



Diane Roy
Director, Regulatory Services

Gas Regulatory Affairs Correspondence
Email: gas.regulatory.affairs@fortisbc.com

Electric Regulatory Affairs Correspondence
Email: electricity.regulatory.affairs@fortisbc.com

FortisBC
16705 Fraser Highway
Surrey, B.C. V4N 0E8
Tel: (604) 576-7349
Cell: (604) 908-2790
Fax: (604) 576-7074
Email: diane.roy@fortisbc.com
www.fortisbc.com

March 25, 2015

Via Email
Original via Mail

British Columbia Public Interest Advocacy Centre
Suite 209 – 1090 West Pender Street
Vancouver, B.C. V6E 2N7

Attention: Ms. Tannis Braithwaite, Executive Director

Dear Ms. Braithwaite:

Re: FortisBC Inc. (FBC)

Multi-Year Performance Based Ratemaking Plan for 2014 through 2019 approved by British Columbia Utilities Commission (the Commission) Order G-139-14 - Annual Review for 2015 Rates (the Application)

Response to the British Columbia Public Interest Advocacy Centre representing the British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, and the Tenant Resource and Advisory Centre *et al.* (BCOAPO) Information Request (IR) No. 1

On February 6, 2015, FBC filed the Application referenced above. In accordance with the British Columbia Utilities Commission Order G-21-15 setting out the Regulatory Timetable for the review of the Application, FBC respectfully submits the attached response to BCOAPO IR No. 1.

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC INC.

Original signed:

Diane Roy

Attachments

cc: Commission Secretary
Registered Parties (e-mail only)



FortisBC Inc. (FBC or the Company) Application for Approval of 2015 Delivery Rates pursuant to the Multi-Year Performance Based Ratemaking Plan (the PBR Plan) approved for 2014 through 2019 by Order G-139-14 (the Application)	Submission Date: March 25, 2015
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1 **1.0 Reference: Exhibit B-1, pages 2 and 6**

2 1.1 With respect to page 2, please explain more fully the resource constraints
3 resulting from the implementation of AMI how they affect the Company's ability to
4 collect the difference between 2015 interim and permanent rates by way of a bill
5 adjustment that would reflect actual consumption from January 1, 2015.
6

7 **Response:**

8 Please refer to the response to BCUC IR 1.16.1.
9
10

11
12 1.2 How much time would be required to test and implement retroactive billing
13 changes? Could such activity take place concurrent with the 2015 Annual
14 Review process?
15

16 **Response:**

17 FBC estimates that testing and implementation of retroactive rate changes would take 8-10
18 weeks. The activity could take place at any time, but if it occurred in 2015 it would impact the
19 implementation of the AMI project as explained in the response to BCUC IR 1.16.1.
20
21

22
23 1.3 Please confirm that the 2015 rates will be 1.125% higher for the last half of year
24 as compared to the situation where a rate increase of 4.6% (per page 6) had
25 been implemented January 1, 2015.
26

27 **Response:**

28 FBC's 2015 rates will be 1.2 percent higher in the latter half of the year, compared to a January
29 1, 2015 implementation of the 4.6 percent rate increase.

30 Taking into account the 3.5 percent interim rate increase effective January 1, 2015 and the 2.2
31 percent final rate increase effective July 1, 2015, the cumulative increase as of July 1, 2015 is
32 $1.035 \times 1.022 = 1.058$ or 5.8 percent (rounded). The difference is $5.8 - 4.6 = 1.2$ percent.



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1.4 Please confirm that, all else being equal, this will reduce the absolute rate increase that customers will experience in 2016.

Response:

Confirmed. The higher rates in effect at the end of 2015 will translate to higher revenue at prior year rates when calculating 2016 rates (equivalent to line 28 of Schedule 1 in Section 11). Thus the revenue deficiency for setting 2016 rates, which is the difference between the revenue requirement and the revenue at existing rates, all else equal, will be lower than would otherwise be the case, and the resulting rate increase will also be lower.



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1 **2.0 Reference: Exhibit B-1, page 2 (lines 22-26)**

2 2.1 Please provide the Residential Conservation Rate that would be applicable as of
3 July 1, 2015.

