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July 7, 2017

British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC
V6Z 2N3

Attention: Mr. Patrick Wruck, Commission Secretary and Manager, Regulatory Support

Dear Mr. Wruck:

Re: FortisBC Inc. (FBC)
Project No. 1598911
Application for Community Solar Pilot Project
Errata to the Application (Exhibit B-1)

On April 26, 2017, FBC filed the Application referenced above. Appendix A included a Virtual Solar Rate Option, (Schedule 85A) and the Solar Offset Rate, (Schedule 85B). Appendix B-2 included the revenue requirements financial analysis used to derive the two rates. The working Excel model of Appendix B-2 was also filed confidentially with the Commission (Exhibit B-1-1).

In the course of responding to information requests (IRs) FBC has determined that revisions are required to the financial model (Confidential Appendix B-2), the output from that model providing the revenue requirements financial analysis (Appendix B-2), as well as Appendix A, Schedules 85A and 85B as described below.

FBC has revised the financial model used to determine the rates included in the Application as a result of the following IRs:

- BCUC 1.11.5 – A revision is required to capture the capital cost of replacing communication equipment during the life of the project.
- ICG 1.4.4 - A revision is required to capture the capital cost of replacing inverters during the life of the project.

These revisions are explained in more detail in the referenced IR responses. The result of these revisions is that the Virtual Solar Rate rises from \$81 to \$86 per year (\$7.17 per month) for a single panel, and the Solar Offset rate rises from \$0.231/kWh to \$0.246/kWh.

A revised version of the Appendix B-2 is included with this errata and the accompanying working Excel model has been filed confidentially with the Commission for the same reasons that Exhibit B-1-1 was originally filed in the same manner.

These changes are also reflected in the revised rate schedules (Appendix A) filed with this errata.

In addition, the revised rate schedules reflect the following changes:

1. In response to BCOAPO IR 1.11.2, Special Conditions 1 and 2, which were inadvertently omitted from the original version of Appendix A have been added to the Virtual Solar Rate Option, Schedule 85A; and
2. In response to BCSEA IR 1.12.8, Special Provision 1 in the Solar Offset Rate, Schedule 85B has been corrected to reflect the fact that a nomination for solar supply must be made in 10 percent increments rather than the 5 percent value included in the original version of Appendix A.
3. In response to BCSEA IR 1.23.1, references to “Solar First” have been removed from Special Conditions 1 and 2 in the Solar Offset Rate, Schedule 85B as this term was a preliminary name for the program during drafting and should have been removed prior to filing.

If further information is required, please contact Corey Sinclair at 250-469-8038

Sincerely,

FORTISBC INC.

Original signed:

Diane Roy

Attachments

cc (email only): Registered Parties

Appendix A

REVISED PROPOSED TARIFF PAGES

SCHEDULE 85A - FortisBC Virtual Solar Rate Option

APPLICABLE: The FortisBC Virtual Solar Rate Option is for individually metered Customers who wish to participate in the FortisBC Community Solar Pilot Program (CSPP). Under the FortisBC Virtual Solar Rate Option, the actual output of a defined number of solar panels that form a portion of a Defined Solar Generation Resource (DSGR) located in the FortisBC service area will be used to offset consumption at a premise at which the Customer also takes service from FortisBC. Participation in the FortisBC Virtual Solar Rate Option is limited in the Company’s sole discretion to the amount of solar generation available in each DSGR and subscription will be made on a first come, first served basis.

ELIGIBILITY: The Virtual Solar Rate is available to all Customers of FortisBC with the exception of those being served under Rate Schedule 81 (Radio-Off Advanced Meter Option), on a rate in which energy charges are either time differentiated (such as Time-of Use rates), or do not form a separate component of the rate, (such as with Lighting rates).

AVAILABILITY: For each DSGR, individual customers may contract for the output of a set number of panels capable of producing up to 100 percent of their usage for the prior 12 months, on a kilowatt-hour (kWh) basis. For any DSGR, non-residential customers will be limited to 25 panels each for the first 6 months of the DSGR operation to allow sufficient time for residential customers to subscribe. FortisBC may limit the number of solar panels allocated to any single customer. In the event that a material change in a customer’s consumption will result in the persistent accumulation of unused output on an annual basis, FBC may require the customer to reduce the number of panels subscribed such that other customers will have access to them.

