



David Bennett
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April 4, 2008

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

Dear Ms. Hamilton:

Re: *FortisBC Inc. Advanced Metering Infrastructure Project No. 3698493*

FortisBC Inc. (“FortisBC” or the “Company”) writes in response to the British Columbia Utilities Commission’s (“Commission”) letter of April 2, 2008, requesting further information in regard to the Company’s amended Advanced Metering Infrastructure (“AMI”) Application (the “Amended AMI Application”). The Commission requests FortisBC’s comments regarding the introduction in the provincial Legislature of Bill 15-2008, the Utilities Commission Amendment Act, 2008 (“Bill 15”), which includes provisions that may be relevant to the Amended AMI Application.

FortisBC submits that the Amended AMI Application is consistent with and supportive of the BC Energy Plan and Bill 15 and confirms that no further amendments to the Amended AMI Project are required as a result of the introduction of Bill 15.

The March 31 press release from the Government stated that Bill 15 aligns the Utilities Commission Act with the BC Energy Plan objectives and will encourage public utilities to, among other things, pursue energy conservation and efficiency and to leverage innovative energy technologies. Section 64.04 of Bill 15 sets out certain requirements relating to AMI metering technology for both BC Hydro and other public utilities. With respect to public utilities other than BC Hydro, Section 64.04 (4) of Bill 15 states:

“If a public utility, other than the authority, makes an application under the Act in relation to advanced meters, the Commission, in considering that application, must consider the government’s goal of having advanced meters and associated infrastructure in use with respect to customers other than those of the authority.”

The Company submits that this wording is clearly supportive of the Company's application to implement AMI.

With respect to BC Hydro, Section 64.04(2) and (3) of Bill 15 requires BC Hydro to install and put into operation smart meters by 2012. Although the requirements in Section 64.04(2) and (3) and the definition of "smart meters" in Section 64.04 (1) of Bill 15 do not apply to public utilities other than BC Hydro, FortisBC believes that the Amended AMI Application will provide the flexibility to offer benefits consistent with BC Hydro's planned Smart Metering Infrastructure project and continues to exchange information with BC Hydro on the utilities' respective projects in this regard (see the BC Hydro letter attached to the response to BCUC IR2 Amended Application Q21.7).

FortisBC submitted the Amended AMI Application to offer more flexibility in supporting the Government's objectives in the BC Energy Plan. Through its consultation with the Ministry of Energy, Mines and Petroleum Resources ("MEMPR") the Company has confirmed that these amendments are supported by the Provincial Government. A letter from the Ministry dated March 31, 2008, attached as Attachment A, confirms that:

"The Ministry is supportive of FortisBC's December 19, 2007 application to the British Columbia Utilities Commission for an Advanced Metering Infrastructure (AMI) project, as well as the enhancements to that application that have been discussed with Ministry staff and are reflected in your amended application dated March 28, 2008. The applications are consistent with the 2007 Energy Plan's policy action #4 that supports utilities to implement rate structures that encourage energy efficiency and conservation, as the AMI project will allow FortisBC to implement such rates."

Therefore the Company submits, for the reasons set out above and in the Amended Application, the Amended AMI Application is supportive of and consistent with the BC Energy Plan and Bill 15 and should be approved as requested.

FortisBC therefore proposes the following regulatory timetable:

Intervenor Comments regarding Bill 15	April 11, 2008
Commission and Intervenor IR No. 3 (Limited to the content of the amendment to the Application)	April 25, 2008
FortisBC Response to Commission and Intervenor IR No. 3	May 16, 2008
FortisBC Final Submission	May 27, 2008
Intervenor Final Submission	June 6, 2008
FortisBC Reply Submission	June 13, 2008

Sincerely,

A handwritten signature in black ink, appearing to read "D. Bennett". The signature is stylized with a large, looped "D" and "B".

