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BY E-MAIL

British Columbia Utilities Commission
Sixth Floor, 900 Howe Street
Box 250
Vancouver, BC V6Z 2N3

Attention: Laurel Ross
Acting Commission Secretary and Director

Dear Sirs/Mesdames:

**Re: An Application by FortisBC Energy Inc. - Common Equity Component and
Return on Equity for 2016 – Project No. 3698852
FortisBC Energy Inc.’s Response to Exhibit A-11 on Procedural Matters**

I write on behalf of FortisBC Energy Inc. (“FEI”) in response to the Commission’s correspondence of February 16, 2016 (Exhibit A-11). In that letter, the Commission requested comments from FEI and other parties on several points. FEI’s submissions on the applicable points are set out below.

- **Whether FEI intends to file rebuttal evidence in accordance with the Regulatory Timetable set out in Appendix A to Order G-177-15.**

FEI confirms that it intends to file rebuttal evidence. Mr. Coyne will file evidence in rebuttal to the evidence of Dr. Booth. FEI may also file separate company rebuttal evidence, but it is anticipated to be brief and limited to a few discrete matters.

- **Submission on the scope of oral evidence.**

The Commission has already addressed the scope of oral evidence in its November 9, 2015 procedural order, Order No. G-177-15. Specifically, the Commission’s regulatory timetable in Exhibit A-2 indicated “Oral Evidence (limited scope Expert Evidence)”, and that remained the case when the Commission issued a corrected timetable in Exhibit A-8.

FEI submits that the proper scope of a “limited scope Expert Evidence” hearing is defined by all of the matters addressed in the expert evidence of Dr. Booth and Mr. Coyne. FEI sees limited efficiency gains in further restricting the scope of the oral hearing to specific issues addressed by the experts. Using the scope of the expert evidence to define the scope of the hearing provides a clear delineation.

- **Proposed number of witness panel(s) at the oral hearing scheduled from March 9 to March 11, 2016.**

Mr. Coyne is FEI’s only expert. As such, Mr. Coyne will be the only witness in the “limited scope Expert Evidence” hearing indicated in the Commission’s original procedural order. Mr. Coyne will be prepared to appear starting on March 9, 2016, the opening day of the hearing.

I can advise that I intend to cross-examine Dr. Booth on his evidence.

- **The appropriate allocation of Participant Assistance/Cost Award (PACA) for the application in the Generic Cost of Capital Stage 1 and Stage 2 proceedings (PACA was allocated among affected and other utilities in accordance with the principles established in Order F-5-062).**

FEI assumes that this point is intended to address PACA funding in the present proceeding, not the GCOC proceedings (allocation of PACA in the GCOC has already been determined). Unlike the GCOC proceedings, this is not a generic hearing. This Application is an FEI application for the determination of its ROE and capital structure. While FEI’s allowed return is used as the benchmark in BC, this fact is really most relevant in the context of generic processes or applications brought by other BC utilities. As such, FEI submits that it is most appropriate in the circumstances for the PACA costs to be allocated to FEI alone.

Concluding Comments and FEI’s Request for Clarification

In preparing these submissions on the scope of the hearing and witness panels, FEI has assumed that Exhibit A-11 was not intended to imply that the Commission is reconsidering its November 9, 2015 decision that the oral hearing would be “limited scope Expert Evidence”.

The logic of the original scoping order still holds. FEI’s cover letter to its Application, which had preceded the original procedural order, had stated:

Given that the GCOC Stage 1 Decision is relatively recent, and that the Company evidence is consistent with the previous application, FEI believes that the Company evidence in this Application would be most

efficiently and effectively handled through a written process. FEI is cognizant that the Commission Panel may wish to hear from expert witnesses, and therefore proposes a regulatory review process which includes a limited scope oral hearing (likely one or two days) on the expert evidence filed during the proceeding (both Company and intervener, if any). FEI proposes the following regulatory timetable.

Based on the evidence filed by all parties, there appears to be general agreement among FEI, Mr. Coyne and Dr. Booth that there is continuity in FEI's business risk profile since 2012.¹ As well, an oral hearing limited to the expert evidence ensures an efficient and cost effective process where the time and cost required for a hearing is focused on the key matters at hand, which are primarily addressed by the two experts in this proceeding.

FEI would also note that, even apart from the logic inherent in the original scoping order, there is a fairness issue. The Company would have serious concerns about the Commission reconsidering the November determination, and expanding the hearing to encompass more than just expert evidence, less than three weeks before the hearing begins. FEI has been operating on the basis of that procedural order, i.e., in the expectation that the oral proceeding will be limited to hearing expert evidence. Given the Commission's prior order, FEI had not given proper consideration to who would be potential company witnesses. The short time frame would challenge FEI's ability to prepare to the extent it would otherwise have done. It is stating the obvious that the Application is of fundamental importance to FEI.

FEI respectfully requests that the Commission provide clarity without delay in the event FEI's understanding is of Exhibit A-11 incorrect and the Commission is intending this comment process to be a reconsideration of its previous scoping determination. FEI has filed this letter in advance of the deadline to facilitate this. Prompt clarification will dispel the uncertainty and help to ensure a fair process for all parties.

Yours truly,

FASKEN MARTINEAU DuMOULIN LLP

[Original signed by]

Matthew Ghikas

MTG/tm

Enc.

¹ See, for instance, Dr. Booth's Revised Evidence, p.2, paragraph 2.