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August 10, 2017

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

Attention: Mr. Patrick Wruck, Commission Secretary and Manager, Regulatory Support

Dear Mr. Wruck:

Re: FortisBC Energy Inc. (FEI)

**Application for Approval of Operating Terms between the City of Surrey and FEI
(the Application)**

Project No. 1598915

Errata to FEI's Application Page 15

Further to FEI's Application filed on May 18, 2017, FEI writes to submit the attached Errata to page 15 of the Application marked as Exhibit B-1-1. It has come to FEI's attention that page 15 contained a typographical error to a number which appeared on line 16, however, the total amount in that calculation is not affected by the correction. In addition, for the total amount on line 20, FEI should have noted the number was rounded down.

Both of these corrections have been made to page 15 in the attached Errata which blacklines the corrections. FEI notes that these corrections do not change any of the approvals sought by FEI in the Application.

If you require further information or have any questions regarding this submission, please contact Ilva Bevacqua at 604-592-7664.

Sincerely,

FORTISBC ENERGY INC.

Original signed:

Diane Roy

Attachment

cc (email only): Anthony Capuccinello, City of Surrey
Ian Webb, Lawson Lundell LLP

1 than +/- 5% annually, the parties shall negotiate a new Operating Fee formula
2 which best reflects the amount paid to the Municipality under this Agreement.

3 **3.3.3 Rationale for FEI's Proposal Regarding Operating Fee**

4 **3.3.3.1 Principled Basis for the Operating Fee**

5 The quantum of FEI's Operating Fee has been calculated based on the following components:

- 6 • *Estimated permit and pavement cut fees* – Under the premise that this amount should be
7 reflective of the activity level within the City in recognition of the impact of our activities
8 on Surrey, FEI has estimated this based on fees in effect in Surrey as at January 2017
9 using 2016 FEI construction activities as a multiplier (despite FEI's view such fees are
10 not applicable to FEI and the fact that the City has never charged these fees to FEI;
11 these fees would be chargeable to a non-utility), calculated as follows:
 - 12 ○ Road Use Permit Calculation: New Services (1,151) + New Mains (91) +
13 Abandonments (461) X \$60 per Permit = \$102,180
 - 14 ○ Traffic Obstruction Permit Calculation: 305 road repairs X \$170 per Permit =
15 \$51,850
 - 16 ○ Pavement Cut Fees and Degradation Permit Calculation: 305 bell holes X
17 ~~\$540345~~ = \$164,700
 - 18 ○ Pavement Cut Fees and Degradation Permit Calculations: 500 metres of
19 pavement cut X \$80 per square metres of pavement cuts = \$40,000
 - 20 ○ TOTAL: ~~\$358,730 rounded down to~~ \$350,000
- 21
- 22 • *Operating efficiencies* - An amount reflecting operating efficiencies brought about by the
23 new operating terms, based on reduced staff time and resources to process permits and
24 expedite service to customers as compared to a situation where FEI is held to the
25 processes proposed by Surrey. This has been estimated by FEI as equal to
26 approximately 1.5 FTEs that would otherwise have to be hired; and
27
- 28 • *Avoidance of disputes and litigation* - The certainty of having agreed upon terms and
29 conditions may have the following benefits:
 - 30 1. Differences will be resolved through a cost and time effective dispute resolution
31 process that does not result in litigation unless other mechanisms have first been
32 exhausted, such as mediation and arbitration;
 - 33 2. Clear allocation of costs for the relocation of high pressure gas lines will provide
34 certainty of what pressures of gas lines are covered in the operating agreement;,
35 while prior this there was disagreement between the parties that resulted in legal
36 fees and litigation, and