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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-3-11**

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**IN THE MATTER OF
The Utilities Commission Act, R.S.B.C. 1996, Chapter 473**

and

**An Application by Zellstoff Celgar Limited Partnership
for Reconsideration of Commission Order G-156-10 and
the Reasons for Decision regarding the FortisBC Inc. 2009 Rate Design
and Cost of Service and Analysis Application**

BEFORE: A.J. Pullman, Panel Chair/Commissioner
L.A. O'Hara, Commissioner
M.R. Harle, Commissioner
January 12, 2011

ORDER

WHEREAS:

- A. On October 19, 2010, the British Columbia Utilities Commission (the Commission) issued Order G-156-10 and accompanying Decision in FortisBC Inc.'s (FortisBC) 2009 Rate Design application;
- B. On December 3, 2010, Zellstoff Celgar Limited Partnership (Celgar) applied for a Reconsideration of Order G-156-10 and the accompanying Decision (the Reconsideration Application);
- C. Commission guidelines set out a two phase process for reconsiderations;
- D. On December 8, 2010, the Commission issued Letter L-99-10 establishing Phase 1 of the reconsideration process as a written comment process to address whether a reasonable basis exists to allow the Reconsideration Application to proceed to Phase 2;
- E. The Commission received submissions from FortisBC, British Columbia Hydro and Power Authority (BC Hydro), BC Municipal Electrical Utilities (BCMEU), BC Old Age Pensioners Organization (BCAOP), and Mr. Andy Shadrack. Celgar filed a reply to the submissions of FortisBC and the Interveners;
- F. The Commission Panel has reviewed the submissions of Celgar, FortisBC and the Interveners and determined that the Reconsideration Application has not met the threshold test for a reconsideration to proceed to Phase 2 of the reconsideration process.

**BRITISH COLUMBIA
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**ORDER
NUMBER G-3-11**

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NOW THEREFORE the Commission, for the reasons stated in the Reasons for Decision attached as Appendix A to this Order, orders that the Reconsideration Application is denied.

DATED at the City of Vancouver, in the Province of British Columbia, this 12th day of January 2011.

BY ORDER

Original signed by:

A.J. Pullman
Panel Chair/Commissioner

Attachment



IN THE MATTER OF

**An Application by Zellstoff Celgar Limited Partnership
for Reconsideration of Commission Order G-156-10
and the Reasons for Decision regarding the FortisBC Inc.
2009 Rate Design and Cost of Service and Analysis Application**

REASONS FOR DECISION

January 12, 2011

BEFORE:

A.J. Pullman, Commissioner and Panel Chair
L.A. O'Hara, Commissioner
M.R. Harle, Commissioner

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1.0 INTRODUCTION

1.1 Background

These Reasons for Decision are in respect of an application of Zellstoff Celgar Limited Partnership (Celgar) dated December 3, 2010 for reconsideration and variance of Order G-156-10 and the accompanying Decision dated October 19, 2010 (the Reconsideration Application) with respect to the application of FortisBC Inc. (FortisBC) for approval of its 2009 Rate Design and Cost of Service Analysis (COSA). The FortisBC application is hereafter referred to as the 2009 RDA.

Order G-156-10 and the accompanying Decision gave FortisBC 13 directions including directing FortisBC i) to re-run and submit the COSA with all the adjustments described in the Decision within 30 days of the Order, ii) to submit a final set of rates based on the revised COSA within 60 days of the date of the Order, and iii) based on the Commission's finding that Celgar was ineligible to take service under Rate Schedule (RS) 33, to provide Celgar service under RS31 effective January 2, 2011.

Celgar seeks the following relief:

- i. that the Decision and Order be reconsidered and varied to enable Celgar's request for a dequate, just and reasonable service between it and FortisBC utilizing service from FortisBC, whether utilizing a Generation Baseline (GBL) or otherwise; and
- ii. in particular, 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*.

Celgar asserts:

- i. that the Commission's prescription that Celgar take service from FortisBC under RS31 is unjust and unduly discriminatory and subjects Celgar to undue prejudice or disadvantage; and
- ii. that at page 97 of the Decision the Commission erred in its assessment of whether or not there was a benefit from the establishment of a GBL and increased power purchases from Celgar thereunder.

