

September 29, 2011

Regulatory Affairs Correspondence
Email: gas.regulatory.affairs@fortisbc.comBritish Columbia Utilities Commission
6th Floor, 900 Howe Street
Vancouver, BC
V6Z 2N3Attention: Ms. Alanna Gillis, Acting Commission Secretary

Dear Ms. Gillis:

Re: FortisBC Energy Utilities¹ (“FEU” or the “Companies”) 2012 and 2013 Revenue Requirements and Natural Gas Rates Application (the “Application”)
September 28, 2011 Filing of Updated Tables in the Application (Exhibit B-1-3)
Additional Revised Pages

On May 4, 2011, the FEU filed the Application referenced above. In order to assist all parties during the Oral Public Hearing, on September 28, 2011, the FEU filed Exhibit B-1-3, including replacement pages for the Application (Exhibit B-1) with tables and quoted figures² in the narrative updated to reflect the latest forecasts as included in the financial schedules and rate requests provided in the Evidentiary Update dated September 12, 2011 (Exhibit B-21). **We confirm that these replacement pages are for ease of reference only and reflect information already on the record.**

The FEU inadvertently omitted 3 pages from Exhibit B-1-3, which contain updated tables. Attached are replacement pages 292, 332 and 333. The FEU also note that in Exhibit B-1-3, a replacement page 334 was included in the package, however, no revision was made to the Table 6-2-3 contained on that page and no revision marking bar was present. Parties can discard replacement page 334 of Exhibit B-1-3.

We recommend that the parties insert these 3 additional pages into the Application binder volume 1, and put a stroke through the original page indicating that it has been replaced and updated.

¹ FortisBC Energy Inc. (“FEI”), FortisBC Energy (Vancouver Island) Inc. (“FEVI”), FortisBC Energy (Whistler) Inc. (“FEW”), and FortisBC Energy Inc. Fort Nelson Service Area (“Fort Nelson”)

² Only figures have been updated; where narrative in Exhibit B-1 has been superseded by Commission orders or changes to the Companies’ requests since May 4, 2011, the narrative has not been amended.

If you require further information or have any questions regarding this submission, please contact the undersigned.

Yours very truly,

on behalf of the FORTISBC ENERGY UTILITIES

Original signed by: Ilva Bevacqua

For: Diane Roy

Attachments

cc: Registered Parties

relevant transmission asset classes, namely, 465 Pipe, 466 Compressor Equipment, and 467 Measuring, Regulating and Telemetry Equipment.

For FEVI, the average amortization rate for Distribution CIAC is 1.93 percent and for Transmission CIAC it is 1.79 percent, both of which have been determined based on the individual asset classes that the CIAC relate to. The Contribution for the Whistler pipeline is being amortized over 50 years.

For FEW, the average amortization rate is 1.67 percent.

5.4.6 SUMMARY OF DEPRECIATION AND AMORTIZATION

The FortisBC Energy Utilities have updated their recommendations for depreciation and amortization rates to reflect both their historical experience and their expectations for the service lives of their assets. The FEU have completed an analysis of the historical accumulation of losses in accumulated depreciation, and provided recommendations for the continued recovery of these losses through depreciation and amortization. The FEU have recommended a return to a traditional method of recovery of negative salvage, along with changes to the tracking and reporting of those amounts to allow for increased transparency. Overall, the FEU believe that the recommendations put forward are the most appropriate to allocate the recovery of prudent investment in capital from customers.

5.5 Other Revenue

5.5.1 INTRODUCTION TO OTHER REVENUE

Overall, as shown in Table 5.5-1 below, the Companies are forecasting a significant increase in other revenue in 2012 when compared to 2011 Approved, and a further modest increase in 2013.

Table 5.5-1: Forecast Other Revenue for 2012 and 2013⁹⁷

(\$ thousands)	Approved	Forecast	Forecast
Mainland	2011	2012	2013
Mainland	\$ 24,394	\$ 24,763	\$ 24,789
Vancouver Island	9,752	18,664	18,675
Whistler	56	16	16
Fort Nelson	60	24	24
Total	\$ 34,262	\$ 43,467	\$ 43,504

⁹⁷ Section 7.1 to 7.4, Schedule 19 & 20

Table 6.2-1: Approved, Actual and Forecast Mainland Capital Expenditures¹²⁴

(\$ thousands)

	2010 Approved	2010 Actual	2011 Approved	2011 Projection	2012 Forecast	2013 Forecast
System Integrity & Reliability Capital						
Meter Recalls/Exchanges	18,178	19,126	19,055	21,825	20,668	21,272
Transmission System Reinforcements / Integrity and Reliability	9,546	9,771	8,663	14,595	20,350	24,386
Distribution System Reinforcements / Integrity and Reliability	7,900	5,198	6,250	8,361	7,170	7,610
Distribution Mains and Service Renewals and Alterations	10,060	11,342	9,810	16,716	17,330	21,845
	45,684	45,437	43,778	61,497	65,517	75,114
Mains, Services & Meters Capital						
New Customer Mains	8,807	4,538	9,306	5,698	6,127	6,500
New Customer Services	14,722	13,874	15,940	11,098	12,050	12,910
New Customer Meters	1,588	1,905	1,728	1,769	1,965	2,105
Biomethane/NGV				7,440	3,078	3,578
	25,117	20,317	26,974	26,005	23,220	25,093
Non IT Capital						
Equipment	3,497	3,434	3,363	2,664	3,310	2,930
Facilities	3,213	4,177	3,483	4,138	8,424	4,124
IT	16,000	12,418	16,000	16,000	18,000	18,000
	22,710	20,029	22,845	22,802	29,734	25,054
Subtotal	93,511	85,783	93,597	110,304	118,471	125,261
Contributions in Aid of Construction						
	(4,024)	(3,922)	(3,929)	(6,218)	(5,341)	(5,400)
Total Regular Capital	89,487	81,861	89,669	104,086	113,130	119,861

¹²⁴ Section 7.1, Schedule 42

Table 6.2-2: Approved, Actual and Forecast Vancouver Island Capital Expenditures¹²⁵

(\$ thousands)

	2010 Approved	2010 Actual	2011 Approved	2011 Projection	2012 Forecast	2013 Forecast
Sustainment Capital						
Meter Recalls/Exchanges	1,492	1,134	1,496	1,188	1,215	1,250
Transmission System Reinforcements / Integrity and Reliability	5,045	3,836	7,868	7,868	8,098	6,328
Distribution System Reinforcements / Integrity and Reliability	1,520	991	2,315	2,315	2,685	935
Distribution Mains and Service Renewals and Alterations	1,000	1,156	1,000	1,326	4,276	5,646
	9,057	7,117	12,679	12,697	16,274	14,159
Growth Capital						
New Customer Mains	2,725	1,836	2,966	2,562	2,758	2,925
New Customer Services	5,940	5,309	6,459	4,531	4,927	5,276
New Customer Meters	540	430	582	441	480	513
	9,206	7,575	10,006	7,534	8,165	8,714
Other						
Equipment	1,615	1,181	1,500	1,391	3,073	3,591
Facilities	291	400	141	343	439	616
IT	1,500	1,473	1,500	1,500	2,000	2,000
	3,406	3,054	3,142	3,234	5,512	6,207
Subtotal	21,669	17,746	25,827	23,465	29,951	29,079
Contributions in Aid of Construction						
	(442)	(371)	(448)	(488)	(426)	(431)
Total Regular Capital	21,226	17,374	25,379	22,977	29,525	28,648

¹²⁵ Section 7.2, Schedule 42