

Sent to Members July 31, 2012

RE: Update on Work With FortisBC on Renewal of Gas Operating Agreements

Please distribute the following to elected officials and the CAO. Thank you.

FortisBC's Application Before BCUC

Attached please find a copy of the submission made by AVICC under its status as intervener to the BC Utilities Commission in support of FortisBC Energy Utilities' Application for Common Rates, Amalgamation and Rate Design.

Thank you to the 12 local government members who have also submitted "letters of comment" in support of the application. It is not too late for the other affected members to do this as well. They can be directed to Carol.Greaves@fortisbc.com.

Quite a number of Vancouver Island residents and businesses have also taken the time to write their own "letters of comment" supporting the application. The BC Utilities Commission website allows access to all the evidence that has been submitted to date

here: <http://www.bcuc.com/ApplicationView.aspx?ApplicationId=324>

Request for Meeting with Minister Coleman

AVICC local government and FortisBC staff representatives met with staff in the Ministry of Energy and Mines mid-June to discuss the means by which FortisBC and the municipalities can legally agree to incorporate operating fees within the necessary timelines. We are still pursuing a meeting with Minister Rich Coleman, Minister of Energy and Mines to continue this work. It is expected that the UBCM Convention will provide the opportunity for the meeting.

Iris Hesketh-Boles
AVICC Executive Coordinator
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EM: avicc@ubcm.ca
www.avicc.ca



July 30, 2012

British Columbia Utilities Commission
6th Floor, 900 Howe Street
Vancouver, BC V6Z 2N3

Attention: Ms. Alanna Gillis, Acting Commission Secretary

RE: FortisBC Energy Utilities [comprised of FortisBC Energy Inc., FortisBC Energy Inc. Fort Nelson Service Area, FortisBC Energy (Vancouver Island) Inc. and FortisBC Energy (Whistler) Inc.] Common Rates, Amalgamation and Rate Design Application ~ Project No. 3698652

The Association of Vancouver Island and Coastal Communities (AVICC) is the association representing the interests of its 51 member municipalities, regional districts and other local governments on Vancouver Island, Sunshine Coast, Powell River and the Central Coast. A significant proportion of our members are affected by the above named application currently before the BC Utilities Commission (BCUC) which represents a population of approximately 250,000. Attached are a number of letters received to date by BCUC from local governments supporting this application (see Appendix A).

As indicated in our letter applying for intervener status, we are strongly supportive of this application on the basis that it will improve competitiveness, efficiency, fairness and the environment not only for FortisBC and its customers, but also for the residents, businesses and communities across British Columbia.

Competitive pricing is important to FortisBC and its customers. We understand that with the amalgamation of the three companies, FortisBC will be able to be more efficient, resulting in their ability to provide their product at a more competitive price overall. This is just good business practice.

However, competitiveness of utilities is also important to communities. The competitiveness of the pricing of natural gas is important for local governments

whose facilities are operated with natural gas in their ability to provide services to their residents and businesses at a competitive price which affects municipal tax levels and user pay services. It is also important that the cost of utilities such as natural gas remain competitive in order that businesses in our communities can remain profitable and to enable communities to be able to continue to attract new businesses. Businesses rely on residents for their employees and customers. Communities must remain affordable and competitive so they can keep and attract residents.

Amalgamating the smaller entities of FortisBC Energy Inc. Fort Nelson Service Area, FortisBC Energy (Vancouver Island) Inc. and FortisBC Energy (Whistler) Inc. with FortisBC Energy Inc. would seem to be a good option to mitigate the impacts of business risk associated with smaller utilities and will allow FortisBC to distribute the costs of replacing aging infrastructure or developing new infrastructure to attract new customers over a larger base. This should result in the advantage of providing more stable rates over time for all customers and alleviate the potential need for the provincial government to step in to provide a subsidy as they did when the Vancouver Island Pipeline was built. Inattention to these factors could result in uncompetitive pricing compared with other fuel sources resulting in customers moving to an alternative fuel source forcing even higher costs on remaining customers or the potential for the FortisBC to leave one of the small markets entirely.

AVICC acknowledges the concerns raised by our sister organization of Northern Rockies Regional Municipality and the impact that this application will have on its community. The concerns and principles that we raise will be as important to them as they are for us. They, their residents and the businesses in their communities will also have made decisions to utilize natural gas based on the fact that it was the most cost effective energy source available to them and that it would be expected that the pricing would remain relatively stable over time.

