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September 25, 2018

British Columbia Public Interest Advocacy Centre
Suite 803 470 Granville Street
Vancouver, B.C.
V6C 1V5

Attention: Ms. Leigha Worth, Executive Director

Dear Ms. Worth:

Re: FortisBC Inc. (FBC)

Project No. 1598967

Annual Review for 2019 Rates (the Application)

Response to the British Columbia Public Interest Advocacy Centre representing the British Columbia Old Age Pensioners' Organization, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, and the Tenant Resource and Advisory Centre et al. (BCOAPO) Information Request (IR) No. 1

On August 10, 2018, FBC filed the Application referenced above. In accordance with the British Columbia Utilities Commission Order G-142-18 setting out the Regulatory Timetable for the review of the Application, FBC respectfully submits the attached response to BCOAPO IR No. 1.

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC INC.

Original signed:

Diane Roy

Attachments

cc (email only): Commission Secretary
Registered Parties

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1.0 Reference: Exhibit B-2, Tab 1, page 1

Preamble: The Application states (page 1):

FBC is proposing to maintain 2019 rates at existing levels and to capture the revenue surplus in the deferral account approved to capture the 2018 revenue deficiency. This will avoid the volatility associated with a rate decrease in 2019 followed by a potentially larger rate increase in 2020 when certain large capital projects begin to enter rate base.

1.1 Please provide a schedule setting out the large capital projects that will begin to enter rate base in 2020 and for each please indicate: i) the anticipated dollar addition to rate base, ii) the “need” the project is addressing and iii) the anticipated revenue requirement impact (assuming the 2020 cost of capital is the same that proposed for 2019).

Response:

January 1, 2020 Plant Additions of \$21.726 million are comprised of \$13.137 million for the Corra Linn Spillway Gates project and \$8.589 million for the UBO Refurbishment Projects.

The Corra Linn Spillway Gates Replacement project, approved by Order C-1-17, entails replacing 14 spillway gates, upgrading the hoisting equipment and reinforcing the steel superstructure. The project was required to ensure compliance with seismic loading and flood withstand requirements in accordance with the 2011 amendments to the BC Dam Safety Regulations and Canadian Dam Safety Guidelines.

The Upper Bonnington Old Units Refurbishment project, approved by Order G-8-17, involves the refurbishment of the Upper Bonnington Plant generating Units 1 to 4, which are more than 100 years old, in order to extend their lives for an additional twenty years or more. The project will also reduce the safety and environmental risks associated with failures of aged equipment.

The anticipated 2020 revenue requirement in associated with these capital additions is approximately \$1.700 million, with an estimated rate impact of approximately 0.45 percent.

1.2 What does FortisBC expect these projects will contribute (in terms of percentage rate increase) to the rate increase in 2020?

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1 **Response:**

2 Please refer to the response to BCOAPO IR 1.1.1.

3

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2.0 Reference: Exhibit B-2, Tab 1, pages 5-7

Exhibit B-2, Tab 13

Annual Review for 2018 Rates Application, pages 5-6

2.1 With respect to the maintaining and improving service levels to customers through the sharing of gas and electric contact centre staff, which of the service quality indicators set out in Tab 13 will be affected by this initiative?

Response:

Maintaining and improving service levels to customers through the sharing of gas and electric contact centre staff contributes to the First Contact Resolution (FCR) and Telephone Service Factor (TSF), with a more general impact on the Customer Satisfaction Index (CSI).

2.2 With respect to the sharing of gas and electric contact centre staff, please provide the historical savings achieved each year by FortisBC?

Response:

FBC's savings from sharing of contact centre staff were \$0.285 million in 2016 and \$0.259 million in 2017.

2.3 With respect to the IVR enhancements, it is noted that the saving estimate has been reduced from \$0.075 M annually (in last year's application) to \$0.055 M annually in the current application. What is the reason for the reduction in savings?

Response:

Please refer to the response to BCUC IR 1.3.1.

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1 **3.0 Reference: Exhibit B-2, Tab 1, page 7 (Table 1-3) and pages 9-10**

2 3.1 Please provide a schedule that sets out the calculation of the 32.64 percent value
3 referenced on page 10 (line 5).
4

5 **Response:**

6 The 32.64 percent is the cumulative amount over the capital formula for calculating the two-year
7 dead band adjustment. It is the sum of the 2017 variance, after adjusting to stay within the dead
8 band, plus the 2018 variance before any adjustment, as shown in the table below.

Description	Variance	Reference
2017 Variance After Dead Band Adjustment	8.63%	Table 10-2, Line 33
2018 One-Year Variance	24.01%	Table 1-3
Cumulative Two-Year Variance	32.64%	

10

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4.0 Reference: Exhibit B-2, Tab 1, pages 11-12

4.1 Please provide a schedule that sets of the impact on the 2019 revenue requirement of the amortization and true-ups to the various flow-through accounts.

Response:

The Flow-through deferral account impact in 2019 consists of the amortization of the true-up to the 2017 Flow-through account and the amortization of the preliminary 2008 Flow-through account, as shown in the table below.

Line No.	Description	2017 True-Up	2018 Projected	Total
1	Revenue	\$ (4.462)	\$ (9.844)	\$ (14.306)
2				-
3	Power Purchase Expense	2.777	(2.824)	(0.047)
4				-
5	Wheeling	0.107	0.110	0.217
6				-
7	Water Fees	(0.013)	0.079	0.066
8				-
9	O&M Tracked Outside of Formula			-
10	Insurance Premiums	0.001	(0.019)	(0.018)
11	Advanced Metering Infrastructure Project	(0.120)	-	(0.120)
12	Mandatory Reliability Standards Incremental O&M	0.003	(0.030)	(0.027)
13	Upper Bonnington Units Annual Inspection	-	-	-
14	MSP Premium Reduction	-	(0.168)	(0.168)
15				0
16	Property Tax	(0.165)	(0.541)	(0.706)
17				-
18	Depreciation and Amortization	(0.101)	0.328	0.227
19				-
20	Other Revenue	(0.744)	(1.193)	(1.937)
21				-
22	Interest Expense	(0.325)	-	(0.325)
23				-
24	Income Tax	(0.103)	3.592	3.489
25				-
26	Working Capital Adjustment for AMI	0.006	(0.024)	(0.018)
27				-
28	Duplication of 2016 Flow-Through True-Up	0.886	-	0.886
29				
30	2018 After-Tax Flow-Through Addition to Deferral Account	(2.254)	(10.534)	(12.788)

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4.2 Also, do the balances in the flow-through accounts have any impact on the financing and return on equity “costs” included in the 2019 revenue requirement? If so, what is the impact?

Response:

The Flow-through deferral account is financed at FBC’s short term interest (STI) rate and does not attract an equity return. Interest on the non-rate base deferral accounts is also deferred and is recovered through amortization rather than interest expense. The Flow-through account balance is shown in the STI deferral schedule in Section 11, Schedule 12, Line 5, and the interest on this account is included in the interest total at Line 33 of the same schedule.

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5.0 Reference: Exhibit B-2, Tab 3, pages 19-20 and Table 3.1

Exhibit B-2, Appendix A2, Table 5.3

FBC's Annual Review for 2018 Rates, page 23 (Table 3.1)

FBC's Annual Review for 2018 Rates, BCOAPO #8.1

5.1 There is a difference between the DSM results reported for 2016 in Table 5.3 of the current Application and that shown in BCOAPO 8.1 from last year's Application. Please reconcile.

Response:

Exhibit B-2, Appendix A-2, Table 5.3 showed actual DSM for 2016 of 11 GWh. The correct value is 23 GWh for 2016. This typographical error did not affect the load forecast. Table 5.3 has been corrected below.

Revised Table 5.3: DSM and Other Savings (GWh) Without Losses

Energy (GWh)	2013	2014	2015	2016	2017	2018S	2019F
Demand Side Management	(28)	(14)	(12)	(23)	(28)	(14)	(39)
Advance Metering	2	3	4	4	5	4	8
Customer Information Portal	-	-	-	-	(2)	(4)	(4)
Residential Conservation Rate	(14)	(14)	(4)	(4)	(4)	-	-
Rate - Driven	-	(5)	(5)	(3)	(3)	(0)	(0)
Total Net	(40)	(30)	(17)	(26)	(32)	(14)	(36)

5.2 Please provide the equivalent of Table 5.3 (Appendix A2) for each of the customer classes.

Response:

The requested table is shown below. Please note that the 2016 values in the Exhibit B-2, Appendix A-2, Table 5.3 were incorrect and the corrected values can be found in the response to BCOAPO IR 1.5.1.

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1 **DSM and Other Savings (GWh) Without Losses by Class**

Energy (GWh)	Customer Class	2013	2014	2015	2016	2017	2018S	2019F
Advance Metering	Residential	2	3	4	4	5	4	8
Customer Information Portal	Residential	-	-	-	-	(2)	(4)	(4)
Residential Conservation Rate	Residential	(14)	(14)	(4)	(4)	(4)	-	-
Demand Side Management	Residential	(15)	(8)	(6)	(13)	(11)	(3)	(10)
	Commercial	(10)	(5)	(6)	(8)	(16)	(8)	(21)
	Wholesale	-	-	-	-	-	(1)	(2)
	Industrial	(3)	(1)	-	(2)	(1)	(1)	(3)
	Lighting	-	-	-	-	-	(1)	(3)
	Irrigation	-	-	-	-	-	-	-
Rate - Driven	Residential	-	(2)	(2)	(1)	(1)	-	-
	Commercial	-	(1)	(1)	(1)	(1)	-	-
	Wholesale	-	(1)	(1)	(1)	(1)	-	-
	Industrial	-	(1)	(1)	-	-	-	-
	Lighting	-	-	-	-	-	-	-
	Irrigation	-	-	-	-	-	-	-
Total Net		(40)	(30)	(17)	(26)	(32)	(14)	(36)

5.3 Please explain the variances between the results reported for 2017 in Table 5.3 of the current Application and those forecast in BCOAPO 8.1 from last year's Application.

Response:

The following table compares the 2017 Forecast and Actual DSM and Other Savings.

2017 Forecast DSM and Other Savings compared to 2017 Actual

Energy (GWh)	2017 Forecast	2017 Actual
Demand Side Management	(13)	(28)
Advance Metering	5	5
Customer Information Portal	(2)	(2)
Residential Conservation Rate	(4)	(4)
Rate - Driven	(3)	(3)
Total Net	(17)	(32)

The variance in DSM figures occurs because the 2017 Actual figure of 28 GWh represents annualized project savings, whereas the 2017 Forecast figure of 13 GWh factors in the timing of DSM projects.

Please also refer to the response to BCUC IR 1.11.1 for a more detailed explanation of the differences between DSM Forecast and Plan/Actual figures.

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5.4 Please provide the equivalent of Table 3-1 but for 2018 – the Seed Year.

Response:

The requested table is below.

2018 Seed Year DSM Savings and Other Savings (GWh)

Line No.	Description	DSM	AMI	CIP	Rate-Driven	Total
1	Residential	(3)	4	(4)	-	(3)
2	Commercial	(8)			-	(8)
3	Wholesale	(1)			-	(1)
4	Industrial	(1)			-	(1)
5	Lighting	(1)			-	(1)
6	Irrigation	(0)			-	(0)
7	Net	(14)	4	(4)	-	(14)
8	Losses	(1)	(3)		-	(4)
9	Gross	(15)	1	(4)	-	(18)

Please note that the 2018 Seed DSM forecast will differ from the 2018 Annual Review savings forecast in Exhibit B-2, Application, Table 3-1 due to the fact that the 2017 savings are no longer included in the savings forecast since those savings have now been realized.

5.5 Please explain the variances between the results forecast for 2018 in Table 5.3 of the current Application and those forecast in BCOAPO 8.1 from last year's Application.

Response:

The 2018 forecast in the 2018 Annual Review included a forecast of 2017 DSM and Other Savings since they had not been realized at the time. The 2018 forecast from the 2019 Annual Review does not include these forecast savings as they are now embedded in the actual data.

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The table below shows the 2018 forecast from the 2018 Annual Review without the 2017 DSM and Other Savings, which is equal to the 2018 Forecast from the 2018 Annual Review except for the Customer Information Portal Value which is based on a cumulative target of 0.3 percent of the residential load and updated for each annual review.

DSM and Other Savings from the 2018 and 2019 Annual Reviews

	2018 Annual Review	2018 Annual Review	2018 Annual Review	2019 Annual Review
Energy (GWh)	2017 Forecast	2018 Forecast	2018 Forecast -2017 Forecast	2018 Forecast
Demand Side Management	(23)	(37)	(14)	(14)
Advance Metering	5	9	4	4
Customer Information Portal	(2)	(4)	(2)	(4)
Residential Conservation Rate	(4)	(4)	-	-
Rate - Driven	(3)	(3)	-	-
Total Net	(27)	(39)	(12)	(14)

5.6 Table 3.1 does not include any impacts due to changes in rate design/structure for 2019. Is this because: i) FortisBC is assuming that any changes due to its Cost of Service and Rate Design Application (COS&RDA) will be implemented after 2019; ii) the changes proposed in the COS&RDA will be implemented for 2019 but have no impact; or iii) the potential impact of the COS&RDA has not been considered in the current Application?

Response:

FBC does not make allowances in forecast models based on proposed rate design/structure changes. When the COSA & RDA is finalized and approved FBC will determine what, if any, changes need to be made to the forecasts.

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6.0 Reference: Exhibit B-2, Tab 3, page 20

Preamble: The Application states:

Forecast residential customer counts are determined by a regression of the year-end customer accounts against population in the FBC direct service area.

The forecast commercial customer count is determined by a regression of the year-end customer accounts on the provincial GDP forecast from the CBOC.

6.1 Please provide a schedule that compares the actual Residential customer counts for 2014-2017 with the count forecast in the rate application for the same year. In the same schedule please include the forecast (per the rate application for the relevant year) and the actual population in FBC's service area for each year.

Response:

Please see the schedule below that compares the actual Residential customer counts for 2014-2017 with the customer count forecast in the rate application for the same year, and the actual population in FBC's service area with the forecast provided by BC Stats (per the rate application for the relevant year).

Please note that the 2017 Customer Count forecast in Exhibit B2, Appendix A-2, Table 6.1 was incorrect and has been updated in an Errata filed concurrently with these IR responses.

Schedule 1: Actual and Forecast Residential Customer Counts and FBC Area Population Counts

Year	Residential Customer Count		FBC Area Population	
	Actual	Forecast	Actual	Forecast
2014	113,431	113,229	242,240	251,997
2015	114,166	114,855	244,919	252,676
2016	115,772	115,758	247,738	246,177
2017	117,748	116,031	N/A *	250,637

*BC Stats has not yet provided the 2017 FBC actual Area Population data.

6.2 Please provide a schedule that compares the actual Commercial customer counts for 2014-2017 with the count forecast in the rate application for the same

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year. In the same schedule please include the forecast (per the rate application for the relevant year) and the actual provincial GDP values for each year.

Response:

Please see the schedule below that compares the actual Commercial customer counts for 2014-2017 with the count forecast in the rate application for the same year, and the provincial GDP with the forecast, both of which are provided by CBOC (per the rate application for the relevant year).

Please note that the 2017 Customer Count forecast in Exhibit B2, Appendix A-2, Table 6.1 was incorrect and has been updated in an Errata filed concurrently with these IR responses.

Schedule 1: Actual and Forecast Commercial Customer Counts and CBOC BC Provincial GDP Values

Year	Commercial Customer Count		CBOC BC GDP (2007\$ millions)	
	Actual	Forecast	Actual	Forecast
2014	14,363	13,739	204,555	201,650
2015	14,976	14,531	210,910	206,957
2016	15,073	15,042	218,566	215,303
2017	15,398	15,813	228,195	220,676

Note: The 2017 actual GDP value was not available at the time the forecast was prepared, therefore the most recent forecast value from the CBOC Winter 2018 Report was used to create the Commercial forecast.

6.3 Please provide a schedule that for each customer class contrasts the forecast customer count for 2018 as approved last year for 2018 rates versus those in the current Application.

Response:

The requested table is below.

