



Dennis Swanson  
Director, Regulatory Affairs

**FortisBC Inc.**  
Suite 100 – 1975 Springfield Road  
Kelowna, BC V1Y 7V7  
Tel: (250) 717-0890  
Fax: 1-866-335-6295  
[www.fortisbc.com](http://www.fortisbc.com)

Regulatory Affairs Correspondence  
Email:[electricity.regulatory.affairs@fortisbc.com](mailto:electricity.regulatory.affairs@fortisbc.com)

December 6, 2013

**Via Email**  
**Original via Mail**

British Columbia Utilities Commission  
Sixth Floor  
900 Howe Street  
Vancouver, B.C.  
V6Z 2N3

Attention: Ms. Erica M. Hamilton, Commission Secretary

Dear Ms. Hamilton:

**Re: FortisBC Inc. (FBC)**

**Application for Approval of a Multi-Year Performance Based Ratemaking Plan for 2014 through 2018 (the Application)**

**Response to the British Columbia Utilities Commission (BCUC or the Commission) Information Request (IR) No. 2, Responses Related to the PBR Methodology**

**Filed as Response to FBC BCUC IR No. 3a**

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On July 5, 2013, FBC filed the Application as referenced above. FBC submitted its response to BCUC IR No. 2 on November 26, 2013, noting that the responses to BCUC IR No. 2 question 26 series related to the PBR Methodology, and would be submitted with the PBR Methodology IR responses.

In an effort to differentiate the IR responses relating to the PBR Methodology which are the subject of the oral portion of the hearing jointly for FBC and FortisBC Energy Inc. (FEI) from those IR responses which relate to other matters for the written portion of the hearing individually for each of FEI and FBC, FBC will mark these IR responses as FBC BCUC IR No. 3a.

FBC respectfully submits these FBC BCUC IR No. 3a responses related to the PBR Methodology.

If further information is required, please contact the undersigned.

Sincerely,

**FORTISBC INC.**

***Original signed:***

Dennis Swanson

Attachments

cc (e-mail only): Registered Parties



FortisBC Inc. (FBC or the Company) Application for Approval of a Multi-Year Performance Based Ratemaking Plan for 2014 through 2018 (the Application)	Submission Date: December 6, 2013
Response to British Columbia Utilities Commission (BCUC or the Commission) Information Request (IR) No. 2 IRs Related to PBR Methodology being filed as IR No. 3a	Page 1

1 **D. PBR FORECAST – CAPITAL EXPENDITURES**

2 **26.0 Reference: Exhibit B-7, BCUC 1.152.1.1**

3 **Capital Expenditure Schedule**

4 FBC states “[a]t the Annual Review, FBC will submit financial schedules, including the  
5 formula-driven capital expenditure calculation, to support its revenue requirements.  
6 Detail of the Company’s capital expenditures will continue to be included in its Annual  
7 Reports to the BCUC.” (Exhibit B-7, BCUC 1.152.1)

8 26.1 Please confirm that “the Annual Review” is an Application to the Commission (in  
9 lieu of a revenue requirement application), which allows stakeholders to review  
10 the filed materials through information requests or other regulatory processes. If  
11 so, should the preamble be more clearly stated “**for** the Annual Review” to avoid  
12 the implication that it is an event?  
13

14 **Response:**

15 Confirmed. In addition to providing the Commission and other stakeholders with an opportunity  
16 to review the Company’s performance during the prior year, the Annual Review process  
17 includes an Application to determine the revenue requirement for the upcoming year, including  
18 the impact of those items determined by the approved PBR formula. FBC agrees that the  
19 preamble can be modified to read “**for** the Annual Review” in order to avoid the implication that  
20 the Annual Review is an event rather than an Application for approval to the Commission.

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22

23  
24 26.2 For the PBR Annual Review, will FBC submit financial schedules that include: a  
25 brief scope and a reference to the Long Term Capital Plan approved in 2012, a  
26 start date and an in-service date, and the total estimated cost, the actual cost at  
27 completion and the carry-over cost? Or does FBC only propose to submit the  
28 formula-driven capital expenditure amount calculation?  
29

30 **Response:**

31 For the PBR Annual Review, FBC is proposing to submit financial schedules that include the  
32 impact of the formula-driven capital expenditures, as well as any larger projects, including those  
33 subject to a CPCN application. For larger projects, the Company may ask for approval as part  
34 of the Annual Review.



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26.3 Please confirm that the information included in the financial schedules to be submitted for the Annual Review will include capital expenditures within the PBR formula and outside of the PBR formula.

**Response:**

Confirmed – some of the capital expenditures that impact rates for the following year will be calculated by the PBR formula while some will be outside of the formula. Please also refer to the response to FBC BCUC IR 3a.26.2.