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August 31, 2017

Industrial Customers Group
c/o Bennett Jones LLP
2200 – 1055 West Hastings Street
Vancouver, BC V6E 2E9

Attention: Mr. David Bursey

Dear Mr. Bursey:

Re: FortisBC Energy Inc. (FEI)

Project No. 3698899

2016 Rate Design Application (the Application)

Response to the Industrial Customers Group (ICG) Technical Information Requests (IRs) on COSA and Revenue to Cost Ratios

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On December 19, 2016, FEI filed the Application referenced above. In accordance with the British Columbia Utilities Commission Order G-109-17 setting out the Regulatory Timetable for the review of the Application, FEI respectfully submits the attached responses to ICG Technical IRs.

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC INC.

Original signed:

Diane Roy

Attachment

cc (email only): Commission Secretary
Registered Parties

1.0 Topic: Historical FEI revenue to cost ratios

Reference: Exhibit B-1 Application:

1) Chapter 3.3 Regulatory History of FEI's Rate Design, 3-7 to 3-16

2) Chapter 6.5 R:C and Margin to Cost Ratios, Table 6-18 R:C and M:C Ratio Results before Rate Design Proposals or Rebalancing, pages 6-35

3) Chapter 12.3 Final COSA Results after Rebalancing, Table 12-3 R:C and M:C Results after Rate Design Proposals and Rebalancing, page 12-7

Preamble:

In Chapter 3.3 FEI outlines the history of the FEI rate design proceedings before the BCUC.

In Table 6-18, FEI shows the current R:C and M:C ratios for its customer rate classes before rate design proposals and rebalancing.

In Table 12-7, FEI shows the expected R:C and M:C ratios for its customer rate classes after FEI's proposed rate design proposals and rebalancing.

The Industrial Customer Group is interested in the historical pattern for customer class R:C and M:C ratios in the previous rate design proceedings leading to this application.

Request:

1.1 Please show the customer class R:C and M:C ratio results (before and after rate design proposals or rebalancing) for the previous rate design proceedings, to the extent FEI calculated R:C and M:C ratios for those proceedings. If possible, please present the information in a format comparable to the tables cited above in the current application.

Response:

Please refer to the table below which is an expansion of the table included in Exhibit B-11, FEI's response to CEC IR 1.19.3 regarding the R:C and M:C ratios in previous RDAs.

The "before" or "after" column indicates whether the ratio results are before or after rate design proposals or rebalancing:

- The "before" ratios provided from FEI's 2012 Amalgamation Application are the only ones available as there were no rate design adjustments resulting from the application.

- The "before" ratios provided from FEI's 2001 Rate Design Application are the only ones available as the decision was a negotiated settlement and COSA financial schedules including the impacts from the decision were not produced.
- The "after" ratios provided for some of the rate schedules from FEI's 1996 Rate Design Application are the only ones available as the settlement document only provided these results.
- Only the "after" ratios are available for the 1993 Phase B Rate Design. The 1993 Rate Design Application was seeking to consolidate and establish postage stamp rates for three separate divisions of BC Gas Utility Ltd. that had previously been separately regulated utilities, that were referred to as the Lower Mainland, Inland and Columbia Service Areas. As separate utilities, each had its own tariff and set of rate schedules which were different from each other. Going from three service areas, and three separate tariffs and rate structures to a consolidated common set of rate schedules represents a sequence of too many changes to present before and after results in a meaningful fashion.

Particulars	"before" or "after"	Residential	Small Commercial	Large Commercial	Seasonal	General Firm	NGV / VRA	Interruptible Small Industrial	Large Industrial T-Service RS 22	Large Industrial T-Service RS 22A	Large Industrial T-Service RS 22B
1993 Post Phase B Decision M:C											
Coincident Peak	after	90%	95%	100%	127%	117%	82%	780%	754%	123%	90%
Non-Coincident Peak	after	96%	104%	113%	87%	124%	83%	140%	80%	85%	84%
Average & Excess	after	97%	107%	112%	79%	114%	79%	126%	76%	82%	81%
1996 Rate Design Application M:C											
Coincident Peak	before	87.1%	95.0%	117.0%	181.1%	186.1%	67.8%	875.4%	1827.8%	111.2%	115.5%
Non-Coincident Peak	before	90.8%	101.0%	127.6%	158.2%	203.7%	68.4%	171.4%	164.9%	89.4%	126.4%
Average & Excess	before	91.6%	103.1%	128.3%	137.5%	184.0%	66.9%	155.8%	144.9%	83.7%	121.7%
1996 Rate Design Application R:C											
Coincident Peak	before	92.9%	97.7%	106.4%	127.9%	140.2%	74.8%	194.8%	1803.4%	111.1%	115.0%
Non-Coincident Peak	before	95.0%	100.4%	109.8%	121.7%	146.1%	75.3%	129.7%	164.8%	89.5%	125.5%
Average & Excess	before	95.5%	101.3%	110.0%	115.3%	139.4%	74.0%	124.5%	144.9%	83.8%	120.9%
1996 Rate Design Settlement M:C											
Coincident Peak	after	91.4%	96.1%	103.9%		137.5%	67.3%			108.8%	111.3%
1996 Rate Design Settlement R:C											
Coincident Peak	after	95.3%	98.2%	101.6%			74.3%				
2001 Rate Design Application M:C											
Coincident Peak	before	92.0%	104.2%	118.2%	288.1%	123.3%	102.1%			93.4%	110.0%
2001 Rate Design Application R:C											
Coincident Peak	before	96.5%	101.5%	105.1%	119.8%	102.1%	101.0%				
2012 Common Rates, Amalgamation & Rate Design R:C											
Coincident Peak	before	93.4%	104.6%	107.9%		110.4%	112.7%				
2016 Rate Design Application M:C											
Coincident Peak	before	93.1%	102.5%	103.3%	550.9%	112.2%	159.1%	712.3%	1864.4%	109.8%	99.7%
2016 Rate Design Application R:C											
Coincident Peak	before	95.6%	101.3%	101.6%	147.4%	104.9%	131.2%	139.6%	1425.5%	109.5%	99.7%
2016 Rate Design Application M:C											
Coincident Peak	after	94.4%	104.1%	107.6%	578.3%	116.0%	160.4%	713.6%	100.0%	113.4%	103.1%
2016 Rate Design Application R:C											
Coincident Peak	after	96.4%	102.2%	103.6%	150.2%	106.3%	131.7%	139.3%	100.0%	113.0%	103.1%

Note that in the 2012 RDA, the revenues from Bypass, RS 22A, RS 22B and the two contract customers (BC Hydro IG and VIGJV) were treated as credits to all other rate schedules. In that

regard, the 2012 RDA method that resulted in the R:C ratios would not be consistent with 2016 results in which RS 22A, RS 22B are shown separately with their own revenues and allocated cost of service, and the two contract customers are included with RS 22 Firm Service results.

The 2001 RDA was a negotiated settlement in which a revenue shift was agreed to, and approved by the Commission. The approved revenue shift moved responsibility only from RS 22 to RS 1; for all other Rate Schedules there would not have been a change in the R:C ratios and M:C ratios from revenue shifting.