BILLING:

1. Customers will be required to have meters read on the last day of each month and are required to be billed on a monthly basis.

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 Commission Secretary

BILLING (CONT):

2. Each month, the total energy output, measured in kWh, of the DSGR will be divided by the total number of panels in the DSGR and the resulting kWh will be allocated to the individual customers in proportion to the number of the panels allocated to the customer relative to the total number of panels in the DSGR.
3. Each month, the number of kWh determined in item 2 above will be deducted from the total kWh consumption recorded by the meter(s) associated with the Customer’s account that has been designated to receive the power from the Customers share of the DSGR output.
4. If in any month, the number of kWh determined in item 2 above exceeds the total kWh consumption recorded by the meter(s) associated with the Customer’s account that has been designated to receive the power from the Customers share of the DSGR the additional output shall be held in a “kWh Bank” and used in subsequent billing periods to offset net consumption.
5. In the event that there is a balance in the kWh Bank at March 31, the balance will be reduced to zero. In the case where there is a balance in the kWh Bank at March 31, and the balance has been reduced to zero, FortisBC shall be deemed to have purchased that amount of electricity from the Customer, and shall pay the Customer for that electricity at the rate determined in accordance with Clause 6 below. If such amounts are not large, they will be carried forward and included in the billing calculation for the next period at the discretion of the Company.
6. The rate paid for electricity represented by kWh remaining in the kWh Bank at the billing period immediately following March 31 in each year shall be the BC Hydro 3808 Tranche 1 energy rate in effect at the time.

DEFINED SOLAR 1. Ellison Solar Garden: 720 Panels @ 0.335 kW/panel
GENERATION
RESOURCES:

RATE: Ellison Solar Garden: \$~~6.757~~.17 per panel per one-month billing period.

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EFFECTIVE (applicable to consumption on and after) TBD 2018 G-XXX-17

SPECIAL PROVISIONS:

1. A customer that chooses to take service under Virtual Solar Rate Rate must remain on the Program for a minimum of 12 billing periods, however, a Customer may change the number of panels subscribed at any time, with the minimum of panels being one.
2. Program participation is limited such that the Company will not allocate more than its best estimate of any DSGRs total annual output. This estimate will include consideration of the amount of the DSGR output that may be committed to the participants in any other Program that also supplies Customers from the same DGSR.

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EFFECTIVE (applicable to consumption on and after)

TBD 2018

G-XXX-17

SCHEDULE 85B - Solar Offset Rate

APPLICABLE: The Solar Offset Rate is a program available to individually metered FortisBC Customers for the purpose of meeting a defined portion of total electrical service from a solar resource located within the FortisBC service area. With Solar First, Customers can choose the percentage of consumption on an existing account that will be supplied by solar generation from a Defined Solar Generation Resource (DSGR) located in the FortisBC service area. Participation in Solar First is limited in the Company’s sole discretion to the amount of solar generation available in each DSGR and subscription will be made on a first come, first served basis.

ELIGIBILITY: The Solar Offset Rate is available to all Customers of FortisBC with the exception of those being served under Rate Schedule 81 (Radio-Off Advanced Meter Option), on a rate in which energy charges are either time differentiated (such as Time-of Use rates), or do not form a separate component of the rate, (such as with Lighting rates).

RATE: For each kWh of energy deemed to be supplied from a DSGR as follows:

Ellison Solar Project Solar Offset Rate	\$0. 231 <u>246</u> / kWh
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BILLING:

1. Solar Offset Rate Customers are required to have meters read on the last day of each month and are required to be billed on a monthly basis.
2. Each month, the Solar Offset Rate portion of the customer bill will be determined as follows:

$$\text{Solar Offset Rate Charges} = \text{Total Metered Consumption} \times \text{Nominated Solar \%} \times \text{Solar Offset Rate}$$

In the event that in any given month, if, after deducting from the total array output, the output that is allocated to the Virtual Solar Panel customers there is insufficient output remaining to satisfy the aggregate requirement of the Solar Offset customers, the individual Solar Offset customers will have their allocations reduced such that they will receive the same percentage of the available output as if no shortage existed.

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EFFECTIVE (applicable to consumption on and after) TBD, 2018 G-XXX-17

BILLING (CONT):

3. Each month, the balance of the Customers consumption will be billed pursuant to the rate schedule under which the Customer normally takes service.
4. The Solar Offset subscription has no impact on the Demand Charges billed pursuant to the rate schedule under which the Customer normally takes service.