4

5 **Response:**

6 Assuming that the interim increase of 3.5 percent is approved on a permanent basis, and a 2.2
7 percent general rate increase is approved effective July 1, 2015, the components of the
8 residential conservation rate as of July 1, 2015 would be:

- 9 • Customer Charge: \$30.33 per bimonthly billing period
10 • Tier 1 Energy Rate: \$.09618 / kWh
11 • Tier 2 Energy Rate: \$.14531 / kWh

12 These values are calculated assuming that the Pricing Principles as prescribed by Commission
13 Order G-3-12 are used and that residential load occurs according to the *After Saving* forecast
14 found in Table 1-3 of Appendix A to Exhibit B-1.

15

16

17

18 2.2 Based on the average monthly usage for a residential customer with electric
19 space and water heating, what is the % increase in the monthly bill for later ½ of
20 2015 as compared to 2014?

21

22 **Response:**

23 In the Residential Conservation Rate Information Report filed by FBC on November 28, 2014, at
24 Table 2.4, electric heat customers were found to have average annual consumption of 13,358
25 kWh. FBC does not have average consumption information for customers with both space and
26 water heating available.

27 As shown in the table below, for a residential customer with an average annual consumption of
28 13,358 kWh, the increase in the average monthly bill received in the latter half of 2015, as
29 compared to 2014, is 5.6 percent. This calculation assumes that an electric heat customer with
30 average annual electric use of 13,358 kWh has even consumption over the course of the year
31 (i.e. 1,113 kWh per month).

32 Monthly bills (before taxes) are calculated in the table below for rates effective in the last half of
33 2014 and assuming the July 1, 2015 rates from question 2.1 above.



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1

Annual Consumption (kWh)	13,358				
Monthly Consumption (kWh)	1113				
Monthly Threshold (kWh)	800	December 31, 2014 Bill		July 1, 2015 Bill	
		Rate	Total	Rate	Total
Tier 1 Consumption (kWh)	800	0.09093	72.74	0.09618	76.94
Tier 2 Consumption (kWh)	313	0.13543	42.41	0.14531	45.51
Customer Charge (\$/mo)		15.17	15.17	15.17	15.17
Total Bill (\$)			130.32		137.62

2

3



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1 **3.0 Reference: Exhibit B-1, page 4**

2 3.1 What specific actions did FortisBC take in anticipation that the Commission's
3 PBR Decision would "enforce significant O&M and capital savings?"
4

5 **Response:**

6 FBC reacted to this uncertainty by continuing to focus on ensuring that spending was managed
7 prudently, by making sure that filling of vacancies were thoroughly reviewed and that all
8 spending was prioritized. Additionally, FBC maintained its focus on productivity.

9
10

11
12 3.2 Do any of these actions lead to sustained savings for 2015 and beyond?
13

14 **Response:**

15 FBC is working to sustain some of the savings realized in 2014 into 2015 and beyond.
16 However, as indicated in the Application, the late timing of the PBR Decision and the need to
17 focus on normalizing 2014 activities following a lengthy labour dispute with the Company's
18 IBEW staff made 2014 an unusual year. 2015 is expected to be a more usual year and to
19 provide a clearer picture on any savings that are sustainable during the term of the PBR Plan.

20
21

22
23 3.3 How much of the \$0.699 M in O&M savings is due to i) savings from staff
24 vacancies vs. ii) timing of spending (per lines 19-21)?
25

26 **Response:**

27 FBC does not have a formula-driven amount against which to evaluate how much of the O&M
28 savings were related to staff vacancies. The PBR formula provides for an envelope of spending
29 and FBC is able to determine how to prioritize its spending with respect to labour, non-labour
30 and other priorities within that envelope.

31 As described in the response to BCOAPO IR 1.3.1, FBC responded to the regulatory
32 uncertainty by continuing to focus on ensuring that spending was managed prudently, by
33 making sure that filling of vacancies were thoroughly reviewed and that all spending was



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1 prioritized, labour and non-labour. These actions contributed to the O&M savings realized in
2 2014, some of which are labour and the remaining non-labour.

3 With respect to the timing of spending, while results are tracked on a monthly basis, this is not
4 equivalent to a monthly tracking of savings. Monthly variances in spending are to be expected,
5 and are not a meaningful measure of savings, which is relevant only on an annual basis. In
6 addition, because the savings are at an aggregate level, the monthly variance in total O&M is
7 comprised of many offsetting line items.

