July 27, 2016

Commercial Energy Consumers Association of British Columbia
c/o Owen Bird Law Corporation
P.O. Box 49130, Three Bentall Centre
2900 – 595 Burrard Street
Vancouver, BC V7X 1J5

Attention: Mr. Christopher P. Weafer

Dear Mr. Weafer:

Re: FortisBC Energy Inc. (FEI)
   Project No. 3698874
   Customer Choice Program Cost Recovery Application (the Application)
   Erratum to the Response to the Commercial Energy Consumers Association of
   British Columbia (CEC) Information Request (IR) No. 1, Question 8.2

FEI writes to correct the response to CEC IR No. 1, Question 8.2. During the Streamlined Review Process a number of questions arose related to how the Customer Choice Program Costs (Program Costs) are calculated under the 2014-2019 Performance Based Ratemaking (PBR) Plan.

FEI has confirmed that Customer Choice Program Costs are not treated the same as other O&M costs; rather, they are excluded from regulated O&M before the earnings sharing is calculated. Therefore, any variances to Program Costs do not affect the earnings sharing calculation.

Attached is FEI’s revised response to CEC IR 1.8.2, which now reflects the treatment of these Program Costs under FEI’s PBR Plan.

If further information is required, please contact Scott Webb, Manager Customer Programs and Research, at 604-592-7649.

Sincerely,

FORTISBC ENERGY INC.

Original signed:

Diane Roy

Attachments

cc: Commission Secretary
    Registered Parties
During the years leading up to the Program’s launch through 2009, much of the day-to-day administrative activities were fulfilled by M&E staff who coded their time as an operating expense. In 2011, the two MoveUP union positions were in place for the full year and charged their time as an administration expense. The cost structure has remained stable since that time.

8.2 Please explain how the Customer Choice program is treated under PBR.

Response:

The following describes the current treatment of the Customer Choice program under the PBR Plan.

The costs and recoveries for the Customer Choice Program are captured within one cost centre in FEI. Under the PBR Plan, $300 thousand of Customer Choice Program costs were included in the 2013 Base O&M approved by the Commission, which is inflated by the formula O&M drivers each year. Variances in actual net Customer Choice O&M costs compared to formula O&M are removed from regulated O&M, such that variances are not subject to the earnings sharing mechanism. In this way, non-bypass ratepayers have not been affected by the under-recoveries of costs from marketers in 2014 and 2015. The under-recoveries have been to the account of FEI’s shareholder.

8.3 Please explain how Customer Choice unrecovered expenditures are treated under PBR.

Response:

Please refer to the response to CEC IR 1.8.2.

8.4 Please extend Figure 2-2 to 2025, or as far as FEI is able, to include FEI’s forecasts of costs and recoveries based on its current proposal.

Response:

Figure 1 below shows the forecasts of costs and recoveries based on FEI’s current proposal. The figure only displays forecast information through 2018. Any projections beyond the time frame presented would be unreliable and possibly misleading.

These forecasted numbers are based on the following assumptions: