



**ORDER NUMBER**  
**G-101-18**

IN THE MATTER OF  
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

FortisBC Inc.  
2017 Cost of Service Analysis and Rate Design Application

**BEFORE:**

D. A. Cote, Panel Chair/Commissioner  
D. M. Morton, Commissioner  
R. I. Mason, Commissioner

on May 30, 2018

**ORDER**

**WHEREAS:**

- A. On December 22, 2017, FortisBC Inc. (FBC) filed an application with the British Columbia Utilities Commission (BCUC) seeking approvals, pursuant to sections 58 to 61 of the *Utilities Commission Act* (UCA), to adjust its rate design and terms and conditions of service (Application);
- B. By Orders G-23-18 and G-62-18 dated January 25, 2018 and March 16, 2018, respectively, the BCUC established regulatory timetables for the review of the Application;
- C. On April 10, 2018, FBC requested an extension to the deadline for FBC's responses to BCUC and intervenor Information Request (IR) No. 1 and proposed that the remaining dates in the regulatory timetable similarly be extended to account for the extension request;
- D. In response to FBC's letter, Kaslo Seniors Community Association Branch #81, by letter dated April 10, 2018, supported FBC's requested extension to the IR No. 1 responses; however, KSCA also requested that the sequence of the regulatory timetable be amended so that submissions and a decision on further process take place in advance of the deadline for intervenor evidence;
- E. By letter dated April 16, 2018, the BCUC granted FBC's requested extension to the IR No. 1 response deadline and sought submissions from FBC and intervenors on the proposals in FBC and KSCA's letters;
- F. In consideration of the submissions received from FBC and intervenors, on May 7, 2018, the BCUC issued a letter suspending the regulatory timetable established by Order G-62-18 and requesting submissions on further process before the filing of any further evidence beyond FBC's responses to IR No. 1; and
- G. The BCUC has reviewed the written submissions and considers that a regulatory timetable should be established.

**NOW THEREFORE** for the reasons attached as Appendix B to this order, the British Columbia Utilities Commission orders that a regulatory timetable be established in accordance with Appendix A to this order.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 30<sup>th</sup> day of May 2018.

BY ORDER

*Original signed by:*

D. A. Cote  
Commissioner

FortisBC Inc.  
2017 Cost of Service Analysis and Rate Design Application

**REGULATORY TIMETABLE**

Action	Date (2018)
Participant Assistance/Cost Award Budget	Monday, June 11
BCUC and Intervener IR No. 2 on FBC Application	Monday, June 18
FBC responses to BCUC and Intervener IR No. 2 on FBC Application	Tuesday, July 10
Intervener evidence	Tuesday, July 31
BCUC, Intervener and FBC IRs on intervenor evidence	Monday, August 20
Intervener responses to IRs on evidence	Monday, September 10
FBC rebuttal evidence (if needed)	Thursday, September 13
FBC and Intervener written submissions on need for oral hearing, scope of oral hearing, and process for interrogatories on rebuttal evidence (if filed)	Monday, September 17
FBC written reply submission on need for oral hearing, scope of oral hearing, and process for interrogatories on rebuttal evidence (if filed)	Wednesday, September 19
Written process for IRs on rebuttal evidence (if needed)	To be determined
Placeholder for Oral Hearing (if needed)	Week of October 15
Final and Reply Arguments	To be determined

FortisBC Inc.  
2017 Cost of Service Analysis and Rate Design Application

**REASONS FOR DECISION**

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**1.0 Background**

On December 22, 2017, FortisBC Inc. (FBC) filed its 2017 Cost of Service Analysis and Rate Design Application with the British Columbia Utilities Commission (BCUC) seeking approvals pursuant to sections 58 to 61 of the *Utilities Commission Act* (UCA) to adjust its rate design and terms and conditions of service (Application).

By Orders G-23-18 and G-62-18 dated January 25, 2018 and March 16, 2018, respectively, the BCUC established regulatory timetables for the review of the Application.

