ("CPCN") for the Distribution Substation Automation Program ("the Program").

2. On September 18, 2007, the Commission issued Order No. G-108-07 (Exhibit A-1) which established a Written Public Hearing process for the review of the Application and set down a Regulatory Timetable for the proceeding as Appendix A to that Order.

3. The Regulatory Timetable provided for Intervenor registration as well as a schedule for Commission and Intervenor Information Requests. The Regulatory Timetable also included a schedule for the filing of written submissions.

4. On November 2, 2007 the Commission submitted an additional Information Request ("BCUC IR2").

5. On November 9, 2007, the Company, requested the Commission to amend the regulatory timetable to allow FortisBC to more fully respond to BCUC IR2. On November 13, 2007, BCOAPO also requested a revision to the regulatory timetable. On November 14, 2007, the Commission published an Amended Regulatory Timetable (Exhibit A-4) extending the time for to respond to BCUC IR2 and to extend the time for Intervenor Final submissions to Tuesday, December 11, 2007.

6. FortisBC responded to Commission Information Requests and Intervenor Information Requests and now submits this Final Written Submission in support of the Application.

B. PROJECT DESCRIPTION

7. The Program involves the installation of up-to-date protection, metering and communications equipment at the Company's legacy distribution substations. These stations are expected to remain in the system for many years and have no other major upgrades scheduled (such as transformer or switchgear replacement) that would include protection, metering or communication upgrades.

8. The protection, metering and communications technology proposed by the Program is used by a large number of electric utilities in North America as evidenced in the Company's response to BCUC IR1, Appendix A15.1.

9. BC Hydro uses similar protection, metering and communication technology as proposed by the Program.

10. The Company has included substation automation technology as a standard and integral component of distribution substation design and construction since 1999.

11. The Program, if approved, would allow the Company to install proven technology in each of its legacy distribution substations, consistent with the current automation technology standards for each new FortisBC distribution substation as noted in the response to BCOAPO IR1 Q2.3. "...These systems have been applied as standard packages with all recent distribution substation projects."

C. PROJECT JUSTIFICATION

12. FortisBC submits that consideration of the benefits and advantages of the Program together with the financial savings flowing from the Program clearly establishes that the Application is a matter of public convenience and necessity.

13. It is submitted that the only issue, arising on the Application is whether the Program is justified. FortisBC submits that the Program is justified because it will provide direct benefits to FortisBC's system, provide the informational starting point from which to obtain future benefits particularly when paired with Advanced Metering Infrastructure ("AMI") and is in line with the 2007 BC Energy Plan and the Provincial government's directions, all of which are set out in paragraph 14 below, will be achieved at a conservative forecast rate impact of 0.05% with the likely results being a zero or positive impact on rates

14. In the response to BCUC IR2 Q34.2 (Exhibit B-5), the Company summarized the Program benefits as follows:

    (a) a reduction in operating and capital costs. This information is summarized in the CPCN application subsection 3.5, Table 5 and is estimated at $0.59 million;

    (b) a reduction in the duration of customer outages. The location, nature and cause of outages can be identified more quickly for remedial action. In some cases the potential of future outages can be identified and prevented;

(c) an improvement in safety. There will be advanced indication of critical substation alarms which could reduce risk of injury that could result from sustained, undetected station troubles;

(d) an ability to provide a detailed load and reactive power profile for all substations and feeders. As noted in BCUC IR2, Q34.2 page 15, lines 12-21 lines this data could be used to improve power factor and assign costs of correction more appropriately;

(e) an ability for a focused reduction of system losses. In BCUC IR2, Q34.2 page 13, lines 3-20, the Company has identified that substation automation together AMI will improve the informational capability to identify and reduce systems losses;

(f) supportive of the 2007 BC Energy Plan and enhances FortisBC's electrical system by providing the underpinnings for the "smart electricity grid" concept. The response to BCUC IR2, Q34.2 pages 16 and 17 and lines 1-6 on page 18 discusses the backing this Program can provide in meeting the Provincial government's policy; and

(g) greenhouse gas reductions related to reduced crew travel for manual switching and recloser tagging.

15. FortisBC submits that the system enhancements that will be achieved by the implementation of the Program are each, considered alone, highly desirable. As stated in the evidence, the features of the Program have been part of FortisBC's recent applications for CPCNs for new substations and this Program represents sound utility practice. The

Commission, in these applications, has approved the cost of these items. Enabling a broader application of the Program benefits as stated in paragraph 14 above will result in a much better system, a much "smarter grid".

16. The Company has submitted a revised net present value ("NPV") for the Program in BCUC IR2 Appendix 34.2 (Exhibit B-5). It has been revised based on attributing a conservative estimated value of a reduction in line losses to the Program equal to 0.1% or approximately $0.24 million per year as described in response to BCUC IR2, Q34.2, page 12, lines 17-29. This revised NPV is zero or can be positive dependent on the level of assumed reduction in line losses to be achieved by the implementation of the Program.

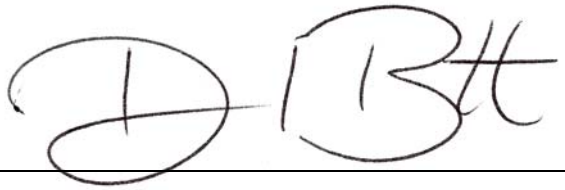
17. In Table 5, subsection 3.5, page 23 ("Table 5") of the Application, the Company identified twelve benefits that can be attributed to the Program of which four were assigned a monetary value. The annual monetary savings associated with these benefits are $0.59 million. As referenced in section 16 above, the Company has also estimated an additional value of $0.24 million for the identification of potential reductions in line losses. It is likely that there will be monetary savings realized from each of the identified benefits in Table 5.

18. The Company believes a reasonable calculation of the monetary value of these benefits will further increase the potential positive rate impact from this Program for the customer.

D. CONCLUSION

19. Accordingly, for the reasons stated above, FortisBC submits that the Application should be allowed and requests that the Commission approve the Application and issue a Certificate of Public Convenience and Necessity for the Program as proposed.

ALL OF WHICH IS RESPECTFULLY SUBMITTED



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