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February 7, 2014

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 Energy Inc. (FEI or the Company)

Application for a Certificate of Public Convenience and Necessity (CPCN) for the Huntingdon Station Bypass (the Application)

Response to the British Columbia Utilities Commission (BCUC or the Commission) Information Request (IR) No. 2

On October 25, 2013, FEI filed the Application as referenced above. In accordance with Commission Order G-11-14 setting out the Amended Regulatory Timetable for the review of the Application, FEI respectfully submits the attached response to BCUC IR No. 2.

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC ENERGY INC.

Original signed:

Diane Roy

Attachments

cc (e-mail only): Registered Parties

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1 **A. PROJECT NEED, ALTERNATIVES AND JUSTIFICATION**

2 **1.0 Reference: OPTIONS ANALYSIS**

3 **Exhibit B-2, BCUC 1.6.1, p. 17**

4 **Constructability**

5 In response to BCUC IR 1.6.1, FortisBC Energy Inc. (FEI) provided a draft, high-level,
6 gas tie-in procedure for the upstream connection of the bypass to Spectra Energy
7 Transmission's (Spectra) Nominal Pipe Size (NPS) 36 supply line.

8 1.1 Please complete the draft, high-level, gas tie-in procedure for the two
9 downstream connections. Please discuss, what, if any, impacts these
10 connection activities will have to the supply of natural gas to Coastal
11 Transmission System (CTS) and FortisBC Energy (Vancouver Island) Inc. (FEVI)
12 customers.

13
14 **Response:**

15 The following are draft, high level, gas tie-in procedures for the bypass downstream
16 connections:

17 *Tie-in procedure for NPS 42 Huntingdon to Nichol pipeline:*

- 18 1. Ensure NPS 30 Huntingdon to Nichol pipeline fully functioning;
- 19 2. Hydro-vacuum tie-in excavation areas, slope and/or shore up appropriately;
- 20 3. Shut-in NPS 42 pipeline between Huntingdon Station and King Road Station;
- 21 4. Drawdown shut-in segment into King Road Station;
- 22 5. Blowdown shut-in segment, monitor and exhaust as required;
- 23 6. Cut out section of NPS 42 pipeline;
- 24 7. Install and tie-in new NPS 42 section with valves;
- 25 8. Radiograph and magnetic particle test new welds, soap test tie-in welds;
- 26 9. Complete fittings, purge and gasify shut-in pipeline; and
- 27 10. Return to normal operating conditions.



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1 Tie-in procedure for NPS 30 Huntingdon to Nichol pipeline:

- 2 1. Ensure NPS 42 Huntingdon to Nichol pipeline fully functioning;
- 3 2. Hydro-vacuum tie-in excavation areas, slope and/or shore up appropriately;
- 4 3. Shut-in NPS 30 pipeline between Huntingdon Station and King Road Station;
- 5 4. Drawdown shut-in Segment into King Road Station;
- 6 5. Blowdown shut-in segment, monitor and exhaust as required;
- 7 6. Cut out section of NPS 30 pipeline;
- 8 7. Install and tie-in new NPS 30 section with valves;
- 9 8. Radiograph and magnetic particle test new welds, soap test tie-in welds;
- 10 9. Complete fittings, purge and gasify shut-in pipeline; and
- 11 10. Return to normal operating conditions.

12
13 The risks associated with the above described procedures are safety and customer service
14 interruption. FEI will mitigate these risks through the planning process and review of the
15 operational procedures when contingency plans are developed in the period leading up to the
16 finalization and implementation of the gas procedures.

17 As presented in the response to BCUC IR 1.6.1, customer interruption or curtailments are not
18 anticipated as tie-in activities are presently planned to occur during the lower demand summer
19 season. The gas procedure will be finalized prior to the installation of the bypass.

