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July 16, 2014

Via Email

British Columbia Utilities Commission
6th Floor, 900 Howe Street
Vancouver, BC
V6Z 2N3

Attention: Ms. Erica M. Hamilton, Commission Secretary

Dear Ms. Hamilton:

Re: FortisBC Inc.

Application for Approval of a Multi-Year Performance Based Ratemaking Plan for 2014 through 2018

FortisBC Inc. (FortisBC or the Company) writes to amend its Application for Approval of a Multi-Year Performance-Based Ratemaking Plan for 2014 through 2018, which it filed on July 5, 2013 (the Application). This amendment is necessitated by the changes to the statutory framework regarding Demand Side Management (DSM) expenditures since the date of filing.

The Application requested, among other things, approval of DSM expenditures for the period 2014 through 2018, pursuant to section 44.2(3) of the Utilities Commission Act (the Act). FBC's amendment to the Application is to request approval of the 2014 DSM expenditures only. The Company withdraws its request for approval of the DSM expenditures for 2015 through 2018.

The Application proposed DSM expenditures in the amounts (before tax) of \$3.0 million for 2014, \$3.2 million for each of 2015 through 2017, and \$3.3 million for 2018. As set out in Appendix H – Demand Side Management – of the Application¹, a public utility's DSM portfolio must meet the adequacy requirements and the cost-effectiveness tests as determined under Demand-Side Measures Regulation² (the Regulation).

¹ Exhibit B1-1.

² B.C. Reg 326/2008.

On July 10, 2014, amendments to the Regulation were enacted. A copy of the Regulation is enclosed herein.

With respect to the amendments to the Regulation taking effect immediately, FBC's proposed 2014 DSM plan continues to be compliant with the amended Regulation. The change to the cost-effectiveness testing for the bulk of FBC's DSM portfolio will not be effective until January 1, 2015, and therefore does not impact the proposed 2014 DSM plan.

FBC is working to quantify the impact of the regulatory changes on its DSM portfolio and intends to file a revised DSM Plan for 2015, and possibly future years, on or before August 29, 2014.

DSM expenditures do not affect the structure of the proposed Performance Based Ratemaking Plan (PBR Plan), because DSM expenditures are not determined under the PBR formula, but are to be reforecast each year for setting the following year's rates. This amendment to the Application has no impact on revenue requirements for 2014 because there is no change to the DSM expenditure plan for 2014.

For clarity, FBC continues to seek approval in this Application, pursuant to section 44.2(3) of the Act, of DSM expenditures in the amount of \$3.0 million (before tax) for 2014.

If you require further information, please contact the undersigned.

Sincerely,

FORTISBC INC.

Original signed:

Dennis Swanson

Attachment

cc (email only): Registered Parties

PROVINCE OF BRITISH COLUMBIA
REGULATION OF THE MINISTER OF ENERGY AND MINES AND MINISTER
RESPONSIBLE FOR CORE REVIEW

Utilities Commission Act

Ministerial Order No. 233

I, Bill Bennett, Minister of Energy and Mines and Minister Responsible for Core Review, order that the Demand-Side Measures Regulation, B.C. Reg 326/2008, is amended as set out in the attached Schedule.

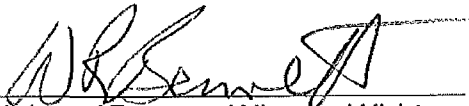
DEPOSITED

July 10, 2014

B.C. REG. 141/2014

Date

June 4, 2014


Minister of Energy and Mines and Minister
Responsible for Core Review

(This part is for administrative purposes only and is not part of the Order.)

Authority under which Order is made:

Act and section: *Utilities Commission Act*, R.S.B.C. 1996, c. 473, s. 125.1

Other: M271/2008

May 23, 2014

R/290/2014/27

SCHEDULE

- 1 *Section 1 of the Demand-Side Measures Regulation, B.C. Reg. 326/2008, is amended by repealing the definition of "low-income household" and substituting the following:*

"low-income household" means a household whose residents receive service from the public utility and

- (a) the residents have, in a taxation year, a before-tax annual household income equal to or less than the low-income cut-off established by Statistics Canada for that year for households of that size, multiplied by 1.3, or

- (b) the account holder receives one or more of the following:

- (i) guaranteed income supplement under the *Old Age Security Act* (Canada);
- (ii) allowance under the *Old Age Security Act* (Canada) for persons aged 60 to 64 with spouses or common-law partners who receive a pension under that Act and are eligible for a guaranteed income supplement;
- (iii) survivor's allowance under the *Old Age Security Act* (Canada);
- (iv) disability benefits under the *Canada Pension Plan* (Canada);
- (v) National Child Benefit Supplement;
- (vi) shelter aid for elderly renters under the *Shelter Aid for Elderly Renters Act*;
- (vii) income assistance for persons with persistent multiple barriers to employment under the *Employment and Assistance Act*;
- (viii) Provincial senior's supplement under the *Employment and Assistance Act*;
- (ix) income assistance under the *Employment and Assistance Act*;
- (x) hardship assistance under the *Employment and Assistance Act*;
- (xi) disability assistance under the *Employment and Assistance for Persons with Disability Act*;
- (xii) rental assistance provided by the British Columbia Housing Management Commission.

- 2 *Section 3 (a) is repealed and the following is substituted:*

- (a) a demand-side measure intended specifically
- (i) to assist residents of low-income households to reduce their energy consumption, or
 - (ii) to reduce energy consumption in housing owned or operated by
 - (A) a housing provider incorporated under the *Society Act* or the *Cooperative Association Act*, or
 - (B) a band within the meaning of the *Indian Act* (Canada),if the benefits of the reduction primarily accrue to
 - (C) the low-income households occupying the housing,
 - (D) a housing provider referred to in clause (A), or

(E) a band referred to in clause (B) if the households in the band's housing are primarily low-income households.

3 *Section 4 is amended*

(a) in subsection (1.1) (a) by striking out “, multiplied by 0.5”,

(b) in subsection (1.5) by striking out “subject to subsections (4) and (5),” and substituting “subject to subsections (1.9), (4) and (5),”,

(c) by adding the following subsection:

(1.9) The references in subsections (1.5) and (1.8) to subsection (1.1) must be read as references

(a) to subsection (1.1) (a), (b) and (c) for the purposes of a demand-side measure that is part of an expenditure portfolio for any period before January 1, 2015, and

(b) to subsection (1.1) (a) and (c) for the purposes of a demand-side measure that is part of an expenditure portfolio for any period after December 31, 2014., *and*

(d) in subsection (2) (b) by striking out “130%” and substituting “140%”.