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February 29, 2016

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

Attention: Ms. Laurel Ross, Acting Commission Secretary and Director

Dear Ms. Ross:

**Re: Project No. 3698840**  
**FortisBC Energy Inc. (FEI)**  
**2015 System Extension Application (the Application) - FEI Request to Suspend the Regulatory Timetable and for Clarification of Information Requests**

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FEI writes to request a suspension of the Regulatory Timetable issued as Exhibit A-8, in order to seek clarification from the Commission on a number of Panel information requests (IRs). FEI submits that this is a reasonable and practical approach in the circumstances, given the importance of IRs that are received directly from the Panel, and FEI's desire to ensure that the Panel has a full and accurate understanding of the information on the record.

The number of Panel IRs about which FEI is seeking clarification is lengthy. The root of FEI's difficulty in responding to a number of these IRs in their current form is that they appear to be premised on a misunderstanding of the nature and purpose of the current MX Reporting and of the Rate Impact Analysis, as summarized below.

FEI stresses that the Annual MX Report represents only a sample of mains that were subject to an MX Test in a given year, many of which do not have all of the services attached, or do not have customers consuming their full annual load at the time of reporting. Further, as noted in the response to BCUC IR 2.1.2:

*"The MX Test is a tool that should be used to determine the forecast PI values ex ante in order to determine whether or not the customer needs to provide a contribution.... The MX Test is not an appropriate tool to determine if the actual PI was indeed 0.7. The MX test was never intended to be used ex post to determine actual PI. The Commission's methodology to determine an actual PI does not result in an actual PI at all; it merely results in a re-forecasted PI. Further the methodology used to re-forecast the PI includes a number of incorrect assumptions that distort results."*

By contrast, the Rate Impact Analysis is intended to compare the actual costs to attach customers and the actual revenues from those customers over a certain period and at a given point in time. As noted in the response to BCUC IR 2.1.2, “[t]he Rate Impact methodology benefits from the use of actual data to assess performance versus the current re-forecasting methodology.” While a true evaluation of the performance of a main can only be performed at the end of the useful life of a main, the Rate Impact Analysis is a reasonable tool to perform a point in time calculation to compare the costs and revenues of attachments over a certain period. It is therefore not possible to compare the results provided in the MX Report (or any modification of the MX Report) to that of the Rate Impact Analysis, as is contemplated in the Panel IRs.

Attachment 1 is a list of all Panel IRs, detailing those to which FEI can respond, those to which it cannot respond, and those which require further clarification. The listing indicates that FEI cannot respond to the following Panel IRs as written: 7.1, 7.2, 8.2, 8.3, 11.13, 12.3, 13.10, 13.11, 16.1, 16.2, 16.2.1; and seeks further clarification for the following Panel IRs: 2.2, 2.3, 2.4, 4.1, 4.1.1, 6.1, 6.1.1, 6.1.2, 8.4, 14.2.1. FEI can advise that it would require an extension of time in any event, even for those IRs which FEI can address without clarification due to resource constraints and timing conflicts for FEI staff and counsel during the March 10 through 31 period due in part to other ongoing regulatory proceedings.

FEI respectfully requests that the Commission Panel review Attachment 1 and provide further guidance. FEI submits that the most efficient means of dealing with these matters is for the Commission Panel to convene an informal technical workshop or meeting with FEI, the Panel, Commission staff and any intervener that wishes to attend. Direct, face-to-face communication with the Panel would provide a direct means for FEI to understand what the Panel is seeking to identify, to ensure that everyone is proceeding on the same factual basis, and to determine whether there are less labour intensive means of providing the desired information. This proposed approach is similar in many ways to the consultation process that led up to the filing, which resulted in significant progress and understanding among the parties and Commission staff. FEI expects the same approach would be of significant benefit to the Panel and be much more efficient than an iterative back and forth exchange in writing.

Once FEI has received a response from the Commission, FEI will be in a position to provide a proposal for a technical workshop, the timing of its response to Panel IRs, and for submissions in consideration of timing conflicts with other ongoing proceedings.

If further information is required, please contact Brent Graham at 604-592-7857.

