



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-106-12**

SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, BC V6Z 2N3 CANADA
web site: <http://www.bcuc.com>

TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

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

and

An Application by the FortisBC Energy Utilities
(comprising FortisBC Energy Inc., FortisBC Energy (Whistler) Inc., and FortisBC Energy (Vancouver Island) Inc.)
for Approval of Common Rates, Amalgamation and Rate Design

BEFORE: A.A. Rhodes, Panel Chair/Commissioner
D.A. Cote, Commissioner
L. O'Hara, Commissioner August 7, 2012
R.D. Revel, Commissioner

ORDER

WHEREAS:

- A. On April 11, 2012, the FortisBC Energy Utilities (FEU or the Companies) filed an Application with the British Columbia Utilities Commission (Commission) seeking, among other things:
- A Commission determination and report pursuant to section 53 of the *Utilities Commission Act* (the Act) that the amalgamation of the FEU is beneficial in the public interest;
 - Referral of the Commission report to the Lieutenant Governor in Council in support of an Order for approval to amalgamate effective January 1, 2014; and
 - The necessary approvals pursuant to sections 59 to 61 of the Act to adopt common or "postage stamp" rates and uniform services across all areas served by the FEU following amalgamation;
- B. Commission Order G-46-12 established a preliminary Regulatory Timetable;
- C. A Procedural Conference was held on Friday, June 15, 2012 after which Commission Order G-83-12 was issued to establish a further Regulatory Timetable;
- D. A second Procedural Conference was held August 2, 2012 at which further process and timetable were discussed; and
- E. The Commission has considered the submissions on further process and timetable and finds that a written hearing is warranted for the reasons attached as Appendix B to this Order.

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-106-12

2

NOW THEREFORE the Commission establishes a Regulatory Timetable as set out in Appendix "A" to this Order.

DATED at the City of Vancouver, in the Province of British Columbia, this 7th day of August 2012.

BY ORDER

Original signed by:

A.A. Rhodes
Panel Chair and Commissioner

Attachments

An Application by the FortisBC Energy Utilities
(comprising FortisBC Energy Inc., FortisBC Energy (Whistler) Inc., and FortisBC Energy (Vancouver Island) Inc.)
for Approval of Common Rates, Amalgamation and Rate Design

REGULATORY TIMETABLE

ACTION	DATE (2012)
Filing of Intervener Evidence	Friday, August 10
Information Requests (IRs) to Interveners on Intervener Evidence	Thursday, August 16
Interveners and Interested Parties Registration	Thursday, August 23
Filing of Participant Assistance/Cost Award Budgets	Thursday, August 23
Intervener Response to IRs	Thursday, August 30
FEU Rebuttal Evidence	Friday, September 7
FEU Final Submission	Friday, September 14
Intervener Final Submissions	Friday, September 28
FEU Reply Submission	Friday, October 12

An Application by the FortisBC Energy Utilities
(comprising FortisBC Energy Inc., FortisBC Energy (Whistler) Inc., and FortisBC Energy (Vancouver Island) Inc.)
for Approval of Common Rates, Amalgamation and Rate Design

REASONS FOR DECISION

A second Procedural Conference was held in Vancouver on August 2, 2012 to address the issues of further process for the hearing of the FortisBC Energy Utilities' (FEU's) Application to amalgamate and to charge postage stamp rates throughout the new, amalgamated territory.

The FEU comprise FortisBC Energy Inc., which includes the Fort Nelson Service Area, FortisBC Energy (Vancouver Island) Inc. and FortisBC (Whistler) Inc. The FEU seek to amalgamate themselves together with Terasen Gas Holdings Inc. to form a single entity. Once the amalgamation is complete, the FEU propose to charge the same, or what are known as "postage stamp" rates to all customers of the single, amalgamated entity.

Three Interveners attended the Procedural Conference in person, being the British Columbia Society of Pensioners' Organization (BCSPO) [formerly the British Columbia Old Age Pensioners' Organization *et al.* (BCOAPO)], the Commercial Energy Consumers of British Columbia (CEC), and Mr. Randolph Robinson, in his own capacity. A fourth Intervener, the Fort Nelson and District Chamber of Commerce attended by telephone.

