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March 25, 2015

Via Email
Original via Mail

B.C. Sustainable Energy Association
c/o William J. Andrews, Barrister & Solicitor
1958 Parkside Lane
North Vancouver, B.C. V7G 1X5

Attention: Mr. William J. Andrews

Dear Mr. Andrews:

Re: FortisBC Inc. (FBC)

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

**Response to the B.C. Sustainable Energy Association and Sierra Club of British
Columbia (BCSEA) 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 BCSEA 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 The notional difference occurs as a result of the way the plan savings are attributed,
2 disaggregated, and presented in the forecast savings:

- 3
- 4 • When undertaking a DSM project the plan savings are attributed to that calendar year.
5 However for forecasting purposes, a portion of the savings may be attributed to the year
6 following. To illustrate that concept: if a project with 12,000 kWh of savings was
7 completed in December 2013 the Plan shows all of those savings in 2013; whereas the
8 Forecast numbers account for 1/12 of the savings in 2013 (1,000 kWh of savings in
9 December 2013) and the remaining 11/12 in 2014 (11,000 kWh of savings from January
10 to November 2014). Thus, some of the plan savings may be attributed to the following
11 year in the forecast.
 - 12 • For forecasting purposes FBC also disaggregates the plan figures into customer rate
13 classes. The DSM Plan is built based on the three primary sectors shown in Table 4-1,
14 covering the entire FBC service area including Wholesalers. For example, “Residential”
15 in the plan savings includes the residential portion of the “Wholesale” savings (for the
16 City of Penticton and the other municipal utilities) presented in the load forecast.
17 Similarly the “Commercial” plan savings contain the “[Street] Lighting” and “Irrigation”
18 values shown in the load forecast. Please also refer to the response to CEC IR 1.11.2
19 for a further discussion of the methodology used to disaggregate the plan figures into
20 customer rate classes.

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1 **2.0 Topic: AMI-base revenue protection programs**

2 **Reference: Exhibit B-1, pp.14-15**

3 “This DSM savings forecast is deducted from the before-savings forecast. The
4 residential energy sales are further reduced by other savings from the RCR and CIP, but
5 increased by recovered sales from the AMI-based revenue protection programs. Rate-1
6 driven reductions in load due to price elasticity are also taken into account⁸ and
7 deducted from the before-saving loads. All forecast values in this section are shown after
8 being reduced by DSM and other savings unless explicitly stated otherwise.” [underline
9 added]

10 2.1 Please explain “recovered sales from the AMI-based revenue protection
11 programs.” Please explain whether and if so how this relates to the AMI deferral
12 account.

13
14 **Response:**

15 AMI metering facilitates the detection of energy theft, the majority of which is attributed to indoor
16 marijuana grow sites.¹ FBC expects that AMI will impact grow sites in two ways. First, some
17 marijuana grow site operators (most likely those engaged in energy theft) will cease operation.
18 This will reduce gross energy volume (theft through unmetered sites is now recorded as part of
19 FBC’s energy losses) and hence power purchase expense. Second, some marijuana grow site
20 operators will continue in legally metered sites, which will increase billable load and sales
21 revenue (referred to as “recovered sales”).

22 FBC does not have a specific deferral account for AMI-related revenues or expenses. All
23 variations from forecast revenue and power purchase expense are captured in the Flow-through
24 deferral account and returned to, or recovered from, customers in the subsequent year.

25 Other AMI related O&M costs and savings are tracked outside of the PBR formula and
26 variances are also captured in the Flow-through deferral account and amortized in the
27 subsequent year.

28

¹ Energy theft reduction due to AMI implementation is discussed in section 5.3.2 (page 80) of FBC’s 2012 application for a CPCN for its AMI Project.



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1 **4.0 Topic: AMI**

2 **Reference: Exhibit B-1, p.19; p.36**

3 “Detailed analysis of billing reports of individual accounts for 2011 and 2012 established
4 8 percent as the gross loss rate to be used over the forecasting period. AMI loss
5 reduction is expected to further reduce the losses in future.” [p. 19, underline added]

6 “2014 AMI-related O&M costs were lower than approved due to delayed project timing
7 following an extensive CPCN review process and the Commission’s directive to file for
8 approval of an opt-out program prior to meter installation. Although at the time of filing
9 the PBR Application FBC expected a net reduction in O&M expense during 2015, the
10 forecast savings are now also delayed. Forecast 2015 costs are \$0.452 million; the
11 project will be substantially complete during 2015.” [p.36, underline added]

12 4.1 Please confirm that AMI Loss Savings are different than AMI-related O&M costs.
13 Alternatively, please explain.