8 It would take substantial time and resources to gather and interpret the amount of financial data
9 needed to demonstrate savings on a timeline less than annual. Moreover this additional
10 detailed information would not add any value to the record in this proceeding and is not relevant
11 to setting rates for 2015. FBC therefore declines to provide the requested information.

12
13

14

15 3.4 Are any of the 2014 savings sustainable or will the filling of staff vacancies and
16 return to normal spending timing effectively eliminate these savings?

17

18 **Response:**

19 Please refer to the response to BCOAPO IR 1.3.2.

20 Although labour savings were achieved from staff vacancies in 2014, the vacant positions may
21 be filled in 2015 and staffing levels increased as spending is prioritized and the Company
22 returns to a more usual year.

23



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1 **4.0 Reference: Exhibit B-1, pages 5 and 11**

2 4.1 Please provide a revised version of Table 2-2 that sets out the monthly customer
 3 count through to December 2014.

4

5 **Response:**

6 The information requested is provided below.

	Customer Count	City of Kelowna Adjustment	Customers Restated	12 Month Average Customers	AC Factor @ 50%	PBR Year
Jul-12	113,435	14,460	127,895			
Aug-12	113,410	14,460	127,870			
Sep-12	113,485	14,460	127,945			
Oct-12	113,402	14,460	127,862			
Nov-12	113,658	14,460	128,118			
Dec-12	113,915	14,460	128,375			
Jan-13	114,108	14,460	128,568			
Feb-13	114,264	14,460	128,724			
Mar-13	114,283	14,460	128,743			
Apr-13	128,628	-	128,628			
May-13	128,602	-	128,602			
Jun-13	128,619	-	128,619	128,329		
Jul-13	128,689	-	128,689			
Aug-13	128,632	-	128,632			
Sep-13	128,505	-	128,505			
Oct-13	128,524	-	128,524			
Nov-13	128,465	-	128,465			
Dec-13	128,318	-	128,318			
Jan-14	128,768	-	128,768			
Feb-14	128,786	-	128,786			
Mar-14	129,123	-	129,123			
Apr-14	128,955	-	128,955			
May-14	129,430	-	129,430			
Jun-14	129,328	-	129,328	128,794	0.181%	2015
Jul-14	129,514	-	129,514			
Aug-14	129,537	-	129,537			
Sep-14	129,547	-	129,547			
Oct-14	130,244	-	130,244			
Nov-14	130,500	-	130,500			
Dec-14	130,572	-	130,572			2016

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1
2 4.2 What is the basis for the 1.8% customer growth rate for 2014 referenced on page
3 5 (line 7) as compared to the 0.36% growth rate shown in Table 2-2 (i.e.,
4 128,794/128,329).

5
6 **Response:**

7 The 1.8 percent is the actual customer growth experienced by FBC in 2014, calculated as the
8 simple average of FBC's customers at December 31, 2014 compared to December 31, 2013 as
9 shown in Table 3-3 at page 21 of the Application (130,572 divided by 128,318 = 1.018).

10 In comparison, the 0.36 percent customer growth rate calculated by the BCOAPO based on
11 information shown in Table 2-2 is based on the growth in the 12-month average number of
12 customers ending at June 30 of 2014 compared to the 12-month average number of customers
13 ending at June 30 of 2013. This is the method that is approved to determine the O&M expense
14 and capital expenditures under the PBR Plan for 2015, except that the PBR Plan requires that
15 this 0.36 percent be further reduced by one-half.

16



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1 **5.0 Reference: Exhibit B-1, page 6**

2 5.1 Please confirm that the middle column in Table 1-2 should be titled "Projected
3 2015" and not "Projected 2014".

4

5 **Response:**

6 Not confirmed. The middle column heading in Table 1-2 should be "Forecast 2015".

7



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1 **6.0 Reference: Exhibit B-1, page 8**

2 6.1 By when does FortisBC require a Decision from the Commission in order to
3 implement permanent rates for July 1, 2015?

4

5 **Response:**

6 Assuming that the Commission approves a general rate change and does not require
7 retroactive billing, FBC requires a decision no later than May 22, 2015 in order to implement
8 permanent rates for July 1, 2015.

9



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1 **7.0 Reference: Exhibit B-1, page 9**

2 7.1 It is noted that the approved 2014 adjustment factor had three significant digits.
3 Please explain why the proposed HST to PST/GST 2015 adjustment factor is
4 0.530% as opposed to 0.525% which more precisely represents 9/12ths of
5 0.700%.

6
7 **Response:**

8 Please refer to the response to BCUC IR 1.1.1.

9



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1 **8.0 Reference: Exhibit B-1, page 14**

2 8.1 Please reconcile the Forecast 2015 DSM savings set out in Table 3-1 with the
3 forecast 2015 savings set out on page 9 of FortisBC's recent Application for
4 Approval of Demand Side Management (DSM) Expenditures for 2015 and 2016.

5
6 **Response:**

7 Please refer to the responses to BCSEA IR 1.1.1 and CEC IR 1.11.2.

8



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1 **9.0 Reference: Exhibit B-1, page 15**

2 9.1 Please provide a schedule that sets out the derivation of the before savings
3 Residential forecast (i.e., the values for customer count, UPC and resulting
4 product). Please also indicate the basis for the 2015 UPC value used.

5
6 **Response:**

7 Please refer to the response to BCUC IR 1.4.2.

8
9

10
11 9.2 Please provide a schedule that sets out the individual adjustments made to the
12 Residential before savings forecast to account for: i) RCR, ii) CIP, iii) AMI
13 revenue protection and iv) price elasticity. In each case, please indicate how the
14 adjustment was established.

15
16 **Response:**

17 Please refer to the response to BCUC IR 1.6.3 for a description of the adjustments to the
18 Residential before savings forecast. The calculation of the Residential load forecast after
19 savings through the application of these adjustments is found in the response to BCUC IR 1.4.2.

20



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1 **10.0 Reference: Exhibit B-1, page 16**

2 10.1 With respect to the Commercial forecast, please provide the before saving
3 forecast for 2015 based on the regression model and then set out each of the
4 specific adjustments made for DSM and other factors. In each case, please
5 indicate the basis/source of the adjustment.

6
7 **Response:**

8 Please refer to the response to BCUC IR 1.4.2.

9



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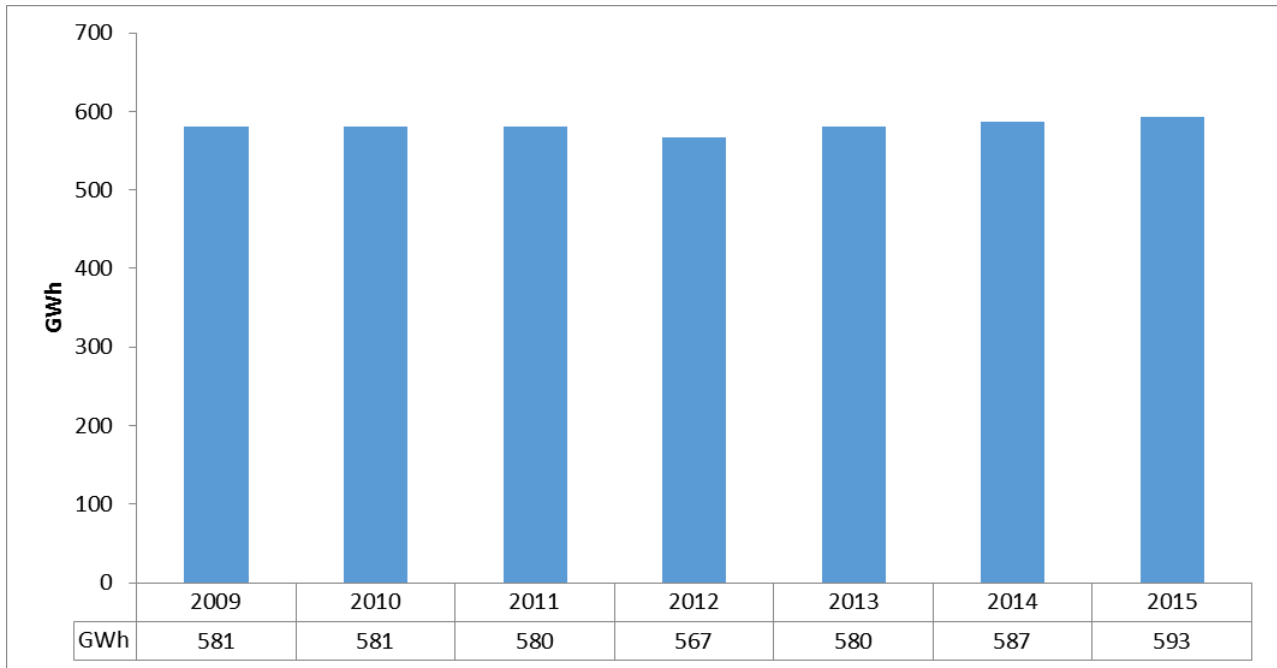
1 **11.0 Reference: Exhibit B-1, page 18**

2 11.1 Please re-do Figure 3-7 with the City of Kelowna excluded for all years.

