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October 3, 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 (Application)

Response to the British Columbia Utilities Commission (BCUC) Information Request (IR) No. 1 (Exhibit B-3) – Revised Responses to Questions in 7 series, 26.1 and 27.1

On September 25, 2018, FBC filed its responses to BCUC IR No. 1 in the above noted Application. FBC has attached revised responses to several BCUC IRs in 7 series as well as the responses to BCUC IRs 1.26.1 and 1.27.1 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): Registered Parties

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1 **7.0 Reference: EVALUATION OF THE PBR PLAN**

2 **Exhibit B-2, Application, Section 1.4.3, 2.7.2, Table 1-3, pp. 2, 7–8;**
3 **Appendix B2, Table B2-1, pp. 2, 3, 5, 6, 9–11 and Table B3-1 and**
4 **Figure B3-1, p. 9**

5 **FBC 2018 Annual Review, Exhibit B-2, Table 1-2, p. 7; Exhibit B-3,**
6 **BCUC IR 8.1;**

7 **Capital spending results**

8 In Table 1-2 in the FBC 2018 Annual Review application, the forecast 2017 variance
9 between formula and actual capital was \$15.306 million.

10 In Table 1-3 of the current Application, the actual 2017 variance between formula and
11 actual capital was \$15.799 million.

12 7.2 Please explain FBC’s process for identifying the specific factors that contribute to
13 spending in excess of the dead band (i.e. those items that are listed in Table B2-
14 1) and how it distinguishes these items from other capital spending that is included
15 in the formula and within the dead band.

16
17 **Response:**

18 FBC quantified the specific factors included in Table B2-1 in response to a Commission directive
19 in Order G-38-18, which requested the breakdown as an aid to explaining the variance between
20 actual/forecast capital expenditures and the approved formula capital amount. In creating Table
21 B2-1, FBC has sought to provide as much clarity as it can to understand the reasons for variances
22 from formula; however, there is in fact no definitive or correct way to identify which of its total
23 capital expenditures are within the formula amount, within the dead band, or outside of the dead
24 band.

25 The items identified as pressures within Table B2-1 are those that were not included in the capital
26 expenditures “forecast” from the PBR Application. FBC also classifies projects reprioritized from
27 previous years as pressures as they were not anticipated to be executed in subsequent years at
28 the time of developing the PBR plan. Table B2-1 and accompanying discussion in Appendix B-2
29 help explain the reasons that it has been necessary at an aggregate level for FBC to exceed the
30 formula capital amount.

31 Although FBC has, from necessity, relied on the specific projects and timing that it identified in
32 the capital expenditures “forecast” from the PBR Application to respond to the Commission’s
33 directive, this forecast did not form the basis of a capital “budget” for the PBR term. Rather, FBC’s
34 Base Capital was approved by the Commission to be equal to FBC Approved 2013 capital, as
35 adjusted, which is then subject to the formula over the term of the PBR Plan. The Company



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1 anticipated, based on the flexibility endowed by entering into a PBR Plan, that it would re-evaluate
2 the need and timing of capital projects on an ongoing basis. There is therefore no definitive way
3 to identify what capital is inside or outside of the formula amount.

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

9 As part of its review of 2018 formula capital expenditures (as stated in its September 25, 2018
10 response to BCUC IR 1.7.4), FBC also updated the analysis in Table B2-1 of Appendix B2. The
11 revised Table B2-1 is presented below. In addition to the 2018 increases at lines 3, 5 and 13, a
12 correction has been made to the 2016 value at line 3, and Line 3a shows customer-funded
13 projects added since the August 10, 2018 filing, which are a component of system improvements
14 to accommodate customer growth (please also see the revised response to BCOAPO IR 1.30.2).
15 Changes to the table as filed are highlighted in the revision below.