It would seem that Fort Nelson operations has benefitted for many years from the economies gained by being close to the source of the product which was able to be passed along to customers by a small locally based company that has since been purchased by FortisBC. The new owner now wishes to improve its overall efficiency as an amalgamated company for the benefit of all its customers. To mitigate the impacts to its Fort Nelson customers, FortisBC is recommending a 15-year phase in period. This seems like a fair compromise and if it is indeed more economical to be able to offer natural gas to this region, then the phase in period provides adequate time for a competitor to come into the market and offer the service at a more competitive rate.

Natural gas is one of the greenest fuel options for the environment. BC residents, businesses and local governments on behalf of their communities have adopted the use of natural gas in their strategies to preserve our environment. If costs remain competitive, then it will make fiscal sense for other users to adopt this strategy as well. If costs begin to become uncompetitive, then current users may find it is more economical to move to other alternatives potentially wasting infrastructure already in place before it has completed its useful lifecycle. This indeed would be an unfortunate use of resources and a negative impact on the environment.

AVICC is a small organization without the resources to delve deeply into the intricacies of this application as a number of the other interveners are in the process of doing. The application before BCUC seems to be so logical and practical that a more intensive look would not have been warranted even if we had the capacity to do so.

Our desire in becoming an intervener in the process was to communicate our members' support for the overall principles of the application:

- That amalgamation of three companies allows for efficiencies to be gained, mitigates the business risks of smaller utilities and allows for distribution of infrastructure costs across a larger base;
- That common rates for all FortisBC customers are fair and should be implemented; and
- That a fair and reasonable implementation plan for all customers is available.

On behalf of local governments on Vancouver Island, Powell River and the Sunshine Coast who are affected by this application, thank you for the opportunity for our members to be heard in this process. If the Commission would find it of benefit, we would be pleased to send a representative to attend an oral hearing.

Sincerely,



Joe Stanhope
AVICC President

Attachment (Appendix A)

Appendix A - Local Government Letters of Support

Twelve local governments have submitted as additional evidence their support for this application:

Item #	Supporter
E-2	Town of Ladysmith - Letter of Comment dated June 6, 2012
E-3	City of Nanaimo - Letter of Comment dated June 6, 2012
E-5	District of Saanich – Letter of Comment dated June 7, 2012
E-6	City of Port Alberni – Letter of Comment dated June 12, 2012
E-7	Sunshine Coast Regional District Board – Letter of Comment dated June 12, 2012
E-8	City of Campbell River – Letter of Comment dated June 15, 2012
E-10	Town of Comox - Letter of Comment dated June 21, 2012
E-12	Alberni-Clayoquot Regional District – Letter of Comment dated June 25, 2012
E-13	District of Central Saanich – Letter of Comment dated June 26, 2012
E-15	District of Lantzville – Letter of Comment dated June 26, 2012
E-18	Regional District of Nanaimo (RDN) – Letter of Comment dated July 11, 2012
E-19	The Corporation of the District of Oak Bay – Letter of Comment dated July 10, 2012



TOWN OF LADYSMITH

410 Esplanade, P.O. Box 220, Ladysmith, B.C. V9G 1A2
Municipal Hall (250) 245-6400 • Fax (250) 245-6411 • info@ladysmith.ca • www.ladysmith.ca

June 6, 2012

To Whom It May Concern:

Re: Common Rates, Amalgamation and Rate Design Application - FortisBC

On behalf of those municipalities within the Association of Vancouver Island and Coastal Communities Association (AVICC) who are served by the Vancouver Island Gas Pipeline, and specifically the Town of Ladysmith, I would like to offer very strong support for the Common Rates, Amalgamation and Rate Design Application currently being undertaken by FortisBC.

This initiative is required in order to improve competitiveness, efficiency, fairness and environmental friendliness for businesses, communities and municipal taxpayers within Southern Vancouver Island and the Sunshine Coast.

The Common Rates, Amalgamation and Rate Design Application is seen by the AVICC as a critical component in a comprehensive process which is underway by various participants to address long standing concerns about operating issues and local costs associated with the Vancouver Island Gas Pipeline Project. The AVICC is actively working on various measures which require the Common Rates Initiative to proceed.

In Order to implement these, we urge the approval of the Common Rates, Amalgamation and Rate Design Application by all pertinent authorities.

