



**Diane Roy**  
Vice President, Regulatory Affairs

**Gas Regulatory Affairs Correspondence**  
Email: [gas.regulatory.affairs@fortisbc.com](mailto:gas.regulatory.affairs@fortisbc.com)

**Electric Regulatory Affairs Correspondence**  
Email: [electricity.regulatory.affairs@fortisbc.com](mailto:electricity.regulatory.affairs@fortisbc.com)

**FortisBC**  
16705 Fraser Highway  
Surrey, B.C. V4N 0E8  
Tel: (604) 576-7349  
Cell: (604) 908-2790  
Fax: (604) 576-7074  
[www.fortisbc.com](http://www.fortisbc.com)

August 13, 2021

British Columbia Utilities Commission  
Suite 410, 900 Howe Street  
Vancouver, BC  
V6Z 2N3

Attention: Mr. Patrick Wruck, Commission Secretary

Dear Mr. Wruck:

**Re: British Columbia Utilities Commission (BCUC) Generic Cost of Capital (GCOC) Proceeding**  
**FortisBC (compromised of FortisBC Energy Inc. (FEI) and FortisBC Inc. (FBC)) Submission on the Participant Assistance/Cost Award (PACA) Eligibility and Funding Matters**

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In Order G-231-21 dated July 30, 2021, the BCUC set out a timetable for written submissions from utilities and interveners on cost eligibility of PACA for the GCOC Proceeding. The BCUC sought submissions on the following three questions:

1. In the interest of regulatory efficiency and cost savings, which registered participants would anticipate joining together to share resources including the retaining of expert witness(es)? Please provide a brief explanation of the reasoning for joining the selected participants together.
2. Should a public utility such as Corix be eligible for PACA in Stage 1 of the GCOC Proceeding? Why or why not? If so, should funding for a public utility be limited to covering the costs of retaining an expert as was the case in Order F-17-13, or should it extend to other costs? Please explain.
3. Should the BCUC approve a request to establish a regulatory deferral account to record the costs for a public utility to participate in the GCOC Proceeding? Why or why not?

The following are the submissions of FortisBC to the BCUC's questions.

- 1. In the interest of regulatory efficiency and cost savings, which registered participants would anticipate joining together to share resources including the retaining of expert witness(es)? Please provide a brief explanation of the reasoning for joining the selected participants together.**

For reasons of regulatory efficiency, reduced duplication of effort and saving costs, FEI and FBC to date have shared resources, both internal and external, by filing joint submissions. FortisBC expects to continue do so throughout the proceeding where appropriate, including the sharing of resources such as retaining of experts. Additionally, while not formally joining together, other utilities and interveners have referenced some of FortisBC's submissions filed in the proceeding to date and have supported, adopted or endorsed aspects of those submissions, which has also led to regulatory efficiencies.

FortisBC anticipates there will continue to be opportunities for affected utilities, other utilities, and interveners to join together to share resources depending on the stage of the proceeding, the issues being considered, and how the process unfolds.

**2. Should a public utility such as Corix be eligible for PACA in Stage 1 of the GCOC Proceeding? Why or why not? If so, should funding for a public utility be limited to covering the costs of retaining an expert as was the case in Order F-17-13, or should it extend to other costs? Please explain.**

FortisBC submits that utilities should fund their own participation in Stage 1, such that those costs ultimately get recovered from the customers of that specific utility. There is no compelling reason to have the customers of one utility cross-subsidize those of another utility.

This position reflects the historical practice of utilities being expected to fund their active participation in other utilities' proceedings as part of their cost of service being recovered from their own ratepayers. While the current PACA Guidelines<sup>1</sup> no longer limit PACA funding to ratepayers, FortisBC continues to observe this long-standing principle and practice. FortisBC has never made a PACA claim against any other utility (irrespective of utility size) for costs related to interventions into other utility proceedings. When FortisBC actively intervenes in other utility processes, it is because of a direct interest in an issue or issues which have the potential to impact the operation of the utility and the utility's respective customers/ratepayers. FortisBC is of the understanding that each utility is to fund its own interventions on behalf of their own customers. FortisBC's affiliate FortisBC Alternative Energy Services Inc. also funds its own participation in regulatory processes. In principle, FortisBC is opposed to granting PACA to utilities for their participation because such costs, even if allocated to all utilities, when allocated based on energy sales, are then disproportionately borne by customers/ratepayers of the larger utilities, such as FEI.

In practice, smaller utilities in this proceeding do obtain considerable benefit from the active participation of FortisBC, since the interests of utilities are generally aligned. This benefit is enhanced if FEI is to be considered the Benchmark Utility. There is also an ability for utilities to share experts, as FEI and FBC are doing.

If the BCUC determines that Corix or other public utilities should be eligible to apply for PACA costs, FortisBC believes any such costs should be limited to covering the costs of retaining experts, similar to Order F-17-13, and only to the degree that the Panel in the proceeding determines that expert evidence benefited the Panel in reaching its decision.

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<sup>1</sup> Approved by Order G-97-17 dated June 15, 2017.

**3. Should the BCUC approve a request to establish a regulatory deferral account to record the costs for a public utility to participate in the GCOC Proceeding? Why or why not?**

Both FEI and FBC have already requested BCUC approval of separate 2021 Generic Cost of Capital Proceeding deferral accounts in their respective Annual Review Applications for 2022 Rates. To the extent that other utilities have not already applied for a regulatory account to record the costs for participation in the GCOC Proceeding, the BCUC should approve any such requests as it is routine practice for utilities to request approval for such regulatory accounts to be established to record the costs of regulatory application processes and proceedings. It is also routine practice for the utilities to request disposition (including length of amortization) of the balances in those regulatory accounts in the utility's rate setting or revenue requirements process that follows the completion and finalization of all costs related to the proceeding.

If further information is required, please contact the undersigned.

Sincerely,

**on behalf of FORTISBC**

***Original signed:***

Diane Roy

cc (email only): Registered Parties