Line No.	Description	2014	2015	2016	2017	2018F	Cumulative
1	Growth factor reduction for net customer additions	0.140	0.080	0.260	0.220	0.290	0.980
2	X factor increase by 0.53 percent	0.230	0.230	0.230	0.240	0.250	1.170
3	System improvements to accommodate growth	2.000	2.000	2.000	2.600	3.400	12.000
3a	Customer-Funded Projects					0.800	0.800
4	Forced relocation of Highway 97 infrastructure	0.100	0.400	2.400	0.700	0.100	3.700
5	Customer-driven modifications at RG Anderson Terminal			0.100	2.700	0.832	3.632
6	New Generation projects to address compliance with WorkSafeBC legislation (guarding of rotating parts and floor covers)			0.140	0.140	0.584	0.864
7	New Generation projects to address compliance with WorkSafeBC legislation (single device isolation)					0.254	0.254
8	Unanticipated transmission projects to address safety and reliability issues					0.600	0.600
9	Substation projects to address end of life equipment replacements				1.200	0.600	1.800
10	Other contributing factors:						
11	Weather events					1.899	1.899
12	Evolved project definition				1.900		1.900
13	Project re-prioritization				4.000	1.880	5.880
14	Cyber security				0.125	0.215	0.340
15	TOTAL Capital Pressures	2.470	2.710	5.130	13.825	11.704	35.819
16	Annual and cumulative capital expenditures variance compared to formula	0.472	2.408	2.964	15.799	15.029	36.670

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7.3.1 If not confirmed, please quantify and provide details on the specific projects which comprise the two categories of project prioritization (i.e. “catch-up on accumulation of re-prioritized work from prior years” and “new projects to address safety, compliance, reliability and replace end of life equipment”) in 2017 and 2018.

Response:

The tables below provide a breakdown of work re-prioritized into 2017 and 2018 and a summary of new projects. FBC notes the omission of the SAP Integration project from the 2018 re-prioritized work in Table B2-1 of Appendix B2 in the Application and filed an Errata on September 25, 2018 to correct the omission.

Additionally, the 2017 and 2018 Reprioritized work tables provide a justification for why each project was evaluated to be Essential in the year in which it was completed.

As described in Table B2-1 of the Application, essential projects include:

- Those necessary to maintain service to customers;
- Condition or obsolescence-related replacement of critical assets; and
- Planned major inspections (transmission & distribution rehabilitation programs).

All of the projects reprioritized from previous years into 2017 were in this category and were essential to complete. These projects could not be deferred to a future year, as they were required to limit increasing safety and reliability risk exposure in the system, to avoid unplanned and urgent capital work resulting from equipment failures, and to address end of life infrastructure and software.



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2017 Work Reprioritized

Project	Justification	(\$ millions)
Distribution Rehabilitation		
PLA1 Feeder Rehabilitation	Planned major inspections, infrastructure condition	\$0.14
LEE1 Feeder Rehabilitation	Planned major inspections, infrastructure condition	0.07
PLA3 Feeder Rehabilitation	Planned major inspections, infrastructure condition	0.07
PAS1 Feeder Rehabilitation	Planned major inspections, infrastructure condition	0.03
OSO1 Feeder Rehabilitation	Planned major inspections, infrastructure condition	<u>0.03</u>
		\$0.35
38 Line Condition Assessment and Rehabilitation	Planned major inspections, infrastructure condition	0.35
Transmission Rehabilitation		
72 Line Rehabilitation	Planned major inspections, infrastructure condition	0.05
74 Line Rehabilitation	Planned major inspections, infrastructure condition	0.05
27 Line Rehabilitation	Planned major inspections, infrastructure condition	<u>0.02</u>
		0.12
Distribution Line Rebuilds		
Eagle Graphite Rebuild	Infrastructure condition	0.33
WEB2 Duchess & Newton Rebuild	Infrastructure condition	0.05
Midgely Mountain Rebuild	Infrastructure condition	<u>0.14</u>
		0.52
KRE8 Ellis St 79JC017 to 79MS016 Cable Replacement	Infrastructure condition	0.03
Glenmore Feeder 5 (Summit Drive) Capacity Upgrade	Maintain service to customers	0.3
Installation of oil containment at Keremeos substation	Mitigate environmental risk	0.23
Bulk Oil Circuit Breaker Replacement		
KER FDR1 & KER FDR 2	Condition of equipment, maintain service to customers	0.26
LEE T3T, LEE T4T, & LEE FDR1	Condition of equipment, maintain service to customers	<u>0.39</u>
		0.65
Princeton Roof Replacement	Condition of equipment	0.16
Rooftop HVAC Replacement	Compliance	0.76
Vehicle Replacement Projects	Maintain service to customers	0.2
SAP Integration (Project One)	O&M cost reductions and business efficiencies	<u>0.32</u>
1	2017 Reprioritized Work	<u>\$4.00</u>