20

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1 **B. CONSULTATION**

2 **2.0 Reference: PUBLIC CONSULTATION**

3 **Exhibit B-2, BCUC 1.10.1.1, 1.21.3, pp. 29 and 54**

4 **Landowner Engagement**

5 In response to BCUC IR 1.10.1.1 FEI states:

6

1 **Response:**

2 Yes, FEI met with each of the farmers. The Company met with the first farmer on October 30,
3 2013 and the other farmer on December 10, 2013. Both farmers understand the necessity of
4 the infrastructure and are willing to work with the Company.

7

8 (Exhibit B-2, BCUC 1.10.1.1, p. 29)

9 In response to BCUC IR 1.21.31 FEI states:

16 **Response:**

17 Spectra has agreed to the area of right of way on the east side of Huntingdon Station and is in
18 receipt of FEI's standard statutory right of way agreement. It is reviewing the document and is
19 expected to respond back shortly.

20 FEI met with the property owner on the north side on October 30, 2013. The property owner is
21 aware that an 18m right of way is required along the property line. The property owner has
22 been advised that they will be able to continue to farm the right of way area upon completion.
23 As currently discussed, FEI would pay compensation for 3 years' crop loss for the right of way
24 and temporary working space area, and the Company will negotiate with regard to
25 compensation for the right of way.

26 FEI met with the property owner on the east side on December 10, 2013. The property owner is
27 expected to submit a proposal for compensation shortly.

10

11 (Exhibit B-2, BCUC 1.21.31, p. 54)

12

13 2.1 Please confirm that only three property owners are affected by this Project: 1) the
14 property owner to the north, 2) the property owner to the west, and 3) the
15 property owner the east (Spectra).

16

17 **Response:**

18 Confirmed. The owners of the 3 pieces of property directly affected by this Project are: 1)
19 Whatcom Acres Dairy Ltd. to the north, 2) a blueberry farm to the west, and 3) Spectra to the
20 east.



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2.1.1 Please confirm that FEI met with the property owner on the west side on December 10, 2013.

Response:

Confirmed. Representatives from FEI’s Community Relations and Property Services departments met with the property owner on the west side on December 10, 2013, to discuss the Project and required right of way.

To clarify, the final paragraph in the response to BCUC IR 1.21.31 should have stated: “FEI met with the property owner on the WEST side on December 10, 2013”.

2.2 Please identify all concerns, if any, that all property owners raised during meetings with FEI. For each concern, please explain how FEI responded.

Response:

The property owner to the west side of the Huntingdon Station had expressed concerns about locating the new above-ground facilities on his property. The property owner had stated his intentions to sell the property and believed the new above-ground facilities would make the property undesirable to potential purchasers. In response, FEI has altered the Project to contain all new above-ground facilities on the existing station site. FEI will acquire right of way from this property owner for the below-ground pipe only.

The property owner to the north of the Huntingdon Station has not expressed specific concerns about the Project as the Company provided assurances that the pipe would be installed in a manner that will allow the property owner to continue to farm the land.

FEI also met with another property owner to the north of the Huntingdon Station after he expressed a similar concern about the new above ground-facilities being in his direct view. By moving the above-ground facilities into the existing station site, the above-ground facilities will no longer impact the property owner’s direct view.

FEI will continue to work with all of the property owners to address their concerns as they arise.



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1
2 2.3 When does FEI anticipate negotiations with regard to compensation for the right
3 of way with each landowner will be complete?
4

5 **Response:**

6 FEI is in active negotiation with the property owners regarding compensation for the right of way
7 and expects that the right of way acquisition will be completed in early 2014.

8



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1 **3.0 Reference: FIRST NATION CONSULTATION**

2 **Exhibit B-1, Appendix G; Exhibit B-2, BCUC 1.12.1, p. 33**

3 **Potential Environmental Impacts**

4 FEI includes the Preliminary Environmental Assessment as Appendix G to the
5 Application.

6 In response to BCUC IR 1.12.1 FEI states:

13 **Response:**

14 The probability of encountering contaminated groundwater was determined based on the
15 consensus of the attendees of a risk analysis workshop that included personnel from FEI's
16 Environment and Operations departments who are familiar with the site.

