



LETTER NO. L-102-07

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VIA E-MAIL
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December 19, 2007

Mr. David Bennett
Vice President, Regulatory Affairs & General Counsel
Regulatory Affairs Department
FortisBC Inc.
1290 Esplanade
PO Box 130
Trail, B.C. V1R 4L4

Dear Mr. Bennett:

Re: FortisBC Inc.
Project No. 3698442 – Order No. G-140-06
Certificate of Public Convenience and Necessity Application
For the Ellison Substation Project

And an Application for Approval of Alignment of Ellison Feeder 4

This is in response to the November 7, 2007 request (the "Application") of FortisBC Inc. ("FortisBC") for approval to construct the Ellison Distribution Feeder 4 ("Feeder 4") along the proposed route shown in Attachment A to the Application.

The Commission, by Order No. C-4-07 dated May 10, 2007, granted a conditional Certificate of Public Convenience and Necessity for the Ellison Substation Project, and with regard to Feeder 4 directed:

- "3. FortisBC is to collaborate with the City of Kelowna and affected QRRRA members and Quail Ridge residents, to determine, considering the current and/or future plans for the development of McKinley Road, the alignment for Ellison Feeder 4 with the least impact as it passes the northern section of the Quail Ridge development and to make available to the QRRRA members and residents full details of an undergrounding option for this section of Feeder 4 and the arrangements by which these members and residents could access this option. FortisBC is directed to file a report on progress on the collaboration on and/or resolution of this matter by September 28, 2007. Intervenor comments are to be submitted by October 10, 2007 and FortisBC reply by October 18, 2007. A decision by the Commission Panel on the alignment of Feeder 4 will be made after it reviews the report from the Applicant and the submissions of the Parties.
4. Pursuant to item 3 above, FortisBC is to confirm in its report that the alignment of any Ellison Feeder 4 under consideration and/or proposed to the Commission is in compliance with the WHO and ICNIRP EMF standards."

FortisBC filed a report on September 28, 2007 that described its efforts to establish an alignment for Feeder 4 adjacent to an existing dirt road on the Eldorado Ranch property, and confirmed that the proposed alignment will comply with WHO and ICNIRP EMF standards. FortisBC stated that it discussed the option of underground installation of the feeder at an incremental cost of approximately \$200,000 to area residents, with members of the Quail Ridge Residents' Association ("QRRRA") on August 31, 2007. The report also stated that FortisBC would provide the information on undergrounding of the feeder to residents who did not attend the August 31st meeting. By Letter No. L-82-07 dated October 5, 2007 the Commission extended the filing dates for a further report from FortisBC and submissions related to the alignment of the feeder.

The proposed Feeder 4 alignment as shown in Attachment A of the Application is for overhead construction on Eldorado Ranch property, lies approximately 30 metres north of the Quail Ridge subdivision boundary and is separated from the subdivision by an existing tree barrier. While FortisBC expressed confidence in the Application that negotiations with the landowners would result in a satisfactory right-of-way agreement, it also stated that it would inform the Commission if a right-of-way could not be obtained. FortisBC proposes that the portion of Feeder 4 that proceeds from the north-west corner of the Quail Ridge subdivision will follow an existing road dedication, and FortisBC will adapt the feeder alignment if the routing of this road changes.

The Commission received written submissions on the FortisBC Application from the QRRRA and several individual area residents. All of the submissions request that the Commission deny the Feeder 4 alignment proposed by FortisBC, or at least defer a decision on the matter until more information is available. Several parties stated that the feeder should be installed underground at the expense of FortisBC.

By letter dated November 23, 2007, FortisBC replied to the QRRRA submission. FortisBC states there is no reason for further delay as there has been a substantial public process on the Ellison Substation Project and this feeder, and that construction of the feeder should start by August 2008. FortisBC submits that the option of waiting for alternative feeder routes to arise was reviewed in the Ellison Substation Application, and that the cost of a distribution feeder along the Glenmore Connector would greatly exceed the cost along the proposed Feeder 4 route.

The Commission recognizes there are several areas of uncertainty with regard to the route for Feeder 4, including the negotiations with the Eldorado Ranch landowner, finalization of the Landfill Report Comprehensive Site Plan Revision, and the route of the proposed road north of the landfill site. Nevertheless, the evidence in the Ellison Substation proceeding demonstrated the urgent need for Feeder 4 and the Commission is not persuaded that further delay in determining the alignment is justified. The Commission concludes that the proposed routing for the distribution feeder that is approximately 30 metres to the north of the Quail Ridge subdivision adequately responds to the concerns about alignment raised by residents of Quail Ridge. The Commission therefore is prepared to approve the construction of Feeder 4 along the alignment that FortisBC proposes.

Nevertheless, the Commission believes that FortisBC may have failed to fully comply with the earlier directive "to make available to the QRRRA members and residents full details of an undergrounding option", including the payment options. Accordingly, the Commission considers that local residents should have one last opportunity to agree to pay for the additional cost of undergrounding the section of Feeder 4 that is north of the Quail Ridge subdivision. The Commission is not prepared to approve the undergrounding of Feeder 4 unless all of the additional cost of undergrounding is paid by local residents, as otherwise the cost would become the responsibility of all FortisBC ratepayers.

Therefore, the Commission directs FortisBC to make available by January 31, 2008 to the QRRRA members and Quail Ridge residents, particularly the residents along the northern edge of the subdivision, full details of an undergrounding option for this section of Feeder 4 and the arrangements by which QRRRA and/or residents could access this option. FortisBC will include details about alternative methods by which it could be compensated for the additional undergrounding costs, and will provide an update on the negotiations with the

Eldorado Ranch landowners. The Commission should be provided with a copy of the information given to landowners.

The Quail Ridge residents and/or QRRRA will have until March 31, 2008 to provide FortisBC with satisfactory commitments to pay in full the incremental cost of undergrounding the section of Feeder 4. **Therefore, subject to the condition that local residents provide FortisBC by March 31, 2008 with satisfactory commitments to pay in full the additional cost of undergrounding, the Commission approves the undergrounding of a section of Feeder 4. If satisfactory commitments are not received, the Commission approves the alignment of Ellison Feeder 4 that is described in Attachment A to FortisBC's Application dated November 7, 2008.**

Yours truly,

Original signed by

Constance M. Smith
for: Erica M. Hamilton

JBW/rt

cc: Registered Intervenors/Interested Parties
(FBC-EllisonCPCN-RI) (FBC-EllisonCPCN-IP)
All who commented on November 7, 2007 Alignment Report