Sincerely,

**FORTISBC ENERGY INC.**

***Original signed:***

Diane Roy

## FEI 2015 System Extension Application, Clarification of Panel IR No. 1

Ref	Question	Status	Explanation
1.1	Is the cost of installing meter and regulators included in the 2008–2014 Rate Impact Growth Amount?	Can respond, but the information requested is already on the record.	As stated on page 24 of Appendix A which included the Rate Impact Analysis “In order to determine the added costs associated with new customers, we included the costs associated with meters/regulators, services and mains for new customers as well as costs associated with Standing job orders and internal costs.” Also in Appendix A, page 27 Row A of the Rate Impact Study titled “2008-2014 Meters/Regulators” provides a value of \$16,026,762 for the period of 2008-2014 and indicates the Company has included the costs of meters and regulators in the Rate Impact Analysis. In the Company’s response to BCUC IR 1.37.1 the Company included a table which indicates the cost of Meters and Regulators have been included in the Rate Impact Study. BCUC IR 1.37.1 also includes an updated Rate Impact Analysis Table attached as an excel spreadsheet, which also contains Row A titled “2008-2014 Meters/Regulators”.
1.1.1	If not, please explain why not. Please also provide the growth capital cost of installing meter and regulators for the 2008–2014 period and rerun the Rate Impact Analysis including the cost of installing meters and regulators and comment on the results.	N/A as is confirmed.	
2.1	Please reconcile FEI’s response to BCUC IR 2.30.4 to the PBR statement and the allocation of System Improvement costs in the MX test.	Can respond.	
2.2	Please complete the following tables for 2008–2013 by year. Please also include fully functional electronic spreadsheets showing the calculations and provide all assumptions.	Clarification required.	FEI can calculate the amounts in the tables provided in 2.2 which takes actual sustainment/other capital for each of the six years and multiplies it by either the customer growth percentage or ½ of the customer growth percentage. FEI seeks clarification that the request is to replace the actual customer growth for those years in the Rate Impact Analysis with the calculated amounts from 2.2. Since there
2.3	Please add customer growth sustainment and other capital at 100 percent into the Rate Impact Analysis and comment on the results. Please also include a fully functional electronic spreadsheet showing the calculations.		

## FEI 2015 System Extension Application, Clarification of Panel IR No. 1

Ref	Question	Status	Explanation
2.4	Please add customer growth sustainment and other capital at 50 percent into the Rate Impact Analysis and comment on the results. Please also include a fully functional electronic spreadsheet showing the calculations.		is no correlation between customer growth in a specific year and any sustainment/other capital that may eventually result from that growth many years later, no reliance should be placed on an analysis that attempts to correlate current customer growth with future sustainment/other capital amounts in a specific year. FEI does not understand the purpose of the request and seeks clarification of the purpose, so that FEI may propose alternate data to better inform the Commission Panel and address the specific concern.
3.1	Please explain why the 2014–2019 PBR methodology (one-half of the annual rate of growth in customers )is appropriate for estimating 2008–2014 growth O&M, given that the 2014–2019 PBR methodology only applies to one year in the 2008–2014 timeframe.	Can respond.	
3.2	Please update the Rate Impact Analysis by increasing O&M by 100 percent of the annual rate of growth in customers (i.e. the 2008–2009 TGI PBR methodology). Please also include a fully functional electronic spreadsheet showing the calculations and please discuss the results.	Can respond.	
3.3	Please confirm that that table above includes AFUDC and capitalized overhead. If not, please update the table to include AFUCD and capitalized overhead and recalculate the Rate Impact Analysis.	Can respond.	
3.4	Please explain the difference between the 2008 FEI (Combined) Growth Capital (less Fort Nelson) of \$46.4 million provided in Appendix A and the 2008 Rate Impact Growth Amount of \$36.3 million provided by FEI in the table above.	Can respond.	
4.1	The above example represents a new gross addition but a zero net customer addition. Do the 85,348 growth customers for the 2008–2014 timeframe represent gross or net customer additions? Please explain.	Clarification required.	As described in the response to BCUC IR 2.5.3, gross and net customer additions are two different concepts. The difference between the two is the customers that are disconnected from the system. The capital for disconnected