On April 10, 2018, FBC requested an extension to the deadline for FBC's responses to BCUC and intervener Information Request (IR) No. 1 and proposed that the remaining dates in the regulatory timetable similarly be extended to account for the extension request. In response to FBC's letter, Kaslo Seniors Community Association Branch #81 (KSCA), by letter dated April 10, 2018, supported FBC's requested extension to the IR No. 1 responses; however, KSCA also requested that the sequence of the regulatory timetable be amended so that submissions and a decision on further process take place in advance of the deadline for intervener evidence.

By letter dated April 16, 2018, the BCUC granted FBC's requested extension to the IR No. 1 response deadline and sought submissions from FBC and interveners on the proposals in FBC's and KSCA's letters.

On May 7, 2018, in consideration of the submissions received from FBC and interveners, the BCUC issued a letter suspending the regulatory timetable established by Order G-62-18 and requesting submissions on further process before the filing of any further evidence beyond FBC's responses to IR No. 1. The BCUC specifically requested parties to address the following issues:

1. What the appropriate timing of intervener evidence is and why.
2. Whether or not parties intend to file intervener evidence. Parties must specifically identify the nature of the evidence they intend to file and explain how this evidence is relevant to the issues in the proceeding.
3. Whether or not a second round of IRs is necessary and why. If a second round of IRs is required, please identify any topics which do not need to be included in IR No.2 and can proceed to written argument.

FBC and the following interveners provided submissions in accordance with the BCUC's May 7, 2018 letter:

- Anarchist Mountain Community Society and Regional District of Okanagan-Similkameen (AMCS/RDOS);
- British Columbia Municipal Electrical Utilities (BCMEU);
- British Columbia Old Age Pensioners' Organization *et al.* (BCOAPO);
- BC Sustainable Energy Association and Sierra Club of BC (BCSEA-SCBC);
- Commercial Energy Consumers Association of British Columbia (CEC);
- Industrial Customers Group (ICG);
- Irrigation Ratepayers Group (IRG); and
- KSCA.

## 2.0 Parties' submissions

### 2.1 Timing of intervenor evidence

The following parties state that the appropriate timing for intervenor evidence would be after IR No. 2 (if the BCUC determines that an IR No. 2 is necessary):

- BCOAPO;
- BCSEA-SCBC;
- ICG;
- IRG; and
- KSCA.

BCOAPO submits that in its experience, it is far more efficient and helpful to the BCUC if those intervenors who file evidence do so in a context where parties have a better understanding of FBC's proposals and how they were developed.<sup>1</sup> ICG similarly states that the second round of IRs will provide an opportunity for it to develop a record that will be relevant to the issues that it expects to address in intervenor evidence.<sup>2</sup> IRG submits that requiring intervenors to file evidence prior to IR No. 2 would create an "unnecessary burden" on intervenors to anticipate further evidence from FBC, which would be both "prejudicial and inefficient."<sup>3</sup> KSCA submits that it would be "procedurally unfair" to require intervenors to file evidence before a second round of IRs because intervenors would not have the right to present evidence as a rebuttal to FBC's IR No. 2 responses.<sup>4</sup> BCSEA-SCBC suggests that intervenor evidence be due a "reasonable period of time (such as three weeks)" after FBC's responses to IR No. 2.<sup>5</sup>

BCMEU and CEC take no position on the timing of intervenor evidence and advise that they will not be filing evidence in the proceeding.<sup>6</sup>

AMCS/RDOS believes that intervenor evidence should be filed before the BCUC decides on further process because the BCUC and participants will only know the full scope of the evidence and issues once the intervenor evidence is filed.<sup>7</sup>

FBC does not oppose scheduling intervenor evidence after IR No. 2 (if an IR No. 2 is scheduled); however, FBC does not agree with BCSEA-SCBC's request for three weeks between the filing of IR No. 2 responses and the filing of intervenor evidence, stating that in Order G-62-18, the BCUC had originally established that intervenor evidence would be filed 13 days after IR No. 1 responses. FBC provides the following rationale for opposing BCSEA-SCBC's proposed three-week time frame:

- The amount of time that has passed since the filing of the Application;
- The amount of time that has passed since the filing of FBC's responses to IR No. 1 on May 8, 2018;
- The relatively narrow scope of questions that should be asked during IR No. 2; and
- The fact that intervenor evidence should relate at least in part to certain positions that intervenors hold irrespective of the content of FBC's responses to IR No. 2.<sup>8</sup>

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<sup>1</sup> Exhibit C13-3.