8 (Exhibit B-2, BCUC 1.12.1, p. 33)

9 3.1 Did FEI provide a copy of the Preliminary Environmental Assessment report to
10 any First Nation, Tribal Council or Referral Office? If yes, please identify who
11 received a copy of the report. If not, why not?

12
13 **Response:**

14 No, FEI did not provide a copy of the Preliminary Environmental Assessment report to any First
15 Nation, Tribal Council or Referral Office because the Project as currently proposed will be
16 confined to private land.

17
18
19
20 3.1.1 If yes, has FEI received any feedback or questions to date from First
21 Nations regarding the assessment? If so, please describe.

22
23 **Response:**

24 Please refer to the response to BCUC IR 2.3.1.

25



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4.1.1 If not, did FEI consult Sto:lo Research and Resource Management Centre (SRRMC) at any time regarding FEI’s estimate of the probability of encountering a chance archaeological find? Please explain why or why not.

Response:

FEI did not consult with SRRMC regarding FEI’s estimate of the probability of encountering a chance archaeological find. But, the archaeological overview assessment completed by SRRMC (see Appendix H of the Application) was used as an input to this estimate. FEI determined that there was sufficient information in the archaeological overview assessment, combined with FEI’s experience with pipeline projects and site specific knowledge, to estimate the probability for the purposes of determining the project cost contingency.

Please refer to the response to BCUC IR 2.4.1.

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1 **5.0 Reference: FIRST NATION CONSULTATION**
2 **Exhibit B-2, BCUC 1.16.3, Attachment 14.1, p. 4**
3 **Consultation Log — Soowahlie and Kwikwetlem First Nations**

4 The STC consultation log states:

9 Jan 2014	Letter from FEI to inform Soowahlie FN of Order G-185-13	Notice of Order mailed to notify Soowahlie First Nations that FEI has filed its CPCN application with the commission.
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5
6 (Exhibit B-2, Attachment 14.1, p. 4)

7 The Kwikwetlem First Nation consultation log states:

9 Jan 2014	Letter from FEI to inform Kwikwetlem FN of Order G-185-13	Notice of Order mailed to notify Kwikwetlem First Nations that FEI has filed its CPCN application with the commission.
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8
9 (Exhibit B-2, Attachment 14.1, p. 4)

10
11 5.1 Has FEI received any communication from Soowahlie First Nation or Kwikwetlem
12 First Nation since mailing the Notice of Order G-185-13 to these First Nations?

13
14 **Response:**

15 FEI has not received any communication from either the Soowahlie First Nation or the
16 Kwikwetlem First Nation since mailing the Notice of Order.

17



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1 **6.0 Reference: FIRST NATION CONSULTATION**
2 **Exhibit B-2, Attachment 14.1, p. 4**
3 **Consultation Log — Matsqui First Nations**

4 The Matsqui First Nations communication log states:

7 Aug 2013	Phone call between First Nations Initiatives Manager, FEI and Matsqui Referrals Coordinator, Cynthia Collins	Cynthia requested a copy of the Archeological report (provided by email) and had some general questions regarding spills and safety procedures which were answered over the phone.
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5
6 (Exhibit B-2, Attachment 14.1, p. 4)

7 6.1 Please summarize Cynthia Collins' questions regarding spills and safety
8 procedures and explain how FEI addressed her concerns.

9
10 **Response:**

11 Questions and concerns from Ms. Collins were focused on oil spills. She was not aware of the
12 properties of natural gas. FEI's First Nations Initiatives Manager explained to Ms. Collins the
13 properties of natural gas, and how it reacts if spilled.