## FEI 2015 System Extension Application, Clarification of Panel IR No. 1

Ref	Question	Status	Explanation
4.1.1	If it was gross, provide the net additions for 2008–2014 and please update the Rate Impact Analysis.		customers is not part of the MX Test or the SLCA, which is why gross additions are used in the Rate Impact Analysis. No reliance should be placed on an analysis that correlates net customer additions with customer growth capital. With this clarification, can the Commission Panel confirm whether it still requires FEI to re-run the Rate Impact Analysis with net customer additions.
5.1	How was the average use for each rate class calculated? Please state whether the average use for each rate class was developed based on: (i) a forecast average use; (ii) the actual average use; or (iii) a combination of forecast and actual average use data. Please explain your response.	Can respond, but the information on the record makes them moot.	FEI can confirm that it did use actual average use rates. This has been described in the Application Appendix A and in the excel attachment to BCUC 2.30.5 which is referenced in the preamble to this question and which shows the calculation of the average use-per-customer for 2008 to 2014 (the annual average for customers in each rate class and region was calculated by taking the total consumption over the period of 2008 to 2014 divided by the total customers for the same period). With this confirmation, all of the questions in this series are N/A.
5.2	Please confirm, or otherwise explain, that FEI used only the actual billed consumption for each of the 85,348 new customers from the years 2008 to 2014 to calculate the average use by rate class and region and then system-wide weighted average use of 134 GJ.		
5.3	Please provide an explanation, with calculations, showing how the average use-per-customer figures for each of the years from 2008 to 2014 were used to calculate the average use figure of 85 GJ for the Lower Mainland residential rate class (LMLR1) as shown in BCUC 2.30.5 Attachment.		
5.3.1	Was the methodology provided in response to the question above used to calculate the average use figures for each of the residential and commercial rate classes listed for each region shown in BCUC 2.30.5 Attachment?		
5.3.1.1	If not, please explain, using calculations, how the average use figure was obtained for each residential and commercial rate class in each region listed in BCUC 2.30.5 Attachment.		

## FEI 2015 System Extension Application, Clarification of Panel IR No. 1

Ref	Question	Status	Explanation
6.1	<p>If feasible, please produce a rate impact analysis using a system-wide weighted average use based on the actual annual billed consumption of the population of 85,348 new customers added during the period 2008 to 2014. Please include with your response:</p> <ul style="list-style-type: none"> <li>i. An updated version of the spreadsheet provided in response to BCUC IR 1.37.1.</li> <li>ii. A completed version of attached Excel spreadsheet "(1) Act. Av. Use by year, class." Your response should highlight for each of the years, the cumulative number of new customers since the beginning of the rate impact analysis period and their actual billed consumption for each rate class and culminate in the calculation of the system-wide weighted average use based on actual annual consumption of only the (85,348) new customers.</li> </ul>	Clarification Required.	<p>FEI's Rate Impact Analysis <b>already is</b> a system-wide average use based on actual annual billed consumption of the population of 85,348 new customers added during the period from 2008 to 2014.</p> <p>However, FEI is not able to produce the updated spreadsheet as requested because the spreadsheet asks for the data by gas year (which FEI does not have). If the requirement to produce information by gas year is instead changed to calendar year, then FEI can produce the information but it will entail a request for an extraction of data from its contractor (with an associated cost) and a further three weeks of internal time to complete the request for each rate class for each year.</p> <p>FEI's further concern with the requested data is that it asks for an annual average and then an average of an average. This is not a valid methodology to employ as explained in numerous articles including the one at <a href="http://www.incontext.indiana.edu/2013/mar-apr/article3.asp">http://www.incontext.indiana.edu/2013/mar-apr/article3.asp</a>.</p>
6.1.1	If not feasible, please explain why.		
6.1.2	<p>If not feasible, please assume that the FEI and FEVI 2009 main extension aggregate samples are representative of the population, and also representative of each of the years 2008 to 2014 and, based on this assumption, please produce a rate impact analysis using a system-wide weighted average use based on the actual use-per-customer data for both FEI and FEVI 2009 main extension aggregate samples. Please include updated versions of the spreadsheets provided in response to BCUC IR 1.37.1 and BCUC IR 2.30.5 with your response. Please state any further assumptions made.</p>		<p>Finally, since the only impact of the additional information will be to replace average data with an updated average of averages (which will include minor changes from the original data due to billing adjustments and also additional consumption for the customers that have connected), the result of the update is not expected to have any material impact on the Rate Impact Analysis since the input used is already a system-wide average as described above.</p> <p>With this additional information provided, FEI requests clarification of whether the Commission Panel would still like FEI to proceed with this request.</p>

