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December 9, 2015

**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 and Director

Dear Ms. Hamilton:

**Re: FortisBC Energy Inc. (FEI) Application for its Common Equity Component and Return on Equity (ROE) for 2016 (the Application)**

**FortisBC Inc. (FBC) Reply Submissions on Interim Order**

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These are the reply submissions of FBC to other parties' submissions on Exhibit A-5, the British Columbia Utilities Commission (Commission) Letter dated November 30, 2015 in FEI's *Common Equity Component and Return on Equity Application*. FBC, although not an applicant in this proceeding, is directly affected by the Commission's determination in this regard. FBC relies on its initial submissions (Exhibit E-3) on the Commission's first question, but has specific responses to certain intervener arguments regarding the Commission's second question.

Industrial Customers Group (ICG) raised in Exhibit C6-2 the possibility of incorporating a consideration of FBC's cost of capital in this proceeding, although it did defer to FBC in this regard. FBC submits that this approach would be inefficient in the circumstances. The present Application is a FEI Application for approval of a component of its rates, and not an FBC application. The Application was brought forward by FEI as a result of a Commission directive for FEI to file a cost of capital application prior to November 30, 2015. The directive was not provided to other utilities, and to direct other utilities would be impractical and inefficient. FBC is not in a position to prepare evidence on such short notice, and to incorporate such evidence would require suspending the FEI Application which is well underway. Furthermore, it has been less than two years since FBC's risk was last assessed by the Commission. There is no evidence of a material shift in the nature of the benchmark utility, or FBC, that would support a review at this time of FBC's cost of capital.

Commercial Energy Consumers Association of British Columbia (CEC), in advocating for a generic “Stage 2”-type hearing for other BC utilities, suggested in Exhibit C-1-3 that it is efficient because it will allow for “efficient groupings by type”. The potential for “efficient groupings” is overstated. Pacific Northern Gas Ltd. (PNG), a gas distribution utility, has different risk drivers than FBC, a vertically integrated electric utility. Each of FBC and PNG shares little in common with small thermal energy systems in terms of business risk. The net result of running a combined generic proceeding for gas, electric and thermal energy utilities is that all utilities would spend additional time and money engaged in matters that really have little bearing on their own situation. These costs are ultimately borne by ratepayers.

British Columbia Public Interest Advocacy Centre representing the British Columbia Old Age Pensioners’ Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens’ Organizations of BC, and the Tenant Resource and Advisory Centre *et al.* (BCOAPO) maintains in Exhibit C5-3 that the generic proceeding format “makes it possible for both the utilities and for ratepayers to retain subject matter experts”. As stated above, while the experts may or may not be the same individuals, the relevant subject matters differ among PNG, FBC and small thermal energy systems. Stakeholders have equal ability to provide relevant subject matter evidence in the context of utility specific proceedings.

British Columbia Municipal Electrical Utilities (BCMEU) states in Exhibit C3-2 that a generic hearing is the “clearest way to compare the risk profiles of various utilities by type”. The key comparisons are between each utility and the benchmark utility, not among the Stage 2 utilities. Individual proceedings are well suited for the exercise that must be undertaken.

FBC submits that holding a generic “Stage 2” proceeding so soon after the last one would be inefficient and costly, and should be avoided in the interests of all concerned.

If further information is required, please contact the undersigned.

Sincerely,

**FORTISBC INC.**

***Original signed:***

Diane Roy

cc (email only): Registered Parties