<sup>2</sup> Exhibit C12-4.

<sup>3</sup> Exhibit C8-4.

<sup>4</sup> Exhibit C4-8.

<sup>5</sup> Exhibit C2-4.

<sup>6</sup> Exhibit C6-3, C10-5.

<sup>7</sup> Exhibit C3-5.

## 2.2 Intent to file and nature of intervener evidence

The following parties indicate they may file intervener evidence:

- AMCS/RDOS;
- BCSEA-SCBC;
- ICG;
- IRG; and
- KSCA.

AMCS/RDOS and BCSEA-SCBC intend to file expert evidence related to FBC's two-tier Residential Conservation Rate (RCR).<sup>9</sup>

ICG identifies three issues related to the cost of transmission service for FBC purchases and third party sales on which it states it will likely file intervener evidence.<sup>10</sup>

IRG submits that it prefers to be given the opportunity to submit a second round of IRs and thereafter determine whether it will file intervener evidence, as depending on FBC's responses to IR No. 2, IRG may determine that filing its own evidence is unnecessary. However, if the BCUC determines there will not be a second round of IRs, IRG anticipates it would file evidence related to the Keremeos Irrigation District's request for an optional off-season time-of-use (TOU) irrigation and drainage rate.<sup>11</sup>

KSCA states that it intends to file intervener evidence related to the COSA methodology, the basic customer charge and rate design, including the following:

- Three documents which KSCA submits "lay the theoretical groundwork for showing that FBC's current COSA methodology fails to allocate the appropriate level of capacity charge to customers";
- Analysis of the minimum system approach;
- Email correspondence with Jason Ball, Deputy Assistant Director, Energy Resource Economics & Reliability, Washington Utilities and Transport Commission regarding COSA and the basic charge;
- Selections of certain BC Consumer Price Indices;
- A document titled "Opinion on Cost of Capital" from Kathleen McShane; and
- A table detailing basic (customer) charge costs as a percentage of total customer bills.<sup>12</sup>

FBC states that it will review any intervener evidence submitted for its form and content once filed, and it anticipates that there may be some issues related to admissibility and weight. FBC points as an example to KSCA's potential evidence on the level of electricity rates and a comparison of those rates to income, stating that to the extent the evidence is related to prospective low income rates, this topic is outside of the BCUC's statutory jurisdiction. However, FBC emphasizes that even if it takes the position that certain evidence is outside the scope of the proceeding, it is open to having dialogue, either formally or informally, outside the proceeding on issues that do not belong within the proceeding.

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<sup>8</sup> Exhibit B-20, pp. 1-2.

<sup>9</sup> Exhibit C2-4, C3-5.

<sup>10</sup> Exhibit C12-4.

<sup>11</sup> Exhibit C8-4.

<sup>12</sup> Exhibit C4-8.

### 2.3 Necessity and scope of IR No. 2

With the exception of AMCS/RDOS, BCMEU and CEC, all other interveners indicated that a second round of IRs was either necessary or preferred. Some interveners identified topic areas which may not require a second round of IRs; however, there was limited alignment amongst the parties as to which topics could be excluded from IR No. 2.