DEFINED SOLAR GENERATION RESOURCES:

1.	Ellison Solar Garden	720 Panels @ 0.335 kW/panel
	Project Annual Output:	290,000 kWh

SPECIAL PROVISIONS:

1. Customers may specify that 510% to 100% of monthly consumption is to be served under the ~~Solar First~~ Solar Offset Rate, in 510% increments.
2. A customer that chooses to take service under Solar Offset Rate ~~Solar First~~ must remain on the Program for a minimum of 12 billing periods, however, a Customer may change their nomination at any time.
3. Program participation is limited such that the Company will not allocate more than its best estimate of any DSGRs total annual output. This estimate will include consideration of the amount of the DSGR output that may be committed to the participants in any other Program that also supplies Customers from the same DGSR.

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Appendix B-2

REVISED FINANCIAL ANALYSIS

FortisBC Inc.
Community Solar Pilot Project
 April 2017
 (\$000s), unless otherwise stated

Line	Particulars	Reference	2017	2018	2019	2020	2021	2022	2023	2024	2025	2032	2037	2042	2047	2052	2056	
1	Cost of Service																	
2	Power Purchase Expense		(1)	(14)	(15)	(15)	(15)	(15)	(16)	(16)	(17)	(20)	(22)	(25)	(28)	(32)	(35)	
3	Operation & Maintenance	Line 35	0	1	9	9	9	9	9	9	10	11	12	13	15	16	18	
4	Property Taxes	Line 40	-	2	2	2	3	3	3	4	4	4	5	5	6	7	7	
5	Depreciation Expense	Line 64	-	23	23	23	23	23	23	23	23	23	24	25	25	26	27	
6	Income Taxes	Line 100	(69)	(86)	(35)	(9)	4	10	13	14	15	12	11	10	9	8	12	
7	Earned Return	Line 84	6	65	63	62	60	59	57	56	54	47	43	38	33	28	24	
8	Incremental Annual Revenue Requirement	Sum of Line 2 to Line 7	(64)	(9)	47	71	83	88	90	90	89	78	72	66	59	54	52	
9	PV of Revenue Requirement (After-tax WACC of 5.97%)	Line 8 / (1 + Line 86)^Yr	(61)	(8)	39	57	62	62	60	57	53	31	21	15	10	7	5	
10	Total PV of Annual Revenue Requirement	Sum of Line 9	933															
11																		
12	Annual Energy Generation (kWh)		23,697	282,939	281,524	280,116	278,716	277,322	275,935	274,556	273,183	263,764	257,235	250,868	244,659	238,604	233,867	
13	PV of Annual Energy Generation (kWh)	Line 12 / (1 + Line 86)^Yr	22,361	251,935	236,543	222,092	208,523	195,783	183,822	172,591	162,047	104,230	76,050	55,489	40,487	29,541	22,957	
14	Total PV of Annual Energy Generation (kWh)	Sum of Line 13	3,793,218															
15	Levelized Energy Rate - 40 yrs (\$/kWh)	Line 10 x 1000 / Line 14	0.246															
16																		
17	Lease Payment Calculation (40-year Term)																	
18	Annual Lease Payment - 40 years	Line 10 x [Line 86/(1-(1+Line 86)^-yr)]	61.814															
19	Total Number of Panels		720															
20	Lease Payment per panel per year	Line 18 / Line 19	0.086															
21	Lease Payment per panel per month	Line 20 / 12	0.0072															
22																		
23	Revenue Requirement Check:																	
24	Revenue Requirement	Line 8	(64)	(9)	47	71	83	88	90	90	89	78	72	66	59	54	52	
25	Revenue to be collected from <u>Participating Customers</u>	Line 18 (Fixed Annual Lease Payment)	62	62	62	62	62	62	62	62	62	62	62	62	62	62	62	
26	Variance	Line 25 - Line 24	126	71	15	(10)	(21)	(26)	(28)	(28)	(27)	(16)	(11)	(4)	3	8	10	
27	PV of Revenue Variance	Line 26 / (1 + Line 86)^Yr	119	63	13	(8)	(16)	(19)	(19)	(18)	(16)	(6)	(3)	(1)	0	1	1	
28	Total PV of Revenue Variance	Sum of Line 27	-	--> Should be zero (all revenue is all collected from participating customers over 40 years, thus no rate impact to non-participating customers)														
29																		
30	Operation & Maintenance																	
31	Labour Costs		0	2	10	10	10	11	11	11	11	13	14	16	17	19	21	
32	Non-Labour Costs		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
33	Total Gross O&M Expenses	Line 31 + Line 32	0	2	10	10	10	11	11	11	11	13	14	16	17	19	21	
34	Less: Capitalized Overhead	Overhead Rate of 15%	(0)	(0)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(3)	(3)	(3)	
35	Net O&M Expenses	Line 33 + Line 34	0	1	9	9	9	9	9	9	10	11	12	13	15	16	18	
36																		
37	Property Taxes																	
38	General, School and Other		-	2	2	2	2	2	3	3	3	3	4	4	5	6	7	
39	1% in Lieu of General Municipal Tax ¹	1% of Line 8	-	-	(1)	(0)	0	1	1	1	1	1	1	1	1	1	1	
40	Total Property Taxes	Line 38 + Line 39	-	2	2	2	3	3	3	4	4	4	5	5	6	7	7	
41	1 - Calculation is based on the second preceding year, e.g. 2019 is based on 2017 revenue																	
42																		
43	Capital Spending																	
44	Project Capital Spending ²		945	-	-	-	-	-	-	-	-	37	35	39	50	47	-	
45	AFUDC		16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
46	Total Annual Capital Spending & AFUDC	Sum of Line 44 to 47	961	-	-	-	-	-	-	-	-	37	35	39	50	47	-	
47	Cost of Removal		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
48	Total Annual Project Cost - Capital	Line 46 + Line 47	961	-	-	-	-	-	-	-	-	37	35	39	50	47	-	
49																		
50	Total Project Cost (incl. AFUDC)	Sum of Line 46	1,198															
51	Net Project Cost (incl. AFUDC and Removal)	Sum of Line 48	1,198															
52	2 - Excluding capitalized overhead; First year of analysis includes all prior year spending																	
53																		

