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October 3, 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 (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 (Exhibit B-5) – Revised Response to Question 30.2

On September 25, 2018, FBC filed its responses to BCOAPO IR No. 1 in the above noted Application. FBC has revised the attached response to BCOAPO IR 1.30.2 related to capital expenditures, which is also discussed in the Evidentiary Update being filed concurrently.

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC INC.

Original signed:

Diane Roy

Attachments

cc (email only): Commission Secretary
Registered Parties

FortisBC Inc. (FBC or the Company) Annual Review for 2019 Rates (the Application)	Submission Date: October 3, 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 – Revised Response to Question 30.2	Page 1

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

2 30.2 Please explain how the annual values contributing to the cumulative \$8.8 M in
3 “capital pressure” attributable to system improvements to accommodate growth
4 was determined. In doing so please explain how the spending provided for by the
5 PBR formula was accounted for.

6
7 **Response:**

8 The cumulative \$8.6 million (not \$8.8 million) plus an additional forecast \$4.2 million capital
9 pressure attributable to system improvements to accommodate growth (please refer to the revised
10 response to BCUC IR 1.7.2) was determined by comparing the actual expenditures in each year
11 for New Connects and Distribution Growth against what was originally estimated during the
12 development of the PBR Application. Please refer to the response to BCUC IR 1.7.2 which
13 explains that the capital “forecasts” in the PBR Application did not form the basis for a capital
14 “budget” for the PBR term. Rather, the total Base Capital as determined in that proceeding is
15 escalated by formula to arrive at the allowed formula capital amount, on an aggregate basis.

16 The table below provides the difference between actual costs and the original 2014 estimated
17 costs associated with system improvements to accommodate growth. The total of system
18 improvements to accommodate growth is the sum of Lines 3 and 3a in the revised Table B2-1
19 included in the revised response to BCUC IR 1.7.2.

	2014	2015	2016	2017	2018F
	(\$ thousands)	(\$ thousands)	(\$ thousands)	(\$ thousands)	(\$ thousands)
New Connects	1,914	2,018	1,949	2,400	3,300
T&D Growth	-	-	-	200	900
System Improvements	1,914	2,018	1,949	2,600	4,200