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January 7, 2020

Clean Energy Fueling Services Corp.
101-45885 Alexander Ave.
Chilliwack, B.C.
V2P 1L7

Attention: Mr. Brett Barry, Senior Policy Advisor

Dear Mr. Barry:

Re: FortisBC Energy Inc. (FEI)
Project No. 1599033
Revelstoke Propane Portfolio Cost Amalgamation Application (Application)
Response to Clean Energy Fueling Services Corp. (CleanEnergy) Information
Request (IR) No. 2

On July 18, 2019, FEI filed the Application referenced above. In advance of the deadline in the Regulatory Timetable established by British Columbia Utilities Commission Order G-290-19 for the review of the Application, FEI respectfully submits the attached response to CleanEnergy IR No. 2.

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC ENERGY INC.

Original signed:

Doug Slater

Attachments

cc (email only): Commission Secretary
Registered Parties



FortisBC Energy Inc. (FEI or the Company) Revelstoke Propane Portfolio Cost Amalgamation Application (the Application)	Submission Date: January 7, 2020
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1 1. Why does FortisBC Energy Inc. (FEI) believe it should be permitted, at the
2 potential risk of harming non-regulated businesses, to offer propane below
3 market-price?
4

5 **Response:**

6 As discussed in the response to BCUC IR 2.16.1, the purpose of FEI's Application is to reduce
7 energy price and volatility for the benefit of FEI's Revelstoke propane customers. As further
8 discussed in the response to BCUC IR 2.16.3, FEI notes that the Application itself relates to a
9 question of rate design and the appropriate principles, as discussed in the response to BCUC IR
10 1.9.6, consider the impacts of the Application on all of FEI's customers (FEI's revenue would be
11 unaffected by the proposal). FEI does not consider the potential impacts on the
12 competitiveness of other energy providers when setting customer rates across its service
13 territory. Speculative impacts on the competitiveness of other service providers do not provide
14 a justification to deny FEI's propane customers the benefits of the proposed amalgamation.

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19 2. In FEI's response to Clean Energy's Intervener IR No. 1 question 1, you state
20 "FEI does not have insight into the ability of other fuel providers to offer
21 competitive rates for their heating fuels or to retain their customers." Therefore,
22 is FEI unable to determine the effect its proposed propane amalgamation could
23 have on non-regulated fuel providers?
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25 **Response:**

26 Please refer to the responses to BCUC IRs 2.16.1, 2.16.4 and 2.16.5 which discuss the
27 potential impacts to RCEC and existing retail propane, natural gas and fuel oil providers.

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31 3. Since utility commissions are established to ensure natural monopolies do not
32 take advantage of their monopoly status, how is granting FEI the ability to offer
33 propane at a below market-price in line with this core purpose of utility
34 commissions?
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36 **Response:**

37 FEI disagrees with the premise contained in the question that FEI is seeking the ability to offer
38 propane at "below market-price". As discussed in the response to BCUC IR 2.16.3, FEI's rates



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1 are set in accordance with utility rate design principles and are based on the cost of service of
2 its customers, which includes all costs and not just commodity costs. The cost recovery
3 mechanism and the utility's resulting rates are subject to BCUC approval in accordance with the
4 requirements of the *Utilities Commission Act*. Please refer to the responses to BCUC IRs 1.4.2
5 and 1.9.6 for discussion of how the Application meets the requirements of Sections 59 to 61 of
6 the *Utilities Commission Act* and how utility rate design principles apply to the Application.

7 As discussed in the response to Clean Energy IR 2.1, the objective of FEI's Application is to
8 provide benefits to FEI's propane customers by reducing the cost and volatility of energy in
9 Revelstoke and to treat the customers in Revelstoke in the same manner and using the same
10 amalgamation objectives as FEI's other customers. The Application has little impact to other
11 energy providers, including other natural gas service providers such as Clean Energy¹. In any
12 event, impacts on the competitiveness of other service providers, particularly speculative
13 impacts, do not provide a justification to deny FEI's propane customers the benefits of the
14 proposed amalgamation. Utility regulation does not exist to perpetuate high (and differentiated)
15 customer costs for the benefit of businesses that may provide alternative sources of energy
16 supply and whose rates may not be set based on their cost of service.

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¹ As noted in its response to BCUC IR 2.16.4, FEI is not aware of any natural gas suppliers in Revelstoke.