3

4 **Response:**

5 Revised Figure 3-7 below excludes the City of Kelowna for all years.



6

7



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1 **12.0 Reference: Exhibit B-1, page 21**

2 12.1 Please provide the actual regression results and associated statistical properties
3 for the models used to forecast Residential and Commercial customer counts.

4

5 **Response:**

6 Please refer to the response to BCUC IR 1.4.2.

7



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1 **13.0 Reference: Exhibit B-1, pages 24-28**

2 13.1 Please provide a schedule that sets out the resources FortisBC is "projecting" to
 3 use in 2014 and 2015 in order to meet the Gross Loads of 3,450 GWh and 3,499
 4 GWh respectively.

5 **Response:**

6 The following table provides the Gross load for 2014 Projected and 2015 Forecast by source.

(GWh)	Volume (GWh)		
	Projected 2014	Forecast 2015	Difference
FBC Owned Generation	1,597	1,622	24
Brilliant	890	920	30
BC Hydro PPA	599	760	162
Independent Power Producers	13	4	(9)
Market and Contracted Purchases	378	192	(185)
Sale of Surplus Power	(14)	0	14
CPA Balancing Pool	(28)	0	28
Special and Accounting Adjustments	0	0	0
Wholesale Wheeling Loss Recoveries	15	0	(15)
Total	3,450	3,499	49

8
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 11 13.2 Please provide a schedule that indicates the electricity to be provided by each of
 12 the sources noted in Table 4-3 and the resulting unit costs for both 2014 and
 13 2015.

14 **Response:**

15 Please refer to the response to BCUC IR 1.9.1.

16
17



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1 **14.0 Reference: Exhibit B-1, page 31**

2 14.1 For both Apparatus & Facilities Rental and Contract Revenue please explain why
3 the higher level of revenue experienced in 2014 are not forecast to continue for
4 2015.

5
6 **Response:**

7 As discussed in section 5.2 of the Application, for Apparatus and Facilities Rental, the higher
8 level of revenue experienced in 2014 was a result of one-time billings for reconciliation of
9 unreported contacts as determined during the recent five-year audit of pole contacts. These
10 audits of the number of pole contacts occur periodically and are not expected to take place
11 during 2015.

12 For Contract Revenue, the higher level of revenue experienced in 2014 was attributable to third-
13 party contract work scheduled in 2013 that was moved into 2014. This shift in timing was
14 primarily a result of the labour dispute, where employees were unavailable to perform certain
15 work scheduled for 2013. This increase in work performed during 2014 is not forecast to recur in
16 2015.

17



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1 **15.0 Reference: Exhibit B-1, page 34 and 36**

2 15.1 Please provide a schedule that shows separately the projected AMI-related O&M
3 cost and savings consistent with Table 6-3 and that contrasts them with the
4 forecast values from the AMI CPCN Application for the same years.

5
6 **Response:**

7 Please refer to the response to BCUC IR 1.11.1.

8
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11 15.2 Please explain the reasons for any material variances (i.e., greater than 5%).

12
13 **Response:**

14 Please refer to the response to BCUC IR 1.11.1.

15



FortisBC Inc. (FBC or the Company) Application for Approval of 2015 Delivery Rates pursuant to the Multi-Year Performance Based Rate-making Plan (the PBR Plan) approved for 2014 through 2019 by Order G-139-14 (the Application)	Submission Date: March 25, 2015
Response to British Columbia Public Interest Advocacy Centre representing the British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, and the Tenant Resource and Advisory Centre <i>et al.</i> (BCOAPO) Information Request (IR) No. 1	Page 20

1 **16.0 Reference: Exhibit B-1, page 35**

2 16.1 Please explain how FortisBC established the split for Pension and OPEB
3 expense as between O&M and Capital.

