



March 15, 2022

Sent via email/eFile

FEI UPDATED CODE OF CONDUCT AND TRANSFER PRICING POLICY EXHIBIT A-2
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Ms. Diane Roy
Vice President, Regulatory Affairs
FortisBC Energy Inc.
16705 Fraser Highway
Surrey, BC V4N 0E8
gas.regulatory.affairs@fortisbc.com

Re: FortisBC Energy Inc. – Application for an Updated Code of Conduct and Transfer Pricing Policy – Regulatory Timetable

Dear Ms. Roy,

On March 3, 2022, FortisBC Energy Inc. (FEI) filed with the British Columbia Utilities Commission (BCUC), pursuant to sections 58 to 61 of the *Utilities Commission Act*, an application for approval of an updated Code of Conduct (COC) and Transfer Pricing Policy (TPP), effective the first day of the month following the BCUC's decision on the Application¹ (Application). **In accordance with the regulatory timetable established by Order G-77-22 enclosed with this letter, the BCUC invites comments from interested stakeholders on FEI's Application by Friday, April 8, 2022.**

Background

By Order G-25-17 dated March 1, 2017, the BCUC approved FEI's current all-inclusive COC and TPP. Pursuant to Section 10 of the COC, FEI is required to review the provisions of the COC. Section 10 of the COC states:

In order to ensure that this Code remains workable and effective, the Company [FEI] will review the provisions of this Code [COC] on an ongoing basis and as required by the Commission [BCUC], but with a maximum of five years between reviews.

Amendments to this Code may be made from time to time as approved by the Commission, and may result from a normal periodic review, from a request to the Commission by FortisBC Energy [FEI], an Affiliate, a Customer or other stakeholder, or a review initiative by the Commission.

In the Application, FEI states, in compliance with Section 10 of the COC, that it has undertaken a review of the current COC for the maximum five years specified between reviews, from March 1, 2017 to February 28, 2022. In addition, FEI reviewed the TPP for changes required in the policy, as the COC and TPP work together in providing guidance for interactions between FEI and its affiliates.²

FEI's Proposals

¹ Exhibit B-2, p. 1.

² Exhibit B-1, pp. 1–2.

FEI proposes the following updates to the provisions of the COC and TPP, respectively³, including:

1. For the COC, to include new language in the “Code of Conduct Principles” and “Section 3 - Provision of Information by FEI” which will allow the exchange of Customer Information⁴ between FEI and an Affiliated Natural Monopoly Utility⁵ (AU). FEI states that its proposal for the exchange of Customer Information applicable only to an AU is consistent with the exceptions included in the COC applicable only to an AU (i.e. subsection (d) where FEI will not provide Commercial Information⁶ to an Affiliate except in the case of an AU)⁷;
2. For the TPP, to increase the general overhead rate and the associated fully allocated costs per day and cost ratios per day, from 10 percent to 15 percent, for the illustrative examples of the following types of services that can be provided to an affiliate:
 - Specific Committed – On-Site Full time;
 - As Required – On-Site Short Term; and
 - As Required – Off-Site Short Term; and
3. For both the COC and TPP, to update the date references of the TPP to be used in conjunction with the COC, where needed.

Letters of Comment

The BCUC invites stakeholders to make submissions on the following:

1. The aforementioned FEI proposals, including whether it is reasonable for the treatment in the COC in respect of the exchange of Commercial Information and Customer Information between FEI and an AU to be the same, and why;
2. Any further regulatory process going forward for the review of the Application; and
3. Any other relevant matters that parties wish to bring to the attention of the Panel that will assist in the efficient and effective review of the Application.

Letters of comment, if any, from stakeholders must be submitted using the Letter of Comment Form available on the BCUC’s website at <https://www.bcuc.com/forms/letter-of-comment.aspx>, with a copy to FEI, by **Friday, April 8, 2022**. FEI must provide reply comments by **Monday, April 25, 2022**.

The Panel will consider all submissions received in determining any further regulatory process for the Application.

Sincerely,

Original signed by:

Patrick Wruck
Commission Secretary
Enclosure

³ Exhibit B-1, p. 2.

⁴ In the “Definitions” section of the COC, “Customer Information” is defined as: “Information related to a specific Customer or potential Customer of FEI, which FEI has obtained or compiled in the process of providing current or prospective public utility services and which is not otherwise available to the public.”

⁵ In the “Definitions” section of the COC, an “AU” is defined as: “A separate legal entity that is an affiliate of FEI regulated by the [BCUC] or the National Energy Board offering regulated products and services in a natural monopoly environment.”

⁶ In the “Definitions” section of the COC, “Commercial information” is defined as: “Information related to FEI’s commercial or trading activities such as natural gas supply portfolio planning, mitigation activities and related contract negotiations, or information that will inhibit a competitive energy services market from functioning.”

⁷ Exhibit B-1, Appendix B, p. 2.



ORDER NUMBER
G-77-22

IN THE MATTER OF
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

FortisBC Energy Inc.
Application for an Updated Code of Conduct and Transfer Pricing Policy

BEFORE:

A. K. Fung, QC, Panel Chair
A. Pape-Salmon, Commissioner

on March 15, 2022

ORDER

WHEREAS:

- A. On March 3, 2022, FortisBC Energy Inc. (FEI) filed with the British Columbia Utilities Commission (BCUC), pursuant to sections 58 to 61 of the *Utilities Commission Act*, an application for approval of an updated Code of Conduct (COC) and Transfer Pricing Policy (TPP), effective April 1, 2022 (Application);
- B. By letter dated March 11, 2022, FEI revised its approval sought for the effective date of the updated COC and TPP to the first day of the month following a BCUC decision on the Application;
- C. By Order G-25-17 dated March 1, 2017, the BCUC approved FEI's current all-inclusive COC and TPP; and
- D. The BCUC considers the establishment of a regulatory timetable for the review of the Application is warranted.

NOW THEREFORE the BCUC orders as follows:

1. A regulatory timetable for the review of the Application is established, as set out in Appendix A to this Order.
2. FEI is directed to publish the Application, this Order and the accompanying cover letter, and the regulatory timetable on its website and to provide copies, electronically where possible, to the following stakeholders, by Friday, March 18, 2022:
 - Registered interveners in the FEI All-Inclusive Code of Conduct and Transfer Pricing Policy Application, FEI Application for Approval of Code of Conduct and Transfer Pricing Policy for Affiliated Regulated Businesses Operating in a Non-Natural Monopoly Environment, and the Inquiry into FEI's Offering of Products and Services in Alternative Energy Solutions and Other New Initiatives proceedings;

- Residential Consumer Intervener Association; and
 - British Columbia Ministry of Energy, Mines and Low Carbon Innovation.
3. In accordance with the BCUC Rules of Practice and Procedure, interested stakeholders may submit a letter of comment by the date established in the attached regulatory timetable.

DATED at the City of Vancouver, in the Province of British Columbia, this 15th day of March 2022.

BY ORDER

Original signed by:

A. K. Fung, QC
Commissioner

Attachment

FortisBC Energy Inc.
Application for an Updated Code of Conduct and Transfer Pricing Policy

REGULATORY TIMETABLE

Action	Date (2022)
FEI provides notice	Friday, March 18
Letters of Comment deadline	Friday, April 8
FEI Reply Comments	Monday, April 25
Further Process, if any	To be determined