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Comparison of 2018 customer counts from the 2018 and 2019 Annual Reviews

2018 Customer Count Forecast	2018 AR 2018 Forecast	2019 AR 2018 Seed	Percent Change (%)
Residential	117,774	118,934	1.0%
Commercial	16,122	16,110	-0.1%
Industrial	50	51	2.0%
Wholesale	6	6	0.0%
Irrigation	1,090	1,080	-0.9%
Lighting	1,559	1,511	-3.1%
Total	136,601	137,692	0.8%

6.4 Please provide a schedule that contrasts the population forecast for the FBC service area and the provincial GDP forecast for 2018 as used last year for 2018 rates versus those used in the current Application.

Response:

Please see below a comparison of the population forecast growth rates for the FBC service area and the provincial GDP forecast growth rates for 2018 between that used in the 2018 Annual Review application versus those used in the current Application.

FBC Service Area Population and CBOC GDP 2018 Comparison

Growth Rates	2018 AR 2018 Forecast	2019 AR 2018 Seed
FBC Service Area Population	1.1%	1.1%
CBOC GDP	2.1%	3.1%

6.5 Please provide a schedule that sets out the customer count by customer class for June 30, 2017 and June 30, 2018.

Response:

The requested table is below.

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FBC Customer Counts

Customers	Jun-17	Jun-18
Residential	116,083	119,111
Commercial	15,398	15,537
Industrial	50	6
Wholesale	6	51
Irrigation	1,088	1,083
Lighting	1,529	1,495
Direct Total	134,154	137,283

2

3

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7.0 Reference: Exhibit B-2, Tab 3, page 22, lines 7-15 and Figure 3-2

Exhibit B-2, Appendix A2, Tables 5-3 and 6-4

7.1 With respect to Figure 3-2, please provide a schedule that sets out the Normalized After-Savings for Residential UPC for 2016 and 2017, where the values exclude the estimated incremental savings for 2016 and 2017 that occur after 2015 year-end (per Table 5.3).

Response:

The requested table is below. Please note that the incremental savings are estimates since the actual savings in any year are unknown. When incremental savings are removed from the forecast, the forecast is considered before-savings since all other previous savings are considered embedded in the forecast.

The Normalized Before Savings Residential Load in column D is calculated by adding the Normalized After Savings Residential Load (column B) to the estimated Incremental DSM and Other Savings (column C). The Normalized Before Savings Residential Load (column D) is then divided by the Average Customer Count (column E) to arrive at the Before-Savings UPC in column F.

Estimated Before-Savings Residual UPC for 2017 and 2016

A	B	C	D	E	F
	Normalized After-Savings Residential Load (MWh)	Incremental DSM and Other Savings (MWh)	Normalized Before-Savings Residential Load (MWh)	Average Customer Count	Before-Savings UPC (MWh)
2017	1,320,492	12,539	1,333,032	116,760	11.42
2016	1,295,580	14,009	1,309,589	114,969	11.39

7.2 Please provide a schedule setting out the calculations described at lines 7-15.

Response:

The after-savings UPC calculations set out in lines 7-15 are as follows:

1. First calculate the After-Savings Residential Load by taking the Before-Savings Residual Load and subtracting the Incremental DSM and Other Savings. (Column A - Column B = Column C)

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2. Next calculate the Average Customer Count by taking the 2018 Residential Customer Count and adding the 2019 Residential Customer Count and then dividing that number by 2. $((\text{Column D} + \text{Column E})/2) = \text{Column F}$
3. Finally, the Residential After-Savings UPC is calculated by taking the After-Savings Residential Load and dividing it by the Average Customer Count. $(\text{Column C} / \text{Column F}) = \text{Column G}$

Residential After-Savings UPC Calculation

	A	B	C	D	E	F	G
	Before-Savings Residential Load (GWh)	Incremental DSM and Other Savings (GWh)	After-Savings Residential Load (GWh)	2018 Residential Customer Count	2019 Residential Customer Count	Average Customer Count	Residential After-Savings UPC (MWh)
2019	1,356	7	1,349	118,934	120,405	119,670	11.27

- 7.3 Please confirm that, in Figure 3-2, the units in the last row should be MWh and not GWh.

Response:

Confirmed. Please refer to the response to BCUC IR 1.14.1 for the revised Figure 3-2.

- 7.4 Please reconcile the Normalized After-Savings Residential UPC for 2017 value as shown in Figure 3-2 (11.42) with the value reported in Appendix A2, Table 6-4 (11.31).

Response:

Please refer to the response to BCUC IR 1.14.1.

- 7.5 With respect to Appendix A2, Table 6-4, are the forecast values shown those used to establish the approved rates for each year?

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2 **Response:**

3 Confirmed.

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7 7.5.1 If not, what are the forecast values based on?

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9 **Response:**

10 Please refer to the response to BCOAPO IR 1.7.5.

11

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8.0 Reference: Exhibit B-2, page 24

Exhibit B-2, Appendix A-2, Table 5.3

Preamble: The Application states:

Consistent with past practice, the wholesale class is forecast using survey information from each of the individual wholesale customers. FBC believes that the individual wholesale customers are best able to forecast their future load growth.

8.1 Please provide a schedule that contrasts the actual annual sales to the Wholesale class for 2014-2017 with the forecast values used in setting the approved rates for each of the three years.

Response:

The requested table is below. Please note that the numbers below are actual values as requested by this question, and have not been weather normalized. For the weather normalized values please refer to the Errata filed concurrently with these IR responses, for Exhibit B-2, Appendix A2, Table 6.2. FBC believes that valid comparisons can only be made between values that are both weather normalized.

Actual Wholesale Load compared to Approved Forecast from 2014 to 2017

Year	Actual Wholesale Load (GWh)	Annual Review Forecast (GWh)	Variance (GWh)
2014	572	581	-9
2015	562	593	-32
2016	548	579	-31
2017	596	587	9

8.2 Please provide a schedule that shows, for the Wholesale class, what the before and after savings forecasts are for 2018 and 2019

Response:

Please refer to Exhibit B-2, Appendix A2, Table 2.5.

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9.0 Reference: Exhibit B-2, Tab 3, page 25

9.1 Please provide a schedule that contrasts the actual annual sales to the Industrial class for 2014-2017 with the forecast values used in setting the approved rates for each of the three years.

Response:

Please refer to the Errata filed concurrently with these IR responses for Exhibit B-2, Appendix A2, Table 6.2.

9.2 Please provide a schedule that shows, for Industrial class, what the before and after savings forecasts are for 2018 and 2019

Response:

Please refer to Exhibit B-2, Appendix A2, Table 2.6.

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10.0 Reference: Exhibit B-2, Tab 3, page 26

Exhibit B-2, Appendix A3, page 6

10.1 With respect to the Lighting trend analysis in Appendix A3, please clarify/confirm:
i) the dependable variable was total lighting load for the year, ii) what the CoK variable is and the corresponding annual values for 2013-2017 and iii) what the UPC variable represents and the corresponding 2013-2017 values are.

Response:

The responses to the three questions posed in this IR are as follows:

- i) Yes, the dependant (not dependable) variable is the total lighting load for the year.
- ii) The City of Kelowna (CoK) variable is a "dummy" variable which is the Slope CoK event in Exhibit B-2, Appendix A-3 Table A3-6. It is included in the trend calculation to account for the one-time increase in load due to the absorption of the CoK lighting customer into the FBC system in 2014. All years that the CoK was included in the FBC billing system are represented by a 1 in the regression as shown below.

	2013	2014	2015	2016	2017
CoK Variable	0	1	1	1	1

- iii) Exhibit B-2, Appendix A-3, Table A3-6 showed UPC in the table heading instead of LGT and incorrectly stated "Slope UPC" instead of "Slope". Table A3-6 has been corrected in the response to BCUC IR 1.15.1. These typographical errors do not affect the load forecast.

10.2 Please provide a schedule that shows, for Lighting class what the before and after savings forecasts are for 2018 and 2019.

Response:

Please refer to Exhibit B-2, Appendix A2, Table 2.7.

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1 **11.0 Reference: Exhibit B-2, Tab 3, page 29 (Table 3-4)**

2 11.1 With respect to the system losses for 2018, please explain why system losses
3 after AMI (281.8 GWh) are not equal to the losses before AMI (286.6 GWh) less
4 the incremental AMI Impact (4.2 GWh).

5
6 **Response:**

7 Please refer to the response to BCUC IR 1.13.2.

8
9

10
11 11.2 Similarly, with respect to the system losses for 2019, please explain why system
12 losses after AMI (282.4 GWh) are not equal to the losses before AMI (290.5
13 GWh) less the incremental AMI Impact (7.6 GWh).

14
15 **Response:**

16 Please refer to the response to BCUC IR 1.13.2.

17

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12.0 Reference: Exhibit B-2, Tab 4, pages 33 - 36

Preamble: The Application states:

The increase in the 2019 Forecast Power Supply cost is mainly due to increased gross load and increased purchases under the Company's power purchase agreement with BC Hydro. (page 33)

The reduction in 2018 projected power purchase expense is primarily due to additional market purchases used to displace BC Hydro PPA energy and capacity purchases at a lower total cost. (page 35)

12.1 Please provide a revised version of Table 4-2 that shows the GWh contribution associated with each of the rows towards the Approved 2018 total of 3,485 GWh and the Projected 2018 total of 3,573 GWh. In doing so, please include rows to account for FortisBC's own generation and, if necessary, any external sales.

Response:

The following table shows the energy volumes associated with the expense presented in Table 4-2, including FBC owned generation. The purchases from Waneta Expansion are for capacity only and do not contribute energy towards the Approved 2018 total of 3,485 GWh or the Projected 2018 total of 3,573 GWh. The Independent Power Producers and Self Generators have been aggregated in the table for confidentiality reasons.

Line No.	Description	Approved 2018	Projected 2018	Difference
1	FBC Generation	1,587	1,574	-12
2	Brilliant	918	918	-1
3	BC Hydro PPA	662	549	-113
4	Waneta Expansion	-	-	0
5	Market and Contracted Purchases	315	524	208
6	Independent Power Producers and Self-Generators	3	1	-2
7	Loss Recovery	-	7	7
8	Special and Accounting Adjustments	-	-	0
9	Total	3,485	3,573	87
10				
11	Gross Load (GWh)	3,485	3,573	87

12.2 Please provide a revised version of Table 4-3 that shows the GWh contribution associated with each of the rows towards the Projected 2018 total of 3,573 GWh and the Forecast 2019 total of 3,602 GWh. In doing so, please include rows to account for FortisBC's own generation and, if necessary, any external sales.

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Response:

The following table shows the energy volumes associated with the expense presented in Table 4-3, including FBC owned generation. The purchases from Waneta Expansion are for capacity only and do not contribute energy towards the Projected 2018 total of 3,573 GWh or the Forecast 2019 total of 3,602 GWh. The Independent Power Producers and Self Generators have been aggregated in the table for confidentiality reasons.

Line No.	Description	Projected 2018	Forecast 2019	Difference
1	FBC Generation	1,574	1,586	12
2	Brilliant	918	911	-7
3	BC Hydro PPA	549	759	211
4	Waneta Expansion	-	-	0
5	Market and Contracted Purchases	524	342	-181
6	Independent Power Producers and Self Generators	1	3	2
7	Loss Recovery	7	-	-7
8	Special and Accounting Adjustments	-	-	0
9	Total	3,573	3,602	29
10		0	0	0
11	Gross Load (GWh)	3,573	3,602	29

12.3 With respect to Table 4-2, how much of the reduction in BC Hydro PPA costs and GWh (as between 2018 Projected vs. Approved) was due to being able to replace the PPA energy purchases with additional market purchases?

Response:

BC Hydro PPA energy purchases decreased from 662 GWh to 549 GWh between the 2018 Approved and the 2018 Projected Power Purchase Expense, which is a reduction of 113 GWh. The corresponding volume related decrease in PPA costs is equal to \$7.242 million.

Market and Contracted Purchases increased from 315 GWh to 524 GWh between the 2018 Approved and the 2018 Projected Power Purchase Expense, which is an increase of 208 GWh. Because the increase in market purchases exceeded the reduction to PPA purchases, 100 percent of the volume-related decrease in PPA costs (113 GWh and \$7.242 million) can be attributed to increased market purchases. Additionally, if FBC had not entered into the market purchases, FBC's 2018 Projected BC Hydro cost would have increased by the additional 95 GWh (208 GWh less 113 GWh) at a cost of \$4.759 million¹. In other words, all of the 208 GWh

¹ Calculated as 95 GWh times the PPA Tranche 1 Energy rate of \$50.09 as of April 1, 2018.

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1 of market purchases would have had to be replaced by higher cost PPA energy and capacity if
2 not supplied by the market.

3
4
5
6 12.4 With respect to Table 4-2, is all of the increase in Market and Contract purchases
7 (2018 Projected vs. Approved) the result of increases to replace more expensive
8 PPA energy purchases? If not, how much of the increase (in both dollar and
9 GWh terms) was for this reason?

10
11 **Response:**

12 Please refer to the response to BCOAPO IR 1.12.3.
13

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1 **13.0 Reference: Exhibit B-2, Tab 4, pages 36-38**

2 **Preamble:** The Application states (page 36):

3 *The forecast increase from \$130.247 million in 2018 to \$145.065 million*
4 *in 2019 is a result of an increase in gross load and as well as a reduction*
5 *in market and contracted purchases and correspondingly, a greater*
6 *reliance on relatively higher cost energy supplied by BC Hydro. Also*
7 *contributing to the increase are reduced surplus sales along with*
8 *escalations to BC Hydro, Waneta Expansion, and Brilliant contract rates.*

9 13.1 Why are the Market and Contract Purchases for 2019 less than those approved
10 for 2018 (per Table 4-2)?

11
12 **Response:**

13 The 2019 Forecast directly includes only those market purchases for 2019 that FBC was able to
14 execute prior to filing. To account for additional market opportunities that may occur over the
15 course of the year, an additional \$2 million reduction in Power Purchase Expense for 2019 is
16 also included, as discussed in Section 4.6 of the Application. This amount may be more or less
17 than what FBC is actually able to achieve. Any variance between the \$2 million and what FBC
18 will actually achieve will be flowed through to customers as part of the power purchase expense
19 variance via the Flow-through deferral account.

20

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1 **14.0 Reference: Exhibit B-2, Tab 4, page 38**

2 14.1 Please clarify what is captured under Other (Table 4-4, Line #8) and explain why
3 the values projected for 2018 and forecast for 2019 are materially higher than the
4 approved 2018 value.

5
6 **Response:**

7 Included in Table 4-4 line 8 labelled "Other" is any wheeling purchased from BC Hydro under its
8 Open Access Transmission Tariff (OATT) as needed to supply the Company's loads in the
9 Okanagan, Creston and Princeton areas. Also included are charges paid to Teck Metals Ltd.
10 (Teck) for the use of its 71 Line (71L).

11 The increase in value projected for 2018 is mainly due to increased Emergency Wheeling use
12 supplied under the BC Hydro OATT, as a result of an unplanned transmission outage early in
13 the year. Increased 71L wheeling use in early 2018 also contributed to the increase.

14 The forecast 2019 value is also higher than the approved 2018 value due to an increase in rates
15 paid to Teck for the use of its 71L. As part of BC Hydro's purchase of the remaining two thirds
16 of the Waneta Dam and associated transmission assets (including 71L), FBC entered into
17 agreements with both BC Hydro and Teck to ensure that FBC retains access to 71L for a
18 minimum of 20 years. In exchange, FBC agreed to adjust the wheeling rate that it pays for the
19 use of 71L, which was set at \$0.20/MWh in 1987, to \$1.00/MWh, increasing by 2 percent each
20 year going forward.

21

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1 **15.0 Reference: Exhibit B-2, Tab 6, page 46 (Table 6-5)**

2 15.1 Please breakout and show separate in Table 6-5 the AMI costs and savings for
3 2017 – approved, actual and CPCN.
4

5 **Response:**

6 The 2017 costs and savings are shown in the following table.

	Actual	2017 Approved	CPCN
		(\$ millions)	
AMI Costs	\$ 1.872	\$ 1.992	\$ 1.925
AMI Savings	(3.118)	(3.118)	(3.970)
Net AMI Costs/Savings	\$ (1.246)	\$ (1.126)	\$ (2.045)

8

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1 **16.0 Reference: Exhibit B-2, Tab 6, page 47**

2 **Preamble:** The Application states:

3 *These non-AMI compliance costs were estimated to be \$0.400 million*
4 *higher than the forecast of Measurement Canada cost for 2018. This*
5 *\$0.400 million avoided cost does not result in a reduction to 2019 O&M*
6 *costs, but will still result in lower rates for customers than in the absence*
7 *of AMI.*

8 16.1 Please explain more fully why the \$0.400 M in avoided cost does not result in a
9 reduction to 2019 O&M costs, but does result in lower rates for customers than in
10 the absence of AMI.