(Exhibit B-1)

1.2 Summary of Findings

In summary, the Commission Panel finds that criteria for advancement to the second phase of this reconsideration application have not been met by the submissions of Celgar. The Application is accordingly denied.

1.3 Reconsideration Regulatory Process

By letter L-99-10 dated December 8, 2010, the Commission advised FortisBC and the other Interveners in the 2009 RDA of the Reconsideration Application and provided all parties with information on reconsideration proceedings before the Commission, including the relevant extract relating to reconsiderations from the Commission's "A Participant's Guide to the B.C. Utilities Commission." ("Participant's Guide")

An application for reconsideration by the Commission proceeds in a two-phase manner as outlined in the "Participants' Guide." The first phase is an initial screening phase where an applicant must establish that a reasonable basis exists for allowing reconsideration.

In the first phase, the Commission conducts a preliminary examination, assessing the application by considering some or all 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 application for reconsideration, a subset of these items or additional items?

To advance to the second phase, the applicant must establish that at least one of the following criteria has been met to establish a reasonable basis for 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
- a new principle has arisen as a result of the Decision.

In addition, the Commission will exercise its discretion to reconsider, in other situations, wherever it deems there to be just cause.

When an error of law or fact is alleged, the applicant must establish:

- the claim of error is substantiated on a *prima facie* basis; and
- the error has significant material implications.¹

The letter established the first phase assessment process for the Reconsideration Application, with FortisBC, Interveners and Interested Parties being invited to submit written comments by December 16, 2010, and Celgar being invited to submit a written reply to the Commission by December 23, 2010.

¹ "A Participant's Guide to the B.C. Utilities Commission" Revised: July 2002, Chapter 4, pp. 36-37.

The Commission stipulated that written comments in the first phase should address whether the threshold for reconsideration had been met, rather than the substance of the issues, and stated that following the completion of this written comment process, it would decide whether or not a reconsideration should proceed (Exhibit A-1).

2.0 CELGAR'S SUBMISSION

Celgar submits that as a result of the Commission's direction that FortisBC provide Celgar service under RS31, Celgar is unable to access any RS31 power for its mill load, while selling any output from its co-located generation facility. Celgar describes the treatment afforded its facility as "unique and unjust."

Celgar submits that the Commission's direction that FortisBC provide Celgar service under RS31 is unjust and unduly discriminatory, in that no other ratepayer (under RS31 or otherwise) is required to take service from FortisBC under a rate which it cannot use to supply its business—that is, its mill load—where doing so would contravene Order G-48-09.

Celgar submits that the Commission's direction that FortisBC provide service to Celgar (as a customer with self-generation capacity) under RS31 subjects Celgar to undue prejudice or disadvantage, in that "Celgar has and continues to be compelled to self-supply its mill load and incremental mill growth with self-generated high-cost bioenergy and is precluded from using lower cost power at an embedded cost or rolled-in rate when selling power in excess of its mill load."

Celgar submits that its mill's utilization of RS31 power is "sporadic at best," (RS31 power supplies less than 3% of the mill's required power), and is largely a function of mill maintenance shutdowns, turbine shutdowns, or fuel supply limitations. Celgar submits that this is a direct result of the prohibition against use of RS31 power to supply mill load when the Celgar is selling power into the market, and that no other customer of FortisBC (or, for that matter, BC Hydro) is in comparable circumstances. It further submits: "In practical terms this means that the lion's share of Celgar's output from its co-located generation facility is required to self-supply Celgar's mill load, replacing embedded cost power which ought to have been provided by FortisBC" (Exhibit B-1, p. 6).

In summarizing its position that the Commission should reconsider the Decision and Order, Celgar submits that FortisBC should be directed to design rates which enable Celgar and all other ratepayers to utilize service provided by FortisBC at embedded cost or rolled in rates. Celgar further submits that such rates must meet the following objectives:

- ensure that Celgar can purchase power from FortisBC that is adequate to meet the full load requirements of the mill through a service agreement utilizing a GBL or otherwise;
- ensure that FortisBC does not contravene Order G-48-09 in doing so; and
- ensure that the rates for service to Celgar and other FortisBC ratepayers are just and reasonable (Exhibit B-1, p. 9).

