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July 29, 2010

BY EMAIL
(original via mail)

BC Utilities Commission
Sixth Floor, 900 Howe Street
Vancouver, BC V6Z 2N3

Attention: Erica M. Hamilton, Commission Secretary

Dear Sirs/Mesdames:

**Re: FortisBC Inc. ("FortisBC" or "FBC")
Project No. 3698564/Order G-139-09
2009 Rate Design Application and Cost of Service Study**

We write further to the correspondence dated July 27, 2010 from counsel for International Forest Products Limited ("Interfor"). Interfor suggests that in two instances, FortisBC's reply argument of July 23, 2010 (the "Reply Argument") introduces new evidence that was not before the Commission.

The first sentence with which Interfor takes issue is found in para. 99 of the Reply Argument and provides: "FortisBC collects deposits from all non-residential customers and some residential customers, but typically holds them for a shorter time frame for customers with lower demand levels". In this regard, we confirm the above description ("FortisBC collects..." [underlining added]) is intended simply to refer to FortisBC's present approach in dealing with new customers. Evidence related to FortisBC's present policy is found at Interfor Appendix A4b (Ex. B-3-5) at p. 5 ("Applying the Deposit to the Account"), pp. 9-12 ("Residential Accounts", "Commercial Accounts", "Refunding Security Deposits"); Transcript Volume 4, p. 619 1.23 – p. 625 1.10 (Mr. Warren); Appendix "H" to Ex. B-1; FBC response to Interfor IR 1.3(i) (regarding new general service customers) and IR 1.4(a) – Ex. B-3-5; FBC response to Interfor IR 2.11(a) (regarding new general service customers); Appendix "G" to Interfor evidence – Ex. C8-4.

The term "lower demand levels" in para. 99 of the Reply Argument is intended to mean "demand levels not exceeding 200 kVA" – *i.e.*, the statement is intended to mean that the time frame for which deposits are held at those demand levels is typically shorter than at demand levels over 200 kVA. We take that to be part of Interfor's claim. For clarity, in the event this is Interfor's concern, we confirm no distinction is intended in para. 99 as between particular demand levels which do not exceed 200 kVA.

The second sentence with which Interfor takes issue is found in para. 100 of the Reply Argument and provides: "The customers to which Interfor refers at para. 37 of its argument as having demand in excess of Interfor's usage are municipal utilities, which are unlikely to default". In para. 37 of Interfor's July 14, 2010 argument, Interfor refers to four customers which, through Table Interfor IR2 A2(a) (Ex. B-7), it associates with usage of 17,597.56 kVA, 20,390.29 kVA, 54,030.69 kVA and 60,310.52 kVA, respectively. Schedule 8.2 of Appendix "A" to Ex. B-1 and tables such as BCUC Table A79.2 (Ex. B-3-1) reflect that municipal utilities are the individual customers with levels of actual or forecast actual demand in that order of magnitude. As to the likelihood of municipal utilities defaulting, the British Columbia Municipal Electrical Utilities ("BCMEU") stated in their argument of July 14, 2010 that "municipal utilities...exist in effect in perpetuity [and] have powers of taxation to secure financial security" (para. 105 of BCMEU's July 14, 2010 argument). Neither FortisBC nor any of the Intervenor took issue with BCMEU's statement.

Yours truly,

FARRIS, VAUGHAN, WILLS & MURPHY LLP

Per: 

Ludmila B. Herbst

LBH/lb

c.c.: All Registered Intervenor
client