14



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1 **C. PROJECT COST ESTIMATE**

2 **7.0 Reference: FINANCIAL SCHEDULES**

3 **Exhibit B-1, Appendix F1, Schedule 1, Lines 27 and 28; Exhibit B-2-1,**
4 **Attachment 1.9.3a, O&M and Property Tax Tab, Lines 27 and 28**

5 **Incremental Property Taxes**

6 7.1 Please explain how FEI determined the incremental property taxes amounts for
7 General, School and Other, and for the 1% in Lieu of General Municipal Tax.
8 Please explain the inputs that were used in the calculations and please describe
9 any assumptions that were made.

10

11 **Response:**

12 The following is FEI's response to BCUC IRs 2.7.1 and 2.7.2.

13 The General, School and Other property tax was calculated based on the assessed value for
14 NPS 36 pipe, the forecast cost of structures and improvements and the 2013 mill rate for
15 Abbotsford. Since the facilities will be in service in time for 2016 taxation, the 2013\$ valuation
16 was escalated by a 2.1% inflation rate per year which equates to an escalation factor of 1.0643
17 (i.e. 1.021^3).

18 The 1% in lieu of tax is a revenue tax that is paid in the 2nd year after the revenues in a
19 municipality have been earned for gas consumed within the municipality (except for the City of
20 Vancouver whose tax rate is 1.25% and is paid in the following year after the revenues are
21 earned for gas consumed). The incremental cost of service is the incremental revenues that
22 FEI would recover from customers in rates multiplied by the 1% in lieu rate. For both Options 4
23 and 3, the 1% in lieu of tax would be the total incremental cost of service two years prior times
24 1%.

25 The following table details the forecasted incremental Property Tax for General, School and
26 Other for both Option 4 and Option 3.



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	Size	Length (km)	Rate (Per Km)	Value	Mill Rate (\$/1,000)	Property Tax
Property Tax Forecast for Option 4						
Pipe	36 NPS	0.22	\$ 678,700	\$ 149,300	55.21891	\$ 8,244
Other Improvements				\$ 25,000	55.21891	<u>1,380</u>
Total (2013\$)						\$ 9,624
Escalation Factor to 2016\$						1.0643
Total (2016\$)						<u>\$ 10,243</u>

Property Tax Forecast for Option 3						
Pipe		0.05	\$ 678,700	\$ 33,935	55.21891	\$ 1,874
Other Improvements				\$ 25,000	55.21891	<u>1,380</u>
Total (2013\$)						\$ 3,254
Escalation Factor to 2016\$						1.0643
Total (2016\$)						<u>\$ 3,463</u>

Abbotsford Tax Rate (2013)	
General	39.48487
School	14.00000
Other	<u>1.73404</u>
Total	<u>55.21891</u>

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5 7.2 Please explain how FEI determined the Property Tax amounts for General,
 6 School and Other and for the 1% in Lieu of General Municipal Tax for Option 3.
 7 Please explain the inputs that were used in the calculations and please describe
 8 any assumptions that were made.

9

10 **Response:**

11 Please refer to the response to BCUC IR 2.7.1.

12



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1 **8.0 Reference: FINANCIAL SCHEDULES**

2 **Exhibit B-1, Appendix F1, Schedule 11, Line 40**

3 **Annual Volume**

4 8.1 Please explain how FEI determined the Expected Annual Volume (TJ) of
5 161,111. Please describe any assumptions that were made.

6
7 **Response:**

8 This response also addresses BCUC IR 2.8.1.1.

9 To calculate an average levelized cost per GJ, FEI used the Commission approved volumes
10 from the 2012 – 2013 FEU Revenue Requirements Application for FEI 2013 Non-Bypass Sales
11 and Transportation energy volume of 161,111 TJ (FEU Compliance Filing, May 1, 2012, Section
12 7, Tab 7.1, Schedule 9, Line 30, Column 3).

