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September 26, 2017

Movement of United Professionals
c/o Allevato Quail & Worth, Barristers and Solicitors
405-510 West Hastings St.
Vancouver, BC
V6B 1L8

Attention: Mr. Jim Quail

Dear Mr. Quail:

Re: FortisBC Energy Inc. (FEI)

Project No. 1598919

**Multi-Year Performance Based Ratemaking Plan for 2014 through 2019
approved by the British Columbia Utilities Commission (Commission) Order G-
138-14 – Annual Review for 2018 Rates (the Application)**

**Response to Canadian Office and Professional Employees Union, Local 378
(known as Movement of United Professionals or MoveUP) Information Request
(IR) No. 1**

On August 4, 2017, FEI filed the Application referenced above. In accordance with the Commission Order G-115-17 setting out the Regulatory Timetable for the review of the Application, FEI respectfully submits the attached response to MoveUP 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



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1 **1.0 FILLING STAFF VACANCIES**

2 **Reference: Introduction, page 1, line 15:**

3 Under the PBR Plan, FEI projects savings in 2017 due to a continuation of its ongoing
4 productivity focus, including a broad-based Company-wide effort to seek alternate
5 solutions to the filling of vacancies and a number of initiatives that result in net O&M and
6 capital savings.

7 And reference page 5 line 11:

8 Expenditures and filling of vacancies are being reviewed. While some of the
9 savings are one-time in nature (e.g. delay in filling vacancies, lower call volumes
10 due to warmer weather) as the result of the continuing productivity focus
11 throughout the Company, many of the efficiencies and savings are expected to
12 continue into the future, recognizing that cost pressures in the future may offset
13 the savings.

14 1.1 What are the perceived difficulties with the current “solutions to the filling of
15 vacancies”?

16 **Response:**

17 This IR response addresses MoveUP IRs 1.1.1 through 1.1.4.

18 The referenced words “solutions to the filling of vacancies” within the context of the narrative
19 provided in FEI’s Application refer not to difficulties and obstacles the Company is facing in
20 filling vacancies, but to its efforts to achieve efficiencies and savings as part of its ongoing
21 productivity focus. FEI has not encountered any specific obstacles to finding solutions that it
22 was unable to resolve. The benefits are reflected in the progress the Company has made in
23 achieving savings that have been shared with customers over the PBR term and that are
24 described in section 1.4 of the Application.

25 The Company’s productivity focus, including seeking alternate solutions to filling vacancies, is a
26 strategy to manage rates for customers. Instead of filling vacancies with the same existing
27 requirements (i.e. like for like), the Company has been thoroughly reviewing each vacancy for
28 how best to meet the need. The Company has been looking at alternate solutions to filling
29 vacancies, including strategic re-deployment of resources combined with a broadening of roles
30 and responsibilities.¹ For FEI, an example of strategic re-deployment of resources is regarding
31 Regionalization – Phase 1, where organizational changes were made to enhance both the
32 customer experience and achieve a more efficient process in the field.

¹ FEI Annual Review for 2015 Rates – page 4, lines 19 to 25.



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1 The productivity focus and alternative solutions to filling vacancies has been a specific
2 emphasis for FEI, as it seeks to generate efficiencies and savings that are shared with
3 customers while maintaining service levels.

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7 1.2 What are the objectives of the “Company-wide effort to seek solutions”?

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9 **Response:**

10 Please refer to the response to MoveUP IR 1.1.1.

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14 1.3 What if any are the perceived obstacles to finding such solutions?

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16 **Response:**

17 Please refer to the response to MoveUP IR 1.1.1.

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21 1.4 Please describe such progress as has been made to date toward finding such
22 solutions.

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24 **Response:**

25 Please refer to the response to MoveUP IR 1.1.1.

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1 **2.0 1.3 REQUIREMENTS FOR THE ANNUAL REVIEW - EFFICIENCY INVESTMENTS**

2 **Reference: Table 1-1, page 3, Item 3:**

3 Description: Identification of any efficiency initiatives that the Companies have
4 undertaken, or intend to undertake, that require a payback period extending beyond the
5 PBR plan period and make recommendations to the Commission with respect to the
6 treatment of such initiatives.

