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March 25, 2015

Via Email
Original via Mail

Mr. Norman Gabana
3850 Dogwood Drive
Trail, B.C.
V1R 2V5

Dear Mr. Gabana

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 Mr. Norman Gabana's 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 Mr. Gabana's 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. Describe the effects the recent strike had on the planned financial expenditures during
2 the work stoppage, please show the largest savings in five areas.

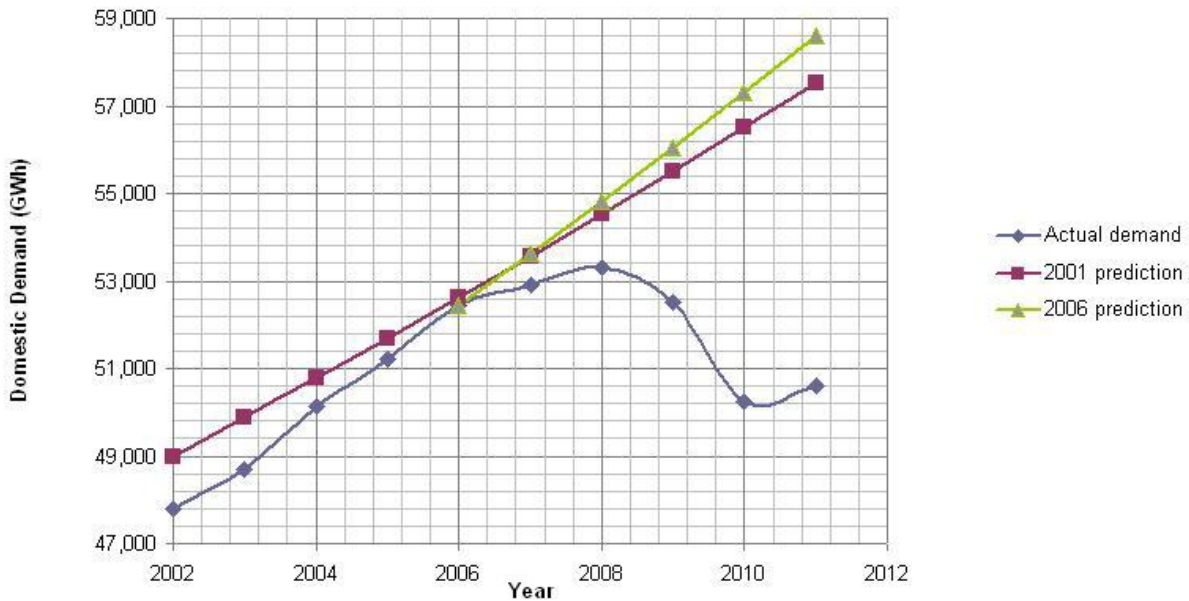
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4 **Response:**

5 FBC did not experience material savings as a result of the 2013 labour dispute. The primary
6 effect of the labour dispute was to delay some capital and O&M activity from 2013 to 2014. In
7 addition, a small amount of capital work was delayed from 2014 to 2015.

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11 2. Provide a chart similar to the accompanying exhibit for Fortis five year plan for the same
12 elements.

Domestic Demand from BC Hydro Annual Reports



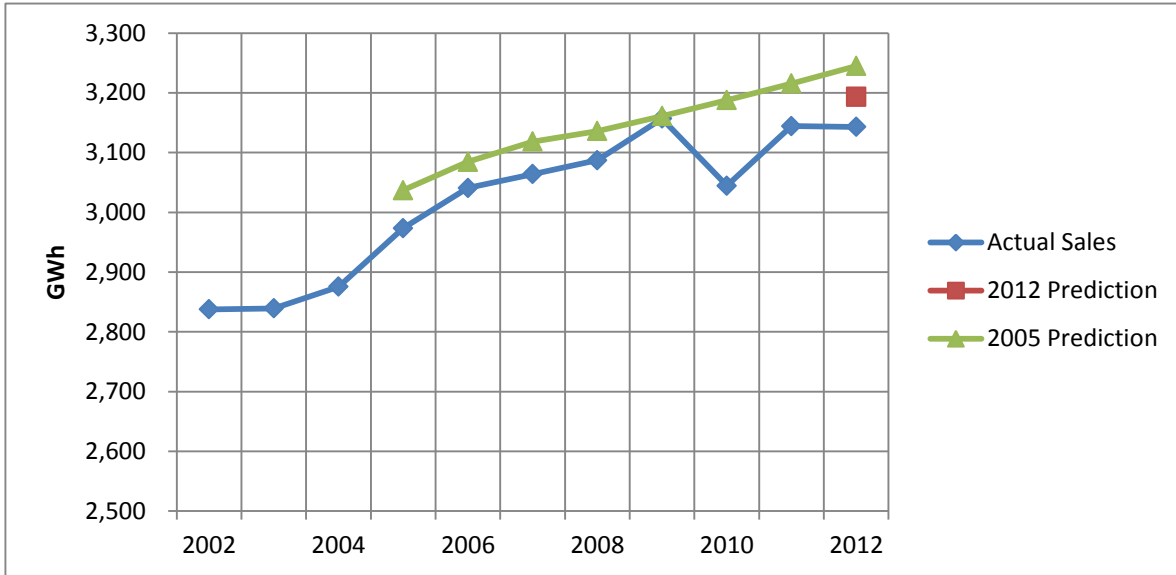
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15 **Response:**