Celgar also submits that the Commission erred in its assessment of whether or not there was a benefit from the establishment of a GBL and increased power purchases from Celgar there under. In support of

its claim of error, Celgar cites the following statement at page 97 of the Decision: “It is clear from FortisBC's calculations that the rest of its customers would be charged an extra \$3.1 million under the scenario set out in Case C and F, and thus cannot be said to have received a benefit.”

Celgar points out that the evidence in Case C of Exhibit B-37 [actually in B-35] is that, if FortisBC were to serve the full load requirements of Celgar the power supply costs of FortisBC would increase by \$12.2 million. Celgar submits that FortisBC's COSA model followed standard embedded cost methodology, and allocated \$3.1 million of the \$12.2 million to other customers of FortisBC, as a result of which the Commission concluded that, because the COSA model allocated \$3.1 million of the \$12.2 million to other customers, such customers “cannot be said to have received a benefit.”

Celgar also cites FortisBC's response to an information request from Exhibit B-37, BCUC IR 45.2 (page 5), where FortisBC stated:

“The added production-related costs are calculated on a rolled-in basis, with an additional \$9.2 million assigned to Zellstoff Celgar. If the additional \$12.3 million in production-related costs were all assigned to Zellstoff Celgar on a marginal basis, their cost of service would increase from \$13.2 million to \$16.1 million, but this would be inconsistent with the allocation to the other customer classes which are on a rolled-in basis.”

Celgar points to the revenue to cost (R/C) ratios in Exhibit B-37 [actually B-35] of 127.8 % in Case C and 124.0% in Case F and submits that these ratios confirm that other customers benefit, based on the COSA methodology, if FortisBC meets the full load requirements of Celgar, that is, if FortisBC satisfies the obligation to serve Celgar. Celgar further submits: “If the R/C ratios exceed 100% it cannot be said by the Commission that other customers do not benefit. The amount that revenues exceed costs will always benefit other customers” (emphasis in original) (Exhibit B-1, p. 10).

Celgar concludes its submission on this issue with the following submission: “Simply stated, it is an error of fact to say that the allocation of \$3.1 million to other customers means that it cannot be said that other customers benefit. Other customers will benefit, even if the \$3.1 million is allocated to other customers, because the revenue surplus of \$3.8 million from Celgar exceeds the \$3.1 million that is allocated to other customers. This error has material implications” (Exhibit B-1, p. 11).

3.0 SUBMISSIONS OF FORTISBC INC. AND INTERVENERS

Responses were received from FortisBC, British Columbia Hydro and Power Authority (BC Hydro), British Columbia Municipal Electric Utilities (BCMEU), BC Old Age Pensioners' Organization, BC Coalition of People with Disabilities, Council of Senior Citizens' Organizations of BC, and Tenant Resource and Advisory Centre (BCOAPO), and Mr. Andy Shadrack.

FortisBC

FortisBC submits that the original proceedings examined in detail the issues that Celgar seeks to re-argue, and that it cannot be said that a basic principle was not raised in the original proceeding.

FortisBC further submits that the Decision was based on the Commission's interpretation and application of prior Commission decisions, and that a new principle has not arisen as a result of the Decision.

FortisBC also submits that Order G-48-09 governs not only issues specific to the Power Purchase Agreement between FortisBC and BC Hydro but also, more generally, issues related to self-generators in FortisBC's service territory. FortisBC refers to the Commission findings at pp. 29-30 in Order G-48-09 that "[w]hat will not be permitted is the supply of embedded cost power to service the domestic load, at any time when the self-generator is selling power into the market" and that "self-generators should be permitted to sell any self-generated power that is in excess of the self-generator's own 'domestic' load and to do so on a dynamic basis" (emphasis added by FortisBC). FortisBC submits that these findings "appear to render essentially impossible the outcome that, at heart, Celgar seeks to achieve on its Reconsideration Application: 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, by extension, that Celgar be permitted freely to buy and sell power at the same time without restriction"(Exhibit C1-2, p. 2).

So far as concerns the Commission's direction that it provide service to Celgar on RS31, FortisBC submits that the issue here is not the specific rate schedule (RS31) under which the Commission directed that Celgar receive service because Celgar indicated it would likely select service under that rate schedule if given the choice, nor can the placement of Celgar on that rate schedule constitute a material or other error; but rather that what Celgar seeks to achieve "would not be permitted under any rate schedule while Order G-48-09 is in place" (Exhibit C1-2, p. 2).