11
12 **Response:**

13 FBC has not incurred Measurement Canada compliance costs since it started deployment of
14 AMI due to the fact that FBC was permitted to stop compliance sampling once the project was
15 approved. FBC does not expect to resume compliance sampling until the AMI meters are
16 approximately seven to eight years old.

17 In the absence of the AMI project, FBC had forecast Measurement Canada compliance costs to
18 be \$0.400 million higher in 2018 than in 2017. Assuming this forecast was correct, customers
19 are benefitting by an extra \$0.400 million in 2018 than in the absence of AMI.

20

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1 **17.0 Reference: Exhibit B-2, Tab 6, page 47**

2 17.1 What were the actual 2017 cost with respect to Assessment Report No. 8?

3

4 **Response:**

5 The actual 2017 O&M Expense for AR 8 was \$0.053 million.

6

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1 **18.0 Reference: Exhibit B-2, Tab 6, page 49**

2 18.1 If the Compliance Audit is conducted once every three years, would it not be
3 appropriate to defer and amortize the costs over three years?

4
5 **Response:**

6 FBC agrees that deferring the audit costs for amortization over the three-year period between
7 audits would also be an appropriate treatment of the triennial audit costs. Since the audit costs
8 were approved in O&M expense for 2018 and are already included in 2018 rates, FBC did not
9 consider deferral account treatment in this instance.

10

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19.0 Reference: Exhibit B-2, Tab 7, page 55

19.1 Please provide the actual AMI sustainment capital for 2017.

Response:

The actual 2017 AMI sustainment capital was \$0.409 million.

19.2 Please explain the material increase in AMI sustainment capital forecast for 2019 over 2018 approved/projected.

Response:

Please refer to the response to BCUC IR 1.24.1.

19.3 Were there one-time capital expenditures related to AR8?

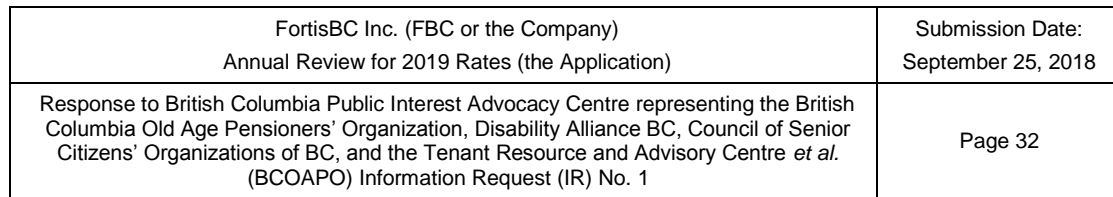
Response:

FBC incurred one-time capital expenditures of \$1.370 million in 2017 with respect to AR 8.

19.3.1 If yes, what were they and in what years where they incurred?

Response:

Please refer to the response to BCOAPO IR 1.19.3.



3
4 **Response:**

6

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20.0 Reference: Exhibit B-2, Tab 7, pages 56-57

Exhibit B-2, Tab 11, Schedule 4

20.1 Table 7-4 shows 2019 Special Projects and CPCN Capital Expenditures of \$20.199 M (line 11). However, on page 56, 2019 capital expenditures for the UBO Project are reported as \$7.822 M (lines 13) and for the Corra Linn Dam Spillway Gate Replacement Project as \$14.459 M (line 19) for a total of more than \$22 M. Please reconcile.

Response:

The costs included in the project descriptions on page 56 of the Application are total expenditures including Cost of Removal and AFUDC, while the \$20.199 million at Line 11 of Table 7-4 does not include AFUDC. The table below shows the reconciliation of the Special Projects and CPCN Capital Expenditures from Table 7-4 by project, including a subtotal at Line 12a for reconciliation.

Line No.	Description	2019			
		Corra Linn	Ruckles	UBO	Total, Table 7-4
11	Special Projects and CPCN Capital Expenditures	\$ 12.750	\$ -	\$ 7.449	\$ 20.199
12	Special Projects and CPCN AFUDC	1.709		0.373	2.082
12a	Subtotal Including Cost of Removal and AFUDC	14.459	-	7.822	22.281
13	Special Projects and CPCN Cost of Removal	(2.751)		(0.333)	(3.084)
14	Special Projects and CPCN Work in Progress	(11.708)	6.690	0.596	(4.422)
15	Special Projects and CPCN Additions to Plant	\$ -	\$ 6.690	\$ 8.085	\$ 14.775

20.2 With respect to Table 7-4, please provide a schedule that sets out the contribution of each of the UBO Refurbishment Project, the Corra Linn Dam Spillway Gate Replacement Project and the Ruckles Substation Rebuild Project to lines 11-15.

Response:

Please refer to the response to BCOAPO IR 1.20.1.

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1 20.3 Please reconcile the capital expenditures for the UBO Project (\$7.822 M vs.
2 \$7.449 M) and the Corra Linn Dam Spill Gate Replacement Project (\$14.459 M
3 vs. \$12,750 M) as reported in Tab 7 and Tab 11 respectively.

4
5 **Response:**

6 Please refer to the response to BCOAPO IR 1.20.1.

7

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21.0 Reference: Exhibit B-2, Tab 8, pages 62 and 65

Annual Review for 2018 Rates, Exhibit B-2, page 67 (Table 8-2)

Exhibit B-2, Tab 9, page 67

21.1 Table 8-2 in this year's Application shows a pre-tax rate for Common Equity of 12.53%, which is an increase over the 12.36% used last year. Please explain the reason for the increase, particularly when the return on common equity is unchanged from 2018 (9.15%), the corporate tax rate is unchanged from 2018 (27%) and total income taxes payable are less in 2019 than in 2018 approved (per page 67).

Response:

The pre-tax ROE in the Annual Review for 2018 rates was calculated using an income tax rate of 26 percent which was in place at the time of filing ($9.15\% \div (1-26\%) = 12.36\%$). The change to the provincial corporate income tax rate was enacted on November 2, 2017, resulting in a pre-tax ROE of 12.53 percent ($9.15\% \div (1-27\%)$). The impact of the income tax rate change was included in FBC's compliance filing for 2018 rates.

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1 **22.0 Reference: Exhibit B-2, Tab 9, page 67**

2 22.1 Please provide the basis for the 7.7% increase in revenues reported to
3 municipalities in 2019 over projected 2018 values (per lines 1-3), particularly in
4 view of the proposal to maintain 2019 rates at current levels.

5
6 **Response:**

7 Even though rates are proposed to remain at the current levels in 2019, changes in the amount
8 of electricity consumed can also lead to higher or lower revenues.

9 Specifically for 2019, the grants in-lieu will be based on 2017 revenues (a 2-year time lag). The
10 2017 revenues were known at the time of the filing for all the municipalities, and the actual
11 average revenue change in that year was 7.7 percent.

12

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23.0 Reference: Exhibit B-2, Tab 11, Schedule 2

Annual Review for 2018 Rates, Exhibit B-2, Tab 11, Schedule 2

23.1 Please clarify what Column 2 (Approved 2018) represents.

Response:

The amounts shown in Schedule 2, Column 2 in Tab 11 of the Application represent the FBC 2018 approved rate base as filed in the June 25, 2018 Annual Review of 2018 Rates Order G-38-18 compliance filing.

23.2 If it is meant to represent the utility rate base for 2018 as approved in G-38-18, please reconcile the values with set out in Tab 11 Schedule 2 from last year's Application.

Response:

Please see the reconciliation below from the 2018 forecast rate base of \$1,321.793 million shown in the August 10, 2017 FBC Annual Review of 2018 Rates filing (Exhibit B-2 in that proceeding), compared to the final 2018 approved rate base of \$1,321.217 million provided in the June 25, 2018 Compliance Filing for the same proceeding.

	<u>\$ millions</u>
August 10, 2017 Filing	\$ 1,321.793
Disposal of Castlegar District Office and KOC-related facilities, Plant in Service	(2.513)
Disposal of Castlegar District Office and KOC-related facilities, Accumulated Depreciation	2.147
Deferred Debt Issue Costs	(0.205)
Other Adjustments	<u>(0.005)</u>
June 25, 2018 Compliance Filing	<u>\$ 1,321.217</u>

The main drivers of the change in rate base were the disposal of certain facilities related to the construction of the Kootenay Operations Centre (KOC), approved by Order C-2-16, and the mid-year balance of deferred debt issue costs in rate base.

As explained in the Compliance Filing, FBC retired from plant in service, effective January 1, 2018, the Castlegar District Office (CDO) South Slokan Generation Office and Warehouse and the Warfield Trailer as contemplated in the KOC project. Pursuant to Order G-153-17 regarding

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the disposal of the CDO, the net proceeds of the sale of the CDO were recorded in the Castlegar Disposition deferral account which is held outside of rate base.

The deferred debt issue costs included an adjustment for the timing of the December 4, 2017 \$75 million debt issuance and a correction to the related income tax and amortization of the deferral account in the Evidentiary Update on October 3, 2017.

Other minor adjustments resulted from the change in the corporate income tax rate and changes in working capital allowance, primarily arising from changes in interest expense and income taxes.

23.3 Please reconcile the 2018 Plant in Service-Ending value (column 2) with the 2019 at Revised Rates-Beginning value (column 3).

Response:

Please see the reconciliation below of the 2018 Approved Plant in Service ending balance of \$2,049.218 million and the 2019 forecast Plant in Service opening balance of \$2,040.679 million.

There were two main drivers of the change:

- Forecast versus actual variances of capital spend related to major projects such as the Corra Linn Spillway Gate Replacement, Kootenay Operations Centre and Ruckles Substation Rebuild; and
- Variances in cost of removal estimates.

	(\$ millions)
Ending Balance, 2018 Compliance Filing	\$ 2,049.218
Reconciling Items	
Major Project Forecast Variances	(5.484)
Revised Cost of Removal Estimates	(2.624)
Other Minor Variances	(0.431)
Opening Balance, Annual Review for 219 Rates	\$ 2,040.679

FortisBC Inc. (FBC or the Company) Annual Review for 2019 Rates (the Application)	Submission Date: September 25, 2018
Response to British Columbia Public Interest Advocacy Centre representing the British Columbia Old Age Pensioners' Organization, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, and the Tenant Resource and Advisory Centre <i>et al.</i> (BCOAPO) Information Request (IR) No. 1	Page 39

24.0 Reference: Exhibit B-2, Tab 12, pages 108-110

24.1 Has FortisBC incurred cloud computing implementation costs (as discussed/described on pages 108-110) in any of the years 2014-2018?

Response:

Please refer to the responses to BCUC IRs 1.31.1 and 1.31.2.

24.1.1 If yes, what were the amounts incurred in each of the years 2014-2017 and currently projected for 2018?

Response:

Please refer to the response to BCUC IR 1.31.1.

24.1.2 How were these amounts treated in the Rate Application/Earning Sharing calculations for each year (i.e., as a current year expense or capitalized)?

Response:

Please refer to the response to BCUC IR 1.31.1.

24.2 The text on page 109 suggests that the current practice is to expense such costs (with the new treatment as a capital expenditure anticipated to start in 2020). However, on page 110 (lines 21-25) suggests that such costs have traditionally been capitalized. Please reconcile.

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1 **Response:**

2 Please refer to the response to BCUC IR 1.31.1.1.

3

4

5

6 24.3 What are the forecast 2019 cloud computing implementation costs?

7

8 **Response:**

9 Please refer to the response to BCUC IR 1.31.5.

10

11

12

13 24.4 Are any of these costs treated as capital additions in 2019 such that they
14 contribute to the 2019 revenue requirement?

15

16 **Response:**

17 Please refer to the response to BCUC IR 1.31.5.

18

19

20

21 24.5 With respect to the Tab 7, is the spending for cloud computing implementation
22 costs assumed to be captured under the Formula Capital Expenditures? If not,
23 where are they reflected in the Tab 7 and in the Financial Schedules (Tab 11)?

24

25 **Response:**

26 Please refer to the response to BCUC IR 1.31.5.

27

28

29

30 24.6 What would be the change in the 2019 revenue requirement if these costs were
31 expensed as opposed to capitalized?

32

FortisBC Inc. (FBC or the Company) Annual Review for 2019 Rates (the Application)	Submission Date: September 25, 2018
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1 **Response:**

2 In the response to BCUC IR 1.31.5, FBC identifies \$85 thousand of known cloud computing
3 vendor implementation costs in 2019 which are now permitted to be capitalized pursuant to ASU
4 2018-15 which was issued on August 29, 2018. The determination of the 2019 revenue
5 requirements would not be impacted as 2019 rates are set on formulaic O&M and capital. In
6 absence of such formulas and assuming a cost of service forecast, the impact of capitalizing
7 \$85 thousand is a rate decrease of 0.001 percent in 2019 (due to the beneficial income tax
8 impact of the capital cost allowance), compared to a rate increase of 0.023 percent (\$0.085
9 million divided by \$370.534 million) if expensed.

10

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1 **25.0 Reference: Exhibit B-2, Tab 13, pages 123-124**

2 **Preamble:** The Application states:

3 *As of June 30, 2018, there were 2 Medical Treatment and 4 Lost Time*
4 *injuries. Four of these six events occurred in January. If the recent*
5 *improving trend in performance continues, FBC expects the 2018 AIFR to*
6 *improve over the course of the year. The three-year rolling average of*
7 *annual results including 2018 June year-to-date results is 1.61, which is*
8 *better than the benchmark of 1.64.*

9 25.1 Please provide the YTD 2018 All Injury Frequency Rate as of August 31, 2018
10 and the resulting three year rolling average.

11
12 **Response:**

13 The YTD 2018 All Injury Frequency Rate (AIFR) as of August 31 is 1.96 (compared to the June
14 30, 2018 YTD AIFR of 2.56), resulting in a three year rolling average of 1.41.

15

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26.0 Reference: Exhibit B-2, Tab 13, pages 128-129

26.1 Given the impacts of the self-serving option and the call back option, please comment on the continuing usefulness of the "Telephone Abandon Rate" as a measure of service quality in terms of responsiveness to customers' needs.

Response:

Because there is no definitive way to determine why a customer abandoned a call, FBC believes that the telephone abandon rate is of limited use as a measure of service quality. Instead, the Company maintains that the telephone service factor (TSF) and first contact resolution (FCR) metric remain the most useful and accurate measures of the quality of service provided to customers by the contact centre. The TSF provides insight into the call waiting times experienced by the majority of customers, while the FCR provides insight into repeat call volumes. These two metrics together provide more useful insight than the telephone abandon rate.

26.2 Can FortisBC suggest any changes to the way the measure is calculated that would improve the usefulness/meaningfulness of this measure?

Response:

Please refer to the response to BCOAPO IR 1.26.1.

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27.0 Reference: Exhibit B-2, Tab 13, page 130

27.1 Does FortisBC have any information as to the increase in the reported duration of each outage that results from the measurement starting based on the earliest AMI or customer call-in for the outage as opposed to when the outage was confirmed in the field?

Response:

Please refer to the response to BCUC IR 1.5.2.

27.1.1 If yes, what would be the result of “adjusting” the 2017 and 2018 YTD results for this difference?

Response:

FBC cannot provide an adjusted value for SAIDI for the reasons explained in the response to BCSEA IR 1.2.4.

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1 **28.0 Reference: Exhibit B-2, Tab 13, page 132**

2 28.1 It is noted that since 2013 there has been continuous increase in the SAIFI
3 results, such that the 2018 YTD value has almost reached the Benchmark. Can
4 FortisBC provide any explanation for the continuous deterioration in this reliability
5 measure?
6

7 **Response:**

8 The 2014 to 2016 three year rolling average results shown in Table 13-12 in the Application are
9 relatively stable with some variation expected due to factors outside of the utility's control. The
10 2017 and 2018 results have been impacted to some degree by deployment of the OMS
11 although to a lesser extent than the SAIDI results. Please also refer to the response to BCSEA
12 IR 1.2.5.

