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June 9, 2017

BC Hydro
c/o Regulatory Group
16th Flr. 333 Dunsmuir Street
Vancouver, BC
V6B 5R3

Attention: Mr. Fred James, Chief Regulatory Officer

Dear Mr. James:

Re: FortisBC Energy Inc. (FEI)
Project No. 3698899
2016 Rate Design Application (the Application)
Response to the BC Hydro and Power Authority (BC Hydro) Information Request (IR) No. 1

On December 19, 2017, FEI filed the Application referenced above. In accordance with British Columbia Utilities Commission Order G-30-17 setting out the Regulatory Timetable for the review of the Application, FEI respectfully submits the attached response to BC Hydro IR No. 1.

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC ENERGY INC.

Original signed:

Diane Roy

Attachments

cc (email only): Commission Secretary
Registered Parties

| | |
|---|----------------------------------|
| FortisBC Energy Inc. (FEI or the Company) 2016 Rate Design Application (the Application) | Submission Date: June 9, 2017 |
| Response to BC Hydro and Power Authority (BC Hydro) Information Request (IR) No. 1 | Page 1 |

1 **1.0 Reference: Application (Exhibit B-1), Section 9.8, pages 9-36 to 9-37; and**
2 **Section 9.8.5.2, pages 9-46 to 9-47**

3 Preamble - *“Based on a review of the existing large volume industrial transportation*
4 *rates, FEI proposes the following:*

- 5 • *To continue RS 22A and RS 22B as closed service offerings, with grandfathered*
6 *terms due to their unique characteristics.*

- 7 • *To create a firm rate for RS 22, VIGJV and BC Hydro IG based on a cost of service*
8 *allocation from the COSA model. VIGJV will become a RS 22 customer taking*
9 *service and paying for service at the tariff rates under this rate schedule. Under this*
10 *proposal, the current contract for BC Hydro IG would be included as a Tariff*
11 *Supplement at their current rates.”*

12 ...

13 *Under this option, the existing contract rates would be addressed as follows: ...*

14 *BC Hydro IG would continue to take service under its existing contract, which continues*
15 *up to April, 2022. For the duration of BC Hydro’s contract, the Firm demand toll for BC*
16 *Hydro would be expressed as a Firm Demand Toll consistent with their agreement in*
17 *dollars per GJ of Contract Demand per Day and the interruptible rates would be*
18 *expressed in dollars per GJ. The BC Hydro IG contract has a cap ceiling for its firm rate*
19 *at the current rate of \$0.958/GJ until the end of the Initial Term of the Agreement of April*
20 *2022. After the contract expires, BC Hydro IG could choose to become a RS22*
21 *customer.*

22 1.1 BC Hydro’s existing TSA contains a Renewal Term provision and the contract
23 may continue beyond the Initial Term which expires in April, 2022. Please
24 confirm that this renewal provision allows BC Hydro to extend the existing TSA
25 up to 2042.

26
27 If not confirmed, please explain.

28
29 **Response:**

30 Confirmed. The current renewal provision in the BC Hydro Transportation Service Agreement
31 effective January 1, 2008 allows for a maximum term of 35 years. If BC Hydro chooses to
32 extend the agreement beyond April 2022, the rates applicable to the extension need to be
33 approved by the Commission. After the initial term ends in April of 2022, BC Hydro could also
34 elect to become an RS 22 or RS 50 customer for service to its Island Generation facility.