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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-111-13

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

and

**An Application by FortisBC Inc.
for a Certificate of Public Convenience and Necessity
for the Purchase of the Utility Assets of the City of Kelowna
Phase 2**

BEFORE: D.M. Morton, Panel Chair/Commissioner
A.A. Rhodes, Commissioner
B.A. Magnan, Commissioner

July 25, 2013

O R D E R

WHEREAS:

- A. On November 13, 2012, FortisBC Inc. (FortisBC) filed an application with the British Columbia Utilities Commission (Commission) pursuant to sections 45 and 46 of the *Utilities Commission Act* (Act) for a Certificate of Public Convenience and Necessity (CPCN), for an extension of its distribution system resulting from its purchase of the electricity distribution assets of the City of Kelowna (Transaction), and further sought an order pursuant to sections 59 and 60 of the Act to include the impact of the Transaction in its revenue requirements (Original Application);
- B. The Commission determined on Day 1 of the Oral Hearing for the Original Application that it considered potential rate discrimination issues to be within the scope of the proceeding and subject to a second Phase process;
- C. By Order C-4-13 dated March 1, 2013, the Commission approved FortisBC's Original Application subject to certain conditions;
- D. On April 18, 2013, the Commission issued a letter to FortisBC, potential interveners and interested parties, informing these parties that a Phase 2 process will take place to address issues of potential rate discrimination arising from Tolko Industries Ltd. (Tolko) now becoming a direct customer of FortisBC (Phase 2 Application). Additionally, it was determined that FortisBC would remain as the Applicant for the Phase 2 process;

- E. The following Interveners registered to participate in the Phase 2 Application: Tolko, Zellstoff Celgar Limited Partnership (Celgar), British Columbia Hydro and Power Authority (BC Hydro), B.C. Sustainable Energy Association (BCSEA), British Columbia Pensioners' and Seniors' Organization *et al.* (BCPSO), and Norman Gabana;
- F. By Order G-68-13 dated May 2, 2013, the Commission established a Regulatory Time table for review of the Phase 2 Application. The Regulatory Timetable provided for the filing of Intervener Evidence and one round of Information Requests (IRs), with further process to be determined at a later date. The Regulatory Timetable required Celgar to file its evidence regarding its claim of rate discrimination first;
- G. In accordance with Order G-108-13, a Procedural Conference was held in Vancouver on July 24, 2013. In addition to FortisBC, the following Registered Interveners participated in the Procedural Conference: Tolko, BCPSO, BCSEA, Celgar, and BC Hydro;
- H. At the Procedural Conference the Commission heard submissions on the scope of the Phase 2 proceeding, Celgar's request that BC Hydro be directed to respond to Celgar's unanswered IRs, and further process options to complete the review of the Phase 2 Application;
- I. Celgar provided a written list of its scope issues, which the Commission marked as Exhibit C5-16.

NOW THEREFORE as set out in the Oral Reasons for Decision at the Procedural Conference, the Commission Panel orders as follows:

- 1. The scope of the Phase 2 hearing is restricted to Celgar's claim of discrimination as it relates to the amount of power that a self-generator can sell while purchasing energy from FortisBC, and whether any restrictions placed on this amount of power are applied in a non-discriminatory manner among FortisBC's self-generating customers, namely Tolko and Celgar.
- 2. The scope does not include issues relating to BC Hydro's application of generation baseline methodology.
- 3. The scope does not include Rate Schedule 3808 matters unless parties can clearly show that the understanding of such matters is necessary and specifically relates to the issue of discrimination between Tolko and Celgar.
- 4. The issue of distribution access is not to be included within the scope of this proceeding.
- 5. BC Hydro must advise, within ten days of the date of this Order, as to the status of its discussions with Celgar regarding the unanswered Information Requests and whether an agreement has been reached as to which Information Requests are within the scope of the Phase 2 proceeding and will be answered by BC Hydro.

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6. The Phase 2 Application is to be reviewed through a written hearing process. Celgar shall file its written final argument first and will have the right of Reply.
7. A further Regulatory Timetable will be issued by the Commission in due course.

DATED at the City of Vancouver, in the Province of British Columbia, this 25th day of July 2013.

BY ORDER

Original signed by:

D.M. Morton
Commissioner