7 Response or Reference: FEI has not identified any efficiency investments with a
8 payback beyond the end of the PBR period that it is not pursuing

9 2.1 What efficiency investments with a payback beyond the end of the PBR has FEI
10 identified that it is pursuing?

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12 **Response:**

13 The efficiency investments that FEI has identified and is pursuing that have a payback period
14 beyond the term of the PBR include:

- 15 • SAP Integration Project (page 9 of Application);
- 16 • Online Service Application (OSA) Initiative (page 9 of Application);
- 17 • Planner Toolbox (page 10 of Application);
- 18 • Automate Customer Moves (page 10 of Application);
- 19 • Gas Workforce Management - implementation of a new Gas Workforce Management
20 system, replacing the current Syclo system used to support the mobile requirements of
21 FEI's Distribution field workforce; replacing the current system (Click) used to support
22 the scheduling and workforce deployment requirements of FEI's Distribution field
23 workforce, and replacing the mobile GIS technology currently used by FEI's mobile
24 Distribution field workforce.

25 However, FEI is not proposing Efficiency Carryover Mechanism (ECM) treatment for any of
26 these efficiency investments.

27 The requirement in the PBR Decision for "identification of any efficiency initiatives that the
28 Companies have undertaken, or intend to undertake, that require a payback period extending
29 beyond the PBR plan period and make recommendations to the Commission with respect to the
30 treatment of such initiatives" was in the context of an ECM. The ECM provides for the utility to
31 receive benefits in periods following a PBR period for savings resulting from measures taken
32 and costs incurred during the PBR period. The ECM is a means to incent the utility to pursue



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1 efficiency initiatives throughout the entire PBR period and is justified on the basis that, without it,
2 the utility will have decreasing levels of motivation to initiative efficiency improvements as the
3 PBR period moves forward.

4 In the Commission’s decision regarding FEI’s 2014-2019 Multi-Year PBR Plan, the Commission
5 acknowledged that “there is value in the inclusion of some form of ECM mechanism as a means
6 of incenting the development of efficiency initiatives throughout the PBR period.”² The
7 Commission directed that in order for FortisBC to receive approval for an ECM initiative, for
8 each proposed initiative for which benefits are expected to extend beyond the term of the PBR,
9 FortisBC will file an ECM proposal providing a description of the proposal, its timing, costs and
10 benefits, and reasoning as to why it is appropriate and how long benefits should be paid. While
11 FEI has identified efficiency investments with a payback period beyond the end of the PBR
12 term, FEI is not proposing ECM treatment for them. ECMs exists in PBR Plans to encourage
13 utilities to continue to identify and pursue efficiency investments as the PBR term comes to a
14 close; in this case FEI is already pursuing the initiatives. Bringing forward initiatives on a case
15 by case basis as part of the Annual Review is generally unworkable; once an initiative is
16 identified, FEI cannot wait until a decision is made on regulatory treatment at the end of the
17 calendar year to pursue an initiative that has benefits greater than their costs.

18

² Order G-138-14 FEI 2014-2018 PBR Decision.



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1 **3.0 EVALUATION OF THE PBR PLAN**

2 **Reference: Page 4, section 1.4:**

3 FEI has continued its productivity focus in 2017 and initiated additional projects to
4 enhance the customer experience and improve productivity, in addition to the continuing
5 initiatives from prior years. As a result of this focus and these initiatives, FEI was able to
6 realize savings in O&M expenditures above those embedded in the formula. FEI
7 continues to be challenged to meet growth and maintain the system within the capital
8 formula amount. Overall, the savings achieved result in \$3.462 million of earnings
9 sharing that will be returned to customers in 2018, serving to reduce overall delivery
10 rates for FEI's customers.

11 3.1 What is the reduction of overall delivery rates for FEI's customers expressed as

12 (a) A percentage of the total delivery charge?

13 (b) Dollar savings per annum for the average residential account?

14
15 **Response:**

16 The \$3.462 million represents a reduction to non-bypass customer's delivery rates of
17 approximately 0.4 percent or \$1.43 per year for an average residential customer.

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21 3.2 What is FEI's best estimate of the gross cost of achieving the \$3.462 million
22 savings?

23

24 **Response:**

25 FEI is not able to respond to this question as the referenced amount is the earnings sharing
26 amount (not the savings). The calculation of the \$3.462 million in earnings sharing for 2018 is
27 set out in section 10.1 of the Application, and includes the five components listed in Table 10-1.
28 The largest component is the 2017 Projected Earnings Sharing, which is calculated in Table 10-
29 2.

