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October 19, 2018

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

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

Dear Mr. Wruck:

Re: FortisBC Inc. (FBC)
Annual Review for 2019 Rates (the Application) Project No. 1598967
Request for Approval of Interim Rates

FBC writes to request an order from the British Columbia Utilities Commission (BCUC) approving FBC's existing rates as interim, pursuant to sections 59 to 61 and 89 of the *Utilities Commission Act* (UCA), effective January 1, 2019.

On August 10, 2018, FBC filed its Annual Review for 2019 Rates Application and on October 3, 2018, FBC filed an Evidentiary Update (collectively the Application). In the Application, FBC requested approval to, among other things, maintain existing rates at 2018 levels, effective January 1, 2019, pursuant to sections 59 to 61 of the (UCA).

On August 2, 2018, FBC filed its application for Acceptance of Demand Side Management Expenditures for the 2019 to 2022 period (DSM Application). Section 44.2(2) of the UCA provides that the BCUC may not approve permanent rates for the recovery of expenditures on demand-side measures, unless the expenditures are accepted under section 44.2 or the rates are interim. Section 44.2(2), therefore, requires the acceptance of the DSM Application prior to setting permanent rates for 2019. Section 44.2 of the UCA does allow rates for the recovery of demand-side measure expenditures to be set on an interim basis prior to the acceptance under section 44.2. Given that the regulatory review process for the DSM Application concludes on December 4, 2018, a BCUC decision is unlikely to be received in time to implement permanent rates on January 1, 2019. As a result, it will be necessary to set rates interim, effective January 1, 2019, pending the BCUC's final decisions on both applications.

FBC, therefore, requests approval to make existing customer rates for all customer classes interim and refundable, with any difference between the interim rates and the permanent rates be refunded to or collected from customers (with interest at the average prime rate of FBC's principal bank applied to any refundable amounts) pending the BCUC's final decisions on the Annual Review and DSM applications. Once both decisions are received, FBC will submit a compliance filing to establish permanent rates and to address any difference between interim and permanent rates.

A draft order is attached as Appendix A.

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC INC.

Original signed:

Diane Roy

cc (email only): Registered Parties

Appendix A
DRAFT ORDER



ORDER NUMBER

G-xx-xx

IN THE MATTER OF

the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

FortisBC Inc.

Annual Review for 2019 Rates

BEFORE:

[Panel Chair]
Commissioner
Commissioner

on Date

ORDER

WHEREAS:

- A. On September 15, 2014, the British Columbia Utilities Commission (BCUC) issued its Decision and Order G-139-14 for FortisBC Inc. (FBC) approving a Multi-Year Performance Based Ratemaking (PBR) Plan for 2014 through 2019 (PBR Decision). In accordance with the PBR Decision, an annual review process with the BCUC will be undertaken to set delivery rates for each year;
- B. By Order G-142-18 dated July 31, 2018, the BCUC established the regulatory timetable for the annual review of FBC's 2019 rates;
- C. On August 10, 2018, FBC submitted its Annual Review of 2019 Rates Application materials (Application), seeking approval of, among other things, to maintain the existing 2018 rates on a permanent basis, effective January 1, 2018. The Application is made pursuant to sections 59 to 61 of the *Utilities Commission Act* (UCA);
- D. On October 19, 2018, FBC requested approval, pursuant to sections 59 to 61 and 89 of the UCA, to make its existing rates for all customer classes interim and refundable (with interest at the average prime rate of FBC's principal bank applied to any refundable amounts), effective January 1, 2019 (Interim Rate Application), pending the BCUC's decisions regarding the Application and the 2019-2022 Demand Side Management (DSM) Expenditures Application (DSM Application) filed with the BCUC for acceptance on August 2, 2018, pursuant to section 44.2 of the UCA;
- E. Pursuant to section 44.2(2) of the UCA, the BCUC may not consent under section 61 of the UCA to an amendment to a schedule filed under section 61 to the extent that the amendment is for the purpose of, among other things, recovering expenditures on demand-side measures the public utility anticipates making during the period addressed by the schedule, unless the amendment is for the purpose of setting an interim rate; and

F. The BCUC has reviewed the Interim Rate Application and considers that approval is warranted.

NOW THEREFORE pursuant to sections 59 to 61 and 89 of the *Utilities Commission Act* the BCUC orders as follows:

1. FBC's Interim Rate Application to set the existing rates for all customer classes as interim effective January 1, 2019, is approved.
2. FBC is directed to refund/recover the difference between the interim rates and permanent rates, as determined by the BCUC following the final determination in the Application and FBC's DSM Application, with interest calculated on any refundable amounts at the average prime rate of FBC's principal bank for its most recent year.
3. FBC is directed to file with the BCUC, within 30 days of the issuance of this order, amended tariff pages in accordance with the terms of this order.

DATED at the City of Vancouver, in the Province of British Columbia, this (XX) day of (Month Year).

BY ORDER

(X. X. last name)
Commissioner