An Agenda and draft Regulatory Timetable were circulated in advance of the Procedural Conference. (Exhibit A-8) The Agenda identified three issues for consideration:

- Further Process – Written or Oral;
- If Oral, location of Proceedings; and
- Regulatory Timetable.

Counsel for the FEU argued that a Written Hearing Process would be the most appropriate way to proceed. He argued that the written record, which includes the Application itself and two rounds of Information Requests on the same, as well as Intervener evidence, is extensive and entirely sufficient and the process is at the point of "diminishing returns" such that an Oral Hearing is unlikely to add value.

He further argued that an Oral Process would be less efficient, and that the witnesses would need to rely on the written record to answer questions in any event. He noted as well that any legal issues would be the subject of argument, not further evidence.

He also argued that the practical implications of holding an Oral Hearing process would be to increase costs and prolong the regulatory timetable and submitted that there were numerous examples where the Commission has been able to proceed to hear important, non-routine matters through a written, as opposed to an oral, process.

Counsel for the BCSPPO agreed that a written process would be more efficient. He did note, however, that the outcome of this particular Application will be somewhat unique as well as significant, in that it will involve winners and losers, and that an Oral Hearing might better allow regionally-diverse voices to be heard. Counsel for the CEC also supported a written process.

The Fort Nelson and District Chamber of Commerce (Fort Nelson) argued in favour of an Oral Hearing Process. Fort Nelson disagreed that all questions raised had been answered in the existing record, but also noted that the record is “vast” and that Fort Nelson did not have the resources to examine the evidence on a line by line basis. Fort Nelson argued that, in these circumstances, an Oral Hearing would result in a more effective exchange of information.

Mr. Robinson argued for a hybrid approach, with both oral and written components. He agreed that the issues have been extensively reviewed. Mr. Robinson also sought a one week extension to the Regulatory Timetable for Intervener evidence, to allow him to supplement the material he had filed, which he submitted was held up due to the confidential nature of some of the FEU’s responses. The FEU advised that they were amenable to the extension and that such extension would not interfere with the existing timetable for a Written Process, with which they were in agreement.

No other party sought a change to the draft Regulatory Timetable.

The Commission Panel is of the view that a Written Hearing Process makes the most sense in the circumstances of this case, as the evidentiary record is extensive and the majority of participants argue in favour of a Written

Hearing Process. The Commission Panel also acknowledges that a Written Hearing Process could proceed in a more timely fashion and that it is a less costly means to conduct a hearing.

The Commission Panel notes, however, in particular, the concerns of Fort Nelson. The Commission Panel is sympathetic to the fact that the evidentiary record is voluminous and no doubt overwhelming to parties who do not have experience in dealing with regulatory matters. The Commission Panel is unable to agree, however, that there are many stones left unturned at this point, even in respect of issues relating to Fort Nelson. Rather, the Commission Panel sees a situation where Fort Nelson has not been in a position to review the available evidence in detail. The Commission Panel noted the availability of Participant Assistance Cost Award funding and Commission staff has undertaken to assist Fort Nelson with that process. Counsel for the FEU also agreed to highlight areas in the existing evidence which relate to Fort Nelson. The Commission Panel encourages the FEU to assist Fort Nelson in this regard.

In the Panel's view, once Fort Nelson has had an opportunity to assimilate the evidence already available in the Proceeding, its issues are likely to be amenable to be addressed through argument, rather than further evidence. That opportunity remains available within the Regulatory Timetables under consideration. Therefore, the Commission Panel orders that the matter will proceed by way of a Written Hearing Process. The location for an Oral Hearing is not relevant. The date for the filing of Intervener evidence is extended to August 10, 2012. In the event that the Rebuttal Evidence is filed, any party seeking additional process on that evidence, may apply at that time. The Regulatory Timetable attached to the Order to which these Reasons relate is otherwise confirmed.