



ORDER NUMBER
G-68-16

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

and

FortisBC Energy Inc.
Application for its Common Equity Component and Return on Equity for 2016

BEFORE:

K. A. Keilty, Commissioner/Panel Chair
D. A. Cote, Commissioner
N. E. MacMurchy, Commissioner

on May 13, 2016

ORDER

WHEREAS:

- A. On October 2, 2015, FortisBC Energy Inc. (FEI) filed an application for its Common Equity Component and Return on Equity for 2016 (Application) pursuant to the British Columbia Utilities Commission (Commission) decision in the Generic Cost of Capital Stage 1 proceeding;
- B. Commission Order G-177-15 established the Regulatory Timetable for the Application including an oral hearing on expert evidence;
- C. The evidentiary record was closed on March 11, 2016, the last day of the oral hearing. At the close of the evidentiary record, the Commission established that the argument phase of the proceeding would take place from April 3, 2016 to April 28, 2016;
- D. FEI filed its reply submission on April 28, 2016;
- E. On May 5, 2016, the Association of Major Power Customers of BC (AMPC) filed an objection to FEI's reply submission and sought leave to file two narrow sur-reply submissions on issues that AMPC submits were raised by FEI in its reply submission: namely, market to book ratios and the AON Hewitt and Mercer Reports;
- F. By letter dated May 6, 2016, the Commission requested all parties to provide comments on AMPC's leave to file sur-reply;
- G. The Commercial Energy Consumers of BC, by letter dated May 10, 2016, supports AMPC's request to file sur-reply submissions;
- H. By letter dated May 10, 2016, FEI submits that its reply submission is proper and AMPC's rationale for filing its sur-reply does not withstand scrutiny. FEI further comments that AMPC's sur-reply is not proper and the Commission should not consider it as such. However, FEI submits that since: (i) AMPC has decided to file its substantive argument before having obtained leave to do so; and (ii) FEI's previously filed submissions have

answered the points now being raised, FEI will simply defer to the Commission on whether the sur-reply remains on the record. FEI further comments that the proceeding should be brought to a close;

- I. In reply to FEI's submission on the sur-reply, AMPC by letter dated May 11, 2016, comments on the substantive issues in FEI's letter, and submits that there is no merit to FEI's response. AMPC submits that the Commission should accept the sur-reply contained within AMPC's May 5, 2016 letter; and
- J. The Commission has considered AMPC's request for leave to file sur-reply and the comments from all parties.

NOW THEREFORE the British Columbia Utilities Commission orders that the sur-reply filed by the Association of Major Power Customers of BC be allowed to remain on the record for the reasons attached as Appendix A to this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 13th day of May 2016.

BY ORDER

Original Signed By:

K. A. Keilty
Commissioner/Panel Chair

Attachment

FortisBC Energy Inc.

Application for its Common Equity Component and Return on Equity for 2016

REASONS FOR DECISION

The review process for the application for FortisBC Energy Inc.'s (FEI) Common Equity Component and Return on Equity for 2016 (Application) was set out in British Columbia Utilities Commission (Commission) Order G-177-15. The Order established the Regulatory Timetable for the review of the Application, including an oral hearing on expert evidence.

The evidentiary record was closed on March 11, 2016, the last day of the oral hearing. At the close of the evidentiary record, the Commission established that the argument phase of the proceeding would take place from April 3, 2016 to April 28, 2016. FEI filed its reply submission on April 28, 2016.

On May 5, 2016, the Association of Major Power Customers of BC (AMPC) filed an objection to FEI's reply submission and sought leave to file two narrow sur-reply submissions on issues that AMPC submits were raised by FEI in its reply submission: namely, market to book ratios and the AON Hewitt and Mercer Reports.

Although AMPC's letter was intended to seek leave to file a sur-reply, the letter also contains filing of substantive arguments.

By letter dated May 10, 2016, the Commercial Energy Consumers of BC (CEC) submits that AMPC has met the necessary legal test in support of its request for a right to file sur-reply submissions and CEC supports AMPC's right to file a sur-reply. CEC also submits that it supports and adopts, in the entirety, the substantive submissions filed in AMPC's sur-reply.

FEI, by letter dated May 10, 2016, submits that AMPC's rationale for departing from the standard process and regulatory timeline in this instance is without merit. FEI submits that since AMPC filed its substantive argument before having obtained leave to do so and given that its previously filed submissions have answered the points raised by AMPC, FEI will defer to the Commission on whether the sur-reply remains on the record. FEI further submits the proceeding should be brought to a close.

In its reply comment dated May 11, 2016, AMPC reiterates that the Commission should accept the sur-reply contained in its May 5, 2016 letter.

Commission determination

The Panel notes that FEI considers that its previously filed submissions have answered the substantive points raised by AMPC and has stated that "FEI will simply defer to the Commission on whether the sur-reply remains on the record" and submits that the proceeding should be brought to a close. Given these statements, the Panel has determined there is no need for a reply to the sur-reply and will allow the sur-reply to remain on the record and closes the record accordingly.