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June 25, 2015

Via Email
Original via Mail

British Columbia Public Interest Advocacy Centre
Suite 208 – 1090 West Pender Street
Vancouver, B.C. V6E 2N7

Attention: Ms. Tannis Braithwaite, Executive Director

Dear Ms. Braithwaite:

Re: FortisBC Energy Inc. (FEI)

Application for Reconsideration of Order G-187-14 Amend the Balancing Gas Charges for Rate Schedules 23, 25, 26 and 27 (the Reconsideration Application)

Response to the British Columbia Public Interest Advocacy Centre representing the British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, and the Tenant Resource and Advisory Centre *et al.* (BCOAPO) Information Request (IR) No. 1

On May 20, 2015, FEI filed the Reconsideration Application referenced above. In accordance with Commission Order G-94-15 setting out the Regulatory Timetable for the review of the Reconsideration Application, FEI respectfully submits the attached response to BCOAPO IR No. 1.

If further information is required, please contact Michelle Carman, Manager, Cost of Service at (604) 592-7458.

Sincerely,

FORTISBC ENERGY INC.

Original signed:

Diane Roy

Attachments

cc: Commission Secretary
Registered Parties (e-mail only)

FortisBC Energy Inc. (FEI or the Company) Application for Reconsideration of Order G-187-14 Amend the Balancing Gas Charges for Rate Schedules 23, 25, 26 and 27 (the Reconsideration Application or the Application)	Submission Date: June 25, 2015
Response to British Columbia Public Interest Advocacy Centre representing the British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, and the Tenant Resource and Advisory Centre <i>et al.</i> (BCOAPO) Information Request (IR) No. 1	Page 1

1 **1.0 Reference: Exhibit B-1, page 10, Cost of Service Study underpinning Rate**
2 **Design**

3 The pre-filed evidence states:

4 *FEI has planned its resources in order to support the filing of the Comprehensive Rate*
5 *Design Application by the end of 2016. This includes the creation of a project team and*
6 *the sourcing of external consultants to support the Comprehensive Rate Design*
7 *Application. The nature of the work planned to occur in 2015 is related to scoping (issue*
8 *identification) and planning, development and review of initial cost of service allocation*
9 *study results, preliminary analysis of the various supporting studies and preliminary*
10 *investigations into customer segmentation, rate design alternatives and options.*
11 *Recommended positions on rate design alternatives and corresponding impacts on the*
12 *rate schedules, the FEI General Terms and Conditions as well as supplemental or*
13 *auxiliary services are planned to occur in the early part of 2016. As such, the review of*
14 *Monthly Balancing Gas service would occur in the latter part of 2015 carrying over into*
15 *2016. [Emphasis added.]*

16 1.1 Has FEI completed a full cost of service study to underpin its upcoming rate
17 design application(s)? If so, did FEI perform a complete review of the existing
18 functionalization, classification, and allocation that underpins the current rate
19 design? If not, why not?

20
21 **Response:**

22 This response also addresses BCOAPO IR 1.1.2.

23 FEI notes that this Reconsideration Application is limited to the timing of the Monthly Balancing
24 RDA and thus the questions regarding the preliminary results from the cost of service allocation
25 study are outside the scope of this proceeding.

26 Further, at this time, FEI has not completed the cost of service study that will be used to
27 underpin its upcoming Comprehensive Rate Design Application and as such a copy is not
28 available for filing. FEI will be filing the cost of service allocation study in due course with the
29 upcoming rate design application.

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1
2 1.2 Is FEI able to provide a copy of its initial cost of service allocation study or a copy
3 of the study results?
4

5 **Response:**

6 Please refer to the response to BCOAPO IR 1.1.1.

7
8

9
10 1.3 Does FEI expect that there will be any significant changes in terms of
11 functionalization, classification, or allocation underpinning its new rate proposals
12 to be filed by December 2016?
13

14 **Response:**

15 Please refer to the response to BCOAPO IR 1.1.1.

16 FEI is unable to determine at this time whether there will be any significant changes to
17 functionalization, classification, or allocations.

18
19

20
21 1.4 Please indicate, at a high level, the rate classes that would be allocated the costs
22 for each of the cost-of-service/rate design application(s) under the following
23 scenarios:
24

25 a) FEI files a proposal compliant with Order G-187-14 and then files a
26 comprehensive rate design proposal by December 2016;
27

28 **Response:**

29 All non-bypass customers will be allocated the costs of the rate design applications regardless
30 of the filing scenario, as the interests of all customers are affected by the rate design
31 application(s).

32
33



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1
2 b) FEI obtains a variance to Order G-187-14 as an outcome of this
3 proceeding and files a comprehensive rate design application which
4 covers all rate classes by December 2016; or
5

6 **Response:**

7 Please refer to the response to BCOAPO IR 1.1.4.a.
8
9

10
11 c) FEI obtains a variance to Order G-187-14 as an outcome of this
12 proceeding and files a segmented rate design application by December
13 2016.
14

15 **Response:**

16 Please refer to the response to BCOAPO IR 1.1.4.a.



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1 **2.0 Reference: Exhibit B-1, page 11, Potential Arbitrage in the Market**

2 The pre-filed evidence states:

3 *FEI proposes to file the Balancing Gas Rate Design Application by December 31, 2016,*
4 *which is one year later than currently ordered by the Commission. FEI submits that a*
5 *one-year delay in the review of the rate design for Monthly Balancing Gas charges will*
6 *not have significant implications. FEI's Monthly Balancing rate has been in place since*
7 *2000, and the Balancing Gas Application was limited to a proposed measure to address*
8 *the potential arbitrage situation in the market.*

9 2.1 Has the issue of potential arbitrage in the market abated? If not, please list the
10 steps that FEI either has taken or could undertake in the future to resolve this
11 issue.

12
13 **Response:**

14 Following the Balancing Gas Decision issued on December 1, 2014, and as indicated in the
15 response to BCUC IR 1.1.6 (ii), the monthly balancing gas quantities calculated as a percentage
16 as compared to the total load January to April 2015 is 0.24%, compared to 1.12% for the full
17 year 2014. FEI is unable to determine if the lower level of monthly balancing gas sold in 2015
18 indicates an abatement of arbitrage, nor is FEI able to draw any other definitive conclusions at
19 this time.

20 Please also refer to the response to BCUC IR 1.1.3.