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September 2, 2014

**Via Email**  
**Original via Mail**

British Columbia Utilities Commission  
6<sup>th</sup> 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 a Code of Conduct (COC) and Transfer Pricing Policy (TPP) for Affiliated Regulated Businesses Operating in a Non-Natural Monopoly Environment (ARBNNM)**

**FEI Summary of Participants' Positions for the Pre-Hearing Conference**

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On June 27, 2014, FEI filed the application noted above (the Application) with the British Columbia Utilities Commission (the Commission).

After submissions from the parties, the Commission issued a letter dated August 18, 2014 (Exhibit A-3) setting a Pre-hearing Conference and identified matters for which it invites all parties to speak at the Pre-hearing Conference.

The Panel sought written submissions from FEI on items (5) and (6) which are being filed under separate cover.

Further, the Panel indicated it would be seeking confirmation from participants at the Pre-hearing Conference that they are in agreement with FEI's characterization of the sections in the COC and TPP documents that are (i) accepted, (ii) significant differences remain, or (iii) general agreement or less significant differences. In an effort to assist with this aspect of

submissions at the Pre-hearing Conference, FEI prepared a draft summary table and circulated it to participants involved in the consultative process for their review and confirmation. The attached summary table includes feedback received from the participants, and has been confirmed by the participants to accurately represent a summary of their position on the issues.

If further information is required, please contact the undersigned.

Sincerely,

**FORTISBC ENERGY INC.**

***Original signed:***

Diane Roy

Attachment

cc (email only): Registered Parties

**Summary of Participants' Positions on FEI's Proposed Code of Conduct and Transfer Pricing Policy for ARBNM**

*Updated September 2, 2014 for participant confirmation*

Description of Issue	Application page references	FEI Code of Conduct and Transfer Pricing Policy reference	FEI's Proposal	BCOAPO <sup>1</sup>	BCSEA and SCBC <sup>2</sup>	CEC <sup>3</sup>	Coalition <sup>4</sup>	COPE <sup>5</sup>	Corix <sup>6</sup>	FAES <sup>7</sup>	Commission Staff
<b>Stakeholder confirmation of positions</b>											
				Confirmed Aug 25; change Code of Conduct Financing and Other Risks to <b>Substantive issues</b>	Confirmed Aug 19; no change	Confirmed Sep 1; no change	Confirmed Aug 29; no change	Confirmed Aug 29; no change	Confirmed Aug 29; change Code of Conduct - Compliance and Complaints to <b>Wording issues</b>	Confirmed Aug 29; no change	Confirmed Aug 28; no change although there may be issues staff would support not in the proposed COC/TPP
<b>Significant differences remain</b>											
Code of Conduct - Shared Services and Personnel	Pages 7, 8	Refer to Appendix A - A1 FEI Proposed Code of Conduct - June 19, 2014, page 4	Sharing of services and personnel to include corporate services including senior mgmt. and operating personnel.	No issues	No issues	No Issues	Substantive issues	No issues	Substantive issues	No issues	Substantive issues
Code of Conduct - Financing and Other Risks	Pages 8, 9	Refer to Appendix A - A1 FEI Proposed Code of Conduct - June 19, 2014, page 6	Unless approved by the Commission, FEI will not undertake any financing on behalf of an ARBNM that exposes FEI ratepayers to additional costs or risks, unless appropriate compensation is received by FEI.	Substantive Issues	No issues	No Issues	Substantive issues	No issues	No issues	No issues	Wording issues
Transfer Pricing Policy - Pricing Rules and Determining Costs	Pages 10 - 12	Refer to Appendix A - A1 FEI Proposed Transfer Pricing Policy - June 19, 2014, page 3	The Transfer Price will be set at no greater than full cost (instead of higher of market price or fully allocated cost). With Commission approval, the cost may be set at below full cost.	No issues	No issues	No issues	Substantive issues	No issues	Substantive issues	No issues	Substantive issues
<b>General agreement or less significant differences</b>											
Code of Conduct - Scope	Pages 12, 13	Refer to Appendix A - A1 FEI Proposed Code of Conduct - June 19, 2014, page 1	FEI suggests the following wording to removing immaterial variances from having to be reported - "The administration of this Code may have to take into account particular circumstances in respect to a particular resource or service which is being provided and where these issues are at variance with this Code and if the variance results in costs exceeding benefits received by the ratepayers of FEI, FEI will be required to seek Commission approval."	No issues	No issues	No issues	No issues	No issues	Wording issues	No issues	Wording issues