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2018 Work Reprioritized

Project	Justification	(\$ millions)
Distribution Rehabilitation		
PLA1 Feeder Rehabilitation	Planned major inspections, infrastructure condition	\$0.15
LEE1 Feeder Rehab	Planned major inspections, infrastructure condition	0.14
PLA3 Feeder Rehab	Planned major inspections, infrastructure condition	<u>1.12</u>
		\$0.41
SAU7 Leon & Abbott Switcher Replacement	Condition of equipment, maintain service to customers	0.15
KRE6 Doyle Ave. Cable Replacement	Infrastructure condition	0.05
Pine Street T2 Station Smart Devices	Condition of equipment, maintain service to customers	0.17
SAP Integration (Project One)	O&M cost reductions and business efficiencies	0.59
Vehicle Replacements	Condition of equipment, maintain service to customers	<u>0.51</u>
1 2018 Reprioritized Work		<u>\$1.88</u>

2

3 The table below provides a summary of new projects identified to address safety, compliance,
 4 reliability issues, and to replace end of life of equipment. These projects correspond to Line 6
 5 through 9 of Table B2-1 of Appendix B2.

6

Appendix B2			Year	(\$ millions)
Table B2-1	Line	Project		
Line 8	1	Reconfiguration of the distribution system south of the Crawford Bay substation to improve area reliability.	2018F	\$0.37
	2	ROW improvements along the 30L transmission line from South Slokan substation to Coffee Creek substation to mitigate the potential for vegetation-related outages.	2018F	\$0.20
Line 9	3	Replacement of Lee Terminal T4 transformer Load Tap Changer in order to extend the life of the transformer.	2017	\$1.15
	4	Generating station switchyard improvements such as structure and switch replacements, concrete structure remedial work, grounding improvements for personnel safety, and transformer oil treatment to extend the life of the assets.	2018F	\$0.55
Line 6	5	Compliance with OHS rules related to guarding of rotating parts - OHS 12.16 and OHS 12.3.	2017	\$0.11
	6	Compliance with OHS rules related to guarding of rotating parts - OHS 12.16 and OHS 12.3.	2018F	\$0.19
	7	Compliance with OHS rules for platforms - OHS 4.59 related to the load rating of hatches, plates and covers.	2017	\$0.03
	8	Compliance with OHS rules for platforms - OHS 4.59 related to the load rating of hatches, plates and covers.	2018F	\$0.39
Line 7	9	Compliance with OHS 9.18(3)(b) rules related to single device isolation certification.	2018F	\$0.25

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1 Line 3 in Table B2-1 shows the cumulative capital expenditure variance attributable to
2 “System Improvements to accommodate growth” is \$8.6 million.

3 7.4 Please explain whether the \$8.6 million cumulative variance is attributable to a
4 specific customer class or group of classes.

