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July 10, 2018

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

Attention: Mr. Patrick Wruck, Commission Secretary

Dear Mr. Wruck:

Re: FortisBC Inc. (FBC)
Project No. 1598939
2017 Cost of Service Analysis and Rate Design Application (the Application)
Errata dated July 10, 2018

On December 22, 2017, FBC filed the Application referenced above. Concurrent with this Errata filing, FBC submitted its responses to Information Requests (IRs) No. 2.

The items which have been updated in this Errata are also noted in the responses to ICG IR 2.13.2 and BCOAPO IR 2.79.4. This Errata affects Table 5-8 on page 51 and Table 6-17 on page 79 of the Application. FBC has attached the blacklined version of the affected pages.

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

Sincerely,

FORTISBC INC.

Original signed:

Diane Roy

Attachment

cc (email only): Registered Parties

- **DSM** - classified as 72 percent power supply energy, 17 percent power supply demand and 12 percent transmission and distribution. This split is consistent to that used by FBC in the cost/benefit analyses performed for DSM spending.

5.1.2.2.2 PRODUCTION/POWER SUPPLY EXPENSES

Classifying power supply costs to demand and energy components depends on the use of the generation and the pricing for power supply purchases. For FBC, the power supply resources include FBC-owned generation, long-term power purchase contracts including a tariff-based purchase from BC Hydro, and a small amount of market purchases. All of the resources used by FBC have both an energy and peaking component to them.

Table 5-8: Production / Power Supply Expense Classification

	2017 Costs ($ Millions)	Classification	Notes
Kootenay River Plants	$16.0	20% Demand 80% Energy	On the basis of Generation Rate Base
Columbia Power Corporation (Brilliant) and Waneta Expansion	$81.0	31% Demand 69% Energy	Using BC Hydro 3808 as a proxy each month
BCH 3808 Purchases	$49.0	26% Demand 74% Energy	As Charged
Net Market Purchases	$6.2	100% Energy	All Energy Purchases
Total System	$152.2	27% Demand 73% Energy	Sum of all Resources

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5.1.2.2.3 OTHER EXPENSES

There are a number of additional expense categories that require classification. This section of the Application summarizes those cost areas and how they are treated within the COSA.

- Transmission Services - FBC purchases wheeling services from BC Hydro in the Okanagan and Creston areas to supplement its own transmission. The cost of providing transmission service to a customer is considered to be directly proportional to the demand that customer imposes on the system. All transmission expense accounts are classified on the same basis as transmission rate base.
- Distribution Expenses - Many of the distribution expense accounts correspond to a rate base account and follow the treatment of the rate base item. For example, account 583.10 is for distribution line maintenance, corresponding to rate base account 365-conductors and devices. Since the distribution rate base uses a minimum system approach, the expenses will also follow the splits resulting from that analysis. Street lighting expenses are directly assigned to the lighting class. Account 598 – other distribution plant is classified on the basis of total distribution rate base.

Table 6-17: RS 21 Bill Impact by Percentage

Annual Bill Impact	# of Customers	Percent of Customers	Percent Bill Impact
Greater than 10% Increase	66	4.8	15.82
5-10% Increase	73	5.3	6.83
0-5% Increase	311	22.7	1.89
0-5% Decrease	424	30.9	-2.32
5-10% Decrease	369	26.9	-7.31
Greater than 10% Decrease	127	9.3	-11.44
Total	**1,370**	**100.0%**	**100.0%**

Deleted: 4.8%
Deleted: 5.3%
Deleted: 22.7%
Deleted: 30.9%
Deleted: 26.9%
Deleted: 9.3%

6.2.2.3 Transformation Discount

The Commercial rate is designed on the basis that customers receive service at secondary voltage. However, some customers choose to own the transformation equipment required to convert their service voltage from the Primary level to the Secondary level. In these cases, the customer is actually taking service at the Primary voltage available at the location of the interconnection, and the customer is entitled to a discount from the demand charge rate in the rate schedule as transformation and secondary costs would normally be included in the rate.

There are currently thirty-one RS 21 customers that receive the transformation discount.

In looking at the appropriate discount for taking service at a higher voltage level, the COSA results were used to establish the difference in costs. The COSA is set up to account for the voltage level associated with each customer class. That allows the allocation of costs to the class for the specific facilities used by customers within the class.

To determine the difference in costs solely on the basis of a change in voltage level, the COSA was recalculated assuming a higher voltage level for the class in question. The difference was calculated independently for each class where such a discount is offered, but assumed the entire class rather than specific customers was served at the higher voltage level.[53] None of the load data or allocation factors were changed for the various classes when completing the calculation. The only difference would be that certain costs were no longer assigned to the class. The resulting difference in the unit costs for each class was then taken from the COSA to determine the appropriate discount level of a per kVA basis.

For RS 21, the 2017 COSA indicates that a transformation discount of $0.32 per kW of Billing Demand should be applied to the Demand Charge portion of the rate. The current transformation discount is $0.53 per kW of Billing Demand. FBC is proposing to include the updated amount as the transformation discount in the delivery and metering voltage discounts section of RS 21.

[53] The transformation is currently available only to RS21 and RS30 customers as they have a Demand-related billing component and a higher than standard delivery voltage may be available.

Errata dated July 10, 2018