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May 9, 2011

British Columbia Utilities Commission  
Sixth Floor  
900 Howe Street  
Vancouver, B.C.  
V6Z 2N3

Attention: Ms. Erica M. Hamilton, Commission Secretary

Dear Ms. Hamilton:

**Re: The Fortis BC Utilities**

**Application to Adopt US Generally Accepted Accounting Principles ("US GAAP") effective January 1, 2012**

**Reply Argument Submissions**

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On February 9, 2011, the Fortis BC Utilities (comprised of FortisBC Inc. and the FortisBC Energy Utilities [including FortisBC Energy Inc., FortisBC Energy (Vancouver Island) Inc. and FortisBC Energy (Whistler) Inc.<sup>1</sup>]), filed the Application as referenced above.

In accordance with Commission Order No. G-25-11 setting out the Regulatory Timetable for the review of the Application, the Fortis BC Utilities respectfully submit the attached Reply Written Submissions.

If you have any questions or require further information related to this Application, please do not hesitate to contact Roger Dall'Antonia at (604) 443-6570 or by email to [roger.dall'antonia@fortisbc.com](mailto:roger.dall'antonia@fortisbc.com).

Yours very truly,

**on behalf of the FORTIS BC UTILITIES**

***Original signed:***

Diane Roy

Attachment

cc (e-mail only): Registered Parties

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<sup>1</sup> Formerly Terasen Gas Inc., Terasen Gas (Vancouver Island) Inc. and Terasen Gas (Whistler) Inc. respectively

**BRITISH COLUMBIA UTILITIES COMMISSION**

**IN THE MATTER OF the *Utilities Commission Act*,  
R.S.B.C. 1996, Chapter 473 (the “Act”)**

**and**

**An Application by the Fortis BC Utilities (comprised of FortisBC Inc., FortisBC Energy Inc., FortisBC Energy (Vancouver Island) Inc., and FortisBC Energy (Whistler) Inc.) for  
Adoption of US Generally Accepted Accounting Principles**

**REPLY SUBMISSIONS OF  
FORTIS BC UTILITIES**

**May 9, 2011**

## REPLY SUBMISSIONS OF FORTIS BC UTILITIES

### A. INTRODUCTION

1. On February 9, 2011 the Fortis BC Utilities, comprised of FortisBC Inc., FortisBC Energy Inc. ("FEI"), FortisBC Energy (Vancouver Island) Inc. ("FEVI"), and FortisBC Energy (Whistler) Inc. ("FEW") (collectively may be referred to as the "Utilities" or the "Companies") applied to the British Columbia Utilities Commission (the "Commission" or "BCUC") under sections of 23, 49, 60, and 61 of the *Utilities Commission Act* (the "Act" or "UCA") for adoption of US Generally Accepted Accounting Principles ("US GAAP") for regulatory accounting purposes, effective January 1, 2012 (the "Application"). Once approved, US GAAP will be used for the calculation of cost of service, revenue requirements, rate base, and the preparation of regulatory schedules and filings. The Application contained the estimates of necessary and appropriate one-time and ongoing costs for the conversion to US GAAP.

2. British Columbia Old Age Pensioners' Organization ("BCOAPO"), the Commercial Energy Consumers Association of BC ("CEC"), and Andy Shadrack, registered as intervenors in this proceeding. Final submissions were filed by BCOAPO and CEC with the Commission. No submission was filed by Andy Shadrack. The final submissions of BCOAPO and CEC support the Fortis BC Utilities' request for approval of the Application to Adopt US GAAP effective January 1, 2012.

### B. GENERAL SUPPORT AND RECOMMENDED APPROVAL OF THE APPLICATION

3. Upon reviewing the evidence in the Application, both BCOAPO and CEC express support of the Utilities position that adoption of US GAAP is in the public interest and recommend that the Commission approve the Application.

### C. REQUEST FOR RECONCILIATION

4. Both BCOAPO and CEC request that, should the Commission approve the Utilities Application, the Commission should require the Utilities to provide a reconciliation of Canadian GAAP to US GAAP.<sup>1</sup>

5. The Utilities see this as a fair request. If the Application is approved, the Utilities will provide a reconciliation of the 2012 revenue requirements impacts between existing regulatory treatment and the treatment allowed under US GAAP in their respective Revenue Requirement Applications.

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<sup>1</sup> Exhibit C3-3, at page 3; Exhibit C2-3, at page 3

**D. CONCLUSION**

6. The Companies have applied to adopt US GAAP for regulatory reporting purposes, as it is currently the only option available that recognizes regulated assets and liabilities. The use of US GAAP for regulatory purposes will maintain transparency and comparability between regulatory and financial reporting and will reduce the regulatory impact that the Companies would experience if converting to IFRS. The Intervener submissions support the Application.

7. The Companies thus respectfully submit that the Commission should grant the approvals sought.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED.**

**FORTIS BC UTILITIES**

***Original signed:***

**Diane Roy**  
Director of Regulatory Affairs, FortisBC Energy Inc.

May 9, 2011