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July 22, 2016

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

Attention: Ms. Laurel Ross, Acting Commission Secretary and Director

Dear Ms. Ross:

Re: FortisBC Energy Inc. (FEI)

**British Columbia Utilities Commission (the Commission) Order G-65-15
Compliance Filing – All-Inclusive Code of Conduct and Transfer Pricing Policy
FEI Submissions on Process**

On July 14, 2016, the Commission issued a letter (Log No. 52506) requesting submissions on the appropriate (and order of the) review process for FEI's All-Inclusive Code of Conduct and Transfer Pricing Policy (TPP/CoC), which was filed for Commission approval on June 30, 2016. The Commission requested comments on three alternative processes as well as on the draft regulatory timetable provided in the letter.

The following are the submissions of FEI on regulatory process. For the reasons set out below, FEI proposes a separate review of FEI's CoC/TPP, followed by a review of the Aitken Creek Gas Storage ULC (ACGS) CoC/TPP.

FEI believes that there should be separate processes for the review of the FEI and ACGS policies. First, the appropriate frame of reference for FEI's CoC/TPP should be the past principles and decisions relating to FEI's CoC/TPP and the consultation and other work that went into preparing the proposal, not ACGS' proposed CoC/TPP.

Second, the two companies are operating in different regulatory and operating environments, have different management teams, and have different parties that have an interest in their policies. Because of these factors, combining the two processes would not lead to regulatory efficiency, but may instead lead to increased time and effort to try and manage the information requests and submissions where different interests are involved and different

issues are arising. In particular, it will be difficult to have an efficient combined SRP in this situation. FEI will be providing its own responses to the requests from interveners and the Commission.

FEI's proposal to have these applications heard separately is akin to what the Commission commonly does with FEI and FBC's applications. Both FEI and FBC file annual reviews each year, but there are separate regulatory review processes for each utility, even though they are sister companies and the applications raise issues relating to O&M, capital, deferral account treatment etc. The FEI and ACGS applications both address codes of conduct and transfer pricing, but the context for the proposals is materially different for both companies.

Of the two separate processes set out by the Commission, FEI is content to proceed first and believes it should proceed first. FEI's work relating to the CoC/TPP has gone on for some time. After the conclusion of the regulatory process for FEI, any relevant information can be carried forward to the ACGS proceeding.

If further information is required, please contact James Wong at (604) 592-7871.

Sincerely,

FORTISBC ENERGY INC.

Original signed:

Diane Roy

cc (email only): Registered Parties to the ACGS Acquisition and FEI COC/TPP ABRNNM proceedings