5
6 **Response:**

7 The \$8.6 million at Line 3 of Table B2-1 has been updated to \$12.0 million as a result of a
8 correction to the 2016 value and an increase in the 2018 forecast due to higher new connections
9 compared to the forecast included in the August 10, 2018 filing (please refer to the updated Table
10 B2-1 in the revised response to BCUC IR 1.7.2). This variance is for the most part attributable to
11 the residential and commercial classes which make up the majority of FBC’s customer base.
12 FBC also identified in Line 3a of the revised Table B2-1 additional growth projects (customer-
13 funded) attributable to large commercial/industrial customers, totaling \$0.8 million in 2018.

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17 FBC states on page 3 of Appendix B2 of the Application that it anticipates capital
18 expenditure to exceed the formula in 2019, and lists five contributing factors.

19 7.6 For each of the five factors listed on page 3 of the Appendix B2, please provide
20 the amount of the forecast capital expenditure in 2019 and the expected variance
21 from formula capital attributable to that factor in 2019.

22
23 **Response:**

24 The table below provides the amount of forecast capital expenditures for the five contributing
25 factors and the expected variance:

Description	2019 F	Variance
Unanticipated transmission projects to address safety and reliability issues	0.2	0.40
Additional substation projects to address end-of life equipment replacements	1.2	2.45
Purchase of fibre from Shaw Cablesystems Limited due to contractual obligations	2.5	5.05
New projects in generation to address compliance with legislation from WorkSafeBC	0.5	1.01
Addition of the Sexsmith Distribution Transformer to accommodate capacity	0.7	1.41

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1 7.7.1 If confirmed and excluding the projects identified in Table B3-1 as
2 delayed beyond the PBR term, does this mean that FBC is otherwise
3 “caught up” on work that had been re-prioritized from previous years by
4 2019? Please explain.
5

6 **Response:**

7 By the end of 2018, FBC will be “caught up” on work that had been re-prioritized from the years
8 2014-2017.

9
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11
12 7.8 Please provide total forecast capital expenditures in 2019 and the amount which
13 is anticipated to exceed the formula.
14

15 **Response:**

16 FBC forecasts formula capital expenditures in 2019 to be approximately \$60.0 million compared
17 to formula of approximately \$49.5 million (including Pension and OPEB), a variance of \$10.5
18 million. This is in line with the variance between forecast capital spending and the formula amount
19 for 2019 that was forecast at the time of the 2018 Annual Review, which was approximately \$10.4
20 million.

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24 On pages 5 and 6 of the Appendix B2 of the Application, FBC provides a list of work re-
25 prioritized from previous years into 2017 and 2018 respectively.

26 7.9 Please explain whether the variance between formula and actual capital spending
27 would have exceeded the capital dead band in years prior to 2017 if work had not
28 been re-prioritized.
29

30 **Response:**

31 The table below shows the variances in capital expenditures assuming the initially-planned timing
32 of projects re-prioritized from 2014, 2015 and 2016. The capital spending would have exceeded
33 the dead band beginning in 2016.

34



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	2014			2015			2016		
	Actual	Formula	Variance	Actual	Formula	Variance	Actual	Formula	Variance
Formula Capital	\$ 43,017	\$ 42,193	\$ 824	\$ 46,814	\$ 42,384	\$ 4,430	\$ 48,430	\$ 42,874	\$ 5,556
Pension/OPEB	6,396	6,396	-	4,253	4,253	-	3,674	3,674	-
Total	\$ 49,413	\$ 48,589	\$ 824	\$ 51,067	\$ 46,637	\$ 4,430	\$ 52,104	\$ 46,548	\$ 5,556
One-Year Variance	1.70%			9.50%			11.94%		
Two-Year Variance Before Adjustment				11.19%			21.44%		

	2017			2018			Cumulative		
	Actual	Formula	Variance	Forecast	Formula	Variance	Actual	Formula	Variance
Formula Capital	\$ 55,032	\$ 43,254	\$ 11,778	\$ 57,718	\$ 43,818	\$ 13,900	\$ 251,011	\$ 214,523	\$ 36,488
Pension/OPEB	3,539	3,539	-	3,630	3,630	-	\$ 21,492	\$ 21,492	-
Total	\$ 58,571	\$ 46,793	\$ 11,778	\$ 61,348	\$ 47,448	\$ 13,900	\$ 272,503	\$ 236,015	\$ 36,488
One-Year Variance	25.17%			29.30%			15.46%		
Two-Year Variance Before Adjustment	46.61%			54.47%					

1
2 In adjusting the projects for inflation, FBC used the annual average (actual) CPI and AWE values,
3 weighted by the same factors used to escalate the capital formula. Cumulatively, capital
4 expenditures increased by \$0.183 million compared to undertaking the projects in 2014, 2015 and
5 2016.