## FEI 2015 System Extension Application, Clarification of Panel IR No. 1

Ref	Question	Status	Explanation
<b>6.2</b>	Please prepare a rate impact analysis, including updated versions of BCUC 2.30.5 Attachment, for the two scenarios listed below. Please include updated versions of the spreadsheets provided in response to BCUC IR 1.37.1 and BCUC IR 2.30.5 with your responses.	Can respond	
<b>6.2.1</b>	Average use figures for residential and commercial rate classes for each region are 10 percent lower than those provided in BCUC 2.30.5 Attachment; and		
<b>6.2.2</b>	Average use figures for residential and commercial rate classes for each region are 20 percent lower than those provided in BCUC 2.30.5 Attachment.		
<b>7.1</b>	Please complete Table 1, or otherwise explain, by placing the appropriate figures in the highlighted cells in Rows 7, 10 and 12.	Cannot respond.	FEI does not have data for “Mainland”; only for FEI and FEVI as a whole.

## FEI 2015 System Extension Application, Clarification of Panel IR No. 1

Ref	Question	Status	Explanation
7.2	Please reconcile the figures in Column 2 with the actual use-per-customer figures in Columns 3, 4 and 5 for each of FEI (Row 10) and FEVI (Row 11). Please provide explanations for any differences.	Cannot respond.	<p>It will not be possible to reconcile the figures as they are comparing a total population of customer attachments with a sample drawn from completed main extensions that is not (and was never intended to be) representative of the total population of customer attachments. The methodology to determine the sample of mains was set out by the Commission in Order G-152-07.</p> <p>The MX Report samples MX test results for mains completed at the time of reporting and not the number of customers by rate class, year and region which is not known at the time of reporting. Therefore, the aggregate samples in the MX report are not representative of, and have no relation to, the aggregate average use of new customers.</p> <p>Furthermore, a main extension can have anywhere from one customer to hundreds of customers. Although the Company knows the number of completed mains in the MX Report, there is no way of knowing how many customers are actually attached to these mains until the Company has completed the sampling, compiled the forecasted results and conducted a line by line matching to the GIS system in order to determine the number of customers. That number will also only represent the number of customers connected as of the current reporting year.</p>
8.1	Do the FEI and FEVI aggregate samples for each of the respective gas years included in the 2014 Main Extension Report reflect the population (are representative of the population including use-per-customer) for each of those years? Please explain your answer.	Can respond.	These are samples which are extracted according to the MX Reporting parameters which have been defined by the Commission, and are not representative of the population, as described in response to BCUC IR 1.3.4 and summarized above. FEI does not rely on the MX Report as being representative of the population nor does it represent a reasonable sample of the population.



## FEI 2015 System Extension Application, Clarification of Panel IR No. 1

Ref	Question	Status	Explanation
8.2	Please use the same format to complete separate tables showing the aggregate sample main extensions data for attachments, consumption and use-per-customer for each of the following: (i) 2009 Sample Main Extensions; (ii) 2010 Sample Main Extensions; and (iii) 2011 Sample Main Extensions for each of FEI and FEVI.	Cannot respond.	As stated in response to BCUC IR 2.4.12, FEI is not able to provide rate class information for any years prior to 2012. In letter L-32-13 the Commission stated: "The Commission is also satisfied with the data tables segmented by rate class to include forecast and actual results of attachments, consumption, and use per customer on a go-forward basis beginning in 2012. Therefore, FEI cannot complete this request.
8.3	Please compare and explain any differences between the Rate Schedule 1 actual figures for 2009, 2010 and 2011 Aggregate Sample Main Extensions presented in response to the question above with each of the FEI and FEVI figures in Column 2 of Table 1 in Panel IR 7.1.		
8.4	If the main extension aggregate samples are not representative of the population, please show the actual average use-per-customer for the population of new RS 1 customers added from the years 2008 to 2014 by completing, to the best of your ability, worksheets "(1) New RS1 Av. Use Summary" and "(2) New RS1 Av. Use Details" of the attached Excel spreadsheet. Please provide your response in a functional Excel spreadsheet and as a hardcopy.	Clarification required	FEI has the same concerns with this request as it has with the 6 series..
9.1	Does FEI agree that a rate impact analysis that shows that no increase to existing customer rates due to main extension additions is equivalent to an actual aggregate profitability index of greater than 1.0 for the same main extension additions, given all other parameters remain the same? Please explain your answer.	Can respond.	
9.2	Would FEI expect the results of a rate impact analysis covering a specific period of time to directionally produce the same results as the actual profitability index of the population calculated using the existing main extension test formula over the same time period, if the same actual figures for new customer additions, use-per-customer and main extension costs were used? Please explain your answer.	Can respond.	

## FEI 2015 System Extension Application, Clarification of Panel IR No. 1

Ref	Question	Status	Explanation
<b>10.1</b>	Please provide a detailed drawing of a typical Rate 1-3 installation showing all the required physical components necessary to provide gas to customers, from and including the main all the way to the customer. Please explain if there are any significant differences between Rate 1-3 installations. Also, if there are other customers to which FEI applies the MX test, please list those other rate schedules and provide drawings	Can respond.	
<b>10.1.1</b>	Please describe and show on these drawings exactly which physical components are included in: the mains cost estimate category, the service cost estimate category and meter cost estimate category in the PI formula.	Can respond.	
<b>10.1.2</b>	Please confirm that all physical components necessary to provide gas to customers, from and including the main all the way to the customer, are included in the three categories listed in the PI formula (i.e. mains, services and meter costs).	Can respond.	
<b>10.1.2.1</b>	If not confirmed, please explain and justify why not and identify the physical components that are missing. For example, where and how are regulators accounted for in the formula?	N/A as is confirmed.	
<b>10.1.3</b>	Please also confirm that not only are all the physical components cost estimates included in the three cost estimate categories in the PI formula, but also the cost estimates for all the other cost elements/resources required to install all of these components, for example, labor and contingency.	Can respond.	
<b>10.1.3.1</b>	If not confirmed, please explain and justify why not and list the cost elements/resources that are missing.	N/A as is confirmed.	
<b>10.2</b>	Please confirm, or otherwise explain, that FEI allocates contingency for its mains cost estimates, its service cost estimates, and its meter cost estimates.	Can respond.	Note that FEI includes the components that were set out by the Commission on page 11 of Order G-152-07.
<b>10.2.1</b>	If confirmed, please provide the amount of contingency and the reason(s) for the amount selected for each category.	Can respond.	
<b>11.1</b>	Please confirm, otherwise explain, that the 9.5 percent average variance FEI provides in its final argument should be the 12 percent FEI provided in response to BCUC IR 1.1.1.	Can respond.	The response to these questions will be "Confirmed" with the exception of 11.5.

## FEI 2015 System Extension Application, Clarification of Panel IR No. 1

Ref	Question	Status	Explanation
11.2	Please confirm, otherwise explain, that the forecast and actual costs columns in the Revised Table 5-1 above includes all the costs for all three categories; mains, services and meter costs; used in the PI formula.		
11.2	Please confirm, otherwise explain, that the columns titled "2. Total Forecast MX Cost Estimates Used in Original MX Tests" and "3. Total Actual Cumulative MX Spend to Date" in the above tables only includes forecast and actual costs associated with the mains category of the PI formula.		
11.4	Please confirm, otherwise explain, that no mains related costs have been omitted from either of the above tables, be they labour, missing components, or otherwise.		
11.4.1	If not confirmed, please reproduce the above tables with these items.		
11.5	Please confirm, otherwise explain, that the columns titled "2. Total Forecast MX Cost Estimates Used in Original MX Tests" and "3. Total Actual Cumulative Service Line Spend to Date" in the above tables only includes forecast and actual costs associated with the services cost category and does not include the meter cost category of the PI formula.		
11.5.1	If confirmed, please reproduce the above tables including meter costs.		
11.6	Please confirm, otherwise explain, that no services related costs nor meter related costs have been omitted from the above tables, be they labor, missing components, or otherwise.		
11.6.1	If not confirmed, please reproduce the above tables with these items.		
11.7	Please confirm, otherwise explain, that for FEI, FEI forecasts 685 more attachments to 2008, 2009, 2010, 2011, 2012 and 2013 mains, that is 154, 167, 58, 147, 10 and 149 more attachments for each of these main years, respectively.		

## FEI 2015 System Extension Application, Clarification of Panel IR No. 1

Ref	Question	Status	Explanation
11.8	Please confirm, otherwise explain, that for FEVI, FEI forecasts 632 more attachments to 2008, 2009, 2010, 2011, 2012 and 2013 mains, that is 34, 268, 140, 77, 36 and 77 more attachments for each of these main years, respectively.		
11.9	Please explain how FEI forecasted the number of expected attachments remaining. Does the number of remaining attachments include only those attachments that were forecast in the original main extension test five-year attachment window, or do they also include infill customers that FEI had originally forecast to connect after year five? Please elaborate.	Can respond.	
11.10	Please explain why FEI selected \$1000 times the number of expected attachments as the estimated unit cost for the remaining service cost.	Can respond.	
11.11	Please list the categories, components and elements/resources included in the \$1000 estimate and compare to the categories, components and elements/resources included in the PI formula.	Can respond.	
11.12	Please confirm, otherwise explain, that the \$1000 estimate is a combined rate schedule 1, rate schedule 2, and rate schedule 3 average service and meter cost estimate.	Can respond.	
11.13	Please breakdown the number of expected attachments into rate schedule 1, 2 and 3 attachments.	Cannot respond.	As discussed above, there is no breakdown of customers by rate schedule prior to 2012.
12.1	Are costs associated with standing jobs and internal costs estimated in the MX test formula? If so, how are they accounted for? If not, why not?	Can respond.	
12.1.1	Please elaborate on how the standing jobs and internal costs affect the \$2,125 average service line cost.	Can respond.	
12.2	Please confirm, otherwise explain, that average service line cost and average cost per service are synonymous.	Can respond.	
12.3	Please provide the formula FEI used to determine the average service line cost of \$2,125 (and the average cost per service, if they are different).	Cannot respond.	There is no formula – it is the total of the costs divided by the number of service lines

## FEI 2015 System Extension Application, Clarification of Panel IR No. 1

Ref	Question	Status	Explanation
12.4	Using the same methodology as FEI applied to develop the Rate Schedule 1 and Rate Schedule 2 average cost per service in Appendix D-2, please provide an average service line cost for: (i) Rate Schedule 1, (ii) Rate Schedule 2 and (iii) Rate Schedule 3 customers.	Can respond.	
12.5	Please list and explain the components and elements/resources that are included in the \$2,125 average service line cost (e.g. mains, services, meters, regulators, materials, labor, contingency, standing jobs, etc...).	Can respond.	
12.5.1	How do these components and elements/resources compare with the components and elements/resources included in the PI formula for Rate Schedule 1 and Rate Schedule 2 customers? Are they the same?	Can respond.	
12.5.1.1	If they are not the same, please explain and justify why not, and explain how they could be made the same.	Can respond.	
12.5.2	How do these components and elements compare to the components and elements included in the \$1000 estimate? Are they the same?	Can respond.	
12.5.2.1	If they are not the same, please explain and justify why not, and explain how they could be made the same.	Can respond.	
13.1	Please confirm, otherwise explain, that the Mains row in these tables contain the same physical components and cost elements/resources as the mains category used in the PI formula and the mains category used in response to BCUC IR 1.1.1 and 2.3.4 (i.e. the Historical MX reporting cost variance tables).	Can respond.	The answer to all of this series is "confirmed".
13.2	Please confirm, otherwise explain, that the Service lines and meters rows in these tables contain the same components and elements as the services and meter costs category used in the PI formula and the same components and elements as used in response to BCUC IR 1.1.3 and 2.3.8 (i.e. the Historical MX reporting cost variance tables).		