16 Although the Company did not file any 5-year rate applications in the past, long-term load
17 forecasts from the 2005 and 2012 Resource Plans can be used to produce a graph for the same
18 period as in the BC Hydro exhibit shown above. The requested chart is found below.



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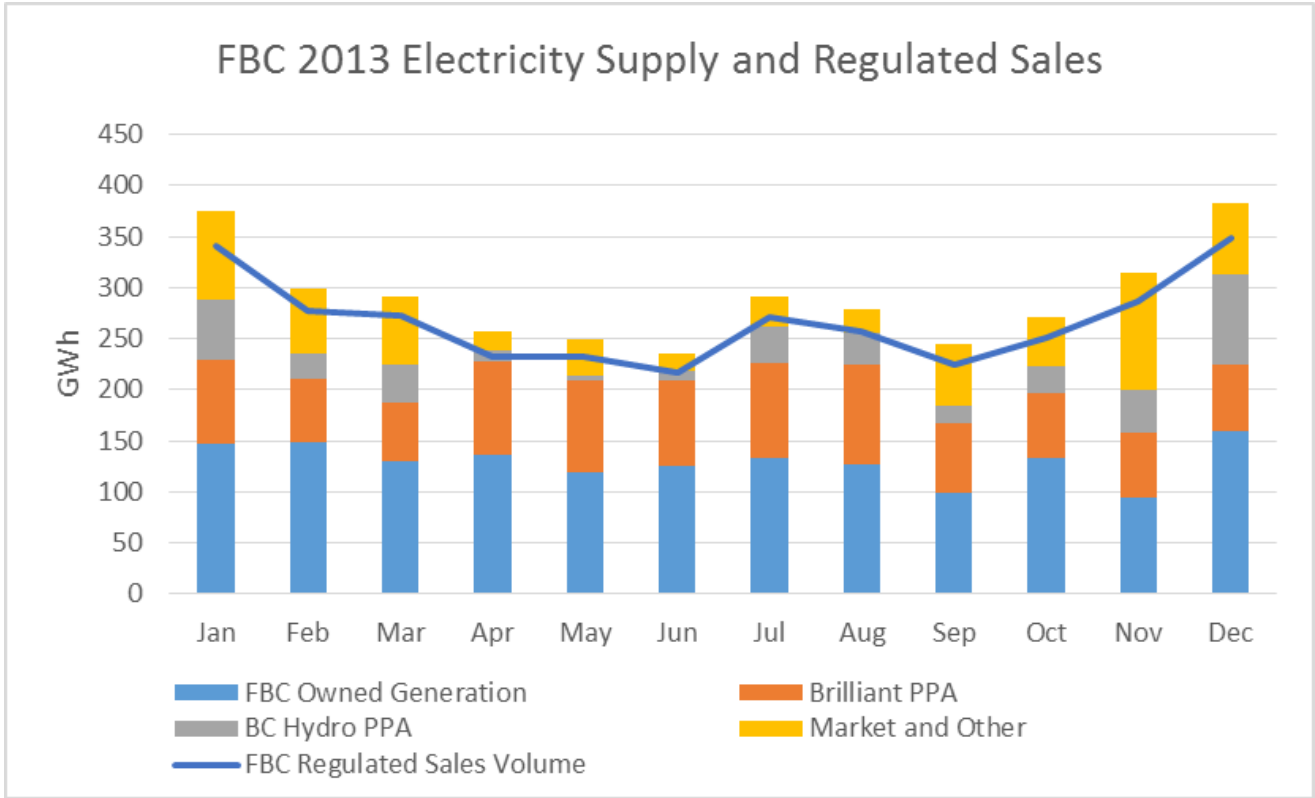