13

FortisBC Inc. (FBC or the Company) Annual Review for 2019 Rates (the Application)	Submission Date: September 25, 2018
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29.0 Reference: Annual Review for 2018 Rates, Exhibit B-2, Tab 12, page 120

Annual Review for 2018 Rates, Exhibit B-5, BCOAPO 26.3

Exhibit B-2, Appendix B1

29.1 Please provide a copy of the RFP used for the benchmarking study and indicate the consultant chosen.

Response:

Please refer to Attachment 29.1 for a copy of the RFP used for the benchmarking study.

The consultant chosen was Concentric Advisors, ULC.

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30.0 Reference: Exhibit B-2, Appendix B2, page 2 (Table B2-1)

30.1 Please confirm that the initial 2013 base capital to which annual adjustments for inflation, productivity and growth are applied included spending for both sustainment and growth.

Response:

Confirmed.

30.1.1 Please provide a breakdown of the 2013 base capital as used in the 2014-2019 PBR framework as between sustainment, growth and other spending (per BCUC PBR Decision, pages 205-210)

Response:

The 2013 base capital components as applied for are shown in Table 3.7 of the PBR Decision on page 205. At page 219 of the PBR Decision, the Commission directed FBC to expense certain software costs, reducing the base capital amount by \$0.564 million. After subtracting pension and OPEB expense, the 2013 formula base capital amount per the PBR Decision is \$41.875 million (Section 11, Schedule 4, Line 2).

	FBC Application	Adjustments (\$ millions)	Decision
Sustainment Capital	\$ 20.047	\$ -	\$ 20.047
Growth Capital	20.638	-	20.638
Other Capital	8.495	(0.564)	7.931
Subtotal	49.180	(0.564)	48.616
Less Pension/OPEB	(6.741)	-	(6.741)
Formula Capex	\$ 42.439	\$ (0.564)	\$ 41.875

30.2 Please explain how the annual values contributing to the cumulative \$8.8 M in “capital pressure” attributable to system improvements to accommodate growth was determined. In doing so please explain how the spending provided for by the PBR formula was accounted for.

FortisBC Inc. (FBC or the Company) Annual Review for 2019 Rates (the Application)	Submission Date: September 25, 2018
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Response:

The cumulative \$8.6 million (not \$8.8 million) capital pressure attributable to system improvements to accommodate growth was determined by comparing the actual expenditures in each year for New Connects and Distribution Growth against what was originally estimated during the development of the PBR Application. Please refer to the response to BCUC IR 1.7.2 which explains that the capital “forecasts” in the PBR Application did not form the basis for a capital “budget” for the PBR term. Rather, the total Base Capital as determined in that proceeding is escalated by formula to arrive at the allowed formula capital amount, on an aggregate basis.

The table below provides the difference between actual costs and the original 2014 estimated costs associated with system improvements to accommodate growth.

	2014 (\$ thousands)	2015 (\$ thousands)	2016 (\$ thousands)	2017 (\$ thousands)	2018F (\$ thousands)
New Connects	1,914	2,018	1,949	2,400	1,000
Distribution Growth	-	-	-	200	-
System Improvements	1,914	2,018	1,949	2,600	1,000

30.3 Please explain how the annual and cumulative values for lines 6, 7, 8 and 9 were determined and how the spending provided for by the PBR formula was accounted for.

Response:

The annual and cumulative values for lines 6, 7, 8 and 9 were determined based on actual costs incurred for the individual projects described in the referenced table for the years 2014 through 2017 and a forecast cost for 2018. Please refer to the response to BCUC IR 1.7.2.

30.4 Please explain how the Relocation of Highway 97 Infrastructure and Customer Drive Modifications at the RG Anderson Terminal can be considered capital

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1 pressures when the projects are funded by capital contributions and do not add
2 to the revenue requirement.

3
4 **Response:**

5 The Relocation of Highway 97 Infrastructure, and Customer Modifications at the RG Anderson
6 Terminal are customer-funded and therefore offset by Contributions in Aid of Construction
7 (CIAC). The projects create a formula capital pressure because CIAC is excluded from the
8 capital expenditure formula envelope under FBC's PBR Plan.

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31.0 Reference: Exhibit B-2, Appendix B2, pages 5-6

31.1 For each of the projects reprioritized from previous years into 2017 and deemed Essential, please explain why it was necessary to complete these projects in 2017 as opposed to deferring them to a future year.

Response:

Please refer to the response to BCUC IR 1.7.3.1.

31.2 For each of the projects reprioritized from previous years into 2018 and deemed Essential, please explain why it was necessary to complete these projects in 2018 as opposed to deferring them to a future year.

Response:

Please refer to the response to BCUC IR 1.7.3.1.

31.3 If the projects reprioritized into 2017 had been not been deferred and carried out as originally planned, how would they have been characterized for purposes of Table B2-1 (i.e., would they have been considered a “capital pressure” and if so how would they have been categorized?)?

Response:

Table B2-1 lists those projects that are contributing to the variance between the PBR formula and the capital spending in each of the years. The total work FBC has classified under line 13 “Project reprioritization” equals \$4.8 million. If FBC had not reprioritized this work, FBC would likely not have considered these “capital cost pressures” since they were part of FBC’s original capital plan; however, they would have contributed to FBC’s overall challenge in keeping capital costs within formula amounts.

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32.0 Reference: Exhibit B-2, Appendix B2, pages 9-10 and Footnote #6

32.1 Is FortisBC adopting/implementing a commercially available Asset Investment Planning (AIP) tool or developing its own tool in-house? If the former, which commercially available tool is FortisBC adopting?

Response:

FBC is implementing a commercially available Asset Investment Planning software called C55 developed by Copperleaf Technologies Inc.

32.2 With respect to Footnote #6, when does FortisBC expect the AIP tool will be used/applied to its electric assets?

Response:

FBC is planning to implement the AIP tool for its electric assets in Q4 2018.

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1 **33.0 Reference: Exhibit B-2, Appendix C, page 15**

2 33.1 Is Unit 4 currently expected to be returned to service before the end of October
3 2018?

4
5 **Response:**

6 In the Application, FBC stated that the in-service date for Unit 4 was October 2018. The in-
7 service date for Unit 4 is now November 2018 as certain mechanical components require
8 additional time to repair or replace.

9

FortisBC Inc. (FBC or the Company) Annual Review for 2019 Rates (the Application)	Submission Date: September 25, 2018
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34.0 Reference: Exhibit B-2, Appendix C, pages 2 and 19

34.1 At page 2, the Application indicates that Unit 3 was returned to service in Q3 2017. At page 19, the Application indicates that as of June 30, 2018 there is still an estimated \$86,000 in project expenditures required to complete Unit 3. Please reconcile.

Response:

Unit 3 was returned to service in 2017; however, there are minor deficiencies that still need to be addressed. These deficiencies do not prevent the unit from operating safely or at its full capacity.

FBC requires an outage on Unit 3 to address these minor deficiencies, and therefore will address the minor deficiencies in parallel with Unit 3's annual maintenance inspection, scheduled for October 2018.

34.2 How/why did advancing the engineering effort related to Unit 3 into 2017 lead to an increase in overall project spending?

Response:

The advancement of engineering effort into 2017 from future years does not result in an increase in overall project spending, but rather an increase in the 2017 spending on Unit 3.

The Class 4 estimate developed for the Project assumed an equal distribution of engineering effort over the duration of the Project. However, the engineering completed for Unit 3 can be updated for use on Unit 4 (2018), Unit 1 (2019) and Unit 2 (2020). Similarly, the engineering completed for Unit 4 (which had a larger scope of work than Unit 3) can be updated for use on Units 1 and 2. As a result, the engineering effort for the Project is not evenly distributed over the duration of the Project.

34.3 What was the increased spending in 2017 due to the advancement of the engineering effort related to Unit 3?

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1 **Response:**

2 Approximately \$820 thousand of expenditures were advanced from future years into 2017 as a
3 result of the advancement of engineering effort for the project. Advancement of engineering
4 effort was not solely related to Unit 3.

5

6

7

8 34.4 How much of the 52% variance in the cost of Unit 3 (versus Application/Control
9 Budget) is due to the advancement of the engineering effort into 2017?

10

11 **Response:**

12 The variance between the 2017 budget and the 2017 forecast is approximately \$2.1 million. As
13 stated in the response to BCOAPO IR 1.34.3, approximately \$820 thousand of expenditures
14 were advanced from future years into 2017 as a result of changes in the timing of engineering
15 expenditures related to the project. Therefore, approximately 39 percent of the variance is due
16 to the advancement of engineering effort from future years into 2017.

17

18

19

20 34.5 What was the rationale for advancing the engineering effort for Unit 3 into 2017
21 given that it gave rise to an increase in overall project spending?

22

23 **Response:**

24 The advancement of engineering effort into 2017 from future years does not result in an
25 increase in overall project spending. Please refer to the response to BCOAPO IR 1.34.2.

26

REQUEST FOR PROPOSALS (“RFP”)

FORTISBC ENERGY INC & FORTISBC INC (“FortisBC”)

UTILITY EFFICIENTY BENCHMARKING STUDY

RFP Reference Number: P172485IYL

Issue Date: December 6th, 2017

SUBMISSION INSTRUCTIONS:

STEP 1:

- Return the Response Notification Form (Appendix 1), in the manner indicated on the form, by the Response Notification Form Submission Deadline below.

STEP 2:

- Submit one complete set of each Proposal by email (in pdf format) to the following address (the “Closing Place”):

E-mail: isabella.li@fortisbc.com

Emails should have the RFP reference number and Proponent name identified in the subject line.

FortisBC has a 10MB file size limit per email – Proponents must partition and number large emails and identify the number of transmissions.

KEY DATES:

Closing Time:	12:00:00 noon , Pacific time on December 20th, 2017 , subject to section 6.0 (<i>Closing Time</i>).
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Deadline to Submit Response Notification Form:	12:00:00 noon , Pacific time on December 11th, 2017 see section 2.1 (<i>Eligibility</i>)
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Deadline to Submit Questions:	4 business days prior to the Closing Time
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INQUIRIES:

Submit inquiries and clarifications **by e-mail** to: isabella.li@fortisbc.com no later than the above Deadline to Submit Questions, quoting the RFP reference number.

Part 1

Instructions to Proponents

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- COVER LETTER
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- PART B - CHARGE-OUT RATES, COSTS AND PRICING
- PART C- CHECKLIST

PART 4 - CONTRACT TERMS AND CONDITIONS

APPENDICES

- APPENDIX 1 - Response Notification Form

SECTION A - GENERAL

1.0 PURPOSE AND SCOPE

- 1.1 Through this RFP, FortisBC is seeking Proposals for the performance of the work described in Part 2 (the “**Work**”), in accordance with the following instructions. Part 2, which such modifications as may be agreed between FortisBC and the successful Proponent, will be incorporated into any contract between FortisBC and the successful Proponent.
- 1.2 For the purpose of this RFP:
- (a) references to “**Proponent**” are deemed to include potential Proponents; and
 - (b) references to “**RFP Documents**” include this Request for Proposals, all Appendices and Schedules attached hereto, all addenda issued by FortisBC, all References Documents identified on the Table of Contents page and all other documents listed on the Table of Contents.
- 1.3 Affiliates (as defined in the *Business Corporations Act (British Columbia)*) of FortisBC may be involved in the Work or planning similar projects/work. FortisBC may share each Proposal with employees and contractors of any of its Affiliates.

2.0 ELIGIBILITY

- 2.1 Proponents should return a completed Response Notification Form (Appendix 1) by the date set out on the cover page and in accordance with the instructions on the Response Notification Form. **Failure to do so may result in failure to receive addenda and/or disqualification.**

3.0 SITE VISIT/INFORMATION SESSION [applicable if date shown in Key Dates]

- 3.1 FortisBC will conduct a site visit/information session on the date(s), if any, set out under Key Dates. Proponents are required to confirm attendance on the Response Notification Form (Appendix 1). Proponents must comply with site requirements as directed by FortisBC, including as to personal protective equipment (PPE) required to visit the site. **If site visit/information session is identified as mandatory, Proponents who fail to attend will be deemed non-compliant and ineligible to submit a Proposal.** Following the site visit/information session, FortisBC may issue an addendum to this RFP.

4.0 REFERENCE DOCUMENTS

- 4.1 Reference documents, and their method of access, are as listed on the Table of Contents page.
- 4.2 Proponents should familiarize themselves with FortisBC’s policies, procedures and standards included as part of the reference document and which will be incorporated into and form part of the resulting contract.

SECTION B - PROPOSAL SUBMISSION

5.0 SUBMISSION INSTRUCTIONS

- 5.1 Proponents must comply with the Submission Instructions on the cover page. Unless emailed proposals are specifically permitted on the cover page, Proposals received by email will not be accepted. Faxed Proposals will not be accepted.

6.0 CLOSING TIME

- 6.1 Proposals, signed by the authorized signatory(ies) of the Proponent, must be delivered to the Closing Place by no later than the date and time shown on the cover page of this RFP, or such other time as FortisBC may specify by addendum (the "**Closing Time**"). FortisBC reserves the right to extend the Closing Time. The Proponent is solely responsible to ensure its Proposal is received by the Closing Time. **Late Proposals will not be accepted.**
- 6.2 Proposals submitted prior to the Closing Time may be withdrawn or amended at any time before the Closing Time by written notice if signed by the Proponent in the same manner and form as the Proposal and delivered to the Closing Place.

7.0 ELECTRONIC TRANSMISSIONS

- 7.1 If the Submission Instructions permit submission by email, all pages must be received by the Closing Time. Proposals that cannot be opened or viewed by FortisBC will be rejected.
- 7.2 The electronic submission of Proposals is at the Proponent's sole risk. FortisBC assumes no responsibility for timely receipt or adequacy of electronic transmissions and assumes no liability whatsoever for the disclosure of documents submitted electronically or for loss of or failure to receive documents, in whole or in part, for any reason, including server delays, redirection to spam/junk folders or server failure to accept an email due to size or otherwise.

8.0 INQUIRIES

- 8.1 Proponents should submit inquiries in accordance with the instructions on the cover page. FortisBC will, if it deems necessary, issue an addendum identifying any changes to the RFP arising from inquiries received.

9.0 ADDENDA

- 9.1 FortisBC may, at its sole discretion, issue written addenda to this RFP. Addenda will be provided to Proponents directly by FortisBC. All addenda are incorporated into and form part of this RFP. Each Proponent must ensure it has obtained all addenda prior to submitting a Proposal. By submitting a Proposal, the Proponent acknowledges receipt of all addenda issued by FortisBC.
- 9.2 FortisBC will not be bound by instructions or information (whether given orally or in writing) by whomsoever made (including any employee, contractor or representative of FortisBC), not incorporated into an addendum to this RFP.

PART 1

INSTRUCTIONS TO PROPONENTS

10.0 REQUIREMENTS

- 10.1 All requirements utilizing the words “**shall**” or “**must**” are mandatory and Proposals must substantially comply or fulfill such requirements. Failure to comply shall not result in a Proposal being disqualified or rendered void unless FortisBC, in its absolute discretion, elects not to consider the Proposal any further, otherwise, FortisBC may waive such non-compliance.

SECTION C - CONTENTS OF PROPOSAL

11.0 FORM AND CONTENTS OF PROPOSAL

- 11.1 Proposals should be submitted in English and should not include web links or hyperlinks. Any portions of a Proposal not in English and any web links or hyperlinks might not be reviewed or considered. The inclusion of corporate brochures and narratives are discouraged.
- 11.2 Proposals should be in the form set out in Part 3 – Form of Proposal and otherwise conform to the requirements of this RFP.
- 11.3 All forms included in Part 3 should be completed. Proponents should not alter the text in the forms. Only sections requiring a response from Proponents are to be filled in. Any additional appendices required should be attached.

12.0 ACCEPTANCE OF TERMS AND ALTERNATIVES

- 12.1 The terms and conditions of this RFP (including any addenda) and the contract terms set out in Part 4 – Terms and Conditions, are deemed to be accepted by the Proponent and incorporated into its Proposal, except to the extent expressly excluded, supplemented or replaced in the Proposal in accordance with this RFP. The substantial or wholesale replacement of Part 4 will not be acceptable and any Proposal proposing such a replacement is subject to rejection.
- 12.2 Where a Proposal includes alternatives or modifications to this RFP, including the Part 2 - Scope of Work or Part 4 – Terms and Conditions, the Proponent should separately identify:
- (a) the suggested alternative or modification, providing detailed description;
 - (b) the reason for its inclusion, including the associated advantages, benefits and risks;
 - (c) the schedule impact ascribed to each suggested alternative or modification, provided that if the Proponent fails to ascribe a schedule impact, it shall be deemed to have no impact;
 - (d) the financial impact (the dollar value of the increase or decrease in the contract price) ascribed to each suggested alternative or modification, provided that if the Proponent fails to ascribe a value to a particular alternative or modification, it shall be deemed to have a \$0 value.
- 12.3 FortisBC may accept any Proposal submitted, with or without regard to any alternatives or modifications submitted by the Proponent.