13 The forecast for Non-Bypass Sales and Transportation Energy Volume in 2014 in the
14 September 6, 2013 Evidentiary Update for FEI’s 2014-2018 Performance Based Ratemaking
15 Revenue Requirements Application is 170,567 TJ (Exhibit B-15, Section E, Formula, Schedule
16 6, Line 30, Column 3).

17
18

19
20 8.1.1 Please explain if this is the same forecast annual volume as is being
21 used in the FEI 2014-2018 Performance Based Ratemaking Revenue
22 Requirements Application.

23
24 **Response:**

25 Please refer to the response to BCUC IR 2.8.1.

26



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1 **9.0 Reference: FINANCIAL SCHEDULES**

2 **Exhibit B-1, Appendix F1, Schedule 7, Line 31, Appendix F2,**
3 **Schedule 7, Line 31**

4 **Gross Plant in Service — Measuring & Regulating Equipment**
5 **Additions**

6 In Appendix F1, Schedule 7, FEI shows zero Gross Plant in Service Additions in the
7 Year 2039.

8 In Appendix F2, Schedule 7, FEI shows \$3,817,000 Gross Plant in Service Additions in
9 the Year 2039 related to Measuring & Regulating Equipment (Line 31).

10 9.1 Given that the Year 2039 falls within both financial analyses' time periods, please
11 explain why the Gross Plant in Service Additions of \$3,817,000 has not been
12 included in the 25-year financial analysis provided in Appendix F1.

13
14 **Response:**

15 FEI did not include this forecast replacement addition in the 25 year analysis because the
16 average life of measuring and regulating equipment is approximately 23 years. In the 25 year
17 analysis period, the final year is 2040, but the service life of the replacement equipment in 2039
18 would extend for a further 21 years after 2040 (23 years minus 2 years already in service).
19 Please also refer to FEI's response to BCUC IR 2.9.2, which shows that the inclusion of the
20 forecast replacement cost has no impact on the average levelized cost of service (\$/GJ).

21
22

23
24 9.2 Please provide a revised Levelized Rate Calculation Schedule for Appendix F1 to
25 reflect the impact of the Gross Plant in Service Addition on the 25-year levelized
26 rate.

27
28 **Response:**

29 The average levelized cost of the Project remains at \$0.005 / GJ after adding the forecast \$3.8
30 million in replacement additions in 2039. The average cost of service in 2039 and 2040
31 increases from \$0.003 per GJ (Appendix F-1, Schedule 11, Line 44) to \$0.004 per GJ (2039)
32 and \$0.005 per GJ (2040).

33 Please refer to Attachment 9.2 which provides the levelized rate calculation over the 25 year
34 period including the forecast \$3.8 million in replacement additions in 2039.



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9.3 Please discuss why \$3,817,000 is needed for measuring and regulating equipment in 2039.

Response:

The average service life of measuring and regulating equipment is approximately 23 years, which reflects the Commission approved depreciation rate for FEI of 4.27% (2012-2013 FEU RRA Decision dated April 12, 2012). Based on this average service life of 23 years and within the 60 year analysis period, the original cost is retired and a replacement addition is appropriately forecast to calculate the cost of service for the years 2039 and beyond. Construction of the bypass (Option 4) will entail replacement of assets as their asset lives expire.

Please also refer to the response to BCUC IR 2.9.1.

9.4 Please discuss why the \$3,817,000 is listed for Option 4 but not for Option 3.

Response:

Option 3 is an internal station upgrade which does not require additional measuring and regulating equipment. As discussed in Section 4.2.3 of the Application (Exhibit B-1), Option 3 entails additional piping and valves.

9.5 Please breakdown the \$3,817,000 estimate.

Response:

The cost was derived by escalating the original measuring and regulating equipment cost of \$2.3 million for 24 years at an inflation rate of 2.1% per year, i.e. $\$2,318,000 \times 1.021^{24}$.



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9.6 Please confirm FEI is not requesting approval for the \$3,817,000 capital expenditure in 2039 for measuring and regulating equipment in this CPCN Application. If confirmed, please explain why. If not confirmed, please explain why not.

