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October 13, 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 (Commission) Order G-139-
14 (the PBR Plan) – Annual Review for 2016 Rates (the Application)**

Response to Mr. Norman Gabana's Information Request (IR) No. 1

On September 11, 2015, FBC filed the Application referenced above. In accordance with Commission Order G-139-15 setting out the Regulatory Timetable for the review of the Application, FBC respectfully submits the attached response to Mr. Gabana's IR No. 1.

Due to a small number of updates to the forecasts in the Application, FBC will be filing an Evidentiary Update prior to the Annual Review Workshop. The Evidentiary Update will include the items listed below:

- Update to incorporate the forecast 2016 reduction in property taxes (see response to BCUC IR 1.16.3);
- Update to the balance in the Capacity and Energy Purchase and Sale Agreement with Powerex Corp. Application deferred account (see response to BCUC IR 1.21.3); and
- Update to 2015 and 2016 revenue to give effect to certain determinations of the Commission in the Stage IV Decision regarding Celgar's Stand-by Billing Demand (Order G-14-15).

If further information is required, please contact Joyce Martin at 250-368-0319.

Sincerely,

FORTISBC INC.

Original signed by: Joyce Martin

For: Diane Roy

Attachments

cc: Commission Secretary
Registered Parties (email only)

FortisBC Inc. (FBC or the Company) Multi-Year Performance Based Ratemaking Plan for 2014 through 2019 Annual Review for 2016 Rates	Submission Date: October 13, 2015
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1 1. Fortis commented at the last SQI review on generation efficiency. Was the efficiency
2 number on the upgraded units only or on the total number of units on the Kootenay
3 River. If it was on the total number, please show the number of running hours of each of
4 the units not upgraded, for the time of the answer.

5
6 **Response:**

7 The Generator Forced Outage rate is an informational indicator which measures the percent of
8 time a generating unit is removed from service due to component failure or other events. All of
9 FBC's generating units are included in the measure.

10 The operating hours from 2000 to 2014 for each of the generating units which has not been
11 upgraded is shown below.

Unit	Hours (2000-2014)
UBO Unit 1	24,984
UBO Unit 2	51,165
UBO Unit 3	25,831
UBO Unit 4	27,320

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16 2. Provide total amount of money Fortis derived in each of the last three years from the risk
17 investment benefit Fortis was granted.

18

19 **Response:**

20 FBC understands the "risk investment benefit" to mean the risk premium of 40 basis points over
21 the benchmark utility that is included in FBC's allowed return on equity (ROE). The table below
22 shows the portion of FBC's approved ROE that is attributable to the risk premium for the last
23 three years.

<u>Risk Premium (\$ thousands)</u>		
2012	0.40%	1,780
2013	0.40%	1,926
2014	0.40%	1,926

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1
2 3. Provide total amount of bonuses Fortis paid employees in each of the last three years.

3
4 **Response:**

5 Please refer to the following table for the amount of short-term incentive pay FBC paid to its
6 employees, excluding executives, in the last three years.

7 **Short-term Incentive Pay (\$ millions)**

2012	2013	2014
\$2.063	\$2.141	\$2.054

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9
10
11 4. In recent years Fortis discussed dealing with hot tap problems throughout the system.
12 Has Fortis made any progress in dealing with this problem.

13
14 **Response:**

15 FBC has continued with its stirrup replacement program every year.

16
17
18
19 4.1 If so please provide the approximate number of failures and a brief description of
20 the accomplishments.

21
22 **Response:**

23 FBC has seen substantial benefit from this program and the number of failures associated has
24 dropped significantly from the inception of the program. There has only been one documented
25 failure in the last two years.

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29 5. Provide the amount of revenue Fortis has received per megawatt of power sold in each
30 of the last four years to the retail customers.

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1 **Response:**

2 Please refer to the table below.

	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual
Sales Revenue (\$000s)	246,791	277,090	282,943	308,532	317,330
Sales (MWh)	3,046,201	3,143,051	3,144,454	3,210,671	3,179,700
Averages Sales Revenue (\$/MWh)	0.08102	0.08816	0.08999	0.09609	0.09979

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7 6. Provide total amount of revenue Fortis derived from the step two rate that was
8 implemented from the RIB decision in each of the last two years.

9

10 **Response:**

11 FBC does not track revenue from the individual rate blocks separately. However, analysis done
12 in order to complete the 2013 and 2014 RCR Reports to the Commission has shown that
13 approximately 40% of consumption occurs in the second tier. Given this, revenue from the
14 second tier of the Residential Conservation Rate is estimated to be approximately \$70 million in
15 2014 and approximately \$60 million in 2013.

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19 7. Provide total revenue Fortis has received from the sale of surplus power generated from
20 Fortis owned facilities in each of the last two years.

21

22 **Response:**

23 The following table shows the total revenue FBC has received from the sale of surplus power
24 from the FBC owned facilities in each of the last two years.

	2013	2014
Surplus Revenue (\$ millions)	\$ 0.259	\$ 0.320

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2 8. Provide total number of megawatts sold in each of the last two years.
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4 **Response:**

5 Please refer to the response to Gabana IR 1.5.
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9 9. Fortis recently locked out hourly paid employees for approximately six months. If there
10 had not been a lockout, how many employee hours would have been paid to all the
11 employee that were locked in that time period.
12

13 **Response:**

14 The labour dispute referred to in this question occurred between June 26, 2013 and December
15 20, 2013 and has been discussed at length in both the 2014 PBR Application proceeding and in
16 the Annual Review for 2015 Rates. The question is not relevant to this Application, therefore
17 FBC respectfully declines to respond.
18
19

20
21 10. Provide total amount of power generated from Fortis owned facilities on the Kootenay
22 River in each of the last three years.
23

24 **Response:**

25 The following table shows the amount of power generation from each of FBC's owned facilities
26 on the Kootenay River in each of the last three years.

(MWh)	2012	2013	2014
Lower Bonnington	267,314	271,153	293,742
Upper Bonnington	267,408	240,532	285,277
South Slocan	274,984	275,065	305,546
Corra Linn	219,253	219,036	260,994
Total FBC Owned Generation	1,028,959	1,005,786	1,145,559

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28 However, as a result of the Canal Plant Agreement, FBC received an entitlement of energy from
29 these facilities, and not the actual physical generation from the plant. The following table shows



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1 the amount of entitlement FBC received from FBC's owned facilities on the Kootenay River in
 2 each of last three years.

(MWh)	2012	2013	2014
Total FBC Entitlement Use	1,530,769	1,566,234	1,569,264

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7 11. Provide method and source of money to cover the costs for smart meter installation.

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9 **Response:**

10 FBC's rate base, which will include the AMI project costs upon completion, is financed using a
 11 capital structure of 60.0 percent debt and 40.0 percent shareholder equity, as approved by
 12 Order G-47-14.

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14
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16 12. Provide status of smart meter program, % complete----completion date---problems
 17 encountered---estimated of final cost----% completed in house-----and % by contractors.

18
19 **Response:**

20 Please refer to the responses to BCUC IR 1.11.1 and CEC IR 1.19.5.

21 There have been no significant problems encountered during the AMI project to date.

22 FBC does not have an estimate of the proportion of the project carried out by contractors versus
 23 internal staff. The complex nature of the project has required contractor involvement in almost
 24 all aspects of the job at the same time that FBC is involved in all aspects of contractor work.
 25 The majority of residential meters were exchanged by a contractor.

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