PART 1

INSTRUCTIONS TO PROPONENTS

13.0 FEES AND EXPENSES

- 13.1 All prices should be expressed in Canadian dollars. The Proponent should provide rates, prices and proposed expenses as identified and in the format shown in the Part 3 – Form of Proposal.

14.0 SUBCONTRACTING AND JOINT SUBMISSIONS

- 14.1 Where a Proponent intends to use subcontractors, the Proposal should list all subcontractors, the work they will perform and the approximate value of such work. Where a final selection has not been made, the list should identify all subcontractors from which the selection will be made. Identified subcontractors shall not be replaced without prior written consent from FortisBC. Use of subcontractors constitutes the Proponent's assurance as to their competency and acceptance by the Proponent of full responsibility for such subcontractor's goods, work and/or services.
- 14.2 For joint submissions, the Proponent shall identify and describe the roles of each joint venturer and all relevant information about the joint venture's management and ability to perform the work. One party must assume overall responsibility for the RFP and the RFP process and be identified accordingly in the Proposal, but all parties must execute the contract and will be jointly and severally responsible for the work.

15.0 NO COLLUSION

- 15.1 By submitting a Proposal, each Proponent represents and warrants its Proposal was independently prepared and submitted without connection, knowledge, consultation or comparison of figures or agreement with any other Proponent.
- 15.2 The Proponent shall ensure no individual named in its management team is an officer or director of another Proponent.

16.0 KNOWLEDGE OF WORK AND SITE CONDITIONS

- 16.1 Before submitting a Proposal, the Proponent shall obtain all necessary information as to risks, contingencies and other circumstances which may influence or affects its Proposal.
- 16.2 Proponents shall examine, investigate and satisfy themselves, at their own risk and expense, as to all matters relating to the scope and nature of the work, the site conditions; the means of access and egress; the extent of the work to be performed and all matters which are referred to in drawings, specifications and other RFP Documents, or are necessary for the full and proper completion of the work and the conditions under which it will be performed. No allowance shall be made subsequently in this connection on behalf of the Proponent for any error or negligence on the part of the Proponent.

SECTION D - EVALUATION AND SELECTION

17.0 AGREEMENT BETWEEN FORTISBC AND THE PROPONENT

- 17.1 The Proponent agrees FortisBC's sole obligation is to give consideration to the Proposal in accordance with the RFP Documents. In return, the Proponent has prepared and submitted its Proposal and agrees to negotiate in good faith with the intention to enter into a contract with FortisBC.

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INSTRUCTIONS TO PROPONENTS

18.0 ACCEPTANCE OR REJECTION OF PROPOSALS

- 18.1 Despite any other provision of this RFP, practices or customs to the contrary and throughout the RFP process, FortisBC reserves the right, in its discretion, to:
- (a) accept or reject any or all Proposals,
 - (b) accept or reject any part of any Proposal,
 - (c) accept a Proposal which is not the lowest cost Proposal;
 - (d) accept a Proposal that deviates from the requirements, scope/specifications or conditions specified in this RFP;
 - (e) accept or reject any irregular, informal, defective, incomplete, or otherwise non-compliant Proposal, regardless of the nature or cause of the irregularity, informality, defect, incompleteness, or non-compliance, including non-compliance with mandatory terms such as “must” or “shall”;
 - (f) reject a Proposal even if it is the only Proposal received in response to this RFP;
 - (g) to award all or part of the Work; and
 - (h) split the scope/specifications between one or more Proponents.
- 18.2 FortisBC further reserves the right, in its discretion, to accept or reject all or part of any Proposal which:
- (a) is incomplete, obscure, irregular or unrealistic;
 - (b) contains unauthorized erasures or corrections;
 - (c) contains terms, conditions or provisions unacceptable to FortisBC;
 - (d) is a conditional or qualified offer which is unacceptable to FortisBC;
 - (e) fails to comply with, or omits, any required or mandatory information; or
 - (f) is materially non-compliant with the requirements of this RFP.

19.0 EVALUATION AND SELECTION

- 19.1 Proposals will be opened privately.
- 19.2 Following the Closing Time, Proponents shall provide such additional information as may be required by FortisBC to facilitate the evaluation of the Proposals.
- 19.3 FortisBC will have sole and absolute discretion in considering and evaluating Proposals, judging acceptability, and awarding or not awarding any contract(s). FortisBC is not obliged to provide reasons with respect to use of its discretion.
- 19.4 FortisBC reserves the discretion to accept the Proposal, or negotiate with one or more Proponents, with respect to the Proposal FortisBC deems, in its discretion, to be most advantageous.
- 19.5 Criteria which may be used by FortisBC in evaluating Proposals and the process and weight, if any, to be given to the criteria are in FortisBC's sole discretion and may include one or more of:
- (a) total cost;
 - (b) amount of labour and materials obtained from the general locality of the work;
 - (c) reputation and references of Proponent, its subcontractors and their personnel;
 - (d) prior experience with FortisBC or its Affiliates;
 - (e) lien, WCB, environmental and other claims history;

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- (f) qualifications and experience of the Proponent and its personnel;
- (g) corporate quality assurance/quality control abilities and project policies and procedures;
- (h) financial capacity;
- (i) the capabilities, experience, and prior history with FortisBC of proposed subcontractors;
- (j) ability of the Proponent to ensure continuous availability of qualified and experienced personnel;
- (k) the proposed construction schedule, plan, labour, equipment and supervisory personnel;
- (l) union affiliation, if any, of Proponent's work force;
- (m) equipment functionality;
- (n) ability of the Proponent to complete the work within identified deadlines;
- (o) expected extent of interference during construction with FortisBC's normal operations;
- (p) quality and completeness of the Proposal; or
- (q) any proposed changes or modifications to the contract terms, if any.

20.0 SHORTLIST

- 20.1 FortisBC may, in its discretion, establish one or more shortlists of Proponents for further consideration.

21.0 CLARIFICATIONS, PRESENTATIONS AND INTERVIEWS

- 21.1 Whether or not FortisBC elects to establish a shortlist, FortisBC may, in its discretion:
- (a) conduct interviews, discussions and/or negotiations with one or more of the Proponents, either serially or concurrently and terminate such interviews or discussions for any reason;
 - (b) seek further information or clarifications from one or more Proponents;
 - (c) require any Proponent to deliver a presentation of their Proposal and/or participate in a question and answer (Q&A) session with respect to their Proposal at such time and location to be scheduled by FortisBC;
 - (d) give any Proponent an opportunity to correct its Proposal or to cure, regardless of severity, any non-conformity, non-compliance, irregularity or error;
 - (e) not disclose to any Proponent what information or clarifications were sought from any other Proponent;
 - (f) seek different information or clarifications from different Proponents.
- 21.2 FortisBC shall not be under any obligation to interview, enter into discussions or negotiations with, or solicit or receive further information or clarifications from, any Proponent.

22.0 RIGHT TO VERIFY AND INVESTIGATE

- 22.1 FortisBC reserves the right, in its discretion, to verify any of the information regarding a Proponent, whether contained in its Proposal or not, and to conduct any background investigations FortisBC considers necessary in the course of this RFP. By submitting a Proposal, each Proponent authorizes FortisBC to conduct such searches, enquiries and investigations.

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- 22.2 FortisBC may consider any information obtained in connection with any searches, enquiries or investigations in evaluating Proposals, establishing one or more shortlists, or awarding a contract.

23.0 NEGOTIATION

- 23.1 FortisBC reserves the right, in its discretion, to engage in discussions and negotiations with one or more Proponents, and to conduct such discussions or negotiations serially or concurrently in respect of any of the terms and conditions of the RFP, including but not limited to the purpose of:
- (a) exploring ways to alter, refine or improve the opportunity or the ultimate arrangement or contract;
 - (b) attempting to better compare Proposals;
 - (c) achieving optimal overall results as judged and perceived by FortisBC; and
 - (d) negotiating and finalizing contract(s) based on such discussions and negotiations.
- 23.2 FortisBC will not be obligated to offer any modified terms and conditions offered to, or discussed with, one Proponent to any other Proponent.
- 23.3 FortisBC is entitled to utilize the information or clarifications received or the modified terms and conditions resulting from any discussions or negotiations in selecting the successful Proponent and in awarding any contract resulting from this RFP.
- 23.4 Each Proponent agrees that if FortisBC chooses to negotiate the Proponent will not take any position in the negotiations less favourable to FortisBC than the position set out in its Proposal.
- 23.5 FortisBC may, in its discretion, terminate the negotiations at any time.

24.0 FINANCIAL STABILITY

- 24.1 Before the award of any contract, the Proponent may be required to furnish evidence satisfactory to FortisBC, in its discretion, of the necessary facilities, ability and financial resources to fulfill the conditions of the contract.

25.0 CONTRACT

- 25.1 By submitting a Proposal, the Proponent agrees that, should its Proposal be successful, the Proponent will enter into a contract with FortisBC, which contract will consist of a Purchase Order, Part 2 – Scope of Work, Part 4 – Terms and Conditions and the specifications and drawings issued or accepted by FortisBC before or after the award. Upon consideration of the Proposal, including any alternates or modifications identified therein, and upon successful completion of negotiations, if any, FortisBC will provide the contract to the successful Proponent for execution. Within seven (7) days of receipt of the contract for execution and prior to the contract coming into force, the successful Proponent must deliver to FortisBC:
- (a) all copies of the contract fully executed by the successful Proponent;
 - (b) any insurance and any security required by the contract; and
 - (c) a valid and current WorkSafeBC registration number and clearance letter, if required by the contract;

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failing which, FortisBC may, in its discretion:

- (d) terminate negotiations with the Proponent and hold such Proponent liable for any damages suffered by FortisBC; and
 - (e) commence negotiations with another Proponent.
- 25.2 Before any contract or obligation relative to this RFP becomes binding on FortisBC, approval thereof by its authorized senior personnel, or such officer or officers of FortisBC as FortisBC may from time to time designate, must first be obtained.

26.0 WAIVER OF CLAIMS

- 26.1 FortisBC shall not, under any circumstances, owe a duty of care or duty of fairness, either by contract or at law, to any Proponent or be responsible for any costs incurred by any Proponent in the preparation of its Proposal or for any damages whatsoever arising out of or related to the rejection of any Proposal. Despite any other provision of this RFP, in consideration of receipt and review of Proposals by FortisBC, FortisBC and its employees, contractors, consultants, agents and other representatives (collectively, the “**Released Parties**”) will not, under any circumstances whatsoever (including whether pursuant to contract, tort, statutory duty, law, equity or otherwise) be responsible or liable for any costs, expenses, claims, losses, damages or liabilities (collectively and individually “**Claims**”) incurred or suffered by Proponents related to this RFP, and by submitting a Proposal each Proponent shall be conclusively deemed to waive and release the Released Parties from and against any and all such Claims. Proponents shall indemnify and hold harmless the Released Parties against any Claims brought by third parties against the Released Parties which arise out of or are related to this RFP.

SECTION E – ADDITIONAL TERMS AND CONDITIONS

27.0 NO LIABILITY FOR ERRORS

- 27.1 Each Proponent submits its Proposal at its own risk and the Proponent is required to exercise due diligence and undertake whatever investigations and analysis it deems necessary before submitting its Proposal.

28.0 RELIANCE ON INFORMATION

- 28.1 FortisBC does not warrant or guarantee site, subsurface or geotechnical information, levels, grades or any other such information contained or indicated in any RFP documents. The Proponent must independently evaluate all information relative to actual conditions. No reliance on any information, representations, conclusions or inferences drawn from or contained or indicated in the RFP documents shall entitle the Proponent to make any claim against FortisBC or any other person for any damages whatsoever incurred by the Proponent as a result of such reliance.
- 28.2 Reference documents are provided for information purposes only. Statistical and other information therein may not be exact and may include undisclosed assumptions and extrapolations and should not be relied upon to any greater extent than is appropriate having regard to the independent analysis, investigations and judgments performed by the Proponent. FortisBC does not make any warranties regarding, and shall not be liable for, any information contained in the reference documents.

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29.0 CANCELLATION AND OTHER RIGHTS

- 29.1 FortisBC reserves the right to, and may, in its discretion:
- (a) amend or clarify any terms or conditions of this RFP, including changing dates, schedules, deadlines and the scope of work/specifications and issue addenda;
 - (b) cancel, suspend or postpone this RFP process at any time, before or after the Closing Time, without reasons;
 - (c) award all or part of the contract any one or more Proponents or to whomever FortisBC deems appropriate, including persons who have not responded to this RFP; or
 - (d) re-issue the RFP.
- 29.2 FortisBC may, in its discretion, elicit offers from other parties (whether or not such parties have responded to this RFP) or engage in another procurement process, including re-issuing a substantially similar RFP or negotiating a contract for the whole or any part of the work with any party, including but not limited to one or more of the Proponents, if:
- (a) only one Proposal is received;
 - (b) a suitable Proponent has not been selected; or
 - (c) a contract has not been agreed to within 90 days of the Closing Time.
- 29.3 FortisBC reserves the right at any time to accept unsolicited Proposals or to enter into a contract with persons who have not responded to this RFP.

30.0 OWNERSHIP AND USE OF PROPOSALS

- 30.1 All Proposals become the property of FortisBC. All writings, programs, plans, drawing and specifications prepared by or on behalf of a Proponent (other than those identified in the Proposal as being subject to registered patent or registered trademark protection) may be used by FortisBC for any purpose related to the project.
- 30.2 Proponents may designate portions of its Proposal that are proprietary in nature and FortisBC agrees not to disclose those portions except as required by the evaluation process.

31.0 PROPONENT'S EXPENSES

- 31.1 Proponents are solely responsible for their own costs and expenses in connection with this RFP, including preparing and submitting a Proposal and any subsequent interviews, discussions and negotiations with FortisBC.

32.0 COMMUNICATIONS WITH FORTISBC

- 32.1 Proponents shall not communicate or attempt to communicate, directly or indirectly, with any employee, contractor or other representative of FortisBC or its Affiliates, including the evaluation committee, about this RFP other than as expressly permitted in this RFP. Any such communication will constitute grounds for disqualification.

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33.0 GOVERNING LAW

- 33.1 This RFP will be governed by and construed in accordance with the laws of the Province of British Columbia and within the jurisdiction of the courts of the Province of British Columbia.

34.0 CONFIDENTIALITY

- 34.1 The contents of this RFP and any information pertaining to FortisBC, its customers, or individuals, obtained by the Proponent as a result of participation in this RFP is confidential and must not be disclosed without the prior written authorization of FortisBC, except as required to prepare a Proposal.
- 34.2 Proponents shall maintain strict confidence with respect to the RFP process and the RFP Documents and shall be responsible for any use, misuse or disclosure by its employees, agents, contractors or other representatives. Failure to maintain this confidentiality may result in disqualification and may cause FortisBC to remove the Proponent from FortisBC's approved vendor lists. No publicity or discussion of the Proponent's involvement in this RFP will be made until a contract is executed by both parties.
- 34.3 Proponents shall return, destroy or delete the RFP documents, and confirm destruction or deletion, if not submitting a Proposal or as otherwise requested by FortisBC.

35.0 CONFLICT OF INTEREST/BUSINESS CONDUCT

- 35.1 Proponents shall not offer or provide any gifts or personal benefit to any director, officer, employee or other representative of FortisBC.
- 35.2 Except as disclosed in its Proposal, no director, officer, employee or representative of FortisBC shall have, obtain or be entitled to any interest in the Proponent by way of ownership or management or obtain or be entitled to any benefit arising from this RFP process from the Proponent.
- 35.3 Prior to submitting its Proposal, each Proponent must read and confirm its understanding and compliance with FortisBC's business conduct and ethics policies included as part of the reference documents described on the Table of Contents page.
- 35.4 Failure to comply with this section may result in disqualification and/or removal from FortisBC's approved vendor lists.