Sincerely,

Mayor Rob Hutchins



2012-JUN-06

Mr. Gordon Schoberg
Senior Manager, Government Relations
FortisBC
16705 Fraser Hwy
Surrey, B.C. V4N 0E8
VIA EMAIL: Gord.Schoberg@fortisbc.com

Dear Mr. Schoberg:

RE: Letter of Support

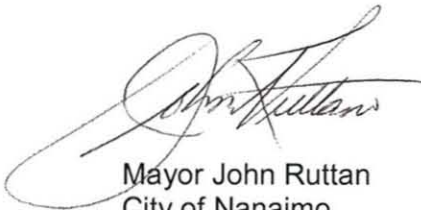
On behalf of Nanaimo City Council, I am pleased to support FortisBC in its application to equalize gas rates for all gas customers across the Province of British Columbia.

This initiative is required in order to improve competitiveness, efficiency, fairness and environmental friendliness for businesses, communities and municipal taxpayers on Vancouver Island and the Sunshine Coast.

The City of Nanaimo sees the Provincial Common Rates, Amalgamation and Rate Structure initiative as a critical component in a comprehensive process which is underway by various participants to address longstanding concerns about operating issues and local costs associated with the Vancouver Island Gas Pipeline Project.

The City of Nanaimo is pleased to be at the forefront of this process, one which, to be successful, will require Rate Stabilization to be in place. Accordingly, Nanaimo City Council is unanimous in its respectful request to all approving authorities to approve the Rate Stabilization Initiative.

Sincerely,



Mayor John Ruttan
City of Nanaimo

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cc: Nanaimo City Council
D. Holmes, Assistant City Manager/General Manager, Corporate Services
T. Hickey, General Manager, Community Services
T. Swabey, General Manager, Community Safety and Development
Honourable Rick Coleman, Minister of Energy and Mines (rich.coleman.mla@leg.bc.ca)
C. Greaves, Community Relations Manager, FortisBC (carol.greaves@fortisbc.com)



The Corporation of the District of Saanich | Mayor's Office

770 Vernon Avenue Victoria BC V8X 2W7 | T 250-475-5510 | F 250-475-5440 | www.saanich.ca

June 7, 2012

To FortisBC:

The District of Saanich is pleased to support the Common Rates, Amalgamation and Rate Design Application currently being undertaken by FortisBC.

We understand that this initiative is required in order to improve competitiveness, efficiency, fairness and environmental friendliness for businesses, communities and municipal tax payers within Southern Vancouver Island and the Sunshine Coast. The Common Rates, Amalgamation and Rate Design Application is seen by the Association of Vancouver Island and Coastal Communities Association as a critical component in a comprehensive process which is underway by various participants to address longstanding concerns about operating issues and local costs associated with the Vancouver Island Gas Pipeline Project.

Sincerely

A handwritten signature in blue ink that reads "Frank Leonard".

Frank Leonard
Mayor

Cc AVICC Executive
Honourable Rich Coleman, Minister of Energy and Mines
Saanich Council



Office of the Mayor

CITY OF PORT ALBERNI

City Hall
4850 Argyle Street,
Port Alberni, B.C. V9Y 1V8
Telephone: (250) 723-2146 Fax: (250) 723-1003

June 12, 2012

To Whom It May Concern:

RE: Fortis BC Common Rates, Amalgamation and Rate Design Application

On behalf of Council for the City of Port Alberni I would like to add our support to the growing list of communities strongly encouraging the Common Rates, Amalgamation and Rate Design Application being put forward by Fortis BC.

While we wholeheartedly support this initiative on the grounds of improving competitiveness, efficiency and fairness for natural gas provision across the Province, we are also particularly keen to support greater equity for our constituents through the collection of operating fees by our municipality.

These operating fees, which have been traditionally available to the vast majority of British Columbia municipalities, will terminate the subsidy for gas line installations that has been provided by our local property owners. Together with the rate stabilization initiative, this application resolves many of the longstanding issues coastal communities have had with the Vancouver Island Gas Pipeline Project.

For these reasons we strongly encourage the approval of the application from Fortis BC by all appropriate authorities. Should you have any questions, please do not hesitate to contact me at 250-735-7177.