## FEI 2015 System Extension Application, Clarification of Panel IR No. 1

Ref	Question	Status	Explanation
13.3	Please confirm, otherwise explain, that prior to undertaking the 2013 mains, FEI had forecasted service lines and meters costs of \$297,092, \$135,042, \$89,619, \$62,610 and \$49,106 for each of the first five years of attachments, respectively.		
13.4	Please confirm, otherwise explain, that prior to undertaking the 2013 FEI sample mains FEI forecasted cumulative attachments of 242, 352, 425, 476 and 516, for each of the first five years of attachments to 2013 FEI sample mains, respectively.		
13.5	Please confirm, otherwise explain, that FEI forecasted \$297,092 to make 242 attachments to the 2013 FEI sample mains in the first year.		
13.5.1	Please confirm that this equates to \$1,228 per attachment.		
13.6	Please confirm, otherwise explain, that for the first five years of the 2013 FEI sample mains FEI forecasted ( $\$297,092 + \$135,042 + \$89,619 + \$62,610 + \$49,106$ ) for 516 attachments.		
13.6.1	Please confirm, otherwise explain, that this equates to \$1,228 per attachment.		
13.7	Please confirm that FEI reports the actual costs of service lines and meters for 2013 sample mains in the first year as \$546,463 and also reports it had 367 actual attachments to the 2013 sample mains.		
13.7.1	Please confirm that this equates to \$1,489 per attachment.		
13.8	Please provide comment on the variances in the above table.	Can respond.	
13.9	If any components or cost elements/resources are missing, please add those back in to the reporting data, recalculate the above table and provide comment.	Can respond.	
13.10	Please reproduce the above table for: Rate Schedule 1 attachments only, Rate Schedule 2 attachments only, and Rate Schedule 1 and 2 combined, and provide comment on all tables.	Cannot respond.	As discussed above, there is no breakdown of customers by rate schedule prior to 2012.
13.11	If FEI identified other rate schedules to which the main extension test applies please also complete the above table for those customers and provide comment.		

## FEI 2015 System Extension Application, Clarification of Panel IR No. 1

Ref	Question	Status	Explanation
14.1	Please reconcile why FEI forecast \$1000 per service line in the forecast to actual service line costs tables provided in response to BCUC IRs 1.1.3 and 2.3.8, but shows forecasts and actual costs per service line in the ranges shown in the tables above/responses to the preceding questions (i.e. 2014 MX Report data), and is reporting average cost per service line of \$2,125 for the purposes of the Service Line Cost Allowance?	Can respond.	
14.2	Please reproduce the forecast to actual service line costs tables provided in response to BCUC IR 2.3.8 using the 2013 FEI total reported sample service line costs / total reported attachments (i.e. column 2 in Table 3) (adjusted for inflation and productivity, if FEI prefers) and provide comment on the new variances.	Can respond.	
14.2.1	Please also reproduce these tables using FEI's \$2,125 estimate and provide comment on the new variances.	Clarification required.	Note that \$2,125 is not a the correct amount to use for the MX Test since it includes service line costs for all rate schedules and not just for the rate schedules that are relevant to the MX Test. FEI seeks clarification from the Commission Panel that it may instead use an average actual cost for the applicable rate schedules to respond to this question.
15.1	Please explain the process for preparing and overseeing FEI estimates for services and meter costs for the purposes of the MX test.	Can respond.	
15.2	Please discuss the appropriateness of using actual average costs (i.e. total services and meter costs / total number of services installed) from the immediately preceding year, for the purposes of the services and meter cost estimates in the upcoming year's PI formula. Please also discuss the appropriateness of using a three-year rolling average of actual average services and meter costs (i.e. total 3-yr cumulative services and meter costs / total 3-yr cumulative number of services installed).	Can respond.	