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9 In response to BCUC IR 8.1 in the FBC 2018 Annual Review, FBC explained that
10 Contributions in Aid of Construction (CIAC) are excluded from the capital expenditures
11 formula envelope in the PBR plan. FBC provided a table which show capital expenditures
12 for years 2014 to 2016 actual and 2017 forecast assuming the capital formula was net of
13 CIAC.

14 7.10 Please provide 2017 actual and 2018 forecast capital expenditures net of CIAC in
15 the same format as the response to BCUC IR 8.1 in the FBC 2018 Annual Review.

16
17 **Response:**

18 The 2017 actual and 2018 forecast capital expenditures net of CIAC are shown in the table below.
19 The “Formula” CIAC values assume the 2013 base value for CIAC to be the approved 2013 CIAC
20 value, escalated using the same factors as formula capital.

	2017			2018		
	Actual	Formula	Variance	Forecast	Formula	Variance
Formula Capital	\$ 59.053	\$ 43.254	\$ 15.799	\$ 58.847	\$ 43.818	\$ 15.029
CIAC	(12.533)	(11.431)	(1.102)	(11.993)	(11.580)	(0.413)
Pension/OPEB	3.539	3.539	-	3.630	3.630	-
Total	\$ 50.059	\$ 35.362	\$ 14.697	\$ 50.484	\$ 35.868	\$ 14.616
Variance	41.56%			40.75%		
Variance excluding CIAC	33.76%			31.67%		



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- 1
- 2 FBC notes that the 2018 Forecast CIAC and Pension/OPEB values in the September 25, 2018
- 3 response to BCUC IR 1.7.10 were incorrect. The values in the table above have been.
- 4



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1 **26.0 Reference: CPCN AND SPECIAL PROJECTS CAPITAL EXPENDITURES**

2 **Exhibit B-2, Application, Section 7.3, Table 7-4, pp. 56, 57; Appendix**
 3 **C, Section 3, pp. 19–20; Appendix D, Section 3, pp. 11–12**

4 **2019 plant additions**

5 On page 57 of the Application, FBC provides Table 7-4 showing a reconciliation of capital
 6 expenditures to 2019 plant additions. The table shows that additions to plant, related to
 7 special projects and CPCNs, are expected to total \$14.775 million.

8 FBC states on page 56 that special project and CPCN costs, which will be included in rate
 9 base in 2019, are “the portion of the UBO Project [Upper Bonnington Old Units
 10 Refurbishment Project] attributable to the refurbishment of Unit 4” and the Ruckles
 11 Substation Project, which is expected to be completed in 2018.

12 26.1 Please provide a breakdown of the \$14.775 million special projects and CPCN
 13 additions to plant by project. Please ensure that the breakdown reconciles to the
 14 “forecast expenditures to completion” for Unit 4 of the UBO Project and the Ruckles
 15 Substation Project, as provided in Section 3 of both Appendix C and D.

17 **Response:**

18 As a result of the revised Ruckles Substation Rebuild project forecast, the 2019 special projects
 19 and CPCN additions to plant is \$14.340 million (Evidentiary Update Section 11, Schedule 5, Line
 20 32). The breakdown of the 2019 Special Projects and CPCN Projects Additions to Plant is
 21 provided in the table below, along with the reconciliation of the Ruckles Substation Rebuild and
 22 UBO Refurbishment Project totals to the response to BCUC IR 1.44.3 and Appendix C (Errata
 23 filed on September 25, 2018).