36.0 NATURE OF RELATIONSHIP

- 36.1 The successful Proponent will be an independent contractor, not a worker, employee, partner or agent of FortisBC.

37.0 CONDITIONS PRECEDENT

- 37.1 Despite any other provision of this RFP, FortisBC advises the work/project is conditional upon internal project review and FortisBC obtaining project funding, permits and approval, including from the British Columbia Utilities Commission, on terms and conditions satisfactory to FortisBC.

Part 2

Scope of Work

1.0 Project Introduction

FortisBC Energy Inc. (FEI) and FortisBC Inc. (FBC), collectively “FortisBC”, wish to retain a qualified consultant (“Proponent”) to conduct a benchmarking study on utility efficiency. The study encompasses a review and comparison of natural gas and electric utilities and FortisBC (FEI and FBC) for metrics focused on assessing efficiency. The successful proponent is to manage and oversee both studies, analyze the results for both FEI (Gas) and FBC (Electric), and complete the required deliverables.

2.0 Corporate Business and Operational Background

Fortis Inc. is the largest investor-owned distribution utility in Canada and is based in St. John’s, Newfoundland. Fortis Inc. is an international distribution utility holding corporation having investments in distribution, transmission and generation utilities, as well as commercial real estate and hotel operations. Its shares are traded on the Toronto Stock Exchange under FTS. FEI and FBC are indirectly owned operating companies of Fortis Inc.

1.1 FortisBC Energy Inc. (FEI)

FEI is the largest distributor of natural gas in BC serving approximately 994,000 residential, commercial and industrial and transportation customers in more than 135 communities. Major areas served by FEI are the Lower Mainland, Vancouver Island and Whistler regions of BC. FEI provides transmission and distribution services to its customers and obtains natural gas supplies on behalf of most residential, commercial and industrial customers.

1.2 FortisBC Inc. (FBC)

FBC, incorporated by Special Act of the Legislature of the Province of British Columbia, operates an integrated regulated electric utility that owns hydroelectric generating plants, high voltage transmission lines, and a large network of distribution assets in the southern interior of the Province. FBC has been in continuous operation since 1897 and serves in excess of 163,800 direct and indirect customers. FBC is committed to providing safe, reliable electrical service at the lowest reasonable cost.

FBC directly serves communities throughout south central British Columbia, including Kelowna, Osoyoos, Trail, Castlegar, Princeton and Rossland and indirectly serves customers through the wholesale supply of power to municipal distributors in the communities of Summerland, Penticton, Grand Forks, Nelson as well as to BC Hydro at two points.

3.0 Metrics to be included in the Benchmarking Survey

Refer to Appendix A (FBC) and Appendix B (FEI) for the proposed metrics to include in the Benchmarking study.

4.0 Utilities to be included in the Benchmarking Survey

Utilities to be included are comparable Canadian Electric and Natural Gas Distribution utilities and comparable utilities in the Pacific Northwest region. The list of utilities to include in the benchmarking survey will be finalized after discussion with the chosen Proponent and may be affected by the availability of the required information for the utilities.

Additionally, the utilities for FBC's (Electric) study should include publicly traded electrical utilities governed by a Utility Commission and municipally owned electrical utilities. The study will include these firms if the data/information is publicly available.

5.0 Period of the Study

The benchmark study will focus on the most recent complete year's results 2016, with historical comparison provided also for the previous five years, 2011 to 2015.

6.0 Comparability of Data

Of importance is the consultant's approach to normalizing the data to ensure an "apples to apples comparison".

7.0 Commentary

Additionally, the consultant is expected to provide commentary on the study's results, explaining any differences in the metrics performance when comparing the utilities performance and the contributing factors.

8.0 Other Considerations for the Terms of Reference

Following are other considerations that may impact the Terms of Reference for the Benchmarking study. Further discussion may be required on how best to address these considerations as part of the benchmarking study.

- 8.1 The benchmarking study should attempt identify changes in O&M and Capital work prioritization, changes in accounting practices and policies, and movement of costs / activities between allowed formulaic amounts under the Performance Base Ratemaking (PBR) Plan and the amounts outside of the PBR Plan that may affect the reported results.

- 8.2 If the study were to use an amalgamated entity for comparison, perhaps using the two largely rural and largely urban distribution utilities in Alberta, it would effectively mimic FEI's diverse characteristics. There may be other utilities that can be grouped to provide additional benchmarks.
- 8.3 Benchmarks that are limited to measuring how well the utilities are doing at "business-as-usual" are inadequate and will tend to distort and limit the trajectory of their development. Among other things, the utilities should want to be evaluated for their success in adapting to the evolving context and societal needs.
- 8.4 The benchmarking study for FBC should include utilities in the Pacific Northwest (Washington State) as part of the study or provide rationale for excluding them. Where possible, there should be consideration of metrics relevant to irrigation customers, the nature of how these types of customers use the power and the costs.
- 8.5 Some high level metrics to consider include comparison of employees per customer.
- 8.6 Measures related to reliability, safety and operational efficiency should be part of the study. The benchmarking study should compare FBCs capital spending against other utilities in order to assess whether FBC's capital spending was appropriate.

9.0 Proposal Submission

- Propose and outline the benchmarking approach and method and the costs to conducting the proposed benchmarking study. The costs should include the research and analysis for the survey, discussion of the preliminary and final results with FortisBC, preparation of the draft and final reports, and answering of questions from FortisBC.
- Provide an hourly rate for any ad hoc reporting requests that are outside of the scope of work.

10.0 Project deliverables

Deliverables include compilation of data found in research efforts and reviewing to ensure comparability. Information will be compiled and presented in graphical and tabular form with narrative and commentary provided on the results. Data including sources of the data will be provided to FortisBC for reference.

Required is a kick-off meeting with FortisBC prior to the start of the study.

When the preliminary results of the survey are available, required is a meeting with FortisBC to review and discuss the preliminary results and ensure the scope of work is adequately addressed before the first draft of the report is prepared. Additionally, an in-person presentation including power point slides will be required to present and discuss the final results of the study with FortisBC, highlighting key findings.

A required deliverable is a report documenting the results of the benchmarking study. The report will include an executive summary, discussion of the methodology used, the study results and commentary as required, explaining any differences and contributors. The format of the summary and reports mentioned above will be decided at the kick off meeting for this study.

11.0 Project Timing

The draft report of the study is required delivered **on or before May 31, 2018** to allow sufficient time for FortisBC to review and provide feedback on the report. The final report is required **on or before August 31, 2018**.

Appendix A: Proposed Terms of Reference for FortisBC Inc. (FBC) Benchmarking Study

Metric	Description of Metric
<i>Reasonableness of Proposed Investments and Capital Expenditures</i>	
Net Plant per customer	This measures the net book value of Property, Plant and Equipment expressed on per customer basis. This may include Rate Base per customer.
Net Plant per full time regular (FTR) employee	This measures the net book value of Property, Plant and Equipment expressed on per FTR employee basis.
<i>Prudence of Costs in Rates</i>	
Operating, Maintenance and Administration (OM&A) per customer	This includes all O&M costs, operations, customer care and administration and is netted of capitalized overheads and expressed on a per customer basis.
OM&A per FTR employee	This includes all O&M costs, operations, customer care and administration and is netted of capitalized overheads and expressed on a per FTR employee basis.
OM&A per unit throughput	This includes all O&M costs, operations, customer care and administration and is netted of capitalized overheads and expressed on a per unit of throughput basis.
Energy delivered per FTR employee	This measures the total amount of energy delivered on a per FTR employee basis.
Total Administrative and General costs per customer	This measures the administrative and general function costs expressed on a per customer basis.
Total Administrative and General costs per unit of throughput	This measures the administrative and general function costs expressed on a per unit of throughput delivered.
Customer Care costs per customer	This measures the Customer Care costs expressed on a per customer basis.
Total Financing costs per customer	This measures the total financing costs (i.e. long term and short debt) expressed on a per customer basis.

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<i>Safety, Reliability of the system and Quality of the service</i>	
Emergency Response Time	This measure is calculated as the percent of calls responded to within two hours.
System Average Interruption Duration Index (SAIDI) – Normalized	This measure is calculated as the total customer hours of interruption divided by the total number of customer served, after adjusting for the impact of Major Events (as adjusted using the Institute of Electrical and Electronics Engineer method of normalizing reliability statistics for Major Events).
System Average Interruption Frequency Index (SAIFI) - Normalized	This measure is calculated as the total number of customer interruptions divided by the total number of customer served, after adjusting for the impact of Major Events (as adjusted using the Institute of Electrical and Electronics Engineer method of normalizing reliability statistics for Major Events).
Generator Forced Outage Rate (GFOR)	This measure is the percentage of time in one year that the generating units experienced forced outage rates compared to the amount of time they could have operated without a forced outage.
<i>Customer Care Service Levels</i>	
Telephone Service Factor (TSF) – Non Emergency	This a measure of how well the Company can balance the costs and service level with the overall objective to maintain a consistent TSF level. Given this, the focus of the benchmarking study should be on the TSF targets that utilities have set and not necessarily the actual performance achieved.
First Contact Resolution (FCR)	<p>This measures the percentage of customers who receive resolution to their issue in one contact. As there may be different ways of measuring FCR, to ensure comparability of results between companies, the SQM definition of FCR should be used. The SQM FCR definition is as follows:</p> <p style="text-align: center;"><i>Based on survey results, customer's call is resolved on a first call without having to call back to resolve their inquiry or problem.</i></p>
Telephone Abandon Rate	This measure is the percent of calls abandoned by the customer before speaking to a customer service representative.
<i>Other</i>	
Demand Side Management (DSM) expenditures per customer	This includes DSM expenditures per customer, with and without incentives.

Appendix B: Proposed Terms of Reference for FortisBC Energy Inc. (FEI) Benchmarking Study

Metric	Description of Metric
<i>Reasonableness of Proposed Investments and Capital Expenditures</i>	
Net Plant per customer	This measures the net book value of Property, Plant and Equipment expressed on per customer basis. This may include Rate Base per customer.
Net Plant per full time regular (FTR) employee	This measures the net book value of Property, Plant and Equipment expressed on per FTR employee basis.
<i>Prudence of Costs in Rates</i>	
Operating, Maintenance and Administration (OM&A) per customer	This includes all O&M costs, operations, customer care and administration and is netted of capitalized overheads and expressed on a per customer basis.
OM&A per FTR employee	This includes all O&M costs, operations, customer care and administration and is netted of capitalized overheads and expressed on a per FTR employee basis.
OM&A per unit throughput	This includes all O&M costs, operations, customer care and administration and is netted of capitalized overheads and expressed on a per unit of throughput basis.
Energy delivered per FTR employee	This measures the total amount of energy delivered on a per FTR employee basis.
Total Administrative and General costs per customer	This measures the administrative and general function costs expressed on a per customer basis.
Total Administrative and General costs per unit of throughput	This measures the administrative and general function costs expressed on a per unit of throughput delivered.
Customer Care costs per customer	This measures the Customer Care costs expressed on a per customer basis.
Total Financing costs per customer	This measures the total financing costs (i.e. long term and short debt) expressed on a per customer basis.
<i>Safety, Reliability of the system and Quality of the service</i>	
Emergency Response Time	This measure is calculated as the percent of calls responded to within one hour.
<i>Customer Care Service Levels</i>	
Telephone Service Factor (TSF) – Non Emergency	This a measure of how well the Company can balance the costs and service level with the overall objective to maintain a consistent TSF

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	level. Given this, the focus of the benchmarking study should be on the TSF targets that utilities have set and not necessarily the actual performance achieved.
First Contact Resolution (FCR)	<p>This measures the percentage of customers who receive resolution to their issue in one contact. As there may be different ways of measuring FCR, to ensure comparability of results between companies, the SQM definition of FCR should be used. The SQM FCR definition is as follows:</p> <p style="text-align: center;"><i>Based on survey results, customer's call is resolved on a first call without having to call back to resolve their inquiry or problem.</i></p>
Telephone Abandon Rate	This measure is the percent of calls abandoned by the customer before speaking to a customer service representative.
<i>Other</i>	
Demand Side Management (DSM) expenditures per customer	This includes DSM expenditures per customer, with and without incentives.
GHG emissions	As reported by utilities (i.e. such as provincially reported annual GHG emissions).

Part 3

Form of Proposal

PART 3 - FORM OF PROPOSAL

COVER LETTER

(on Proponent's letterhead)

TO: FORTISBC ENERGY INC. & FORTISBC INC. ("FortisBC")

**RE: REQUEST FOR PROPOSALS # P172485IYL
UTILITY EFFICIENTY BENCHMARKING STUDY**

1. SUBMISSION OF PROPOSAL

We, _____ (the "**Proponent**"),
(Full Legal Name of Proponent)

of _____
(Address of Proponent)

in furtherance of the above-noted Request for Proposals, including all addenda thereto, (collectively the "**RFP**"), hereby submit one (1) complete set (the original) of our proposal, which includes:

This Cover Letter
Part A – Proponent Profile and Work Plan
Part B – Charge-out Rates, Costs and Pricing
Part C - Checklist

2. ACKNOWLEDGEMENT OF ADDENDA

We hereby acknowledges receipt of the following addenda:

Addenda No.	Issue Date

3. RFP AND CONTRACT TERMS

We hereby acknowledge and declare all of the terms and conditions set out in the RFP and the contracts terms attached thereto, except as expressly identified in section 14 of our Proposal, are hereby accepted and incorporated as part of this Proposal. We agree that we will not take any position in any negotiations less favourable to FortisBC than the position set out in our Proposal.

4. TERMS AND CONDITIONS OF RFP

We confirm we are submitting this Proposal at our own risk and have carefully read and examined the RFP and conducted such investigations, analysis and other due diligence as we determined were necessary or desirable before submitting the Proposal. We acknowledge and agree FortisBC is not liable or accountable for any error or omission in any part of the RFP or the Proposal.

EXECUTED on _____

CORPORATE PROPONENT:

Print full legal name of Proponent: _____

by its duly authorized representative(s):

Per: _____ Per: _____

Print Name: _____ Print Name: _____

Title:

Title

WHERE PROPONENT IS AN INDIVIDUAL:

SIGNED, in the presence of:

Signature

Print Name

Address

Address

Occupation

Signature of Proponent

Reference: P172485IYL

Work: UTILITY EFFICIENCY BENCHMARKING STUDY

**PART A
PROPONENT PROFILE AND WORK PLAN**

1. General

Full Legal Name: _____

Address: _____

GST Registration No: _____ PST Registration No. _____

2. Contact Information

Name and title of representative: _____

Telephone: _____ Cell: _____

E-mail: _____ Fax: _____

3. Form of Business Organization – check as applicable

- ☐ Sole Proprietorship
- ☐ Partnership - date of establishment: _____
- ☐ Corporation - date of incorporation: _____
- ☐ Joint Venture – identify all joint venturers¹ _____

4. Executive Summary – Provide a short summary of the key features of the Proposal demonstrating the Proponent's understanding of the scope of Work.

5. References - List three (3) references (excluding FortisBC or its Affiliates) for current work similar in nature and complexity to this work (preferably from gas or electric distribution companies or utility operators, and preferably in Canada or North America). We hereby consent to FortisBC contacting any references for the purposes of evaluating the Proposal.

Company & Contact	Phone Number/Email	Work Description

¹ If the Proponent is a joint-venture or limited partnership, all information requested in sections 1 – 5 shall be submitted for each participant in the joint-venture or limited partnership. A separate page may be attached for this purpose. The primary representative who shall assume all responsibilities for the Work, if successful, shall be identified.

6. **Sub-contractors** - Identify and provide general background information about any sub-contractors who will be providing a portion of the Work, including a brief history and the nature and extent of their involvement (attach additional pages as necessary). If no sub-contractors will be used, indicate "Not Applicable". Sub-contractors will not be changed without the consent of FortisBC.

Company Name & Address	Contact Name & Phone Number	Area of Responsibility

7. **Experience** - Identify your professional knowledge and experience (and that of any proposed sub-contractors), including:

- (a) summary of relevant projects and/or work (including project/work name, location and description, client name) and precise description of your role (within last 5 years only) that are relevant to the Work;
- (b) number of years of overall experience in providing similar work;
- (c) key personnel from these projects/work available for FortisBC work;
- (d) background summary, summarizing experience the demonstrates qualifications, strength and technical capability to successfully perform the Work;
- (e) Describe availability to perform the tasks required in relation to any other project, work or responsibilities for the duration of the contract;

8. **Personnel**

- (a) Provide the work force/personnel structure, including Proponent and FortisBC team roles and responsibilities.
- (b) Attach a listing of key personnel and the following information for each listed person:
 - (i) each member's responsibility with respect to the Work;
 - (ii) qualifications and experience, including three (3) recent references (project/work name, date/duration, location, contact name, title, phone, fax and email), highlighting relevance and successful completion of work similar to the scope of this RFP;
 - (iii) member's role in any previous work relevant to the Work;
 - (iv) if key members are not to be assigned to this Work on a full-time basis, the percentage of their time that will be assigned.