FBC does not view a second round of IRs to be necessary or required given the “very substantial” volume of information already available through the Application and the IR No. 1 responses. However, FBC states that it does not oppose a second round of IRs, subject to the following:

- FBC prefers that the BCUC and Intervenors provide IR No. 2 as soon as possible after the BCUC issues a new regulatory timetable. FBC notes that BCSEA-SCBC states it would only need one week to file an IR No. 2 and KSCA states it would require at least ten business days.
- IR No. 2 should primarily relate to clarification that interveners believe to be required after IR No. 1 responses rather than introducing new topics.
- Intervenors should proceed in accordance with the BCUC’s caution in Exhibit A-10, which stated “The BCUC reminds KSCA and all parties to refrain from IRs of this nature that are not directly related to either COSA or FBC’s rate design application.” FBC also notes, with reference to the Village of Kaslo’s (VOK) request for FBC to respond to an unanswered IR (Exhibit C5-4), that while FBC will make inquiries to see if it can accelerate delivery to that municipality of the information that would be delivered to it later in the year under section 644 of the *Local Government Act* (LGA), FBC would propose to provide it outside of the proceeding.
- FBC would not oppose removing from the scope of IR No. 2 certain issues that interveners have not expressed interest in pursuing further, such as Rate Rebalancing matters and General Terms and Conditions.<sup>13</sup>

### 3.0 Panel determination

In consideration of the submissions from the parties and the Panel’s review of FBC’s responses to IR No. 1, the Panel finds that a second round of IRs is required to clarify and further explore various topics. While some parties have indicated that certain topics could be excluded from IR No. 2, as stated previously, there is limited consensus as to which topics would be appropriately excluded. The Panel considers it unnecessary to exclude topics from IR No. 2, as it is expected that parties will only pursue topic areas which they feel require further clarification or understanding within their areas of interest in the proceeding. With regard to the timing of IR No. 2 and intervener evidence, there appears to be general consensus amongst the parties, with the exception of AMCS/RDOS, that IR No. 2 should occur before the filing of intervener evidence, and FBC does not object to this scheduling sequence. The Panel accepts BCOAPO’s submission that it may be more efficient for interveners to file evidence after all interrogatories have occurred as interveners will have better clarity and understanding of the issues. IRG, as an example, indicates that based on the information it obtains through a second round of IRs, it may not be necessary to file intervener evidence.

**Given these submissions, the Panel establishes a regulatory timetable, attached as Appendix A, which provides for a second round of IRs followed by intervener evidence.**

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<sup>13</sup> Exhibit B-20.

In establishing the regulatory timetable, the Panel has considered both the desire for an efficient and timely process with the resource constraints of various parties, including BCUC staff and the Panel. In particular, similar to the approach taken in the regulatory timetable established by Order G-62-18, the Panel has included a placeholder date for an oral hearing. As stated in the reasons for decision attached to Order G-62-18, the inclusion of a placeholder date for an oral hearing is not indicative of there being a “default assumption/presumption” of an oral hearing. The purpose of including a placeholder date is to allow participants to manage their calendars.

With regard to intervenor evidence, the Panel notes FBC’s statement that there may be some issues related to admissibility and weight which FBC may address at the time intervenor evidence is filed. The Panel agrees with this approach and will address the relevance and admissibility of evidence at the time such evidence is filed. Further, the Panel will determine the weight to be applied to evidence as part of its decision-making process. Parties are reminded when preparing their evidence that it must be within the scope of the proceeding. Topics such as cost of capital, revenue requirement issues and long term resource planning issues are out of scope of the proceeding and should not be pursued either in IRs or through intervenor evidence.

The Panel also acknowledges FBC’s statements regarding the VOK letter dated May 18, 2018 (Exhibit C5-4), in which the VOK requests that the BCUC require FBC to respond to an unanswered question in IR No. 1. While not specifically identified by the VOK in its letter, the Panel understands the request to be related to VOK IR 6. The Panel agrees with FBC that this request falls outside the scope of the proceeding, as it requests revenue information specific to the VOK, which is not a separate customer class and therefore would not be considered separately within the COSA study and rate design proposals. Accordingly, the Panel does not require FBC to respond to this IR but notes that FBC has indicated it will make inquiries to see if it can accelerate the delivery of this information outside of the proceeding in the form it would normally be provided to the VOK pursuant to section 644 of the LGA.