Line No.	Description	2019				Project Total UBO
		Corra Linn	Ruckles	UBO	Total, Table 7-4	
1	Special Projects and CPCN Capital Expenditures	\$ 12.750	\$ -	\$ 7.449	\$ 20.199	\$ 30.585
2	Special Projects and CPCN AFUDC	1.709		0.373	2.082	1.198
3	Special Projects and CPCN Cost of Removal	(2.751)		(0.333)	(3.084)	(1.496)
4	Special Projects and CPCN Work in Progress	(11.708)	6.255	0.596	(4.857)	-
5	Special Projects and CPCN Additions to Plant	\$ -	\$ 6.255	\$ 8.085	\$ 14.340	\$ 30.287
6						
7	Add Cost of Removal		0.184			1.496
8	Total Project Cost per BCUC IR 1.44.3 (Ruckles) and Appendix C (UBO)		\$ 6.438			\$ 31.783

24

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1 **G. FINANCIAL SCHEDULES**

2 **27.0 Reference: FINANCIAL SCHEDULES**

3 **Exhibit B-2, Application, Section 11, Schedules 11, 11.1, 12**

4 **Unamortized deferred charges and amortization (rate base and non-**
5 **rate base)**

6 27.1 In the same format as is provided in Schedules 11, 11.1 and 12 in Section 11 of
7 the Application, please provide the previous years' information on unamortized
8 deferred charges by starting with the Actual 2017 ending deferral account balances
9 and including projected 2018 deferral account additions and amortization.

10

11 **Response:**

12 The requested schedules are provided below.

13 In the schedules FBC has reduced its 2018 forecast for two deferral accounts

- 14 • The 2017 Rate Design Application (Schedule 12.1, Line 8) deferral account is reduced by
15 \$0.398 million, as explained in the response to BCUC IR 1.36.1, and
- 16 • The 2016 Long Term Electric Resource Plan (Schedule 12.1, Line 7) deferral account is
17 reduced by \$0.037 million, based on costs to date.

18 FBC also revised the financing rate for the Electric Vehicle Charging Stations Rate Design and
19 Tariff Application account from short term interest rate to a weighted average cost of debt rate
20 (from Schedule 12 to Schedule 12.1, Line 15).

21

22 These revisions are included in FBC's Evidentiary Update.



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FORTISBC INC.

Section 11

**UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION - RATE BASE
 FOR THE YEAR ENDING DECEMBER 31, 2018
 (\$000s)**

Schedule 11

Line No.	Particulars	12/31/17	Opening Bal./ Transfer/Adj.	Gross Additions	Less Taxes	Amortization Expense	12/31/18	Mid-Year Average	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	<u>1. Forecasting Variance Accounts</u>								
2									
3	<u>2. Rate Smoothing Accounts</u>								
4									
5	<u>3. Benefits Matching Accounts</u>								
6	Demand Side Management	\$ 22,427	\$ -	\$ 7,900	\$ (2,133)	\$ (3,711)	\$ 24,483	\$ 23,455	
7	Deferred Debt Issue Costs	3,826	-	2	(119)	(165)	3,543	3,685	
8	Preliminary and Investigative Charges ¹	330	-	(140)	-	-	191	260	Note 1
9	Right of Way Reclamation (Pine Beetle Kill)	173	-	-	-	(173)	-	87	
10	Accounting Treatment of non-AMI Meters	2,163	-	-	-	(1,082)	1,082	1,623	
11		<u>\$ 28,920</u>	<u>\$ -</u>	<u>\$ 7,762</u>	<u>\$ (2,252)</u>	<u>\$ (5,131)</u>	<u>\$ 29,298</u>	<u>\$ 29,109</u>	
12	<u>4. Retroactive Expense Accounts</u>								
13									
14	<u>5. Other Accounts</u>								
15	Pension and OPEB Liability	(17,298)	-	493	-	-	(16,805)	(17,052)	
16		<u>\$ (17,298)</u>	<u>\$ -</u>	<u>\$ 493</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (16,805)</u>	<u>\$ (17,052)</u>	
17									
18	Total Rate Base Deferral Accounts	<u>\$ 11,622</u>	<u>\$ -</u>	<u>\$ 8,255</u>	<u>\$ (2,252)</u>	<u>\$ (5,131)</u>	<u>\$ 12,493</u>	<u>\$ 12,058</u>	
19									