30 FEI has provided the cost and savings related to its major initiatives in Appendix C2 of the
31 Application.

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Reference: Page 5, line 16:

In 2017, which is past the mid-point of the PBR Plan which has achieved close to \$50 million in O&M savings to date, FEI is faced with the increasingly difficult challenge of finding new productivity opportunities to meet the annual savings embedded in the formula, and to sustain the level of incremental O&M savings achieved in recent years.

3.3 What if any solutions does FEI contemplate bringing forward to overcome this “increasingly difficult challenge”? Please indicate when they would be brought forward and in what process.

Response:

FEI continues to investigate additional productivity initiatives and opportunities and will provide details of the future Major Initiatives (as reported in Appendix C2 Report on Initiatives During the PBR Term) in upcoming annual reviews as they reach implementation stage.

Please also refer to the response to BCUC IR 1.1.3 for discussion of sustaining the level of incremental O&M savings achieved to date.

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1 **4.0 STAFFING LEVELS**

2 **Reference: Page 7 Table 1-3: Employees at year-End**

3 4.1 Please provide a table showing the headcount and FTE for each of the
4 referenced years broken down between MoveUP Bargaining Unit, IBEW
5 Bargaining Unit, and Management & Excluded Employees.

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7 **Response:**

8 Please refer to the response to BCUC IR 1.2.10.

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12 **Reference: Appendix 3-C Report on Headcount and FTE Information**

13 4.2 Please confirm that there are no further phases of the Regionalization Initiative
14 that are presently contemplated; or if not confirmed please provide a description
15 of any further phases, their intended impact and their intended timing.

16

17 **Response:**

18 There are no further phases of the Regionalization Initiative contemplated at this time.

19

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22 4.3 Please describe any plans for the transfer of operations or service delivery
23 between Vancouver Island and the Mainland during the remaining term of the
24 PBR, whether or not they are designated as part of the Regionalization Initiative,
25 and outline their perceived costs and benefits.

26

27 **Response:**

28 There are no plans at this time for the transfer of operations or service delivery between
29 Vancouver Island and the Mainland.

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33 4.4 Please confirm that Operation Blue Pencil is fully implemented; or if not
34 confirmed please provide a description of any further implementation that is
35 contemplated, its intended impact and intended timing.



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Response:

Confirmed. Operation Blue Pencil has been fully implemented since 2015.

Reference: Page 9, line 9

4. *The Online Service Application (OSA) initiative*, which enables customers to make a self-serve online request for a new service line installation, has been proceeding as planned. The Company launched the OSA to a select group of builder/developers for field trials in July 2016. After garnering feedback and suggested improvements, a full launch of the application proceeded on the Company's external website in September 2016. In March 2017, the additional functionality of requesting a service line abandonment was added to the tool. Customers can go to the Company's website and use the tool to determine if gas service is available for their property, and, for simple service lines, obtain an estimate to install the service and proceed to scheduling the installation online. The tool offers additional functionality for the builder/developer community to manage their projects by tracking their multiple service line orders. To date, approximately 2,600 orders have been processed via the application producing savings of approximately \$0.05 million in 2017

4.5 What is FEI's best estimate of the rate of take-up of the OSA initiative annually until the completion of the PBR term, in terms of orders processed and savings?

Response:

FEI's best estimate of the rate of take-up of the OSA is 12 percent (approximately 280 orders a month) of total construction orders, and FEI expects this to continue through 2018. The saving of \$0.050 million in 2017 will continue through 2018.

Reference: Page 9 line 22

5. *SAP Integration* is an initiative to integrate the FEI and FortisBC Inc. (FBC) SAP systems, moving towards a common SAP platform for both companies. It will primarily include the integration of the Human Resources, Supply Chain and Finance systems in SAP. The benefits will include a simplified support model, alignment of processes,



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1 simpler business processes (i.e. employee expense processing and single sign-on),
2 reduced licensing costs and integrated payroll. Reduction in support costs will be
3 achieved through reduced annual contractor costs because internal resources will be
4 able to displace the contractor support due to the simplified support requirements.