FortisBC submits that Celgar's claims that the Commission committed errors of law or fact are not substantiated on a *prima facie* basis, nor would any error have any material implications (significant or otherwise).

FortisBC states that a R/C ratio of over 100% indicates that a customer is subsidizing the costs of others, but cautions that the R/C ratios in Cases C and F were achieved under various other assumptions (including firm contract demand), and states that "This is not necessarily the outcome that would have occurred without accepting all those premises." FortisBC further submits that, even if the Commission's statement were in error, any such error was not material, the statement was not necessary to the Decision, and indeed under the Decision all customer classes are to move toward R/C ratios of 100%. FortisBC submits that the fact that Celgar has not identified the "material implications" that it alleges at page 11 confirms there are none (Exhibit C1-2, p. 3).

Finally FortisBC submits that there has been no fundamental (or other) change in circumstances or facts since the Decision (Exhibit C1-2, p. 3).

BC Hydro

BC Hydro takes no position on whether the threshold for reconsideration of Decision and Order G-156-10 has been met. However BC Hydro opposes a scope of reconsideration that would include revisiting, setting aside or otherwise modifying Decision and Order G-48-09. BC Hydro submits that Celgar's Reconsideration Application has not met the threshold for reconsideration of Order G-48-09 because it has not identified an error of fact or law, nor has it identified a fundamental change in circumstances, nor a basic principle that was not considered, nor a new principle arising as a result of Order G-48-09.

BC Hydro observes that whether or not Celgar has met the threshold for reconsideration of Decision and Order G-156-10, it appears that the Commission “will ultimately have to resolve the impasse between Celgar and FortisBC, whether through the reconsideration process, or by way of a customer complaint, or as a result of an appeal” (Exhibit C2-1).

BCMEU

BCMEU takes no position on whether the threshold for reconsideration of Decision and Order G-156-10 has been met (Exhibit C3-1).

BCOAPO

BCOAPO addresses Celgar’s assertion that the Commission made an error of fact and submits that the Commission properly considered what changes when a GBL for Celgar is introduced. The result according to BCOAPO is that FortisBC costs increase by \$12.3 million, with only \$9.2 million of those costs being allocated to Celgar and the remaining \$3.1 million to other customer classes. BCOAPO submits that overall R/C ratios for the other classes will deteriorate and subsequent rate rebalancing will lead to higher rates for these customers than under the previous Cost of Service Analysis.

BCOAPO also submits that it is incorrect to suggest that the surplus of revenue over cost for Celgar in Case C goes to subsidize other customers, and that Celgar’s R/C ratio exceeding 100% means that rate rebalancing will lead to reduced rates for Celgar and increased rates for other classes.

BCOAPO summarizes its position by saying that: “Overall, Case C will lead to higher rates for other classes after rebalancing and therefore the introduction of a GBL does not benefit them. The Commission’s conclusion, therefore, was the correct one, and Celgar has failed to make out a prima facie case for reconsideration on this point” (Exhibit C4-1, p. 3).

On the issue of the Commission’s alleged error in its application of Order G-48-09, BCOAPO refers to p. 115 of the Decision and submits that the Commission “seems to have accepted that there could be service provided to the mill while Celgar was selling electricity, as long as it did not involve RS3808 power. Obviously the pricing for such service would not involve RS3808 rates, but there is no reason (based on the BCUC decision) why it could not involve an embedded or rolled in cost of non-RS3808 sources such as Celgar seems to be proposing” (Exhibit C4-1, p. 3).

BCOAPO also submits that, while the Commission found that Celgar did not meet the conditions of RS33 and should take service under RS31, “...it is clear from the Decision that FortisBC and Celgar were free to explore other options. The Commission did not prescribe the rate that Celgar must be served under for the future – just for now based on the options available” (Exhibit C4-1, p. 4).

In conclusion, BCOAPO submits that Celgar has failed to meet the threshold test for the Reconsideration Application to move beyond the first phase. It submits: “At best, Celgar seems to asking the Commission to vary its decision by including a directive to FortisBC that it develop an embedded non-RS 3808 rate that would apply in circumstances such as Celgar’s” (Exhibit C4-1, p. 4).