20 Note 1: Gross additions for Preliminary and Investigative Charges are after transfers to Construction Work in Progress.
 Additions of \$0.150 million - transfers of \$0.290 million = \$(0.140) million.

1
2
3



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FORTISBC INC.

Section 11

**UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION - NON-RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2018
(\$000s)**

Schedule 12

Line No.	Particulars	12/31/17	Opening Bal./ Transfer/Adj.	Gross Additions	Less Taxes	Amortization Expense	12/31/18	Mid-Year Average	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Deferral Accounts Financed at Short Term Interest Rate								
2									
3	<u>1. Forecasting Variance Accounts</u>								
4	Revenue and Power Supply ⁽¹⁾	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
5	Flow-Through Accounts	(9,356)	-	(10,534)	-	7,102	(12,788)	(11,072)	
6	Pension & Other Post Retirement Benefits (OPEB) Variance	(367)	-	(617)	-	289	(695)	(531)	
7		<u>\$ (9,723)</u>	<u>\$ -</u>	<u>\$ (11,151)</u>	<u>\$ -</u>	<u>\$ 7,391</u>	<u>\$ (13,483)</u>	<u>\$ (11,603)</u>	
8	<u>2. Rate Smoothing Accounts</u>								
9	2018 Revenue Deficiency	\$ -	\$ -	\$ 896	\$ (242)	\$ -	\$ 654	\$ 327	
10									
11	<u>3. Benefits Matching Accounts</u>								
12	2014-2019 Performance Based Ratemaking Application	493	-	-	-	(246)	246	369	
13	Annual Reviews for 2015-2019 Rates	32	-	205	(55)	(102)	79	55	
14	Self-Generation Policy Application, Stage II	(19)	-	75	(20)	-	35	8	
15	Net Metering Program Tariff Update	87	-	52	(14)	(88)	38	63	
16	BCUC Residential Inclining Block Rate Report	(19)	-	3	(1)	22	5	(7)	
17	2017 Demand Side Management Expenditure Schedule Application	10	-	-	-	(11)	(1)	5	
18	2018 Demand Side Management Expenditure Schedule Application	-	2	70	(19)	-	54	28	
19	BC Hydro Application for Power Purchase Agreement with FBC	(7)	-	-	-	7	-	(3)	
20	Community Solar Pilot Project	-	51	71	(19)	(130)	(27)	12	
21	Tariff Applications	(74)	-	-	-	-	(74)	(74)	
22		<u>\$ 502</u>	<u>\$ 53</u>	<u>\$ 475</u>	<u>\$ (128)</u>	<u>\$ (548)</u>	<u>\$ 355</u>	<u>\$ 455</u>	
23	<u>4. Retroactive Expense Accounts</u>								
24									
25	<u>5. Other Accounts</u>								
26	2014-2019 Earnings Sharing Account	(744)	-	(169)	46	615	(252)	(498)	
27	Castlegar Office Disposition	31	344	(813)	-	-	(439)	(469)	
28	BC Hydro Waneta 2017 Transactions	-	33	79	(21)	-	91	62	
29		<u>\$ (713)</u>	<u>\$ 377</u>	<u>\$ (903)</u>	<u>\$ 24</u>	<u>\$ 615</u>	<u>\$ (601)</u>	<u>\$ (905)</u>	
30									
31	Total Deferral Accounts at Short Term Interest	<u>\$ (9,934)</u>	<u>\$ 430</u>	<u>\$ (10,683)</u>	<u>\$ (346)</u>	<u>\$ 7,457</u>	<u>\$ (13,075)</u>	<u>\$ (11,726)</u>	
32									
33	Financing Costs at STI	\$ (289)	\$ -	\$ (406)		\$ 361	\$ (334)	\$ (311)	
34									

2

Note 1: Revenue and Power Supply Variances are included in the Flow-Through Accounts during the PBR Term.