Proponents shall not change key personnel without written permission of FortisBC. FortisBC reserves the right to request reasonable changes to key personnel to suit the requirements of the Work.

- (c) List any union certification and employee bargaining affiliations (including for proposed sub-contractors) applicable to the Work;
- (d) Identify safety and environmental certifications held and training successfully completed by personnel performing the Work.

- (e) Attach background checks/criminal record checks for personnel (including sub-contractors) and describe the process for performing background checks/criminal record checks.
- (f) Provide an organization chart for the personnel involved in the Work, including a statement on the commercial relationship with any proposed sub-contractors. Identify only those key personnel (senior or intermediate staff members) that will be actively and directly contributing to the Work.

9. Design Methodology and Work Tasks

- (a) Demonstrate your understanding of the Work through a discussion of the key issues. The proposal should provide a comprehensive summary of the scope of Work the Proponent will provide.
- (b) Discuss your team's approach to the Work.
- (c) Provide a clear description of your plan and methodology to successfully accomplish the Work.
- (d) Identify resources required to complete the Work from both the Proponent and FortisBC.
- (e) Include assumptions made and assessment of risks and mitigation strategies.
- (f) Identify any training to be provided.

10. Work Schedule - Provide a detailed schedule for the Work, setting out how the Proponent intends to complete the Work, including dates of key activities/milestones, deliverables associated with each activity/milestone and identification of key resources.

11. Scope of Work/Deliverables (see section 11.2 of Instructions to Proponents) - *check as applicable*

- ☐ Proponent accepts Part 2 – Scope of Work/Project Deliverables in its entirety
- ☐ Proponent accepts Part 2 – Scope of Work/Project Deliverables with exceptions. Identify and describe proposed exceptions/changes. If space insufficient, attach additional pages.

Identify any recommended additional scope to successfully complete the Work (or any recommended reduced scope) as well itemized pricing for the additional scope that would affect the overall project (for example, additional meetings, additional future building connections)

12. FortisBC Policies, Procedures and Standards

The Proponent has familiarized itself with FortisBC's policies, procedures and standards included as part of the reference documents and which will be incorporated into and form part of the resulting contract.

13. **Conflict of Interest** – *check as applicable*

- ☐ To the best of the Proponent's knowledge, upon undertaking appropriate investigation and due diligence, the Proponent is not aware of any conflicts of interest which would result in contravention of FortisBC's Code of Business Conduct and Ethics Policy
- ☐ The Proponent is aware of conflict(s) of interest or potential conflict(s) of interest which would/could result in contravention of FortisBC's Code of Business Conduct and Ethics Policy, as follows (identify parties and proposed solution to manage conflict(s):
- _____
- _____

14. **Terms and Conditions** (see section 11.2 of Instructions to Proponents) - *check as applicable*

- ☐ Proponent accepts Part 4 – Terms and Conditions in its entirety.
- ☐ Proponent accepts Part 4 – Terms and Conditions with exceptions. Identify and describe any proposed exceptions/changes.

Section	Change Proposed	Reason for Change

15. **Invoicing** – Invoices are required to be submitted to FortisBC Corporate Accounts Payable via email at einvoices@fortisbc.com.

16. **Additional and Value Added Products and Services**

Describe in detail any additional or value added services, products or items not specifically asked for but being offered by the Proponent. There will be no extra costs associated with such additional or value added services, products or items unless such costs are specifically identified, justified and explained in Part B – *Charge-Out Rates, Costs and Pricing*.

17. **WorkSafeBC**

Attach the following information from WorkSafeBC:

- (a) Clearance Letter;
- (b) Experience Ranking System (ERA) for the past 3 years; and
- (c) Inspection History for the past 3 years

18. **Other Information**

Provide any other details and information you consider relevant or applicable to the RFP and your proposal or that specifically differentiates the Proposal from others.

PART B
CHARGE-OUT RATES, COSTS, PRICING

1. Currency

All prices should be expressed in Canadian dollars.

2. Pricing Requirements

- (a) Prices shall be fixed and firm during the term of the contract.
- (b) Alternatives to the basis proposal, which meet or exceed the requirements, shall be attached hereto. Alternatives must be at least as specific in detail as the basic proposal.

3. Prices

- (a) Prices shall be all-inclusive, representing the entire cost to FortisBC for the completed work, including costs related to the provision of all equipment, materials and supplies, including consumable supplies (except those expressly specified in the RFP to be supplied by FortisBC), and all training, documentation, supervision, labour, overhead, profit, maintenance, packing, freight and transportation costs, customs, duties and excise and other fees, imposts or taxes of all authorities having jurisdiction.
- (b) Federal goods and services tax ("GST") shall be shown as a separate item and shall not be included in pricing.
- (c) Proponents should include either a level of confidence with the total cost estimate (e.g. +/- 10%) or a statement of the estimate as a range.
- (d) The proposal shall provide a lump sum price and shall include a breakdown of the lump sum prices by task, including any additional work identified by the Proponent. Proponents should identify any key assumptions made in developing prices.

Description (for completion of Work)		Lump Sum (excl. GST)	GST	Total
1.	For completion of work described in Part 2 (Scope of Work)			
2.				
3.				
4.				

4. Progress Payment Schedule

- (a) For progress payments, invoices and supporting documentation, including personnel, hours and taxes and external costs shall be submitted no more frequently than monthly and shall indicate how the cost is tracking to budget. FortisBC and the Proponent may negotiate key payment milestones prior to award of contract.
- (b) Set out any alternative progress payment schedule below:

Milestone	Progress Payment

PART C CHECKLIST

The following is a summary of the information/list of documents FortisBC requests to evaluate Proposals. Please ensure all items have been included in your Proposal.

COVER LETTER

- ☐ Addenda identified as received
- ☐ Signed

PART A – PROPONENT PROFILE AND WORK PLAN

- ☐ Proponent Information – sections 1 – 3
- ☐ Executive Summary – section 4
- ☐ References (3) – section 5
- ☐ Subcontractor List – section 6
- ☐ Proponent Experience – section 7
- ☐ Subcontractor Experience – section 7
- ☐ Personnel – section 8
- ☐ Design Methodology and Work Task – section 9
- ☐ Schedule – section 10
- ☐ Acceptance of/Alternatives or Modifications to Scope of Work/Deliverables- section 11
- ☐ Acknowledgement re: FortisBC Policies, Procedures and Standards – see section 12
- ☐ Conflict of Interest – see section 13
- ☐ Acceptance of/Exceptions to Terms and Conditions – section 14
- ☐ Invoicing – section 15
- ☐ Additional/Value Added Services – section 16
- ☐ WorkSafe Documents – section 17
 - ☐ • Clearance letter
 - ☐ • ERA for past 3 years
 - ☐ • Inspection History for past 3 years
- ☐ Other Information – section 18

PART B – CHARGE-OUT RATES, COSTS, PRICING

- ☐ Prices
- ☐ Progress Payment Schedule, if applicable

Part 4

Terms & Conditions (T&Cs)

CONSULTING SERVICES

TERMS AND CONDITIONS OF ORDER

1. PURCHASE ORDER

- 1.1. FortisBC (as defined on the face of the Purchase Order) has accepted a quotation ("Quotation") from the Contractor (described as the Vendor in the Purchase Order) to provide services, the details of which are outlined in the Scope of Work attached to the Purchase Order.
- 1.2. The Terms and Conditions, the Quotation and the Scope of Work are all attached to the Purchase Order and collectively form the Contract Documents.

2. SCOPE OF WORK

Generally the services to be performed by the Contractor are set out in the Scope of Work attached to the Purchase Order (the "Work"). Specific services may be assigned by FortisBC throughout the term.

3. REPRESENTATIVES

- 3.1. Following the award of the Work to the Contractor, each party shall notify the other of its named representative. The Contractor's representative shall be available on the site where the Work is being performed.
- 3.2. FortisBC's representative shall be identified on the Purchase Order.
- 3.3. Any written notices required to be given to a party under the Purchase Order shall be delivered to the party's representative.
- 3.4. The parties' respective representatives shall have the authority to transmit information and instructions to one another and to act on behalf of and bind their respective parties.

4. TERM OF PURCHASE ORDER

This Purchase Order shall commence on the date set out on the Purchase Order (the "Commencement Date") and shall be deemed terminated and the Contractor discharged from any further obligation to perform services on the earlier of the date when the Work has been performed, accepted and approved by FortisBC (the "Termination Date") and the termination date identified on the Purchase Order (the "Scheduled Completion Date").

5. PROGRESS OF WORK

- 5.1. The Contractor shall provide all services, labour, supervision and equipment necessary to perform the Work in accordance with the terms of the Purchase

CONSULTING SERVICES

TERMS AND CONDITIONS OF ORDER

Order and the Scope of Work. The Contractor shall perform the Work in accordance with any drawings and instructions issued by FortisBC.

- 5.2. At the request of the FortisBC representative, the Contractor shall provide details about its plans and methods of performing the Work. If the FortisBC representative determines that the Contractor cannot supply personnel and equipment to meet the requirements of the Work as assigned on the schedule identified, the Contractor shall, if requested by FortisBC, expedite the progress of the Work at no additional cost to FortisBC.

6. DELAY

- 6.1. If the Work as assigned is delayed beyond the specific Work assignments scheduled completion date(s), (the "Completion Date(s)") as a result of an event or circumstance which the Contractor could not have anticipated or avoided and which makes it impossible to perform the Work on time, the parties' representatives shall agree on, and failing such agreement, the FortisBC representative shall establish, an equitable adjustment of the time within which the Work is to be performed.
- 6.2. If the Work as assigned is delayed beyond the scheduled Completion Date(s) as a result of any act or failure to act by the Contractor, its agents, employees or subcontractors, the FortisBC representative shall either:
 - (a) establish an equitable adjustment of the amount to be paid for the Work or the time within which the Work is to be performed; or
 - (b) terminate the Purchase Order without incurring damages or penalties in accordance with Sections 12.1 and 12.2.
- 6.3. Any party anticipating a delay shall notify the other party as soon as possible with full particulars. Both parties shall make every reasonable effort to mitigate or overcome the effects of any anticipated delay.

7. EXTRA WORK

- 7.1. The FortisBC representative may require the Contractor to perform work that is in addition to the Scope of Work and results in an increase to the cost of the Work ("Extra Work").
- 7.2. Prior to the commencement of any Extra Work, the details of the Extra Work shall be discussed and mutually agreed upon in writing by the parties. Failing agreement, the FortisBC representative may direct the Contractor, in writing, to proceed with such Extra Work which is within the general scope of the type of Work required by the Contractor or required to properly complete the Work, in

CONSULTING SERVICES

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which case the Contractor shall perform such Extra Work. Any dispute as to the Extra Work shall be resolved in accordance with Section 18 below.

- 7.3. Extra Work shall be paid at the hourly rate outlined in the Purchase Order, or if none has been set out, then at a rate to be mutually agreed upon prior to commencing the Extra Work. Failing agreement as to cost the parties will resolve the matter in accordance with Section 18.
- 7.4. FortisBC shall not accept any claim made by the Contractor for Extra Work unless the Contractor has complied with Sections 7.2 and 7.3 above.

8. WORK CHANGES

- 8.1. The FortisBC representative may require the Contractor to perform any additions to or revisions of the Work which are within the scope of the Purchase Order and/or to make any deletions to the Work ("Work Changes").
- 8.2. If the FortisBC representative requires such Work changes, the parties' representatives shall agree on any equitable adjustment of the amount to be paid for the Work Changes and the time within which the Work Changes and the Work are to be performed, and, failing such agreement, either representative may escalate the disagreement within its organization and failing resolution may elect to have the matter resolved in accordance with Section 18. The parties will continue to fulfill their respective obligations pursuant to this Purchase Order during any resolution of any dispute.

9. TERMS OF PAYMENT

- 9.1. Subject to any equitable adjustment or Section 18, FortisBC shall pay the Contractor an amount approved by the FortisBC representative as set out in the Purchase Order for performance of the Work in accordance with these Terms and Conditions.
- 9.2. The Contractor shall submit an itemized invoice, on the last day of each month during the term of this Purchase Order unless otherwise specified in the Purchase Order, to the FortisBC representative, which at a minimum shall include:
 - (a) unit prices or lump sum prices, where appropriate, as set out in the Purchase Order, supported by the Contractor's time sheets;
 - (b) any Extra Work at the hourly rates as set out in the Contractor's Quotation or as mutually agreed upon between the parties; and
 - (c) applicable Federal Goods and Services Tax ("GST") and British Columbia Provincial Sales Tax ("PST").

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- 9.3. The FortisBC representative shall verify the invoice and approve it for payment. Payment of the approved invoices shall be made by FortisBC to the Contractor within thirty (30) days of receipt by FortisBC unless otherwise specified in the Purchase Order.
- 9.4. The Contractor shall remit the PST to the British Columbia Minister of Finance in accordance with all laws and regulations.
- 9.5. FortisBC shall pay to the Contractor the applicable GST provided that the invoices that the Contractor provides to FortisBC include the following:
- (a) sufficient information to identify the Contractor's name or trade name;
 - (b) the Contractor's GST registration number;
 - (c) sufficient information to identify the reporting period when the GST, in respect of the goods and services being provided by the Contractor, was paid or become payable and the amount of GST paid or payable;
 - (d) sufficient information to identify the name of FortisBC; and
 - (e) sufficient information to specifically identify the nature of the goods and services being provided and invoiced.
- 9.6. FortisBC will not, under any circumstance, be responsible for any tax monies not remitted in accordance with Sections 9.4 and 9.5 above, nor for any interest or penalties imposed on unremitted taxes.
- 9.7. FortisBC shall not be responsible for any GST or PST other than as specified above. The Contractor agrees to hold FortisBC harmless from and against any order, penalty, interest or tax that may be exercised or levied against FortisBC as a result of the failure or delay of the Contractor to file any return or information required by any law, ordinance or regulation. Without limiting the generality of the foregoing, FortisBC shall have no liability or responsibility for the payment of any penalty or interest assessed or levied against the Contractor as a result of the failure of the Contractor to charge, collect or remit the GST or PST as required under all applicable laws.

10. EQUIPMENT & MATERIALS OF FORTISBC

All maps, drawings, photographs, equipment and materials provided by FortisBC to the Contractor shall remain the property of FortisBC and the Contractor shall be responsible for the safe care, handling, custody and proper maintenance of them. The Contractor shall return any FortisBC property to FortisBC within ten (10) days of the termination of the Purchase Order.

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11. MAINTENANCE OF RECORDS

The Contractor shall keep full and detailed records respecting the Work performed for at least one (1) year after completion of the Work and the Contractor shall permit FortisBC to inspect and audit these records at all reasonable times.

12. TERMINATION

- 12.1. If the Contractor breaches a material term of the Terms and Conditions of this Purchase Order or is in substantial breach of the Terms and Conditions of this Purchase Order, becomes insolvent, commits an act of bankruptcy, has a receiver or liquidator appointed for its assets or otherwise files for protection from claims of its creditors, such that any of the above causes the Contractor to be unable to fulfil its obligations under this Purchase Order, assigns or abandons the Work, or fails to meet the Completion Dates, FortisBC may, without prejudice to any other rights or remedies it has, terminate this Purchase Order by giving the Contractor seven (7) calendar days written notice.
- 12.2. Notwithstanding the foregoing, in its sole discretion FortisBC reserves the right to cancel this Purchase Order without damages or penalty whatsoever by giving the Contractor fourteen (14) calendar days written notice.
- 12.3. Should FortisBC terminate this Purchase Order in accordance with Section 12.1 or 12.2, it shall only be required to pay the Contractor for Work completed to FortisBC's satisfaction up to the date of termination and those costs incurred solely for the purpose of completing that Work.
- 12.4. If FortisBC terminates the Purchase Order, it may take possession of the Contractor's work product and materials and complete the Work. Without limiting Section 22.4, the Work, including, without limitation, finished drawings, materials, correspondence, calculations and other work in progress completed up the date of termination shall become the property of FortisBC.
- 12.5. If FortisBC fails to make payment to the Contractor when due under the Purchase Order, other than in cases where FortisBC disputes the amount of entitlements of the Contractor to some or all of a payment, breaches a fundamental term of the Purchase Order or is in substantial breach of the terms hereof, the Contractor may, without prejudice to any other rights or remedies it has, terminate this Purchase Order by giving FortisBC seven (7) calendar days written notice.