Mr. Shadrack

Mr. Shadrack opposes the request for reconsideration in his letter of comment (Exhibit E-1).

4.0 CELGAR'S REPLY

Celgar addresses FortisBC's submission that that the original proceedings examined in detail the issues that it seeks to re-argue, and submits: "That the development of an embedded cost rate, excluding RS3808 power, in compliance with G-48-09 was not addressed in the 2009 RDA proceedings. As a result, the mandated rate was established without Celgar having the opportunity to address the implications of same on the obligation to serve" (emphasis in original) (Exhibit B-2, p. 4).

Celgar further submits that the Reconsideration Application "does address a new principle from the Decision and Order, namely whether, given the prohibition against the supply of [RS]3808 power to Celgar while it is exporting power from its generation facility, Celgar is entitled to power under an embedded cost or original cost rate without contravening Order G-48-09" (Exhibit B-2, p. 3).

Celgar describes FortisBC's position to be that it has no obligation to negotiate terms and conditions (including a GBL or otherwise) with Celgar to provide power to Celgar while Celgar sells any self-generation, even where such power does not include RS3808 power. Celgar states that it disagrees with such interpretation and believes that an agreement could be reached that provides for service at embedded cost rates, excluding power or pricing based on RS3808 power (Exhibit B-2, p. 3).

In addition, Celgar submits that there have been two changes in circumstances or facts since the Decision:

- that FortisBC will not permit Celgar to purchase energy at embedded costs rates to service its mill load while selling its self-generation; and
- that Celgar has completed its new green energy project and is now contractually obliged to sell energy to BC Hydro. Celgar states that this means that it no longer has the option to switch off its power generation and draw power from FortisBC, without breaching its contractual supply obligations to BC Hydro (Exhibit B-2, p. 4).

Celgar specifically addresses whether there may be "just cause" for reconsideration and submits that the circumstances giving rise to its reconsideration application are unique. They arise from i) Celgar's unique position as the only industrial facility in the FortisBC service area which is a consumer and an exporter of electricity and ii) the unique position of FortisBC as a utility with a right to embedded cost power, at RS 3808 rates, from BC Hydro. Celgar submits that it "cannot be put in a position where it is effectively denied service simply because it happens to be a pulp mill, with a biomass generation facility, located within the FortisBC service area" (Exhibit B-2, p. 2).

Celgar addresses the submissions of FortisBC and BCOAPO on the Commission's alleged error of fact and submits that a R/C ratio in excess of 100% constitutes a subsidy and that such subsidy, in and of itself is a benefit to other customers. Celgar also replies to FortisBC's caveat that the outcomes of Cases C and F may vary depending on the assumptions used and submits that "[t]o conclude otherwise [than that other ratepayers would receive a benefit if Celgar was provided full access to embedded cost power], without further evidence, on the premise that underlying changes in assumptions may change the outcome, would be grossly unfair to Celgar" (Exhibit B-2, pp. 3-4).

Finally, Celgar addresses the assertion of both FortisBC and BCOAPO that any such benefit may subside overtime through rate-rebalancing, and submits that this does not change the fact that a benefit would immediately accrue, prior to any such events unfolding, and that was not the point considered by the Commission in the Decision (Exhibit B-2, p. 5).

5.0 COMMISSION DETERMINATION

Having considered the submissions before it on the Reconsideration Application, it is clear to the Commission Panel that Celgar and FortisBC have emerged with a differing understanding of Order G-156-10 and the accompanying Decision. Accordingly, the Commission Panel has concluded that it may be helpful to offer some clarification.

In reaching the Decision, the Commission Panel considered only the impact of Order G-48-09 on BC Hydro's sales under its PPA with FortisBC and on FortisBC's sales to Celgar. It did not consider whether the findings of the Commission in Order G-48-09 (or in the previous Order G-38-01) had general application or whether they referred to BC Hydro and its customers only. In the 2009 RDA proceeding the Commission Panel heard at length from Celgar as to the issue of equity among those pulp mills in BC Hydro's service area and those in FortisBC's service area and concluded that this issue fell outside its jurisdiction (Decision, p. 115).