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Code of Conduct - Definitions	Page 13	Refer to Appendix A - A1 FEI Proposed Code of Conduct - June 19, 2014, page 2	Refer to FEI's proposed Code of Conduct for the Definitions.	No issues	No issues	No issues	No issues	No issues	No issues	No issues	No issues
Code of Conduct - Principles	Pages 13, 14	Refer to Appendix A - A1 FEI Proposed Code of Conduct - June 19, 2014, page 3	Refer to FEI's proposed Code of Conduct for the Principles.	No issues	No issues	No issues	Substantive issues	No issues	Substantive issues	No issues	Substantive issues
Code of Conduct - Provision of Information by FEI	Page 14	Refer to Appendix A - A1 FEI Proposed Code of Conduct - June 19, 2014, page 4	Refer to FEI's proposed Code of Conduct for the specific wording.	No issues	No issues	No issues	No issues	No issues	No issues	No issues	Wording issues
Code of Conduct - Equitable Treatment of Demand Side Management and Incentive Funds	Pages 14, 15	Refer to Appendix A - A1 FEI Proposed Code of Conduct - June 19, 2014, page 5	FEI proposes to include the following reference in the Code of Conduct: <i>FEI will adhere to the Commission approved mechanism for approval and administration of Demand-Side Management or incentive funding.</i>	No issues	No issues	No issues	No issues	No issues	No issues	No issues	Wording issues
Code of Conduct - Compliance and Complaints	Pages 15, 16	Refer to Appendix A - A1 FEI Proposed Code of Conduct - June 19, 2014, pages 5 and 6	FEI has included wording to provide additional oversight by designating a Director in FEI to be responsible for monitoring compliance with the Code of Conduct. Refer to FEI's proposed Code of Conduct for the specific wording.	No issues	No issues	No issues	Wording issues	No issues	Wording issues	No issues	No issues
Code of Conduct - Use of Utility Name	Page 16, 17	Refer to Appendix A - A1 FEI Proposed Code of Conduct - June 19, 2014, page 6	The use of the FortisBC name by an ARBNNM operating in a non-natural monopoly environment is an acceptable business practice. The ARBNNM will exercise care in distinguishing between services provided by FEI and services offered by an ARBNNM. The name FortisBC is owned by Fortis Inc.	No issues	No issues	No issues	Wording issues	No issues	No issues	No issues	No issues
Code of Conduct - Amendments	Page 17	Refer to Appendix A - A1 FEI Proposed Code of Conduct - June 19, 2014, page 6	FEI will review the provision of the Code on an ongoing basis and as required by the Commission, but with a maximum of five years between reviews. In addition, amendments to the Code may be made from time to time as approved by the Commission, and may result from normal periodic review, from a request to the Commission by FEI, an ARBNNM, a customer or other stakeholder, or a review initiative by the Commission.	No issues	No issues	No issues	No issues	No issues	No issues	No issues	No issues