5 4.6 Please confirm that where it appears that greater efficiencies or cost-savings can
6 be achieved by making use of employed staff than retaining contracted personnel
7 or services, FEI does not exercise a bias against making use of employed staff,
8 or against increases in headcount or FTEs as an end in itself.
9

10 **Response:**

11 FEI does not seek to reduce FTEs or headcount as an end in itself; the headcount or FTE is not
12 a good measure of overall cost or efficiency since overall cost levels are influenced by other
13 factors as well.

14 In choosing between making use of employed staff and retaining contracted personnel, FEI
15 considers each situation's circumstances in its decision. Generally, FEI retains contracted
16 personnel for situations requiring specialized skillsets and knowledge and as a workforce to
17 handle peak resource requirements. Additionally, the choice of employed staff versus
18 contracted personnel follows the established union agreements in effect with the unions,
19 MoveUP and IBEW, which outline the type of work that is considered within the jurisdiction of
20 the unions.

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25 **Reference: Page 10 Line 3**

26 · The Planner Tool Box project is an initiative to enable a more effective and efficient
27 means of creating work orders for customer driven projects by improving user-
28 interaction and application functionality. The goal is to streamline and speed up the work
29 order creation process, eliminate repetitive tasks, deliver improvements to user
30 experience/interaction with information systems, and improve customer service. The
31 project will be complete in the first quarter 2018 and will focus on quick win
32 enhancements to CAFE (Customer Attraction Front End) that deliver immediate process
33 improvements (i.e. reducing redundant data entry) for customer driven projects.
34 Anticipated labour savings of \$0.15 million per year are expected from reduced planner
35 time required to process the different work orders that planners work on (i.e. alterations,
36 install mains, meters, etc.).



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1 4.7 How many FTEs does the \$0.15 million anticipated labour savings per year
2 represent?

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4 **Response:**

5 The \$0.150 million anticipated labour savings per year represents the equivalent of
6 approximately 1 FTE.

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11 **Reference: Page 10 Line 14**

12 · The “Automate Customer Moves” initiative will remove manual intervention in the back
13 end for processing of requests and improve turnaround time for customers to complete
14 follow on activities, such as registering for paperless billing, equal payment plans and
15 other Company products and services. The project is currently underway and expected
16 to be complete in 2017, with estimated annual savings of \$0.2 million starting in 2018.

17 4.8 How many FTEs does the \$0.2 million anticipated savings per year represent?

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19 **Response:**

20 The \$0.200 million in anticipated savings a year represents approximately 3 FTEs.

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1 **5.0 PENSION AND OPEB EXPENSE**

2 **Reference: Page 51 Line 15**

3 Pension and OPEB expenses for 2018 are based upon recent actuarial estimates using
 4 a range of assumptions at December 31, 2016 provided by the Company’s actuary,
 5 Willis Towers Watson. Pension and OPEB expense is broken into O&M, Capital,
 6 Retirement Costs, and Core Market Administration Expense (CMAE) categories as
 7 shown in Table 6-4.

8 5.1 What are the assumptions included in the “range of assumptions at December
 9 31, 2016”?

10
 11 **Response:**

12 The range of actuarial assumptions as of December 31, 2016, which were determined in
 13 conjunction with the Company’s third party actuary and are used for determining FEI’s 2018
 14 Pension and OPEB expense, are as follows:

Actuarial Assumptions	Forecasted 2018 Pension & OPEB Expense
Discount rate	3.75%
Expected rate of return on plan assets	6.00%
Rate of inflation	2.00%
Rate of compensation increases	3.00%
Health care trend rate	5.00%
Mortality	100% of 2014 Private Sector Canadian Pensioners' Mortality Table

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19 **Reference: Page 52 Line 4**

20 Overall, pension and OPEB expense for 2018 is forecasted to be \$1.853 million higher
 21 than what was approved for 2017. This increase is primarily due to lower amortization of
 22 prior service credit, and higher service cost and interest cost partially offset by a higher
 23 expected return on assets.

24 5.2 Please explain “lower amortization of prior service credit” and the reason for this
 25 change.