The Commission Panel at a number of places in the Decision left the door open to FortisBC and to Celgar to negotiate a new service agreement. At p. 115 it stated:

“The parties are at liberty to establish their own GBL and, should they desire, to incorporate it into a general service agreement and submit it to the Commission for approval.

...

Should FortisBC propose to provide Celgar with some or all of the mill load from non-RS 3808 sources, the parties remain at liberty to negotiate terms and conditions and submit them to the Commission for approval.”

The reason why the Commission Panel took the approach of inviting FortisBC to negotiate with Celgar and bring an agreement to the Commission for approval was to encourage FortisBC to address the issue and to involve its other customers in a regulatory process. During the 2009 RDA FortisBC stated that it was BC Hydro's problem and not theirs, while in a similar vein, the Commission Panel heard very little from FortisBC's other customers as to how they viewed Celgar's proposal.

BC Hydro's submits that the Commission will ultimately have to resolve the impasse between Celgar and FortisBC. The Commission Panel notes that while Celgar asserts there is an impasse (Exhibit B-1, pp. 5-6, 8), FortisBC says it has proposed a general service agreement and electricity supply brokerage agreement and that negotiation of those terms are proceeding (Exhibit C1-2, pp. 3-4). The submissions of Celgar and FortisBC on the existence of an impasse relating to the Commission's Order G-156-10 are therefore in conflict.

In Order G-156-10 the Commission recommended that FortisBC and Celgar reconsider the options available for designing a practical and workable rate schedule for Celgar. The Commission Panel also notes that considerable cross-examination took place between FortisBC and Celgar as to the status (or absence thereof) of any service agreement between the two parties. The Commission Panel considers that FortisBC should have a current service agreement in place with its largest industrial customer, and expects that the two parties will move expeditiously to conclude such an agreement. The Commission Panel does not consider a reconsideration application to be a suitable forum to broker a settlement between a utility and one of its customers.

The Commission Panel has considered Celgar's request that it exercise its discretion to reconsider wherever it deems there to be just cause and concludes Celgar's request to be premature as the outcome of the negotiations that it encouraged the parties to embark upon may well result in some of the things Celgar is seeking in the Reconsideration Application, such as a two-level COSA. The Commission Panel does consider that Celgar's recourse should more appropriately be by way of a complaint to the Commission in the event that it and FortisBC cannot reach an agreement.

Should the interpretation of Order G-48-09 be a factor that is hampering negotiations between the parties, the Commission Panel does not consider a reconsideration process for Order G-156-10 to be the appropriate forum to obtain the necessary clarification to Order G-48-09.

The Commission Panel does not find that the facts that i) FortisBC and Celgar have failed to reach a settlement and ii) that Celgar has commissioned a new steam turbine to be fundamental changes in circumstances or facts since the Decision, since the settlement is an expected outcome of Order G-156-10 and the new turbine was the subject of direct evidence, responses to information requests and testimony by Celgar during the oral hearing.

The Commission Panel has considered Celgar's contention that the fact that it is entitled to power under an embedded cost or original cost rate without contravening Order G-48-09, is a basic principle that had not been raised in the original proceedings or a new principle has arisen as a result of the Decision, and concludes that Celgar's entitlement to service at embedded cost rates was a key principle that was addressed in the oral hearing (both with and without the RS3808 power) and addressed by the Commission at pp. 113-115 of the Decision. The Commission Panel therefore concludes that a reconsideration on this basis is not justified.

Finally the Commission Panel has considered Celgar's assertion that it erred in finding that: "It is clear from FortisBC's calculations that the rest of its customers would be charged an extra \$3.1 million under the scenario set out in Case C and F, and thus cannot be said to have received a benefit." The Commission Panel agrees that the wording in its finding is incorrect and should read: "It is clear from FortisBC's calculations that the rest of its customers would be allocated an extra \$3.1 million under the scenario set out in Case C and F, and thus cannot be said to have received a benefit." With this correction the Commission Panel agrees with BCOAPO's submissions that, all else being equal, the allocation of more costs to other classes will require higher rebalancing rate increases, and thus that any benefit will be attenuated.

In addition the Commission Panel agrees with FortisBC that Celgar was unable to demonstrate that the error had significant material implications and accordingly the Commission Panel finds that the Application cannot be upheld on the basis of error.

Accordingly the Commission Panel denies the Reconsideration Application.