Yours truly,
CITY OF PORT ALBERNI

John Douglas
Mayor

c. Joe Stanhope, President - AVICC

**SUNSHINE COAST
REGIONAL DISTRICT**

1975 Field Road Tel. 604.885.6800
Sechelt Fax: 604.885.7909
British Columbia Toll Free 1.800.687.5753
Canada V0N3A1 Web Site: www.scrd.ca



June 12, 2012

via email to Carol.Greaves@fortisbc.com

To the BC Utilities Commission
c/o Carol Greaves
Community Relations Manager, FortisBC

To Whom it May Concern:

**Re: Letter of Support to BC UC for FortisBC's Common Rates,
Amalgamation and Rate Design Application**

On behalf of the Sunshine Coast Regional District Board, we wish to support the FortisBC Energy Inc. Common Rates, Amalgamation and Rate Design Application currently before the Commission.

This initiative is required in order to improve competitiveness, efficiency, fairness and environmental friendliness for businesses, communities and municipal taxpayers within Southern Vancouver Island and the Sunshine Coast. The Common Rates, Amalgamation and Rate Design Application is seen as a critical component to address longstanding concerns about operating issues and local costs associated with the Vancouver Island Gas Pipeline Project.

Approval of this application will avoid the necessity for significant new and unacceptable costs to both gas users and property taxpayers in our community. This initiative is required to allow our citizens to benefit from operating fees such as are available in the rest of the Province outside of Metro Vancouver.

Sincerely,

SUNSHINE COAST REGIONAL DISTRICT

A handwritten signature in black ink, appearing to read "Garry Nohr", written over a horizontal line.

Garry Nohr
Chair

/sh





City of Campbell River
From the Office of the Mayor

File: 0530-01

June 15, 2012

BC Utilities Commission
Box 250, 900 Howe Street
Sixth Floor
Vancouver, BC V6Z 2N3

To Whom it May Concern:

Re: Fortis BC's Application to the BC Utilities Commission

On behalf of City Council, I would like to express the City of Campbell River's support of Fortis BC's Common Rates, Amalgamation and Rate Design Application to the BC Utilities Commission.

Yours Truly,



Walter Jakeway
MAYOR



TOWN OF COMOX

OFFICE OF THE MAYOR

File No: 0400-03 / 12-213

June 21, 2012

To whom it may concern:

Please be advised that the Council of the Town of Comox gave its full support for Fortis BC's Common Rates, Amalgamation and Rate Design Application currently before the BC Utilities Commission. We respectfully suggest that this application be approved in order to improve competitiveness, efficiency, fairness and environmental friendliness for business, communities and municipal taxpayers.

If you require anything further, please do not hesitate to contact Town staff or me at 250 339-2202.

Yours truly,

A handwritten signature in black ink, appearing to read "Paul Ives". The signature is written in a cursive style with a large initial "P".

Paul Ives
Mayor



June 25, 2012


To Whom it May Concern:

The Alberni-Clayoquot Regional District Board of Directors at their regular meeting held on June 13, 2012, passed a resolution strongly supporting the Common Rates, Amalgamation and Rate Design Application currently being undertaken by FortisBC.

This initiative is required in order to improve competitiveness, efficiency, fairness and environmental friendliness for businesses, communities and municipal taxpayers within Southern Vancouver Island and the Sunshine Coast. The Common Rates, Amalgamation and Rate Design Application is a critical component in a comprehensive process which is underway by various participants to address longstanding concerns about operating issues and local costs associated with the Vancouver Island Gas Pipeline project.

The ACRD Board supports this initiative proceeding and we urge approval of the Common Rates, Amalgamation and Rate Design Application by all pertinent authorities.

Yours truly,



Glenn Wong,
Chairperson

cc: AVICC Executive
Honourable Rich Coleman, Minister of Energy and Mines



The Corporation of the District of Central Saanich

VIA E-MAIL: Carol.Greaves@fortisbc.com

June 26, 2012

File No. 0970-08/12

To Whom It May Concern:

Together with other municipalities within the Association of Vancouver Island and Coastal Communities Association (AVICC) who are served by the Vancouver Island Gas Pipeline, and on behalf of Council, I write to convey the District of Central Saanich's very strong support for the Common Rates, Amalgamation and Rate Design Application currently being undertaken by FortisBC.

This initiative is required in order to improve competitiveness, efficiency, fairness and environmental friendliness for businesses, communities and municipal taxpayers within Southern Vancouver Island and the Sunshine Coast. The Common Rates, Amalgamation and Rate Design Application is seen by the District as a critical component in a comprehensive process which is underway to address longstanding concerns about operating issues and local costs associated with the Vancouver Island Gas Pipeline Project.

The outcome of this process has significant implications for our citizens. For example, if the application is approved, residential customers on Vancouver Island, the Sunshine Coast and Powell River would see a rate decrease of approximately 26 percent on average. Commercial customers in the same areas would see decreases between 32 percent and 45 percent on average.

