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LETTER NO. L-99-10

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VIA EMAIL
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December 8, 2010

ZELLSTOFF-CELGAR RECONSIDERATION
FORTISBC 2009 RATE DESIGN DECISION/ORDER
EXHIBIT A-1

Mr. Dennis Swanson
Director, Regulatory Affairs
Regulatory Affairs Department
FortisBC Inc.
Suite 100, 1975 Springfield Road
Kelowna, BC V17 7V7

Dear Mr. Swanson:

Re: FortisBC Inc. 2009 Rate Design Application
Application for Reconsideration of
British Columbia Utilities Commission Decision and Order G-156-10

By letter dated December 3, 2010, Mr. Thomas Manson Q.C. applied on behalf of Zellstoff-Celgar Limited Partnership (Celgar) for a reconsideration of Order G-156-10 issued by the British Columbia Utilities Commission (Commission) with the accompanying decision on October 19, 2010 (Reconsideration Application). The relief sought by Celgar is that the Decision and Order be reconsidered and varied to enable Celgar's request for adequate, just and reasonable service between it and FortisBC Inc. (FortisBC) utilizing service from FortisBC, whether utilizing a generation baseline or otherwise. In particular, Celgar requests that FortisBC be directed to provide service at embedded cost or rolled in rates in a manner that does not contravene Order G-48-09 and complies with the *Utilities Commission Act.*

Attached to this letter are: i) a copy of the Reconsideration Application, and ii) a copy of the Reconsideration and Appeals section of the Commission's Participant Guide, which identifies the criteria that the Commission generally applies to determine whether a reasonable basis exists to allow a reconsideration.

An application for reconsideration by the Commission proceeds in two phases. In the interest of both regulatory efficiency and fairness, and before the Commission proceeds with a determination on the merits of an application for reconsideration, the application undergoes an initial screening phase. In this first phase, the applicant must establish a prima facie case sufficient to warrant full consideration by the Commission. The Commission usually invites submissions from the other participants in the proceeding that led to the Decision that is the subject of the reconsideration request, or may consider that comments from the parties are not necessary. The Commission generally applies the following criteria to determine whether or not a reasonable basis exists for allowing reconsideration:

- the Commission has made an error in fact or law;
- there has been a fundamental change in circumstances or facts since the Decision;
- a basic principle had not been raised in the original proceedings; or

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- a new principle has arisen as a result of the Decision.

Where an error is alleged to have been made, in order to advance to the second phase of the reconsideration process, the application must meet the following criteria:

- the claim of error is substantiated on a prima facie basis; and
- the error has significant material implications.

If the Commission determines that a reconsideration is warranted, the reconsideration proceeds to the second phase where the Commission hears full arguments on the merits of the application.

The Commission hereby establishes a written comment process on Celgar's Reconsideration Application to address the first phase issue of whether a reasonable basis exists to allow a reconsideration. The first phase will be a preliminary examination to assess the application in light of the following questions:

- Should there be a reconsideration by the Commission?
- If there is to be a reconsideration, should the Commission hear new evidence and should new parties be given the opportunity to present evidence?
- If there is to be a reconsideration, should it focus on the items from the Reconsideration Application, a subset of these items or additional items?
- If there is to be a reconsideration, what process should be established for the reconsideration?

The first phase assessment process for the Reconsideration Application will be as follows:

- FortisBC, Interveners and Interested Parties submit written comments, if any, to the Commission by Thursday, December 16, 2010, with a copy to Celgar and Mr. Manson
- Celgar submits a written reply, if any, to the Commission by Thursday, December 23, 2010.

Written comments in the first phase should address whether the threshold for reconsideration has been met, rather than the substance of the issues. Following the completion of this written comment process, the Commission will decide whether or not a reconsideration should proceed. If the reconsideration proceeds to the second phase, the parties will be allowed subsequently to address the substance of the issues that the Commission approves for reconsideration.

Yours truly,

Erica M. Hamilton

AJP/cms
Enclosures
cc: Registered Interveners
FBC-2009RD-RI