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**ELECTRONIC FILING**

British Columbia Utilities Commission
6th floor, 900 Howe Street
Vancouver, BC V6Z 2N3

**Attention: Ms. Alanna Gillis,**
**Acting Commission Secretary**

Dear Sirs/Mesdames:

**Re: FortisBC Energy Inc. and Fortis Energy (Vancouver Island) Inc.**
**(the "FortisBC Energy Utilities")**
**Energy Efficiency and Conservation Program Natural Gas Vehicles Incentive**

We enclose for filing in the above proceeding the electronic version of the Reply Submissions on behalf of FortisBC Energy Utilities.

Twelve hard copies of the Reply Submissions will follow by courier.

Yours truly,

**FASKEN MARTINEAU DuMOULIN LLP**

*[original signed by Matthew Ghikas]*

Matthew Ghikas

MTG/fxm
Enc

**BRITISH COLUMBIA UTILITIES COMMISSION**

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

**and**
**FortisBC Energy Inc. and**
**FortisBC Energy (Vancouver Island) Inc.**
**(the "FortisBC Energy Utilities")**

**ENERGY EFFICIENCY AND CONSERVATION PROGRAM**

**NATURAL GAS VEHICLE INCENTIVES**

**Reply Submission of the FortisBC Energy Utilities**

**May 25, 2011**

1. A number of stakeholders provided letters of support to the FortisBC Energy Utilities (the “FEU” or the “Companies”), which were included in evidence and have already been referenced in the Companies’ Final Submission. This Reply Submission addresses the final submissions of the Commercial Energy Consumers Association of British Columbia (“CEC”), the Ministry of Energy and Mines (“Government”), and the B.C. Sustainable Energy Association (“BCSEA”). These three parties are supportive of the position articulated by the FEU.[1] In particular:

(a) Both customer groups that filed final submissions – BCSEA and CEC (Government did not speak to this issue) – agreed with the FEU’s characterization of how the EEC framework was intended to operate.[2] They agreed that customers benefit from the FEU continuing to have flexibility to manage the EEC portfolio going forward.[3]

(b) Government, BCSEA and CEC all support NGV EEC as being in the public interest. Government, for instance, provided an extensive submission detailing how the actions taken to date have supported “British Columbia’s energy objectives”, and the importance of eliminating the uncertainty regarding EEC funding going forward. For the reasons articulated by the FEU, and reinforced by these intervenors, the NGV EEC funding meets the requirements under section 44.2.

The overwhelming support for these initiatives underscores the need to bring this process to a conclusion as soon as possible.

2. The CEC has articulated a practical concern regarding the potential for the Commission to be “drawn into micro managing the entire EEC activity”.[4] BCSEA similarly stresses the benefits of flexibility in optimizing EEC funding.[5] The FEU agree that there are key administrative efficiencies inherent in the EEC approach that the Companies submit was approved in the original EEC Decision. Accountability for how the FEU manages expenditures included within an accepted expenditure schedule is well addressed through the requirement that only prudent forecast costs are recoverable in rates,[6] which as CEC notes[7] is an analysis undertaken at the time rates are set and not before.

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1 The FEU have focussed on the general thrust of the submissions, without taking issue with any minor nuances in wording.

2 CEC Submission, pp. 4-5; BCSEA Submission, pp. 4-6.

3 CEC Submission, p. 5; BCSEA Submission, p.4-6.

4 CEC Submission, p. 5.

5 BCSEA Submission, pp. 4-5.

6 Both CEC and BCSEA agree with the applicability of the prudence test: BCSEA Submission, p.8; CEC Submission, pp. 8-9.

7 CEC Submission, pp. 8-9.

3. BCSEA submits on pages 4-6 that the effect of the 2009 EEC Decision rejecting Innovative Technologies was to reduce the total approved envelope, and not to bar the activity or even exclude Innovative Technologies from the expenditure schedule, because the FEU were explicitly given flexibility over the portfolio spending. BCSEA's submission is analytically consistent with fact that the Commission's rate setting mandate involves fixing rates without dictating how the utility spends the resulting revenues.

4. The CEC has identified that the Commission's final order in the 2010-2011 RRA cited sections 59-61 of the Act, but not section 44.2, in the preamble to the list of orders. As the RRA and the NSA contemplated that the EEC funding approvals were being sought under section 44.2 of the Act, the rectification of the Order to include a reference to section 44.2 in the Order should be treated as a "housekeeping issue".

5. In conclusion, the FEU respectfully submit that the existing EEC framework, which preserves the Companies' flexibility to optimize the EEC portfolio, makes sense for all stakeholders. The EEC programs for NGV are in the public interest and are already, or alternatively should be, included within the scope of the currently accepted expenditure schedule as part of the Innovative Technologies Program Area. Once the uncertainty regarding the EEC framework and the NGV-related EEC programs has been resolved, the Companies expect to resume the NGV-EEC program for 2011 by extending funding to previously identified recipients and any newly identified vehicle fleets.

6. The FEU wish to reiterate that they appreciate the Commission's willingness to consider this matter on an expedited basis in recognition of the importance of the NGV-related and other EEC initiatives for all stakeholders.

ALL OF WHICH IS RESPECTFULLY SUBMITTED.

Dated: May 25, 2011

***[original signed by Matthew Ghikas]***

**Matthew Ghikas**
**Counsel for FortisBC Energy Inc.**