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Transfer Pricing Policy - Scope	Pages 17, 18	Refer to Appendix A - A1 FEI Proposed Transfer Pricing Policy - June 19, 2014, page 1	Refer to FEI's proposed Transfer Pricing Policy for the specific wording.	No issues	No issues	No issues	No issues	No issues	No issues	No issues	Wording issues
Transfer Pricing Policy - Definitions	Page 18	Refer to Appendix A - A1 FEI Proposed Transfer Pricing Policy - June 19, 2014, pages 1, 2	Refer to FEI's proposed Transfer Pricing Policy for the specific wording.	No issues	No issues	No issues	No issues	No issues	No issues	No issues	No issues
Transfer Pricing Policy - Policy	Page 18	Refer to Appendix A - A1 FEI Transfer Pricing Policy - June 19, 2014, page 3	Refer to FEI's proposed Transfer Pricing Policy for the specific wording.	No issues	No issues	No issues	No issues	No issues	No issues	No issues	Wording issues
Transfer Pricing Policy - Costs Relating to the Transfer of Activities from the Utility to an ARBNNM	Page 19	Refer to Appendix A - A1 FEI Transfer Pricing Policy - June 19, 2014, pages 5, 6	Refer to FEI's proposed Transfer Pricing Policy for the specific wording.	No issues	No issues	No issues	No issues	No issues	No issues	No issues	No issues
Transfer Pricing Policy - Cost Collection Procedures	Pages 19, 20	Refer to Appendix A - A1 FEI Transfer Pricing Policy - June 19, 2014, page 6	FEI believes its current approach to allocating costs based on timesheets is appropriate and well established.	No issues	No issues	No issues	Substantive issues	No issues	No issues	No issues	Substantive issues
Transfer Pricing Policy - Review of Transfer Pricing Policy	Page 20	Refer to Appendix A - A1 FEI Transfer Pricing Policy - June 19, 2014, page 6	The Transfer Pricing Policy will be reviewed on an annual basis as part of the Code of Conduct compliance review. However, FEI may make an application to the Commission for approval of changes to the policy including the pricing rules and the formula for determining full costs as and when required.	No issues	No issues	No issues	No issues	No issues	No issues	No issues	No issues
Other	Page 20	n/a	In the Scope of FEI's Code of Conduct and Transfer Pricing Policy for ARBNNMs, there is already wording indicating that the proposed Code of Conduct and Transfer Pricing Policy does not replace the existing NRB Code of Conduct and Transfer Pricing Policy. No preamble is necessary in FEI's proposed Code of Conduct to explain this further.	No issues	No issues	No Issues	No issues	No issues	No issues	No issues	Wording issues

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<i>Accepted</i>											
Code of Conduct - Transfer Pricing for ARBNNMs	Page 6	Refer to Appendix A - A1 FEI Code of Conduct June 19, 2014, page 4	FEI will conform with the Commission approved FEI Transfer Pricing Policy for ARBNNMs.	No issues	No issues	No issues	No issues	No issues	No issues	No issues	No issues
Code of Conduct - Preferential Treatment	Page 6	Refer to Appendix A - A1 FEI Proposed Code of Conduct - June 19, 2014, pages 4, 5	FEI will not state or imply that favoured treatment will be available to customers of FEI as a result of using any service of an ARBNNM. In addition, no Company personnel will condone or acquiesce in any other person stating or implying that favoured treatment will be available to customers of the Company as a result of using any product or service of an ARBNNM.	No issues	No issues	No issues	No issues	No issues	No issues	No issues	No issues
Code of Conduct - Equitable Access to Services	Page 6	Refer to Appendix A - A1 FEI Proposed Code of Conduct - June 19, 2014, page 5	FEI will not preferentially direct customers to an ARBNNM. In discussing energy alternatives with a customer, or a potential customer, FEI personnel may not preferentially direct customers to an ARBNNM. Refer to FEI's proposed Code of Conduct for the specific wording.	No issues	No issues	No issues	No issues	No issues	No issues	No issues	No issues

**Categories of participants' positions**

- (1) No issues
- (2) Wording issues
- (3) Substantive issues

Notes:

1. British Columbia Public Interest Advocacy Centre
2. BC Sustainable Energy Association and Sierra Club of British Columbia
3. Commercial Energy Consumers Association
4. Coalition for Open Competition
5. Canadian Office and Professional Union local 378
6. Corix Utilities
7. FortisBC Alternative Energy Services Inc.