54	Gross Plant in Service (GPIS)																
55	GPIS - Beginning	Preceding Year, Line 59	-	961	961	963	964	966	967	969	970	988	1,008	1,031	1,053	1,082	1,113
56	Additions to Plant ³		961	0	2	2	2	2	2	2	2	39	37	41	52	50	3
57	Retirements		-	-	-	-	-	-	-	-	-	(27)	(24)	(29)	(34)	(29)	-
58	Net Addition to Plant	Sum of Line 56 to 57	961	0	2	2	2	2	2	2	2	11	14	12	18	21	3
59	GPIS - Ending	Line 55 + Line 58	961	961	963	964	966	967	969	970	972	1,000	1,022	1,043	1,071	1,104	1,116
60	3 - Includes capitalized overhead																
61																	
62	Accumulated Depreciation																
63	Accumulated Depreciation - Beginning	Preceding Year, Line 67	-	-	(23)	(46)	(68)	(91)	(114)	(137)	(160)	(298)	(390)	(488)	(583)	(677)	(753)
64	Depreciation Expense ⁴	Line 55 @ 2.45%	-	(23)	(23)	(23)	(23)	(23)	(23)	(23)	(23)	(23)	(24)	(25)	(25)	(26)	(27)
65	Retirements		-	-	-	-	-	-	-	-	-	27	24	29	34	29	-
66	Cost of Removal		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
67	Accumulated Depreciation - Ending	Sum of Line 63 to 66	-	(23)	(46)	(68)	(91)	(114)	(137)	(160)	(183)	(294)	(390)	(483)	(574)	(674)	(780)
68	4 - Depreciation & Amortization Expense calculation is based on opening balance x depreciation rate of individual assets; The composite rate of all assets addition to plant is 2.45%																
69																	
70	Rate Base and Earned Return																
71	Gross Plant in Service - Beginning	Line 55	-	961	961	963	964	966	967	969	970	988	1,008	1,031	1,053	1,082	1,113
72	Gross Plant in Service - Ending	Line 59	961	961	963	964	966	967	969	970	972	1,000	1,022	1,043	1,071	1,104	1,116
73																	
74	Accumulated Depreciation - Beginning	Line 63	-	-	(23)	(46)	(68)	(91)	(114)	(137)	(160)	(298)	(390)	(488)	(583)	(677)	(753)
75	Accumulated Depreciation - Ending	Line 67	-	(23)	(46)	(68)	(91)	(114)	(137)	(160)	(183)	(294)	(390)	(483)	(574)	(674)	(780)
76																	
77	Net Plant in Service, Mid-Year	(Sum of Lines 71 to Line 75) / 2	480	950	928	906	885	864	843	821	800	698	625	551	484	418	348
78	Adjustment to 13-month average	⁵	(399)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
79	Cash Working Capital	Line 59 x FBC CWC/Closing GPIS %	1	1	1	1	1	1	1	1	1	2	2	2	2	2	2
80	Total Rate Base	Sum of Line 77 to 79	83	951	929	908	887	865	844	823	801	699	626	553	485	419	349
81																	
82	Equity Return	Line 80 x ROE x Equity %	3	35	34	33	32	32	31	30	29	26	23	20	18	15	13