4

5 **Response:**

6 Please refer to the responses to BCUC IRs 1.10.1 and 1.10.2.

7



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1 **17.0 Reference: Exhibit B-1, page 42**

2 17.1 Table 7-4 shows the addition of \$5 M of Direct Overhead to obtain the Gross
3 Capital Expenditures. Please explain why there is no offsetting reduction shown
4 in derivation of Net O&M in Table 6-1.

5
6 **Response:**

7 As approved by Order G-139-14, Formulaic O&M is based on the 2013 Base O&M which
8 excluded (was net of) the direct overhead costs that were allocated to capital expenditures;
9 therefore the Formulaic O&M of \$52.985 million in Table 6-1 already excludes direct overhead.

10



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1 **18.0 Reference: Exhibit B-1, page 42 and page 62**

2 18.1 Please provide a schedule that sets out the Additions to Contributions in Aid of
3 Construction for 2013 and 2014.

4

5 **Response:**

6 The requested schedule is provided below:

	Actual	Actual		Projection	
	Dec. 31 2012	2013 Additions	Dec. 31 2013	2014 Additions	Dec. 31 2014
			(\$000s)		
Gross Book Value	147,743	3,073	150,816	6,850	157,666
Accumulated Depreciation	(50,072)	(3,472)	(53,544)	(3,544)	(57,088)
Net Book Value	<u>97,671</u>		<u>97,272</u>		<u>100,578</u>

7

8

9

10

11 18.2 Please explain any material variances (i.e., greater than 5%) between the values
12 for 2013-2015.

13

14 **Response:**

15

16 The variance between 2013 Actual and 2014 Projection is primarily due to deferral of a number
17 of customer connection projects to 2014, with the contributions in aid of construction (CIAC)
18 associated with these projects also being deferred to 2014. The IBEW labour dispute limited the
19 Company's ability to connect new customers in 2013.

20 The variance between 2014 Projection and 2015 Forecast is due to higher levels of work in
21 2014 from completion of the 2013 carryover plus 2014 initiated work. 2015 represents a return
22 to more normal levels of customer work.

23



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1 **19.0 Reference: Exhibit B-1, pages 45-46**

2 19.1 Please update the 2014 and 2015 3-month T Bill rate forecasts for the most
3 recent results/forecasts available.

4

5 **Response:**

6 The average daily 3-month T-bill rates for 2014 were 0.91 percent.

7 The updated forecast estimate of 3- month T-bill rates for 2015 is 0.47 percent.

8

9

10

11 19.2 Please update the 2014 and 2015 Prime Lending Rate forecasts for 2014 and
12 2015 for the most recent results/forecasts available.

13

14 **Response:**

15 The average Prime Lending Rate for 2014 was 3.00 percent.

16 The forecast average Prime Lending Rate for 2015 is 2.63 percent.

17

18

19

20 19.3 Based on the results of the two foregoing updates, please update Table 8-1.

21

22 **Response:**

23 Please refer to the response to BCUC IR 1.14.1.

24



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1 **20.0 Reference: Exhibit B-1, page 47**

2 20.1 What is the basis for the weights applied to Short Term Debt (5.94%) and Long
 3 Term Debt (54.06%) in Table 8-2?
 4

5 **Response:**

6 The debt weightings must in aggregate equal 60 percent of forecast 2015 mid-year rate base in
 7 accordance with the deemed capital structure approved pursuant to Order G-47-14. The long-
 8 term and short-term debt weightings are then derived from the forecast balances of long-term
 9 and short-term debt, as shown in Section 11 Schedule 27 of the Application reproduced below.
 10 The total debt amount of \$760,330 thousand (equal to 60 percent of 2015 mid-year rate base)
 11 less the long term debt of \$685,000 thousand equals the short term debt balance of \$75,330
 12 thousand.

FORTISBC INC. February 6, 2015 Section 11

RETURN ON CAPITAL Schedule 27
FOR THE YEAR ENDING DECEMBER 31, 2015
(\$000s)

Line No.	Particulars	Approved 2014	Forecast 2015	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	Secured and Senior Unsecured Debt	\$ 711,247	\$ 685,000	\$ (26,247)	Section 11, Sch 28
2	Proportion	59.08%	54.06%	-5.02%	
3	Embedded Cost	5.86%	5.48%	-0.38%	
4	Cost Component	3.46%	2.96%	-0.50%	
5	Return	41,685	37,545	(4,140)	Section 11, Sch 28
6					
7	Short Term Debt	11,131	75,330	64,199	
8	Proportion	0.92%	5.94%	5.02%	
9	Embedded Cost	8.63%	3.67%	-4.96%	
10	Cost Component	0.08%	0.22%	0.14%	
13	11 Return (including fees)	960	2,763	1,803	

14 The details of the \$685,000 thousand Secured and Senior Unsecured Debt (Long Term Debt)
 15 above are shown in Section 11 Schedule 28 of the Application.

