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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-104-12**

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**IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473**

and

**A Filing by FortisBC Inc.
Guidelines for Establishing Entitlement to Non-PPA Embedded Cost Power
and Matching Methodology (Compliance Filing to Order G-188-11)**

BEFORE: M.R. Harle, Commissioner
L.A. O'Hara, Commissioner
N.E. MacMurchy, Commissioner
July 30, 2012

ORDER

WHEREAS:

- A. On April 13, 2012, FortisBC Inc. (FortisBC) submitted its Compliance Filing to Order G-188-11;
- B. On May 3, 2012, the British Columbia Utilities Commission (Commission) issued Order G-54-12 establishing a Regulatory Timetable for review of the Compliance Filing which included an opportunity for comments;
- C. On May 18, 2012, by Letter L-30-12, the Commission altered the Regulatory Timetable to accommodate an extension request from the Ministry of Energy and Mines;
- D. On May 24, 2012, Zellstoff-Celgar Limited Partnership (Celgar) requested: i) an opportunity to respond to comments made by other Interveners, ii) confirmation on specific questions about the refund provision set out in Order G-188-11, iii) limitation of British Columbia Hydro and Power Authority's (BC Hydro) participation in the Proceeding, and iv) direction to FortisBC to consult with Celgar to establish the industrial rates directed in Order G-188-11;
- D. By June 22, 2012, the Commission received comments on the Compliance Filing from Celgar, the Ministry of Energy and Mines, BC Hydro, BC Old Age Pensioners Organization *et al.*, Atco Wood Products, International Forest Products, and the Municipal Utilities composed of Nelson Hydro, Penticton Electric Ltd., and Grand Forks Electrical Utility Services;
- E. On July 4, 2012, FortisBC submitted its Reply comments. On July 19, 2012, FortisBC submitted clarification and additional comments on its July 4, 2012 submission; and

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- F. The Commission has reviewed the submissions and sets out the Regulatory Timetable attached. A response to Celgar's May 24, 2012 requests are attached as Appendix A.

NOW THEREFORE the Commission orders as follows:

1. The following Regulatory Timetable is established:

ACTION	DATE (2012)
Intervener Comments on Fortis' and Other Intervener's submissions	Friday, August 10
FortisBC Reply	Friday, August 17

2. In its Reply, FortisBC is to respond to the refund provision issue raised in Celgar Request 2 in Appendix A.

DATED at the City of Vancouver, in the Province of British Columbia, this 30th day of July 2012.

BY ORDER

Original signed by:

M.R. Harle
Commissioner

Attachment

Response to Celgar's May 24, 2012 Requests

Celgar Request 1: *direct that Celgar be entitled to respond to any comments made by other intervenors. Celgar suggests that Celgar's reply to such comments be due on Wednesday, July 4, 2012 and that FortisBC have until Wednesday, July 11, 2012 to respond to all comments, including those of Celgar.*

Response: The Regulatory Timetable established by this Order allows for Interveners to respond to the submission of other Interveners.

Celgar Request 2: *confirm that the refund provision set out in Directive 5 of the Order applies to invoices delivered to Celgar under the Interim Rate based on adjustments taking into account all new applicable rates, including the Standby Rate.*

Response: Order G-188-11 directs FortisBC, in part, to submit an application for a two-tier stepped rate for transmission service customers (Directive 9), to develop a version of this rate for Celgar and self-generators that excludes BC Hydro PPA power from its resource stack (Directive 4), and to develop a standby rate to address Celgar's circumstances (Directive 10).

Directive 5 of Order G-188-11 directs:

"5. FortisBC is directed to bill Celgar in accordance with RS 31 on an interim and refundable basis beginning March 25, 2011 and ending when the Commission approves the new rate for Celgar that excludes PPA Power from its resource stack, and/or an Agreement forwarded by the parties. Any differences between the interim rate and the rate ultimately approved by the Commission are subject to refund/recovery, with interest at the average prime rate of FortisBC's principal bank for its most recent year." [emphasis added]

In Celgar's May 24, 2012 submission it states "all invoices to Celgar have been calculated on the Interim Rate (which is a "firm" rate) notwithstanding that Celgar only requires standby service." (Exhibit C1-2, p. 3)

The Commission Panel recognizes that confusion may have been caused by the direction to FortisBC to create three rates while referring to "the rate ultimately approved" for the refund provision. The Commission Panel confirms that Directive 5 was intended to apply to the final approved rates for Celgar, including the stepped rate and the standby rate. The Commission Panel cannot address the issue of whether Celgar has in fact only required standby service as Celgar submits. The Commission Panel requests that Fortis address this issue, including whether Celgar has only required standby service since Order G-188-11 was issued, in its Reply submission.

Celgar Request 3: limit BC Hydro's entitlement to participate in this proceeding to providing comments relating to Part B of the Guidelines in accordance with the prescribed timelines.

Response: The Commission Panel declines to limit any Intervener participation at this point. In its May 24, 2012 letter Celgar submits that "BC Hydro has no interest in the 'specific baseline amount of embedded cost energy that [Celgar] is entitled to receive from [FortisBC]' ...[t]hat is a matter between Celgar and its utility." (p. 3) Celgar also references the Commission's decision regarding Celgar's standing in BC Hydro's Conifex Power Electricity Purchase Agreement (EPA) filing. In Letter L-10-12 in that Proceeding, the Commission denied Celgar standing in the review of the Conifex EPA because "Celgar does not receive nor may receive service from BC Hydro." Celgar submits that "it is unacceptable that a utility with no identified interest in Celgar's service levels (subject to its limited interest in the matching procedure) should be able to raise matters or prolong a FortisBC rate-related process at the expense of Celgar."

This Proceeding relates to customers other than just Celgar. As well, BC Hydro supplies a significant portion of FortisBC's energy supply and the two parties are currently in negotiation for the agreement covering the provision of that power. Accordingly, the logic used in the Commission's Letter L-10-12 does not apply in this case. The Commission Panel sees no reason to limit BC Hydro's involvement in this Proceeding at this time.

Celgar Request 4: direct that FortisBC consult with Celgar to establish a two-tiered transmission rate and the Standby Rate immediately, and file such proposed rates with the Commission by June 30, 2012.

Response: The Commission Panel cannot direct FortisBC to establish a two-tiered transmission rate immediately because issues that are important to the design of that rate are at play in this Proceeding. The Commission Panel will set a new deadline by which FortisBC is to file its rate design applications at the close of this Proceeding.