Response:

Confirmed. In this CPCN Application, FEI is not requesting approval for the forecast replacement measuring and regulating equipment additions of \$3.8 million in 2039 associated with this Project.

FEI will apply through a future revenue requirements application process, or a CPCN process if applicable, for future capital additions at the time when asset additions or replacements need to be undertaken.



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1 **10.0 Reference: ACCOUNTING TREATMENT**
2 **Exhibit B-2, BCUC 1.29.6 and 1.30.3, pp. 80 and 84**
3 **Deferral of Application Costs**

4 In response to BCUC IR 1.29.6, FEI provided the following:

21 **Response:**

22 The following table shows the average cost of service for the Project for the years 2017 through
23 2019 for a one year, two year or a 3 year amortization period for the deferred Application costs.

	Average Cost of Service \$/GJ		
	2017	2018	2019
1 Year Amortization	\$0.007	\$0.006	\$0.005
2 Year Amortization	\$0.007	\$0.007	\$0.005
3 Year Amortization	\$0.007	\$0.007	\$0.005

5
6 (Exhibit B-2, BCUC 1.29.6, p. 80)

7 In response to BCUC IR 1.30.3, FEI states the following:

4 **Response:**

5 The proposed amortization periods for both the Application Costs and Prefeasibility Costs
6 deferrals are the same for administrative ease. FEI would also be agreeable to having only one
7 deferral account that captures both the Application costs and the Prefeasibility costs.

8 In recommending amortization periods for deferral accounts, FEI considers the benefits of rate
9 smoothing, the matching of the amortization period to the benefits of the project, and avoiding
10 an inordinately long amortization period (the maximum amortization period for deferral accounts
11 is usually 10 years).

8
9 (Exhibit B-2, BCUC 1.30.3, p. 84)

10 10.1 Please confirm, or explain otherwise, that amortizing the Application Costs
11 deferral account over a one-year time period would have a minimal impact on
12 FEI's cost of service and on rates.

13
14 **Response:**

15 Confirmed. As demonstrated in the response to BCUC IR 1.29.6, amortizing the forecast after-
16 tax cost of the Application of \$74,000 over one year would have a minimal impact on rates for
17 FEI.

18
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1
2 10.2 Please confirm, or explain otherwise, that a benefit to ratepayers of reducing the
3 amortization period for the Application Costs deferral account is that less carrying
4 costs would be added to the overall cost of the deferral account.

5
6 **Response:**

7 Confirmed.

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11 10.3 Please describe the additional administrative burden, if any, that FEI would
12 experience if it were to amortize the Application Costs deferral account over a
13 separate time period than the Prefeasibility Costs deferral account.

14
15 **Response:**

16 The additional administrative burden would be small, but would be related to the extra
17 administrative effort to record and track these costs in the SAP accounting system and in
18 reporting this account for regulatory purposes.

19

Attachment 9.2

FortisBC Energy Inc.
Huntingdon Station Bypass Project
September, 2013

Huntingdon Station Bypass Project: Present Value & Average Levelized Cost of Service BCUC IR 2.9.2
Appendix F-1 - Schedule 11
(\$000's), unless otherwise stated