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3. Please provide a graph showing Fortis's electrical production by month for 2013 and electrical sales volumes to regulated customers for the same periods

Response:

9 The following graph shows FBC's supply of electricity by month for 2013 from FBC owned
10 generation, the Brilliant PPA, BC Hydro PPA and from the market and other sources, compared
11 to FBC electrical sales volumes to regulated customers. The difference between the total FBC
12 electric supply and the FBC regulated sales volume is system losses, including company use
13 and station service, which is equal to approximately 7.9 percent in 2013. Excluded from the
14 graph is the approximate 12 GWh of FBC-owned generation in July 2013 that was in excess of
15 FBC's load requirements and sold to the wholesale energy market.



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4. Please show a breakdown of electrical sales volumes by year for the last five years showing:
- a percentage of total demand used by residential only customers.
 - b Percentage of total demand used by wholesale customers, specify the number of customers.
 - c Percentage of total demand used by the designated special rate group of farmers.
 - d Percentage of total demand use by industrial only customers, please state names.
 - f If there are others please provide a percentage of their use.

Response:

15 Please see below for the requested information. The number of customers for the wholesale
16 load class is provided in Table 3-3 Year-End Customer Count in the Application.



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% Breakdown of Net load	2009	2010	2011	2012	2013	2014
Residential	40.0%	40.2%	39.8%	39.0%	42.0%	43.4%
Commercial	21.8%	21.4%	20.9%	21.6%	24.5%	25.0%
Wholesale	29.3%	29.0%	29.0%	28.5%	21.0%	18.3%
Industrial	7.0%	7.6%	8.6%	9.2%	10.9%	11.5%
Lighting	0.4%	0.5%	0.4%	0.4%	0.4%	0.4%
Irrigation	1.6%	1.3%	1.3%	1.2%	1.2%	1.3%
Net	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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2 FBC's Rate Schedule 3 applies to certain customers that qualify for an exemption from the
3 Residential Conservation Rate for farm status. 284 service points qualify for RS 3 and in 2013
4 recorded consumption of 7 GWh, approximately 0.2 percent of 2013 sales load. RS 3 is
5 included in the residential customer class. FBC does not forecast customers or load specifically
6 for RS3.

7 It is FBC's practice not to identify customers by name.

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11 4.1 Please provide the total number of salaried employees in each of the last five years.

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13 **Response:**

14 The number of active management and exempt employees at FBC as at December 31 for each
15 of the last 5 years is set out below.

2010	2011	2012	2013	2014
144	147	156	157	150

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19 5. Please provide total number of hourly employees in each of the last five years.

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21 **Response:**

22 The number of active unionized employees at FBC as at December 31 for each of the last 5
23 years is set out below.

2010	2011	2012	2013	2014
401	388	382	323	355



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6. Please provide total bonus paid to its salaried staff in each of the last five years.

Response:

Please refer to the following table for the amount of short-term incentive pay FBC paid to its M&E employees, excluding executives, in the last five years.

Short-term Incentive Pay FBC Paid to its M&E Employees 2010 to 2014 (\$ millions)

2010	2011	2012	2013	2014
\$ 1.517	\$ 2.077	\$ 2.062	\$2,133	\$2,024

7. Please provide total number of meters receiving the special farm rate discount, and the dollar savings the special discount is benefiting the recipients

Response:

FBC filed an *Application for Permanent RCR Exemption for Qualified Farm Customers* with the Commission in 2014.

As part of the analysis required for the Application, the Company found that there were 284 service points that were provided with an exemption from the RCR under the provisions contained in Rate Schedule 3. The aggregate net impact of the farm exemption in that analysis was that revenues under the flat rate would be approximately \$99,000 lower than under the RCR.

8. Please state the yearly dollar amount Fortis receives from the special risk incentive awarded to them by the commission, in each of the last five years. The following statement is a direct reliable of Fortis market evaluation by external experts "Fortis Inc closed down just \$0.04 Tuesday to \$40.56. Shares have lost 2.29% over the last five days, but sit 3.95% below their 52-week high. This security has outperformed the P TSX by 22.34% during the last"



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1 **Response:**

2 The details of FBC's parent company's share price and/or net earnings, as referred to in the
3 information request, are not relevant to FBC's Annual Review for 2015 Rates.

4 FBC understands "special risk incentive" to mean the risk premium of 40 basis points over the
5 benchmark utility that is included in FBC's allowed return on equity (ROE). The table below
6 shows the portion of FBC's approved ROE that is attributable to the risk premium for the period
7 2009 – 2013. For 2014, regulated financial results will not be available until April 30, 2015 when
8 FBC files its Annual Report to the Commission.