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1 **Response:**

2 Reductions to Other Post-Employment Benefits were made in 2009 which resulted in a prior
3 service credit balance of approximately \$16 million for accounting purposes at that time. This
4 credit balance has been refunded back to FEI's customers through the estimate of OPEB
5 expense forecasted annually as part of annual rate filings over an eight year period starting in
6 2010. As this prior service credit balance will be fully unwound at the end of 2017, there will be
7 no remaining amortization of the credit in determining 2018 OPEB expense. Accordingly, the
8 OPEB expense will be increased to a more normal level beginning in 2018.

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1 **6.0 LIQUEFIED NATURAL GAS (LNG) INCOME TAX**

2 **Reference: Page 82 Line 21**

3 Because the LNG income tax legislation is not yet in force, estimates of the LNG income
4 tax and NGTC have not been included in forecast 2018 rates. If the legislation comes
5 into force before FEI files for its final rates later in 2017, FEI will update the financial
6 schedules to include the forecast impacts of the tax and the difference between the
7 forecast and actual tax will be captured in the Flow-through deferral account.

8 6.1 What is FEI's best estimate of the tax savings for 2018 if the legislation comes
9 into force before the beginning of that year?

10
11 **Response:**

12 FEI estimates that there would be no LNG income tax payable, and that a credit of less than \$1
13 million would be available to FEI. If the legislation does come into force, the actual amount of
14 any tax payable or tax credits will be captured in the Flow-through Deferral account and
15 recovered from/returned to customers in 2019.

16

1 **7.0 SERVICE QUALITY INDICATORS – ALL INJURY FREQUENCY RATE**

2 **Reference: Page 145 Table 13-4**

3 7.1 Please provide a revised table breaking down the numbers as between MoveUP
 4 Bargaining Unit, IBEW Bargaining Unit and Management & Excluded.

5
 6 **Response:**

7 The requested information is provided in the table below.

AIFR by Affiliation									
Description	2009	2010	2011	2012	2013	2014	2015	2016	YTD 30- Jun-17
MoveUP annual	0.77	1.18	0.00	0.15	0.30	0.48	0.51	1.01	0.65
MoveUP three Year rolling average	n/a	n/a	0.65	0.44	0.15	0.31	0.43	0.67	0.72
IBEW annual	5.31	5.10	4.84	5.71	8.69	4.69	6.83	4.67	4.91
IBEW three Year rolling average	n/a	n/a	5.08	5.21	6.41	6.36	6.73	5.40	5.47
M&E annual	0.52	0.93	0.00	0.19	0.40	0.00	0.00	0.21	0.38
M&E three year rolling average	n/a	n/a	0.48	0.37	0.20	0.20	0.13	0.07	0.20

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12 7.2 Please provide a brief description of each of the reported injuries since
 13 September 2016, the job and union affiliation (if applicable) and the steps taken
 14 to avoid recurrence in each instance.

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 16 **Response:**

17 The requested information is provided in the table below.

Affiliation	Incident Date	Incident Type	Incident Summary	Corrective/Preventative Actions
IBEW	9/27/2016	Lost Time	Employee hit head while entering rear of vehicle	• conduct ergonomic assessment
IBEW	10/11/2016	Medical Treatment	Employee was stung by bee on finger	• review incident/injury reporting requirements