Line	Particulars	Reference	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
1															
2	Annual Cost of Service (Excluding Cost of Energy)(\$000s)	Schedule 1, Line 13	1,133.2	1,062.0	1,055.3	785.3	748.8	743.1	738.7	733.7	727.8	721.2	713.9	705.9	697.3
4															
5	Annual Discount Rate														
6	Equity Component														
7	ROE %		8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%
8	Equity Portion		38.50%	38.50%	38.50%	38.50%	38.50%	38.50%	38.50%	38.50%	38.50%	38.50%	38.50%	38.50%	38.50%
9	Debt Component														
10	Long Term Debt Rate		6.87%	6.87%	6.87%	6.87%	6.87%	6.87%	6.87%	6.87%	6.87%	6.87%	6.87%	6.87%	6.87%
11	Long Term Debt Portion		56.98%	56.98%	56.98%	56.98%	56.98%	56.98%	56.98%	56.98%	56.98%	56.98%	56.98%	56.98%	56.98%
12	Short Term Debt Rate		3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
13	Short Term Debt Portion		4.52%	4.52%	4.52%	4.52%	4.52%	4.52%	4.52%	4.52%	4.52%	4.52%	4.52%	4.52%	4.52%
14															
15	Tax Rate		26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%
16	Pre- Tax Weighted Average Cost of Capital (WACC)		8.63%	8.63%	8.63%	8.63%	8.63%	8.63%	8.63%	8.63%	8.63%	8.63%	8.63%	8.63%	8.63%
17	After- Tax Weighted Average Cost of Capital (WACC)		6.38%	6.38%	6.38%	6.38%	6.38%	6.38%	6.38%	6.38%	6.38%	6.38%	6.38%	6.38%	6.38%
18															
19	Present Value of Cost of Service														
20	PV of Annual Revenue Requirement	Line 2 / (1 + Line 17) ⁿ Yr	1,065.2	938.4	876.5	613.1	549.6	512.7	479.0	447.2	417.1	388.5	361.4	336.0	311.9
21	PV of Annual Revenue Requirement (\$/Mnth)		89	78	73	51	46	43	40	37	35	32	30	28	26
22	Total PV of Revenue Requirement	Sum of Line 20	9,724.3												
23	Total PV of Revenue Requirement, \$000s/Yr	Line 22 / Yrs	389.0												
24															
25	PV of Annual Customers	Line 3 / (1 + Line 17) ⁿ Yr	1	1	1	1	1	1	1	1	1	1	1	0	0
26	Total PV of Customers	Sum of Line 24	12												
27															
28	Present Value of Cost of Energy														
29	Cost of Energy		-	-	-	-	-	-	-	-	-	-	-	-	-
30	PV of Annual Cost of Energy	Line 29 / (1 + Line 17) ⁿ Yr	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Total PV of Cost of Energy	Sum of Line 30	-												
32															
33	Energy Produced (GJ)		-	-	-	-	-	-	-	-	-	-	-	-	-
34	PV of Energy Produced (GJ)		-	-	-	-	-	-	-	-	-	-	-	-	-
35	Total PV of Energy Produced (GJ)		-												
36															
37	Levelized Revenue Requirement/Energy Produced (\$/GJ)		-												
38															
39	Average Cost of Service Analysis														
40	Annual Volume (TJ)		161,111	161,111	161,111	161,111	161,111	161,111	161,111	161,111	161,111	161,111	161,111	161,111	161,111
41															
44	Annual Volumetric Cost of Service \$/GJ	Line 2 / Line 40	0.007	0.007	0.007	0.005	0.005	0.005	0.005	0.005	0.005	0.004	0.004	0.004	0.004
45															
46	Levelized Cost of Service Analysis														
47	PV of Annual Volume (TJ)	Line 40 / (1 + Line 17) ⁿ Yr	151,445	142,359	133,818	125,789	118,242	111,148	104,480	98,211	92,319	86,780	81,574	76,680	72,079
48	Total PV of Volume (TJ)	Sum of Line 47	1,986,749												
49															
52	Average Levelized Volumetric Cost of Service (\$/GJ)	Line 22 / Line 48	0.005												
53															
54	1 - (Line 7 x Line 8) / 1 - Line 15 + (Line 10 x Line 11 + Line 12 x Line 13)														
55	2 - Line 8 x Line 9 + [(Line 11 x Line 12 + Line 13 x Line 14) x 1 - Line 16]														

FortisBC Energy Inc.
Huntingdon Station Bypass Project
September, 2013

Huntingdon Station Bypass Project: Present Value & Average Levelized Cost of
Appendix F-1 - Schedule 11
(\$000's), unless otherwise stated