David Bennett
Vice President, Regulatory Affairs & General Counsel

cc: Registered Intervenors

Attachment



March 31, 2008

Mr. David Bennett
 Vice President, Regulatory Affairs
 and General Counsel
 FortisBC Inc.
 1975 Springfield Road
 Kelowna, BC V1Y 7V7

Dear Mr. Bennett:

The Ministry of Energy, Mines and Petroleum Resources congratulates FortisBC for its history of leadership in energy efficiency, conservation and load management, as demonstrated by the PowerSense program and time-of-use rates.

As you know, the Province has committed to:

1. Set an ambitious conservation target, to acquire 50 percent of BC Hydro's incremental resource needs through conservation by 2020;
2. Ensure a coordinated approach to conservation and efficiency is actively pursued in British Columbia;
3. Encourage utilities to pursue cost effective and competitive demand side management (DSM) opportunities;
4. Explore with British Columbia utilities new rate structures that encourage energy efficiency and conservation; and
5. Implement Energy Efficiency Standards for Buildings by 2010. The new green building code will implement the highest energy efficiency standards in Canada, which will result in homes in British Columbia costing less to heat and reduce impacts on the environment.

The Province has also set a provincial target of reducing greenhouse gas emissions by 33 percent below current levels by 2020 and 80 percent below current levels by 2050, as per the *Greenhouse Gas Reduction Targets Act*. On September 28, 2007, the Premier announced that BC Hydro will help customers install "smart meters", develop a "smart electricity grid" that can precisely track and manage power demand, and implement new technology and develop a process where both commercial and residential customers can sell back surplus power. Smart meters will be mandatory under the BC Building Code in all new buildings and every residential unit.

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**Ministry of
 Energy, Mines and
 Petroleum Resources**

Electricity and Alternative
 Energy Division
 Assistant Deputy Minister

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With FortisBC being a major customer of BC Hydro through the 3808 Tariff (Wholesale Transmission Service), the Ministry encourages FortisBC to support BC Hydro's goal of displacing 50 percent of the growth in electricity demand between now and 2020 through conservation measures by 2020. We understand that FortisBC is currently displacing about 25 percent of its electricity demand growth through conservation.

The Ministry has launched a new "BC Partnership for Energy Conservation and Efficiency" to coordinate energy efficiency programs among utilities, local governments, First Nations; industry associations and the federal government, among others. A Steering Committee has been formed, initially consisting of public utilities and the British Columbia Utilities Commission, with a view to expand membership to other key organizations. The Steering Committee will liaise with FortisBC's DSM Advisory Committee.

One of the Steering Committee's functions will be to co-fund with utilities a province-wide, fuel-neutral, energy conservation potential study, identifying achievable technology, design and management opportunities in all sectors. Following this process, the Ministry will work with utilities to set energy conservation targets for their DSM programs, metering methodologies and energy pricing tariffs. The Ministry will also set targets for regulated codes and standards, and voluntary targets for industry associations and local governments. The allocation will reflect the cost-effective potential for DSM.

Given this comprehensive approach to energy conservation and efficiency, the Ministry would encourage FortisBC to invest in DSM efforts that support efficiency codes and standards for buildings and equipment. For example, the Ministry has regulated the efficiency of windows and doors with an effective date of January 1, 2009, but requires assistance of utilities to invest in market transformation measures with British Columbia based window and door manufacturers, including assistance for certifying product lines for energy efficiency, advertising to increase market demand, consumer incentives to complement the PST exemption, and other measures.

The Ministry is supportive of FortisBC's December 19, 2007 application to the British Columbia Utilities Commission for an Advanced Metering Infrastructure (AMI) project, as well as the enhancements to that application that have been discussed with Ministry staff and are reflected in your amended application dated March 28, 2008. The applications are consistent with the 2007 Energy Plan's policy action #4 that supports utilities to implement rate structures that encourage energy efficiency and conservation, as the AMI project will allow FortisBC to implement such rates.

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Finally, the Ministry encourages FortisBC to develop a net metering tariff for residential and commercial consumers, and ensure that the AMI is compatible with such a tariff and a "smart electricity grid", as per the Premier's speech on September 28, 2007.

Regards,



Les MacLaren
Assistant Deputy Minister