



**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 11, 2022

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

Attention: Ms. Sara Hardgrave, Acting Commission Secretary

Dear Ms. Hardgrave:

**Re: British Columbia Utilities Commission (BCUC) Generic Cost of Capital (GCOC) Proceeding**  
**FortisBC (comprised of FortisBC Energy Inc. (FEI) and FortisBC Inc. (FBC)) request for Further Clarification on Oral Hearing Scope**

---

FortisBC writes to seek clarification regarding an aspect of the scope of the oral hearing as determined in Order G-217-22A dated August 8, 2022.

For ease of reference, Appendix C to the Order G-217-22A states in part [underlining added]:

**Part 2 of Oral Hearing – FortisBC**

FortisBC witnesses be made available for cross-examination to discuss FortisBC's business risk and credit metrics.

- FortisBC Risk Factors, including:
  - Business Risk
    - Business risks being reflected in capital structure, ROE, or both.
  - Credit Metrics
    - Credit ratings, credit risk, access to capital; and
    - Whether the maintenance of current credit ratings is necessary.
  - Energy Transition Risk
    - The degree of regulators' and policymakers' ability to mitigate the energy transition risk;
    - The approach to reflect energy transition risk in the utility's cost of capital through ROE, capital structure or both;
    - How energy transition risks are related to provincial government climate and energy policies relevant to the assessment of the cost of capital;
    - Consideration for energy transition risk for FortisBC Energy Inc. (FEI) as a business risk, financial risk, regulatory risk or other; and

- Differential risks as between gas and electric utilities, emerging risks facing natural gas utilities in the context of climate policy and the transformation of the energy sector.

FortisBC respectfully requests that the BCUC clarify whether “Business risk: Business risks being reflected in capital structure, ROE, or both” either (a) refers only to the conceptual issue of how business risks should be reflected in cost of capital, or (b) whether the BCUC was intending to scope-in all business risk evidence that is unrelated to the Energy Transition (e.g., risk categories such as Indigenous Rights and Engagement, Operating Risk, etc.).

With respect to “Part 2” of the oral hearing more generally, FortisBC’s intention has been to have Mr. Coyne seated on the FortisBC witness panel alongside FortisBC company witnesses. Mr. Coyne’s evidence addresses how business risks should be reflected in cost of capital, aspects of the Energy Transition Risk and the two issues related to Credit Metrics. FortisBC has relied on Mr. Coyne to contribute expert evidence on these topics, and to respond to various information requests on them. Mr. Coyne’s participation as a witness on these topics is thus important to FortisBC’s ability to participate fully and effectively regarding the in-scope topics. FortisBC respectfully seeks confirmation that Order G-217-22A (and, specifically, the underlined reference above to “FortisBC witnesses be made available”) would not preclude FortisBC from taking that approach.

We appreciate the BCUC’s consideration of this clarification request, and believe that the clarification will contribute to a smoother oral hearing process for all participants.

If further information is required, please contact the undersigned.

Sincerely,

**on behalf of FORTISBC**

***Original signed:***

Diane Roy

cc (email only): Registered Parties