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13. INSURANCE

- 13.1. Within five (5) days of award of the Work, the Contractor shall obtain at its own expense, the following insurance and with the exception of (a) below, name FortisBC as an additional insured and provide FortisBC with proof of the insurance coverage including:
- (a) Automobile Liability on all vehicles used by the Contractor in connection with this Purchase Order in the minimum amount of \$2 million per occurrence in respect of bodily injury, death and property damage; and
 - (b) Commercial General Liability for bodily injury, death and property damage with minimum amount of \$2 million per occurrence with respect to the Work. The policy shall also contain a cross liability provision.
- 13.2. During the term of this Purchase Order, FortisBC's representative may, by written notice, require the Contractor to obtain additional insurance or to alter or amend the insurance policies required under this Section at FortisBC's expense. The Contractor shall be responsible for the full amount of all deductible of all insurance policies required under this Section. All insurance policies required herein shall provide that the insurance shall not be cancelled or changed in any way without the insurer giving at least ten (10) calendar days written notice to FortisBC and shall be purchased from insurers registered in and licensed to underwrite insurance in British Columbia. Where the Contractor fails to comply with the requirements of this Section, FortisBC may take all necessary steps to affect and maintain the required insurance coverage at the Contractor's expense.
- 13.3. If an insurer fails or refuses to pay any claims under an insurance policy covering activities relating to or arising out of the Work, the Contractor will not be released from any responsibility and liability arising under these Terms and Conditions.

14. WORKER'S COMPENSATION INSURANCE

- 14.1. Within five (5) days of award, the Contractor shall provide FortisBC with written proof of Workers' Compensation insurance coverage in accordance with the statutory requirements in British Columbia for all its employees engaged in performing the Work herein.
- 14.2. The Contractor shall comply with the British Columbia *Workers' Compensation Act* and regulations thereto and shall pay all assessments, compensation and all other amounts required to be paid thereunder.
- 14.3. If the Contractor fails to pay any such assessment, compensation or other amounts when due, FortisBC may make such payment on behalf of the Contractor but will not be obliged to do so.

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- 14.4. The Contractor shall reimburse FortisBC the amount of such payment upon demand, or FortisBC may deduct the amount from any payment then or thereafter due to the Contractor under the Purchase Order.

15. INDEMNIFICATION

- 15.1. The Contractor shall indemnify and hold FortisBC, its directors, officers, agents and employees harmless from and against any actions, claims, damages, costs and expenses including without limitation all applicable solicitors' fees and disbursements, investigation expenses, adjusters' fees and disbursements whatsoever which may be brought against or suffered by FortisBC, or its directors, officers, agents and employees or which they may incur, sustain or pay arising out of or in connection with:

- (a) any injury to or the death of any and all persons;
- (b) damages, destruction or loss to or of any and all property whether real or personal; and
- (c) any act, omission, default or representation, negligent or otherwise, of the Contractor, its employees, agents and subcontractors,

in any way incidental to the Work or this Purchase Order.

- 15.2. The Contractor shall defend any such claims or suits provided that FortisBC shall have the right at its option to participate in the defence of such claims or suits and in such events the Contractor shall pay FortisBC's cost for defending such claims or suits.

- 15.3. This indemnity shall survive the termination of this Purchase Order.

16. SAFETY & SECURITY

The Contractor shall be responsible for the protection and security of the Work and the protection and safety of all persons performing the Work on the site. The Contractor shall comply with all safety procedures required by FortisBC.

17. REPRESENTATIONS AND WARRANTIES

- 17.1. The Contractor hereby covenants, represents and warrants to FortisBC, and shall be deemed to have covenanted, represented and warranted to FortisBC on and as of the Commencement Date, as follows:

- (a) the personnel the Contractor assigns to perform the Work herein possess the necessary qualifications, knowledge, skills, expertise and experience to perform the Work to the highest professional standards;

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- (b) the Contractor shall, at all times during the term of the Purchase Order, act in the best interest of FortisBC and shall perform the Work in a competent, workmanlike and professional manner and using due care and diligence;
- (c) the Contractor shall act with integrity and use the highest ethical standards in performing the Work hereunder and it shall not, in any way, directly or indirectly compromise the reputation or image of FortisBC;
- (d) in performing the Work, the Contractor shall comply with all applicable laws, orders, regulations, ordinances standard, codes and other rules, licences and permits of all lawful authorities;
- (e) the Contractor shall be responsible at no cost to FortisBC, to provide such additional services as may be necessary to remedy any deficiencies in the Work caused by the negligent act or omission of the Contractor or its employees, agents or subcontractors or by the failure of such party(ies) to perform the Work in accordance with the provisions of this Purchase Order; and
- (f) where applicable, the Contractor shall take all measures in the performance of the Work to minimize disturbance or damage to the environment.

17.2. These representations and warranties shall survive the termination of the Purchase Order.

18. DISPUTES

- 18.1. Where any dispute arises out of or in connection with this Purchase Order, including failure of the parties to reach agreement hereunder, the parties agree to try to resolve the dispute by participating in a structured mediation conference with a mediator under the National Arbitration Rules of the ADR Institute of Canada Inc. for Dispute Resolution.
- 18.2. If the parties fail to resolve the dispute through mediation, the unresolved dispute shall be referred to, and finally resolved or determined by arbitration under the National Arbitration Rules of the ADR Institute of Canada Inc. for Dispute Resolution. Unless the parties agree otherwise the arbitration will be conducted by a single arbitrator.
- 18.3. The arbitrator shall issue a written award that sets forth the essential findings and conclusions on which the award is based. The arbitrator will allow discovery as required by law in arbitration proceedings.

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- 18.4. If the arbitrator fails to render a decision within thirty (30) days following the final hearing of the arbitration, any party to the arbitration may terminate the appointment of the arbitrator and a new arbitrator shall be appointed in accordance with these provisions. If the parties are unable to agree on an arbitrator or if the appointment of an arbitrator is terminated in the manner provided for above, then any party to this Purchase Order shall be entitled to apply to a judge of the British Columbia Supreme Court to appoint an arbitrator and the arbitrator so appointed shall proceed to determine the matter *mutatis mutandis* in accordance with the provisions of this Section.
- 18.5. The arbitrator shall have the authority to award:
- (a) money damages;
 - (b) interest on unpaid amounts from the date due;
 - (c) specific performance; and
 - (d) permanent relief.
- 18.6. The costs and expenses of the arbitration, but not those incurred by the parties, shall be shared equally, unless the arbitrator determines that a specific party prevailed. In such a case, the non-prevailing party shall pay all costs and expenses of the arbitration, but not those of the prevailing party.
- 18.7. The parties will continue to fulfill their respective obligations pursuant to this Purchase Order during the resolution of any dispute in accordance with this Section 18.

19. SUBCONTRACTING

- 19.1. No subcontracting of any of the Work shall be permitted without the prior written consent of FortisBC which consent may be arbitrarily withheld.
- 19.2. Notwithstanding FortisBC's consent to the subcontracting of any of the Work, no subcontracting of any Work shall relieve the Contractor from its obligations and responsibilities to FortisBC pursuant to this Purchase Order. Nothing contained in these Terms and Conditions shall be construed as creating any contractual relationship between FortisBC and a subcontractor.

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- 19.3. Where subcontracting is permitted, the Contractor must ensure that the subcontract with the subcontractor contains:
- (a) terms that oblige the subcontractor to perform its obligations under the subcontract in a way that ensures that the Contractor complies with its obligations under this Purchase Order, including terms that:
 - i. provide for and are generally consistent with the terms of this Purchase Order, including but not limited to, those provisions pertaining to safety, confidentiality, personal information and protection of privacy, insurance, intellectual property and liability; and
 - ii. enable the Contractor to suspend or terminate a subcontract if this Purchase Order is suspended or terminated.

20. RELATIONSHIP

In performing the Work, the Contractor shall be an independent contractor and as such shall not have authority to bind or commit FortisBC and shall have responsibility for the control over the details and means of performing the Work. The Work shall be performed by the Contractor under its own superintendence and at its own risk. Nothing herein shall be deemed or construed to create a joint venture, partnership, employment or agency relationship between the parties for any purpose.

21. ASSIGNMENT

The Contractor shall not assign its rights or obligations under this Purchase Order without the prior written consent of FortisBC, which consent may be arbitrarily withheld. FortisBC may assign this Purchase Order without the consent of the Contractor.

22. CONFIDENTIALITY

- 22.1. Subject to Section 22.4, all information or documentation received by a party (the "Receiving Party") relating to the business, trade secrets, operations, finances, affairs, technologies, systems or activities of the other party (the "Disclosing Party") which is disclosed or is otherwise made available to the Receiving Party in the course of or for the purposes of performance of the Work ("Confidential Information") shall be deemed to be confidential and proprietary to the Disclosing Party. Except as otherwise provided herein, the Receiving Party shall not directly or indirectly disclose any such Confidential Information to any third party without the prior written consent of the Disclosing Party. Such consent is not required where the third party is another contractor or consultant retained by the Disclosing Party for the purposes of the Work and to the extent that such disclosure is necessary for the proper performance of this Purchase Order.

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- 22.2. Notwithstanding the foregoing, the Receiving Party may use such Confidential Information in the preparation for and conduct of submissions to regulatory agencies or governmental authorities.
- 22.3. The obligation of confidentiality set out above shall not apply to material, data or information which is known to either party prior to its receipt thereof, which is generally available to the public or which has been obtained from a third party which has the right to disclose the same.
- 22.4. The Contractor further acknowledges and agrees that FortisBC has, and shall have title to all information and documentation arising from the performance of the Work including, without limitation, reports, finished drawings, rough drawings, correspondence, notes, calculations computer programs, operating manuals, functional specifications, and related documentation and other work in progress ("Work Product") and the Contractor shall surrender any Work Product which may be in its possession to FortisBC at any time upon the request of FortisBC or at the expiry or earlier termination of the Purchase Order. In addition to the foregoing, upon completion of the Work, the Contractor agrees to waive all moral rights in any copyrighted works associated with the Work or the Work Product (or both, as the case may be).

The Contractor agrees that all Work Product and information created, prepared or developed in the performance of the Work is Confidential Information of FortisBC and not the Contractor.

- 22.5. The confidentiality covenants of the parties herein shall survive the termination of this Purchase Order.

23. PERSONAL INFORMATION AND PROTECTION OF PRIVACY

- 23.1. The Contractor recognizes that during the course of this Purchase Order FortisBC may provide the Contractor with "personal information" and or "employee personal information" as those terms are defined in the British Columbia *Personal Information Protection Act* (collectively "Personal Information"), and that disclosure by FortisBC to the Contractor of this Personal Information places certain obligations on the Contractor relating to the retention, use and disclosure of that Personal Information by the Contractor.
- 23.2. The Contractor shall only retain, use or disclose Personal Information for the limited purpose for which FortisBC disclosed the Personal Information to the Contractor so as to allow the Contractor to perform the Scope of Work under the Contract Documents. Any further use or disclosure is strictly prohibited without FortisBC's express consent.

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- 23.3. In the event that the Contractor proposes to disclose the Personal Information to third parties or subcontractors ("Third Parties") in connection with the performance of the Scope of Work under the Contract Documents, the Contractor will seek the consent of FortisBC prior to such disclosure and will not proceed with such disclosure until the consent has been obtained. In such cases, the Contractor will also ensure that the Third Parties deal with and treat the Personal Information in the same manner as the Contractor is required to do under these Terms and Conditions.
- 23.4. In dealing with Personal Information provided to the Contractor by FortisBC or its agents, the Contractor shall ensure that the Personal Information is handled in a manner that complies with FortisBC's Privacy Policy.
- 23.5. If FortisBC receives a complaint that the Contractor has not dealt with Personal Information in a manner permitted under these Terms and Conditions or if FortisBC has reasonable grounds to believe that the Contractor has used or disclosed Personal Information in a manner not permitted under these Terms and Conditions, then FortisBC may at reasonable times inspect the Contractor's records as set out in Section 11 to assess the validity of the complaint, or to ensure compliance with the privacy requirements of this Purchase Order.
- 23.6. FortisBC may, in its sole and absolute discretion, require the Contractor to return all records, in any medium, that contain Personal Information disclosed to the Contractor by FortisBC. Where the return of such records is impractical, FortisBC may require the Contractor to destroy and/or delete from its records any Personal Information disclosed from FortisBC to the Contractor. The Contractor shall have thirty (30) days from receipt of a written request from FortisBC to return or delete/destroy the records, to either return the records or to delete and/or destroy the Personal Information from them. FortisBC shall only make a request under this clause in circumstances where it is reasonable to do so, or where FortisBC is required to do so under the British Columbia *Personal Information Protection Act*.
- 23.7. Notwithstanding Section 23.6 above, the Contractor shall delete and/or destroy all Personal Information provided to it by FortisBC from the Contractor's records within one (1) year following the completion of the Work. The requirement to expunge Personal Information within one (1) year following the completion of the Work does not diminish in any other respect from the record keeping requirements set out in Section 11 of this Purchase Order or as required by law.

24. DATA STORAGE

- 24.1. In the event that the Contractor stores any Confidential Information of FortisBC or Personal Information on servers located outside of Canada, such information must be Encrypted or De-Identified, where, (a) "Encrypted" means an encryption

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methodology using current industry standards for secure encryption; and (b) "De-Identified" means a de-identification methodology consistent with current industry practice for the purpose of protecting personal information.

- 24.2. In addition, if the Contractor stores such information on servers located outside of Canada, the Encryption Keys and/or De-Identification Keys (as the case may be) must be stored on servers located within FortisBC's data centers in Canada, where, "Encryption Keys" and "De-identification Keys" mean any information or methodology used to access encrypted or de-identified data.

25. LAW

This Purchase Order shall be governed by and construed in accordance with the laws of the Province of British Columbia.

26. TIME

Time is of the essence in this Purchase Order.

27. ENUREMENT

This Purchase Order shall be for the benefit of and be binding upon FortisBC and the Contractor and their respective successors and permitted assigns.

28. AMENDMENTS

Subject to any equitable adjustment made, the parties are not bound by any amendment, variation or waiver of any provision of this Purchase Order unless it is in writing and signed by their representatives.

29. PUBLICITY

Except as required by applicable law, the Contractor shall not issue any press release or make any public announcement or disclosure concerning the terms and conditions of any Purchase Order, the nature and extent of this agreement with FortisBC pursuant to the Purchase Order and performance of the Work, including publication or disclosure in any reference list, without the prior written consent of FortisBC.

30. COMPLIANCE WITH FORTISBC POLICIES

The Contractor must read and become familiar with the applicable FortisBC policies, procedures and standards posted on the following site, as updated from time to time:

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<https://extranet.fortisbc.com/sites/fbccontractorinfo>

Username: fbctractor

Password: Contract1

and the Contractor must comply with such policies, procedures and standards throughout the term of the Purchase Order; and ensure that all of the Contractor's employees, subcontractors, vendors, suppliers, consultants, agents and workers comply with the terms of this section, and be liable for any failure thereby.

Appendix 1

Response Notification Form

RESPONSE NOTIFICATION FORM
Reference Number: P172485IYL
UTILITY EFFICIENCY BENCHMARKING STUDY

This Response Notification Form is to be submitted as soon as possible, but no later than the date and time set out on the cover page of the RFP by email or fax as follows:

Email: procurementadministrator@fortisbc.com
Fax: 778.571.3210 or 778.571.3212

COMPANY: _____

ADDRESS: _____

CONTACT PERSON: _____

PHONE NUMBER: _____ FAX NUMBER: _____

E-MAIL: _____

SUBMISSION OF RESPONSE

We are in receipt of the above noted Request for Proposal, and:

- ☐ We will be submitting a response
- ☐ We will not be submitting a response (*state reason*):

Signature

Date

Print Name and Title