## FEI 2015 System Extension Application, Clarification of Panel IR No. 1

Ref	Question	Status	Explanation
15.2.1	If either of the above were required, would it be appropriate to have different averages for each of Rate Schedule 1, Rate Schedule 2, and Rate Schedule 3 services and meter costs? Why or why not? What about other rates? Please discuss.	Can respond.	
15.3	Please discuss on the appropriateness of requiring FEI to include a contingency percentage for services and meter cost estimates in the PI formula estimates equal to the current contingency percentage FEI uses plus the prior year's variance in percent (i.e. year(n-1) contingency + year(n-1) variance = year(n) contingency).	Can respond.	
16.1	<p>Please explain the commercial consumption variances for each of RS2 and RS3 customers for each of the years with actual results as shown in the following tables:</p> <ul style="list-style-type: none"> <li>Exhibit B-1, Appendix D, Table 6-2, 2013 FEI Aggregate Sample Mains Extensions, p. 48</li> <li>Exhibit B-1, Appendix D, Table 7-2, 2012 FEI Aggregate Sample Mains Extensions, p. 67</li> <li>Exhibit B-1, Appendix D, Table 6-5, 2013 FEVI Aggregate Sample Mains Extensions, p. 50</li> <li>Exhibit B-1, Appendix D, Table 7-5, 2012 FEVI Aggregate Sample Mains Extensions, p. 69</li> </ul>	Cannot respond.	<p>There are in excess of 150 RS2 and RS3 customers in the referenced exhibits. In order to understand why there was a consumption variance for each of the customers, FEI would need to hire a contractor or consultant to contact each one of the customers to understand their consumption history, their control systems, the manner in which their system ramped up over time, how their business uses gas etc. This is provided that the customers would be willing to and able to provide this information for the years in question. Assuming the customer is able to provide this information, the exercise will result in substantial costs and take a considerable amount of time and FEI believes that it is unlikely to provide a meaningful result. FEI believes there are a variety of reasons why consumption is different than forecast, and as the actuals are only for years one and two of the service, with more years of data, FEI would expect the average actual to move towards the forecast. FEI respectfully suggests that FEI might be in a position to suggest another, and more practical and efficient approach, if it understands what the Commission is trying to obtain with the requested information.</p>



## FEI 2015 System Extension Application, Clarification of Panel IR No. 1

Ref	Question	Status	Explanation
<b>16.2</b>	Tables 10-2 and 10-5 in Appendix D contain five years of actual data for the 2009 Aggregate Sample Main Extensions for FEI and FEVI respectively. This data was not segmented by rate schedule. Using Table 10-2 as a template, please provide the commercial customer (RS 2 and RS 3) main extension data, including each of the five years of actual data for: i. 2009 FEI Sample Aggregate Main Extensions ii. 2009 FEVI Sample Aggregate Main Extensions	Cannot respond.	As discussed above, there is no breakdown of customers by rate schedule prior to 2012.
<b>16.2.1</b>	Please provide an explanation for any significant commercial consumption variances that occurred during each of the five years for each of the tables provided in response to the previous question. In your response, please address the attachment variance and use-per-customer variance components separately.	Cannot respond.	As discussed above, there is no breakdown of customers by rate schedule prior to 2012.
<b>16.3</b>	Please confirm, or explain otherwise, that the actual commercial consumption variance typically has a more significant impact on the total consumption variance for the aggregate main extension samples as shown throughout Appendix D of the Application.	Can respond.	
<b>16.4</b>	Please list and explain any methods that FEI could use to reduce the commercial use-per-customer forecast variances as shown in the samples throughout Appendix D.	Can respond.	
<b>16.5</b>	Please explain the feasibility of FEI requiring potential commercial customers to provide a security deposit in support of their consumption forecasts, which could be fully reimbursed at a later date, once the customer has achieved a certain level of consumption.	Can respond.	
<b>16.6</b>	Please explain the feasibility of FEI using floor space areas and energy use intensity factors, in a similar manner to thermal utilities, to aid internal checks of consumption forecasts submitted by potential commercial customers.	Can respond.	
<b>16.7</b>	Please discuss the benefits and risks of over-forecasted commercial consumption and under-forecasted commercial consumption to (i) a potential commercial customer; and (ii) FEI. Please include a discussion of financial benefits and risks with your response.	Can respond.	

## FEI 2015 System Extension Application, Clarification of Panel IR No. 1

Ref	Question	Status	Explanation
17.1	Would FEI be willing to commit to be responsible for the variance between forecast and actual results for capital costs, customer consumption and attachments in future main extensions? If not, why not?	Can respond.	
17.2	Does FEI agree that main extensions results should be evaluated at the end of five years to determine the impact on future revenue deficiencies caused by those components which are FEI's responsibility namely the variance between forecast and actual results for capital costs, customer consumption and attachments?	Can respond.	
17.3	The commitment by Squamish Gas to be responsible for the variance between forecast and actual results for capital costs, customer consumption and attachments mitigated the potential impacts on the RSF. If the Commission is concerned about the potential impacts on customer rates from FEI mains extensions, what is FEI's view if the Commission was to require FEI to be responsible for the variance between forecast and actual results for capital costs, customer consumption and attachments in future main extensions?	Can respond.	