

August 1, 2014

Via Email
Original via Mail

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

Attention: Ms. Erica M. Hamilton, Commission Secretary

Dear Ms. Hamilton:

Re: FortisBC Energy Inc. (FEI) Application for Approval of Code of Conduct and Transfer Pricing Policy for Affiliated Regulated Businesses Operating in a Non-Natural Monopoly Environment (the Application)

Request for Submissions by the British Columbia Utilities Commission (the Commission)

FortisBC Alternative Energy Services Inc. (FAES) Submission

FEI submitted the Application and an updated Code of Conduct and Transfer Pricing Policy for Affiliated Regulated Businesses Operating in a Non-Natural Monopoly Environment (CoC/TPP) following a consultation process with stakeholders. FAES was a participant in the consultation process, and will continue to participate in the Commission review process of the CoC/TPP.

On July 25, 2014, the Commission issued Letter (Log No. 48063) in the Application, seeking submissions from the consultation process participants on three items:

1. Comments on the Application;
2. Recommendations on the process steps required to complete the review and ensure the resultant CoC and TPP meet the intent of the Report on the Inquiry into the Offering of Products and Services in Alternative Energy Solutions and Other Initiatives (AES Inquiry Report); and
3. Any other relevant matters.

FAES will address each above item.

1. Comments on the Application

FAES has reviewed the Application and is satisfied that the Application and the proposed CoC/TPP reflect the collaborative consultation processes initiated by FEI and participated by FAES and others and the intent of the AES Inquiry Report. Additionally, FAES believes that the Application has identified the key issues outstanding from the consultation process. In particular, FAES is satisfied that the comments attributed to FAES in the Application accurately reflect its position, mainly that “the overarching principle of cost causality stated in the AES Inquiry Report is inconsistent with the principle of using higher of market price or fully allocated cost for setting the Transfer Price.”¹

2. Recommendations on the Process

As stated above, the Application has identified certain remaining issues to be resolved following the collaborative processes initiated by FEI and participated by FAES, other utilities and stakeholders, including Commission staff and customer groups. Thus, FAES believes that the Commission’s review process of the Application should focus on resolving those outstanding issues identified. To this end, FAES believes that an abbreviated written hearing would be sufficient. In particular, FAES does not believe that information requests would be of particular assistance given that the outstanding issues are predominately differences of opinion. Rather, a process where FEI and the consultation participants can provide in writing their position and supporting rationale on sections/areas that FEI has identified in the Application to be outstanding (sections 3.2 and 3.3 of the Application) would be more efficient.

3. Any Other Relevant Matters

FAES wishes to comment on one additional matter.

As stated above, FAES believes that the Application accurately reflects the consultation process and discussion to date, including input from Commission staff and other participants in the process and also disagreements remaining from the process. In this regard, FAES disagrees with the submission by Corix Utilities on July 14, 2014. In particular, in FAES’ view, FEI has followed the directives from the AES Inquiry Report.

¹ Exhibit B-1, at page 12.

If you require further information or have any questions regarding this submission, please contact Grant Bierlmeier at (250) 896-3098.

Sincerely,

FORTISBC ALTERNATIVE ENERGY SERVICES INC.

Original signed:

Song Hill

Counsel for FortisBC Alternative Energy Services Inc.

cc (email only): Registered Parties