Line	Particulars	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
1													
2	Annual Cost of Service (Excluding Cost of Energy)(\$000s)	688.1	678.4	668.3	657.7	646.7	635.4	623.7	611.7	599.5	587.0	680.2	876.3
4													
5	Annual Discount Rate												
6	Equity Component												
7	ROE %	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%
8	Equity Portion	38.50%	38.50%	38.50%	38.50%	38.50%	38.50%	38.50%	38.50%	38.50%	38.50%	38.50%	38.50%
9	Debt Component												
10	Long Term Debt Rate	6.87%	6.87%	6.87%	6.87%	6.87%	6.87%	6.87%	6.87%	6.87%	6.87%	6.87%	6.87%
11	Long Term Debt Portion	56.98%	56.98%	56.98%	56.98%	56.98%	56.98%	56.98%	56.98%	56.98%	56.98%	56.98%	56.98%
12	Short Term Debt Rate	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
13	Short Term Debt Portion	4.52%	4.52%	4.52%	4.52%	4.52%	4.52%	4.52%	4.52%	4.52%	4.52%	4.52%	4.52%
14													
15	Tax Rate	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%
16	Pre- Tax Weighted Average Cost of Capital (WACC)	8.63%	8.63%	8.63%	8.63%	8.63%	8.63%	8.63%	8.63%	8.63%	8.63%	8.63%	8.63%
17	After- Tax Weighted Average Cost of Capital (WACC)	6.38%	6.38%	6.38%	6.38%	6.38%	6.38%	6.38%	6.38%	6.38%	6.38%	6.38%	6.38%
18													
19	Present Value of Cost of Service												
20	PV of Annual Revenue Requirement	289.4	268.2	248.3	229.7	212.3	196.1	181.0	166.8	153.7	141.4	154.1	186.6
21	PV of Annual Revenue Requirement (\$/Mnth)	24	22	21	19	18	16	15	14	13	12	13	16
22	Total PV of Revenue Requirement												
23	Total PV of Revenue Requirement, \$000s/Yr												
24													
25	PV of Annual Customers	0	0	0	0	0	0	0	0	0	0	0	0
26	Total PV of Customers												
27													
28	Present Value of Cost of Energy												
29	Cost of Energy	-	-	-	-	-	-	-	-	-	-	-	-
30	PV of Annual Cost of Energy	-	-	-	-	-	-	-	-	-	-	-	-
31	Total PV of Cost of Energy												
32													
33	Energy Produced (GJ)	-	-	-	-	-	-	-	-	-	-	-	-
34	PV of Energy Produced (GJ)	-	-	-	-	-	-	-	-	-	-	-	-
35	Total PV of Energy Produced (GJ)												
36													
37	Levelized Revenue Requirement/Energy Produced (\$/Gj)												
38													
39	Average Cost of Service Analysis												
40	Annual Volume (TJ)	161,111	161,111	161,111	161,111	161,111	161,111	161,111	161,111	161,111	161,111	161,111	161,111
41													
44	Annual Volumetric Cost of Service \$/Gj	0.004	0.004	0.004	0.004	0.004	0.004	0.004	0.004	0.004	0.004	0.004	0.005
45													
46	Levelized Cost of Service Analysis												
47	PV of Annual Volume (TJ)	67,755	63,690	59,868	56,277	52,900	49,726	46,743	43,939	41,302	38,824	36,495	34,306
48	Total PV of Volume (TJ)												
49													
52	Average Levelized Volumetric Cost of Service (\$/Gj)												
53													
54	1- (Line 7 x Line 8) / 1- Line 15 + (Line 10 x Line 11 + Line 12 x Line 13)												
55	2- Line 8 x Line 9 + [(Line 11 x Line 12 + Line 13 x Line 14) x 1- Line 16]												