14
15 **Response:**

16 Confirmed. Please also refer to the response to BCSEA IR 1.2.1.

17
18

19
20 4.2 With the AMI system expected to be substantially complete in 2015, in what year
21 are Losses expected to be reduced due to the AMI system?

22
23 **Response:**

24 The reduction in losses due to AMI is attributable to theft deterrence. Some impact on theft
25 reduction has already been identified and is attributed in whole or in part to AMI. It is not known
26 at this time whether the impact on losses will be measurable in 2015.

27



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1 **6.0 Topic: Service Quality Indicators**

2 **Reference: Exhibit B-1,**

3 “Phase I -Identification of SQI results for discussion at Annual Review

4 The utility that is subject to the Annual Review in question will provide the results and a
5 brief discussion for all SQ is required by the PBR Decision. It will provide additional
6 explanation on an SQI at an Annual Review if either of the two following circumstances
7 apply to the SQI:

8 a. the SQI score in the prior calendar year during the term of the PBR Plan is
9 inferior to the agreed threshold; or

10 b. the SQI score in two successive calendar years during the term of the PBR
11 Plan has been between the benchmark and the threshold.

12 The specification of the two circumstances which will trigger the utility's obligation to
13 provide further explanation at the Annual Review does not eliminate the ability of the
14 utility or any stakeholder to raise any issue or concern in relation to any SQI, or to ask
15 information requests on any SQI as part of the Annual Review, or to propose a change
16 to a threshold based on new information.”

17 6.1 Acknowledging that the SQI Consensus Recommendation approved in Order G-
18 14-15 speaks in terms of SQI scores in prior calendar years “during the term of
19 the PBR Plan,” please provide for information the available historical information
20 on SQI scores.

21
22 **Response:**

23 Provided in the table below are the available historical information for the SQIs.

24 Please note for the Telephone Abandon Rate SQI, the 2014 result has been revised from the
25 previously reported result of 13.00 percent to an updated lower number of 12.38 percent.



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Service Quality Indicator		2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual	Benchmark	Threshold
1	Emergency Response Time - Calls responded to within two hours	n/a	n/a	93%	92%	94%	92%	95%	92%	91%	94%	91%	>= 93%	90.6%
2	Telephone Service Factor - Calls answered in 30 seconds or less	n/a	n/a	n/a	70%	70%	70%	70%	70%	70%	70%	48%	>= 70%	68%
3	First Contact Resolution	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	73%	73%	>= 78%	72%
4	Billing Index	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.1	2.34	<= 5	<= 5
5	Meter Reading Accuracy - Number of scheduled meter reads that were read	n/a	n/a	n/a	98%	98%	98%	98%	98%	98%	51%	98%	>= 97%	94%
6	System Average Interruption Duration Index - Normalized - three year rolling average	n/a	n/a	2.49	2.51	2.62	2.40	2.51	2.33	2.22	1.94	2.09	<= 2.22	2.62
6a	System Average Interruption Duration Index - Normalized - annual results	2.44	2.09	2.93	2.50	2.42	2.28	2.84	1.86	1.95	2.01	2.32	n/a	n/a
7	System Average Interruption Frequency Index - Normalized - three year rolling average	n/a	n/a	3.22	3.09	2.78	1.87	1.96	1.71	1.64	1.31	1.39	<= 1.64	2.50
7a	System Average Interruption Frequency Index - Normalized - annual results	2.39	3.07	4.19	2.00	2.14	1.48	2.27	1.38	1.27	1.27	1.64	n/a	n/a
8	All Injury Frequency Rate - three year rolling average	n/a	n/a	2.87	1.85	2.13	2.00	2.00	1.54	1.64	2.01	2.58	<=1.64	2.39
8a	All Injury Frequency Rate - annual results	4.77	2.02	1.80	1.71	2.87	1.41	1.72	1.48	1.72	2.82	3.21	n/a	n/a
9	Generator Forced Outage Rate	0.2%	0.0%	6.2%	0.1%	0.1%	0.9%	0.1%	0.1%	0.5%	5.2%	1.7%	Informational	n/a
10	Customer Satisfaction Index	7.1	8.0	8.5	8.6	8.6	8.6	8.8	8.7	8.4	8.0	8.1	Informational	n/a
11	Telephone Abandonment Rate	n/a	n/a	2.47%	1.82%	1.97%	2.18%	1.93%	1.70%	1.88%	2.00%	12.38%	Informational	n/a