16



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1 **21.0 Reference: Exhibit B-1, pages 5, 51 and 55**

2 21.1 Page 5 indicates that 2014 capital expenditures excluding items forecast outside
3 the PBR formula are projected to be \$0.79 M higher than the formula amount.
4 However, Table 10.1 indicates the variance is \$0.804 M. Please reconcile.

5
6 **Response:**

7 The \$0.804 million variance between projected and approved formulaic capital expenditures is
8 the correct amount and it was appropriately used to calculate the projected 2014 earnings
9 sharing.

10
11

12
13 21.2 With respect to Table 10.1, the calculation of the impact of the higher capital
14 spending assumes that the capital would be in-service as of January 1, 2014.
15 Why is this appropriate, particularly when one of the major reasons for the
16 overspending is attributed to higher repair expenditures in the fourth quarter of
17 the year (per page 5)?

18
19 **Response:**

20 The capital spending calculation included in the calculation of earnings sharing does not make
21 any assumptions about the timing of capital entering utility service. The approved earnings
22 sharing calculation is intended to share the benefits of O&M and capital savings on an annual
23 basis, and the timing of capital expenditures within a year is not a component of the earnings
24 sharing calculation.

25
26

27
28 21.3 With respect to Schedule 3 (page 55) please provide a similar schedule for the
29 year ending December 31, 2014 and indicate those plant additions that were
30 associated with capital spending that was not for items outside the PBR formula.

31
32 **Response:**

33 The requested schedule has been provided below separately indicating 2014 projected formula
34 and non-formula plant additions (including overhead loadings). The capital portion of pension



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- 1 and OPEB, while excluded from the formula calculation, is found in both the formula and non-
- 2 formula plant additions.



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FORTISBC INC.

**PLANT IN SERVICE CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2014
(\$000s)**

Line No.	Account	Particulars	December 31 2013	Projected			December 31 2014
				Formula Additions	Non Formula Additions	Retirements	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
Hydraulic Production Plant							
1	330	Land Rights	962	-	-	-	962
2	331	Structures and Improvements	13,981	242	1,936	(13)	16,146
3	332	Reservoirs, Dams & Waterways	29,589	1,172	-	(31)	30,730
4	333	Water Wheels, Turbines and Gen.	95,724	-	-	(2)	95,722
5	334	Accessory Equipment	41,873	584	3,082	(50)	45,489
6	335	Other Power Plant Equipment	43,150	652	490	(24)	44,269
7	336	Roads, Railroads and Bridges	1,287	-	-	-	1,287
8			<u>226,566</u>	<u>2,649</u>	<u>5,508</u>	<u>(120)</u>	<u>234,604</u>
9	Transmission Plant						
10	350	Land Rights-R/W	8,763	213	-	-	8,976
11	350.1	Land Rights-Clearing	7,993	213	-	-	8,206
12	353	Station Equipment	173,663	2,861	19,634	(483)	195,687
13	355	Poles Towers & Fixtures	94,517	3,340	2,557	(185)	100,246
14	356	Conductors and Devices	92,724	1,174	3,836	(234)	97,512
15	359	Roads and Trails	1,121	-	-	-	1,121
16			<u>378,782</u>	<u>7,802</u>	<u>26,026</u>	<u>(902)</u>	<u>411,748</u>
17	Distribution Plant						
18	360	Land Rights-R/W	3,604	-	-	-	3,604
19	360.1	Land Rights-Clearing	10,322	-	-	-	10,330
20	362	Station Equipment	255,749	-	-	(667)	256,270
21	364	Poles Towers & Fixtures	165,537	21,154	8,309	(810)	194,446
22	365	Conductors and Devices	268,381	6,638	5,168	(1,046)	279,529
23	368	Line Transformers	124,376	2,569	-	(1,926)	125,183
24	369	Services	9,521	-	-	-	9,521
25	370	Meters	15,141	-	-	(1,817)	13,324
26	370	AMI Meters	-	856	7,487	-	8,343
27	371	Installation on Customers' Premises	938	-	-	-	938
28	373	Street Lighting and Signal System	12,126	-	-	(90)	12,060
29			<u>865,697</u>	<u>31,217</u>	<u>20,963</u>	<u>(6,356)</u>	<u>913,550</u>
30	General Plant						
31	389	Land	10,216	789	-	-	11,005
32	390	Structures-Frame & Iron	337	-	-	-	337
33	390.1	Structures-Masonry	42,363	582	-	-	42,945
34	391	Office Furniture & Equipment	6,122	171	-	-	6,293
35	391.1	Computer Equipment	79,945	5,725	1,491	(106)	87,056
36	392	Transportation Equipment	24,810	1,102	-	(2,270)	23,642
37	391.2	AMI Computer Equipment & Software	-	-	10,979	-	10,979
38	397	AMI Communications Structure & Equip.	-	-	2,449	-	2,449
39	394	Tools and Work Equipment	12,615	780	-	(56)	13,339
40	397	Communication Structures and Equipment	25,907	462	-	-	27,640
41			<u>202,315</u>	<u>9,611</u>	<u>14,919</u>	<u>(2,432)</u>	<u>225,685</u>
42							
43	101	Plant in Service	<u>1,673,360</u>	<u>51,279</u>	<u>67,417</u>	<u>(9,809)</u>	<u>1,785,587</u>
44	107.1	Plant under construction not subject to AFUDC	15,729				8,175
45							
46		Plant under construction subject to AFUDC	15,798			112,226	7,549
47	114	Utility Plant Acquisition Adjustment	11,912				11,912
48	105	Utility Plant per Balance Sheet	<u>1,716,800</u>				<u>1,813,222</u>