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FORTISBC INC.

Section 11

UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION - NON-RATE BASE cont'd
FOR THE YEAR ENDING DECEMBER 31, 2018
 (\$000s)

Schedule 12.1

Particulars (1)	12/31/17 (2)	Opening Bal./ Transfer/Adj. (3)	Gross Additions (4)	Less Taxes (5)	Amortization Expense (6)	12/31/18 (7)	Mid-Year Average (8)	Cross Reference (9)
Deferral Accounts Financed at Weighted Average Cost of Debt								
<u>1. Forecasting Variance Accounts</u>								
<u>2. Rate Smoothing Accounts</u>								
<u>3. Benefits Matching Accounts</u>								
CPCN Projects Preliminary Engineering	\$ 130	\$ -	\$ 125	\$ -	\$ -	\$ 255	\$ 192	
2016 Long Term Electric Resource Plan	382	-	233	(63)	(141)	412	397	
2017 Rate Design Application	124	-	852	(230)	-	746	435	
Transmission Customer Rate Design	2	-	-	-	(2)	-	1	
2020 Revenue Requirements	-	-	225	(61)	-	164	-	
2019 - 2022 Multi-Year DSM Expenditure Schedule	-	74	115	(31)	-	158	116	
2018 Joint Pole Use Audit	-	-	200	(54)	(29)	117	58	
Electric Vehicle Charging Stations Rate Design and Tariff Application	-	11	45	(12)	-	44	-	
	<u>\$ 638</u>	<u>\$ 86</u>	<u>\$ 1,794</u>	<u>\$ (451)</u>	<u>\$ (172)</u>	<u>\$ 1,896</u>	<u>\$ 1,200</u>	
<u>4. Retroactive Expense Accounts</u>								
<u>5. Other Accounts</u>								
US GAAP Pension and OPEB Transitional Obligation	\$ 2,728	\$ -	\$ (827)	\$ -	\$ -	\$ 1,901	\$ 2,314	
Advanced Metering Infrastructure Radio-Off Shortfall	88	-	-	-	-	88	88	
	<u>\$ 2,816</u>	<u>\$ -</u>	<u>\$ (827)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,989</u>	<u>\$ 2,403</u>	
Total Deferral Accounts at Weighted Average Cost of Debt	<u>\$ 3,455</u>	<u>\$ 86</u>	<u>\$ 967</u>	<u>\$ (451)</u>	<u>\$ (172)</u>	<u>\$ 3,885</u>	<u>\$ 3,603</u>	
Financing Costs at WACD	\$ 447	\$ -	\$ 200	\$ -	\$ (499)	\$ 148	\$ 298	
Deferral Accounts Financed at AFUDC								
<u>3. Benefits Matching Accounts</u>								
On Bill Financing (OBF) Participant Loans	\$ 9	\$ -	\$ (1)	\$ -	\$ -	\$ 8	\$ 9	
Financing Costs at AFUDC	\$ 1	\$ -	\$ 1	\$ -	\$ (1)	\$ 1	\$ 1	
Deferral Accounts Non-Interest Bearing	<u>\$ 50</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ 50</u>	
1 Total Non Rate Base Deferral Accounts (including financing)	<u>\$ (6,260)</u>	<u>\$ 515</u>	<u>\$ (9,923)</u>	<u>\$ (797)</u>	<u>\$ 7,146</u>	<u>\$ (9,317)</u>	<u>\$ (7,530)</u>	