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October 1, 2018

British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, B.C.
V6Z 2N3

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

Dear Mr. Wruck:

Re: FortisBC Inc. (FBC)
Project No. 1598967
Annual Review for 2019 Rates (the Application)
Errata to the Response to the British Columbia Utilities Commission (BCUC)
Information Request (IR) No. 1 (Exhibit B-3)

On September 25, 2018, FBC filed its responses to BCUC IR No. 1 in the above noted proceeding. Attached please find minor correction to the response to BCUC IR 1.7.2 (Exhibit B-3). A blacklined version of Exhibit B-3, page 19 is included with this filing.

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC INC.

Original signed:

Diane Roy

Attachments

cc (email only): Registered Parties



FortisBC Inc. (FBC or the Company) Annual Review of 2019 Rates (the Application)	Errata Date: October 1, 2018
Response to British Columbia Utilities Commission (BCUC or the Commission) Information Request (IR) No. 1 – Errata to BCUC IR 1.7.2	Page 19

1 discussion in Appendix B-2 help explain the reasons that it has been necessary at an aggregate
2 level for FBC to exceed the formula capital amount.

3 Although FBC has, from necessity, relied on the specific projects and timing that it identified in
4 the capital expenditures “forecast” from the PBR Application to respond to the Commission’s
5 directive, this forecast did not form the basis of a capital “budget” for the PBR term. Rather,
6 FBC’s Base Capital was approved by the Commission to be equal to FBC Approved 2013
7 capital, as adjusted, which is then subject to the formula over the term of the PBR Plan. The
8 Company anticipated, based on the flexibility endowed by entering into a PBR Plan, that it
9 would re-evaluate the need and timing of capital projects on an ongoing basis. There is
10 therefore no definitive way to identify what capital is inside or outside of the formula amount.

11 FBC relies on prudent capital management practices, and adheres to consistent policies and
12 procedures to execute on the required capital expenditures both to support growth in customers
13 and to maintain the safety and integrity of the electric system, regardless of whether capital
14 expenditures fall within the dead band or outside of the dead band. FBC considers the nature
15 and prioritization of all its capital projects. This process is described in section 3.1 of Appendix
16 B2.

Deleted: gas

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20 7.3 Please confirm, or explain otherwise, that other than the projects categorized as
21 “Project re-prioritization” items on line 13 of Table B2-1, all other projects listed in
22 Table B2-1 may be considered as “new projects that were identified to address
23 safety, compliance, reliability issues and to replace end of life of equipment.”
24

25 **Response:**

26 Not confirmed. In Table B2-1, new projects that were identified to address safety, compliance,
27 reliability issues, and to replace end of life of equipment are specifically identified on lines 6, 7,
28 8, and 9. Items on the remaining lines can be characterized as unforeseen items or items driven
29 by regulatory requirements, growth, weather events, cyber security needs, and third party
30 requirements.

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33
34 7.3.1 If not confirmed, please quantify and provide details on the specific
35 projects which comprise the two categories of project prioritization (i.e.
36 “catch-up on accumulation of re-prioritized work from prior years” and