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1 **22.0 Reference: Exhibit B-1, pages 54, 56, 58 and 64**

2 22.1 Schedules 2, 4, and 6 are all consistent with capital additions for 2015 of
3 \$98,716,000. However, Schedule 12 indicates that capital additions for 2015 are
4 forecast to be \$92,430,000. Please explain the basis for the capital additions
5 value use in Schedule 12.
6

7 **Response:**

8 Schedule 12 shows capital additions reduced by Contributions in Aid of Construction (CIAC) as
9 explained in Line 20. Schedules 2, 4, and 6 reflect capital additions before CIAC. The amounts
10 can be reconciled as follows:

	(\$ millions)	Reference
Gross Additions to Plant in Service	98.716	Schedule 4
Less Contributions in Aid of Construction	<u>(6.287)</u>	Schedule 10
Additions to Plant in Service, net of CIAC	92.430	Schedule 12

11

12



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1 **23.0 Reference: Exhibit B-1, page 86**

2 23.1 What is the term of the RCA?

3

4 **Response:**

5 The term of the RCA will commence on the 1st day of the month immediately following the
6 calendar month in which the Effective Date occurs, currently assumed to be April 1, 2015 and
7 will terminate on September 30, 2025, approximately 10 years.

8

9

10

11 23.2 If it is longer than one year, why is it appropriate to amortize the cost of the RCA
12 proceeding over only one year?

13

14 **Response:**

15 Please refer to the response to CEC IR 1.30.3.

16



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1 **24.0 Reference: Exhibit B-1, page 92**

2 24.1 Section 13.3 notes that four of the SQIs' benchmarks were set using a three-year
3 average. However, in the subsequent Table 13-3 and also Appendix A to Order
4 G-14-15, only three of the SQIs are described as being based on a 3 year
5 average. Please reconcile.
6

7 **Response:**

8 FBC believes that the reference in this question to Table 13-3 should read "Table 13-1".

9 The reference in Section 13.3 to four of the SQI benchmarks being set by the Commission using
10 a three-year average of the Company's recent performance for the years 2010, 2011 and 2012
11 is to the Emergency Response Time, SAIDI, SAIFI and AIFR SQI benchmarks that were
12 directed by the Commission to be based on the average of 2010, 2011 and 2012 performance.

13 This reference is different than the references in Table 13-1 and the table in paragraph 1 of
14 Appendix A to Order G-14-15 (page 7 of 10) which are referring to the three SQIs (SAIDI, SAIFI
15 and AIFR) for which actual results (the "indicator", rather than the "benchmark") are reported
16 using a three year rolling average.

17