83	Debt Component	⁶	3	30	29	28	28	27	26	26	25	22	20	17	15	13	11
84	Total Earned Return	Line 82 + Line 83	6	65	63	62	60	59	57	56	54	47	43	38	33	28	24
85	Return on Rate Base %	Line 84 / Line 80	6.79%	6.79%	6.79%	6.79%	6.79%	6.79%	6.79%	6.79%	6.79%	6.79%	6.79%	6.79%	6.79%	6.79%	6.79%
86	After- Tax Weighted Average Cost of Capital (WACC)	⁷	5.97%	5.97%	5.97%	5.97%	5.97%	5.97%	5.97%	5.97%	5.97%	5.97%	5.97%	5.97%	5.97%	5.97%	5.97%
87	5 - (Line 58 + Line 64) x [(Days In-service/365)-1/2]																
88	6 - Line 80 x (LTD Rate x LTD% + STD Rate x STD %)																
89	7 - ROE rate x Equity Component + [(STD Rate x STD Portion) + (LTD Rate x LTD Portion)] x (1- Income Tax Rate)]																
90																	
91	Income Tax Expense																
92	Earned Return	Line 84	6	65	63	62	60	59	57	56	54	47	43	38	33	28	24
93	Deduct: Interest on debt	Line 83	(3)	(30)	(29)	(28)	(28)	(27)	(26)	(26)	(25)	(22)	(20)	(17)	(15)	(13)	(11)
94	Add: Depreciation Expense		-	23	23	23	23	23	23	23	23	23	24	25	25	26	27
95	Deduct: Overhead Capitalized Expenses for Tax Purposes		(0)	(0)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(3)	(3)	(3)	(3)
96	Deduct: Capital Cost Allowance	Line 108	(199)	(301)	(154)	(81)	(44)	(25)	(15)	(10)	(8)	(14)	(12)	(13)	(15)	(14)	(3)
97	Taxable Income After Tax	Sum of Line 92 to 96	(196)	(244)	(99)	(26)	10	28	37	41	43	34	32	30	25	24	33
98	Income Tax Rate		26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%
99																	
100	Total Income Tax Expense	Line 97 / (1 - Line 98) x Line 98	(69)	(86)	(35)	(9)	4	10	13	14	15	12	11	10	9	8	12
101																	
102	Capital Cost Allowance																
103	Opening Balance	Preceding Year, Line 109	-	746	445	291	210	167	142	126	116	81	65	52	42	35	32
104	Additions to Plant		961	-	-	-	-	-	-	-	-	37	35	39	50	47	-
105	Add: Cost of Removal		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
106	Less: AFUDC		(16)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
107	Net Addition for CCA	Sum of Line 104 through 106	945	-	-	-	-	-	-	-	-	37	35	39	50	47	-
108	CCA (Composite CCA Rate @ 42.19%)	[Line 103 + (Line 107/2)] x CCA Rate	(199)	(301)	(154)	(81)	(44)	(25)	(15)	(10)	(8)	(14)	(12)	(13)	(15)	(14)	(3)
109	Closing Balance	Line 103 + Line 107 + Line 108	746	445	291	210	167	142	126	116	108	104	87	78	77	68	29

Appendix B-2

REVISED FINANCIAL ANALYSIS

REFER TO LIVE SPREADSHEET MODEL

Provided in electronic format only

FILED CONFIDENTIALLY