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August 11, 2014

Via Email

BCUC Review Independent Task Force
bcucreview@gov.bc.ca

Attention: Messrs. Peter Ostergaard, Michael Costello, and R. Brian Wallace

Dear Sirs:

Re: FortisBC Utilities (FortisBC or the Companies) Third Round Submissions on Terms of Reference of the Independent Review of the British Columbia Utilities Commission (BCUC Review)

By email dated July 15, 2014, the Task Force, appointed by the Ministry of Energy and Mines (MEM) and Minister Responsible for Core Review to conduct an independent review of the British Columbia Utilities Commission (BCUC Review), advised stakeholders of a letter from MEM (MEM Letter) clarifying the scope relating to several issues raised in round one Stakeholder submissions.

The Task Force invites Stakeholders, by August 11, 2014, to provide written submissions on the specific scope of items contained in the MEM letter to the Task Force. In response, FortisBC provides specific comments on each of the issues identified in the MEM Letter below.

The potential efficiencies that could be gained from BCUC regulation of private sector water utilities

FortisBC does not believe BCUC responsibilities should be expanded to include supervision of private sector water utilities. Without amending certain statutes including the *Utilities Commission Act* (UCA), the BCUC does not have jurisdiction over water utilities. Moreover, the purpose of the BCUC Review is to increase the efficiency and effectiveness of regulation in BC. Expanding the BCUC's regulatory responsibilities to also include private sector water utilities will present an additional challenge to the Commission's resources and ability to improve the efficiency and effectiveness of the existing regulatory model based on the recommendations that emerge from the BCUC Review. FortisBC submits that the BCUC should focus on its existing mandate in order to build and maintain expertise and efficiency.

Issues regarding the regulatory model in British Columbia:

- *Mechanisms for government to provide clear and timely policy direction*
- *The appropriate application of the energy objectives in the Clean Energy Act*
- *Options for clarifying the roles and mandate of the Province and the BCUC with respect to utility regulation*

Sub-points one through three under the second item of the MEM letter all address government and BCUC policy issues. Given the overlap, FortisBC responds to the three points collectively below.

FortisBC has suggested in its first and second round submissions that the reestablishment of an executive director, and working together with the BCUC Chair, will help to address and clarify issues of policy direction from government. The executive director at the BCUC staff level should be responsible for (among other things) liaising with government and engaging with relevant government ministries to clarify issues potentially arising from the implementation and application of government policies and mandates when regulating the public utilities. The specific issues raised in the three sub-points listed above fall within this aspect of the responsibilities of the executive director. Assigning these responsibilities to the executive director will ensure more effective interpretation and implementation of policies and mandates and will potentially avoid intervention by the relevant government ministries when a government policy issue arises during the BCUC application review process.

FortisBC does not believe that a set of guidelines or more specific direction on the application of the energy objectives in the *Clean Energy Act* (CEA) will necessarily be needed to solve the issue of government policy uncertainty. It would be difficult to capture all the variables and circumstances of each type of application in a framework that sets out the appropriate application of the CEA's energy objectives. Such a framework would either be too simplistic or overly complex, but in both cases would not allow flexibility in considering the specific context and variables of each application.

Issues regarding the regulatory model in British Columbia:

- *Whether a different regulatory model for Crown corporations should apply as compared to investor-owned utilities*

FortisBC does not believe a different regulatory model for Crown corporations (as compared to investor-owned utilities) is necessary, or appropriate, for the following reasons.

First, the application of two different regulatory models will likely result in greater differences in treating the interests of persons in British Columbia who receive or may receive service from the public utilities.

Second, the application of several different regulatory models by one regulatory body would be onerous and confusing and would very likely decrease the efficiency and effectiveness of the BC regulatory environment.

Third, it is also unclear what benefit would be gained by having separate regulatory models for Crown corporations and investor-owned utilities.

FortisBC is thus strongly opposed to separate regulatory models in BC.

Other

In its second round submissions, FortisBC requested the opportunity to respond (if necessary) to expanded submissions from the Canadian Association of Petroleum Producers (CAPP) and Treaty 8 Tribal Association (T8TA). FortisBC has read the submissions of both CAPP and T8TA and has no further comments on their respective submissions.

FortisBC appreciates the opportunity to provide the above submissions. If further information is required, please contact the undersigned.

Respectfully submitted,

on behalf of the FORTISBC UTILITIES

Original signed:

Roger A. Dall'Antonia