Risk Premium (\$ millions)

2009	0.40%	1.453
2010	0.40%	1.560
2011	0.40%	1.749
2012	0.40%	1.780
2013	0.40%	1.926

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14 9. Please show the average revenue generated per gigawatt hour for electricity sold to
15 regulated customers in each of the last 5 years

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17 **Response:**

18 The requested data has been provided in the Table below:

	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Projection
Sales Revenue (\$000s)	246,791	277,090	282,943	308,532	317,330
Sales GWh	3,046	3,143	3,144	3,211	3,180
Average Sales Revenue (\$000s) / GWh	81	88	90	96	100

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1 10. Please show the last ten yearly payment to Columbia Basin Trust or Columbia Power
 2 Corporation for the use of the substation, in the vicinity of the Brilliant dam.
 3

4 **Response:**

5 The last ten yearly payments regarding the Brilliant Terminal Station Lease are provided in the
 6 Table below.

<u>Brilliant Terminal Station O&M COST Summary 2005 - 2014</u>									
<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
(\$000S)									
2,915	2,457	3,222	3,206	3,054	3,069	2,987	3,160	3,192	3,364

7
 8 FBC notes that the expense for the Brilliant Terminal Station Lease is included in formula O&M
 9 and therefore is not approved on a forecast basis over the PBR period.

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 13 11. Please show total dollars generated from the sale of power to direct billing customers for
 14 the last five year and the total number of gigawatts consumed by the same customers in
 15 the same period.
 16

17 **Response:**

18 Please refer to the response to Gabana IR 1.9.

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 22 12. Please show the status of the capital upgrade at the Kelowna airport including the
 23 approved capital cost, total spent to date percentage completed, amount required to
 24 complete.
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1 **Response:**

2 FBC does not currently have any major capital upgrades underway at the Kelowna Airport,
 3 although in 2014 there were some small upgrade projects to the current distribution system in
 4 the area.

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8 13. Please provide a chart showing electricity consumption by meter reading period for all of
 9 2013 for all residential customers segregated into the following ranges:

- 10 • 0 to 100 kwh
- 11 • 100 to 500 kwh
- 12 • 500 to 1600 kwh
- 13 • 1600 to 2000 kwh
- 14 • Over 2000 kwh

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16 **Response:**

17 The information requested can be found in the tables below. The results are drawn from the
 18 same billing data used to complete the *Residential Conservation Rate Information Report for the*
 19 *Period July 1, 2012 to June 30, 2014* but includes only 2013 bills.

20 Note that some customers are billed on a monthly basis while some are billed on a bi-monthly
 21 basis. Therefore, bills received by customers that are billed bi-monthly will include consumption
 22 for a two month period. Also, these figures are for consumption billed in a given month. Some,
 23 if not most of the consumption would have actually occurred in the previous period.

24 For example, for monthly billed customers, there were 131 customers in January with
 25 consumption between 1 and 100 kWh for the single month. For bi-monthly billed customers,
 26 there were 695 customers in January with consumption between 1 and 100 kWh over the
 27 previous two month period.

28 **Number of Bills Falling Within Range per Billing Period – Monthly Billed Customers**

	Billing Period in 2013											
	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec
Range (kWh)												
0 to 100	131	122	194	236	410	387	219	224	208	192	117	126
100 to 500	1061	1125	1811	2129	2965	2847	3030	3021	2944	2858	1857	2091



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	Billing Period in 2013											
	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec
500 to 1,600	5510	4938	5734	6110	6135	6625	8859	8972	9034	9060	7742	6952
1,600 to 2,000	1369	1134	1210	1115	1092	1067	911	751	781	755	979	1144
2,000 and above	5614	4610	3881	2863	2350	1545	1080	861	843	722	1224	2264

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Number of Bills Falling Within Range per Billing Period – Bi-Monthly Billed Customers

Range (kWh)	Billing Period in 2013											
	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec
0 to 100	695	451	660	811	967	871	1340	942	1292	794	644	625
100 to 500	2530	1989	2470	3355	4926	4760	6292	4461	5053	4221	2828	2563
500 to 1,600	13724	10810	12794	16840	20089	18631	21250	18268	17664	18770	13491	13475
1,600 to 2,000	4283	3719	3763	4529	4836	4136	4679	4614	4449	4503	3862	4068
2,000 and above	19729	18047	15655	16529	11878	8572	8501	11016	8541	9119	9903	15408

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