



LETTER L-24-12

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VIA EMAIL

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April 16, 2012

Diane Roy
Director, Regulatory Affairs
FortisBC Alternative Energy Services Inc.
16705 Fraser Highway
Surrey, BC V4N 0E8

Dear Ms. Roy;

Re: FortisBC Alternative Energy Services Inc.

Revisions to Rates and Rate Design for Thermal Energy Service to Delta School District Number 37
British Columbia Utilities Commission Order G-31-12 Compliance Filing (Compliance Filing)

On November 28, 2011, FortisBC Energy Inc. (FEI) applied for a Certificate of Public Convenience and Necessity (CPCN) from the British Columbia Utilities Commission (Commission) to construct and operate an energy system to provide thermal energy to Delta School District Number 37 (Delta SD). The application sought approval of, among other things, the rates and the rate design contained within the Energy System Rate Development Agreement (RDA) filed with the application (FEI Delta SD CPCN Application).

The Commission issued its Decision and Order G-31-12, dated March 9, 2012, granting a CPCN on the condition that the Service Agreements and the RDA be assigned to an affiliate of FEI. In addition, in Order G-31-12 the Commission denied the proposed rates and rate design as set out in the RDA. The Commission indicated that it would accept for filing, by no later than 30 days from the date of the Order, a rate and rate design based upon a 60/40 debt equity capital structure which meets certain requirements set out in paragraph 3 of the Order. The Commission also directed FEI or its affiliate to file certain reports and confirmations within 30 days from the date of the Order.

On March 16, 2012, the Commission issued a CPCN to FortisBC Alternative Energy Services Inc. (FAES) by Order C-3-12.

On April 3, 2012, FEI filed on behalf of FAES the subject Compliance Filing providing documentation that FAES and Delta SD have both agreed to revise the rate and rate design consistent with the modifications described in paragraph 3 of Order G-31-12. The Compliance Filing also includes the three reports required under paragraphs 4 a) through 4 c) of the Order. In response to paragraph 4 d) of the Order, FAES indicates that the Current Transfer Pricing Policy does not require any amendments at this point in time. The Compliance Filing also speaks to the requirements related to the Thermal Energy Services Deferral Account, tracking and charging of overhead to the affiliate, and examining, tracking and developing the cost allocation methodology to ensure that all appropriate costs are allocated to the Delta SD thermal service as directed by the Commission in paragraphs 4 e) through 4 g).

By copy of this L letter to all Interveners and Interested Parties in the FEI Delta SD CPCN proceeding and to all Interveners and Interested Parties in the FEI Alternative Energy Solutions and Other New Initiatives (FEI AES Inquiry) proceeding, the Commission notes that the non-confidential version of the Compliance Filing may be found on the Commission website at www.bcuc.com as a process listed under “Other Processes before the Commission”. As requested by FAES, the Commission will hold confidential the live spreadsheet versions of the financial model that were filed confidentially with the Commission.

The Commission has established a regulatory review process for the Compliance Filing. Parties that registered as Interveners in the FEI Delta SD CPCN Proceeding are invited to participate in this regulatory review process, if they wish. Note that Interveners in the FEI AES Inquiry are being copied on this letter for information purposes only. The Commission has established the following Regulatory Timetable for the review of the Compliance Filing.

ACTION	DATE
Commission Information Request to FAES	Friday, April 20
Intervener Information Request to FAES	Friday, April 20
FAES Response to Commission and Intervener IRs	Friday, April 27

Yours truly,

Alanna Gillis

CM/elm

cc: Interveners and Interested Parties in FEI Delta SD CPCN Application
Interveners and Interested Parties in the FEI AES Inquiry