



**ORDER NUMBER
G-140-22**

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

and

British Columbia Utilities Commission
General Cost of Capital Proceeding

BEFORE:

D. M. Morton, Panel Chair
A. K. Fung, QC, Commissioner
K. A. Keilty, Commissioner
T. A. Loski, Commissioner

on May 20, 2022

ORDER

WHEREAS:

- A. By Order G-66-21 dated March 8, 2021, pursuant to section 82 of the *Utilities Commission Act*, the British Columbia Utilities Commission (BCUC) established a Generic Cost of Capital (GCOC) Proceeding;
- B. By Order G-106-22 dated April 21, 2022, the BCUC established a regulatory timetable for further process in the GCOC Proceeding following a procedural conference that was held on April 14, 2022. The regulatory timetable includes Information Request (IR) No. 2 to Dr. Jonathan A. Lesser (Dr. Lesser) of Continental Economics, Inc. regarding evidence prepared by Mr. James Coyne (Mr. Coyne) of Concentric Energy Advisors Inc.;
- C. The BCUC retained Dr. Lesser as an independent cost of capital technical expert in the GCOC Proceeding;
- D. FortisBC Energy Inc. (FEI) and FortisBC Inc. (FBC) (collectively FortisBC) retained Mr. Coyne to provide an estimate of the cost of capital for FEI and FBC for the purpose of establishing the return on equity and capital structure for rate-making purposes for each company in the GCOC Proceeding;
- E. By May 16, 2022, pursuant to Order G-106-22, registered interveners filed IR No. 2 to Dr. Lesser regarding Mr. Coyne's evidence;
- F. By letter dated May 19, 2022, FortisBC filed an objection to Industrial Consumer Group's (ICG) IR No. 2 1.1 to Dr. Lesser (Exhibit C5-8) and Residential Consumer Intervener Association's (RCIA) IR No. 2 44.1 (Exhibit C1-8) on the basis that they contemplate having Dr. Lesser take on a role that goes beyond Order G-106-22 and the principles of procedural fairness;

- G. With respect to ICG's IR No. 2 1.1, FortisBC submits that ICG's request for Dr. Lesser to recommend an allowed return on equity and deemed capital structure of FEI and FBC is out of scope pursuant to Order G-106-22 and is procedurally unfair to change Dr. Lesser's role at this stage of the GCOC Proceeding. FortisBC requests that the BCUC confirm ICG's IR No. 2 1.1 be ruled out of scope and direct Dr. Lesser not to respond;
- H. With respect to RCIA IR No. 2 44.1, FortisBC submits that the request for Dr. Lesser to prepare his own Capital Asset Pricing Model and Multi-Stage Discounted Cash Flow calculations instead of requesting Dr. Lesser to comment on Mr. Coyne's calculations appears to go beyond the scope of Order G-106-22. FortisBC requests that the BCUC direct RCIA to reformulate RCIA's IR No. 2 44.1 or direct Dr. Lesser to respond within the guidance of Order G-106-22; and
- I. The Panel has reviewed FortisBC's objection letter and the associated IRs from ICG and RCIA and considers that FortisBC's requests should be granted in consideration of the reasons provided in Order G-106-22.

NOW THEREFORE the BCUC determines and directs as follows:

- 1. IGC IR No. 2 1.1 and RCIA IR No. 2 44.1 are both outside of the scope contemplated in Order G-106-22;
- 2. Dr. Lesser is not required to respond to these questions;
- 3. ICG and RCIA may revise these questions, by Wednesday, May 25, 2022, to connect the IR to Mr. Coyne's evidence in accordance with Order G-106-22; and
- 4. The deadline for Dr. Lesser to respond to the revised questions, if any, is Wednesday, June 22, 2022.

DATED at the City of Vancouver, in the Province of British Columbia, this 20th of May 2022.

BY ORDER

Original signed by:

D. M. Morton
Commissioner