AVICC is actively working on various measures which require the Common Rates initiative to proceed. In order to implement these important measures, the District of Central Saanich joins other impacted municipalities in urging that the Common Rates Amalgamation and Rate Design Application be approved by all pertinent authorities.

Yours truly,

Susan Brown
Municipal Clerk

C: Mayor Alastair Bryson
Gary C. Nason, Chief Administrative Officer

1903 Mount Newton Cross Road, Saanichton, B.C. V8M 2A9

Phone: (250) 652-4444 Fax: (250) 652-0135



District of Lantzville

Incorporated June 2003

OFFICE OF THE MAYOR

June 26, 2012

To Whom It May Concern

Re: FortisBC Common Rates, Amalgamation and Rate Design Application

Council of the District of Lantzville joins other Association of Vancouver Island and Coastal Communities to strongly support FortisBC regarding Common Rates, Amalgamation and Rate Design application.

Council urges the approval of the FortisBC application by all pertinent authorities as it will address longstanding concerns about operating issues and local costs associated with the Vancouver Island Gas Pipeline Project.

Yours truly



Jack de Jong
MAYOR
District of Lantzville

Files: 0530-01 / 0390-20-AVICC / 0510-20-FORTIS

G: corr/12/Cncl followup/Jun25_BC Utilities_letter of support for FortisBC application.doc

C: T. Graff, Chief Administrative Officer

The Honourable Rich Coleman, Minister of Energy and Mines and Minister Responsible for Housing
Room 128, Parliament Buildings Victoria, BC V8V 1X4

Phone: (250) 390-4006 • Fax: (250) 390-5188

Email: district@lantzville.ca • Website: www.lantzville.ca

P.O. Box 100, 7192 Lantzville Road, Lantzville, B.C. V0R 2H0



REGIONAL
DISTRICT
OF NANAIMO

July 11, 2012

Ms. Erica Hamilton
Commissioner Secretary
British Columbia Utilities Commissions
Box 250, 900 Howe Street
Vancouver, B.C.
V6Z 2N3

Dear Ms. Erica Hamilton

Re: FortisBC Energy Utilities Common Rates, Amalgamation and Rate Design

The Regional District of Nanaimo strongly supports the Common Rates, Amalgamation and Rate Design Application currently being undertaken by FortisBC. At the Sustainability Select Committee meeting held Wednesday June 13, 2012, the following motion was carried:

That the Board send a letter of support for common rates, amalgamation and rate design application currently being undertaken by FortisBC to the Honourable Rich Coleman, Minister of Energy and Mines.

The RDN Board of Directors recognizes that the main principle behind common rates is fairness, and the resulting effects of moderating current rates, mitigating future rate increases, and long term rate stability on Vancouver Island will benefit all natural gas consumers on the Island.

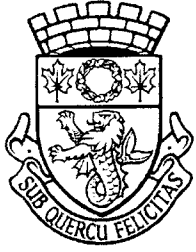
Sincerely,

Joe Stanhope
Chairman, Board of Directors
Regional District of Nanaimo

cc: Carol Mason, Chief Administrative Officer, Regional District of Nanaimo
Douglas Holmes, Assistant City Manager, City of Nanaimo
Twyla Graf, Chief Administrative Officer, District of Lantzville
Fred Manson, Chief Administrative Officer, City of Parksville
Mark Brown, Chief Administrative Officer, Town of Qualicum Beach
Hon. Rich Coleman, Minister of Energy and Mines, Province of British Columbia

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THE CORPORATION OF THE DISTRICT OF OAK BAY
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PHONE 250-598-3311 FAX 250-598-9108 WEBSITE: www.oakbay.ca

OFFICE OF THE MAYOR

July 10, 2012

To Whom It May Concern:

Common Rates, Amalgamation and Rate Design Application – FortisBC

At its meeting held June 25, 2012, Oak Bay Municipal Council considered information in relation to the above noted application by FortisBC, and resolved to provide a letter of support in this regard.

The FortisBC initiative will provide fairness in terms of rates, rate stability, consistent programs and services, and efficiencies for the Oak Bay community including its businesses, residents and municipal taxpayers.

Please consider this letter as an indication of Oak Bay Municipal Council's strong support for the FortisBC application, and its approval by the British Columbia Utilities Commission.

Yours very truly,

Nils Jensen, Mayor
District of Oak Bay