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Affiliation	Incident Date	Incident Type	Incident Summary	Corrective/Preventative Actions
IBEW	10/19/2016	Medical Treatment	Employee was bit by spider	<ul style="list-style-type: none"> no action (no specific root cause)
IBEW	10/19/2016	Lost Time	Employee felt pain in shoulder while wrenching	<ul style="list-style-type: none"> review MoveSafe principles
MoveUP	10/27/2016	Lost Time	Employee tripped and fell and hit head	<ul style="list-style-type: none"> review hazard identification methods
IBEW	10/28/2016	Medical Treatment	Employee tripped on curb landing on wrist	<ul style="list-style-type: none"> review incident/injury reporting requirements discuss Site Safe Work Planning and hazard identification
IBEW	10/31/2016	Lost Time	Employee felt pain in leg	<ul style="list-style-type: none"> re-enforce the use appropriate tool(s) for job/task
IBEW	12/2/2016	Lost Time	Employee slipped and fell hitting elbow on toolbox	<ul style="list-style-type: none"> review Site Safe Work Planning and hazard identification
IBEW	12/6/2016	Medical Treatment	Employee slipped and tripped on ice without fall, and strained back	<ul style="list-style-type: none"> review Site Safe Work Planning and hazard identification provide PPE (ice cleats)
IBEW	12/6/2016	Lost Time	Employee slipped and fell on ice injuring knee	<ul style="list-style-type: none"> review Site Safe Work Planning and hazard identification
MoveUP	12/8/2016	Lost Time	Employee fractured ankle while moving tables and chairs	<ul style="list-style-type: none"> identify limitations and call for assistance
IBEW	12/18/2016	Lost Time	Employee experience knee pain	<ul style="list-style-type: none"> re-enforce the use appropriate tool(s) for job/task
MoveUP	1/9/2017	Medical Treatment	Employee slipped on ice, and fractured wrist	<ul style="list-style-type: none"> ensure emergency response protocol is functioning ensure proactive hazard mitigation (salting/sanding)
IBEW	1/9/2017	Medical Treatment	Employee strained back while shoveling snow	<ul style="list-style-type: none"> review manual lifting procedure and using proper tools for the task
IBEW	1/30/2017	Lost Time	Employee felt sharp pain in knees and back	<ul style="list-style-type: none"> review of MoveSafe principles
IBEW	2/1/2017	Medical Treatment	Employee twisted thumb after meter slipped from hand	<ul style="list-style-type: none"> ensure proper allocation of fleet vehicles grab meter using hand slots
IBEW	2/14/2017	Lost Time	Employee twisted left ankle and calf	<ul style="list-style-type: none"> review Site Safe Work Planning and hazard identification review 3 point contact rule with employee
IBEW	2/28/2017	Lost Time	Employee slipped on black ice, re-aggravating pre-existing injury	<ul style="list-style-type: none"> review hazard identification principles
IBEW	3/10/2017	Lost Time	Employee felt pain in lower leg when pushing shovel down with foot	<ul style="list-style-type: none"> use appropriate tool for the job/task
IBEW	3/13/2017	Medical Treatment	Cleaning disc slipped and caused laceration to finger	<ul style="list-style-type: none"> review principles of establishing a safe worksite
IBEW	3/23/2017	Lost Time	Employee was assaulted by member of public	<ul style="list-style-type: none"> review/update current training provide refresher training for at risk employees



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Affiliation	Incident Date	Incident Type	Incident Summary	Corrective/Preventative Actions
IBEW	3/24/2017	Lost Time	Employee fractured and cut finger while discarding scrap metal	<ul style="list-style-type: none"> review Site Safe Work Planning and hazard identification
MoveUP	3/30/2017	Medical Treatment	Employee felt irritation in eye while working	<ul style="list-style-type: none"> review incident/injury reporting requirements
IBEW	4/11/2017	Lost Time	Employee tripped and fell straining wrist	<ul style="list-style-type: none"> mitigated hazard exposure
IBEW	5/16/2017	Medical Treatment	Employee felt pain in back due to repetitive motion	<ul style="list-style-type: none"> review incident/injury reporting requirements
M&E	5/19/2017	Medical Treatment	Employee tripped and fell on wrist while crossing road	<ul style="list-style-type: none"> administrative control (signage) review importance of situational awareness and body positioning
IBEW	5/19/2017	Lost Time	Employee strained back lowering pipe from skid	<ul style="list-style-type: none"> ensure coordination of work when two employees are available to perform the task
IBEW	5/25/2017	Lost Time	Employee felt tweak in knee stepping out of vehicle	<ul style="list-style-type: none"> mitigate hazard exposure



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1 **8.0 LNG DEMAND AND REVENUE**

2 8.1 Please provide an update on the status and prospects of FEI initiatives for the
3 export of LNG.

4
5 **Response:**

6 FEI enters into LNG sales agreements with its customers under Rate Schedule 46, which states
7 in Clause 5.4 that possession of the LNG passes to Customer at the LNG Facilities:

8 **Title Transfer** – Possession of, title to and risk of loss of, damage to, or damage
9 caused by the LNG sold and Dispensed hereunder shall pass from FortisBC
10 Energy to the Customer at the LNG Facilities; specifically, title transfer shall
11 occur at the point of Dispensing to the Tanker or at outlet flange of the FortisBC
12 Energy mass flow meter as applicable. This is the case irrespective of whether
13 FortisBC Energy has provided the Tanker for the LNG Transportation Service.

14 Thus under the terms of Rate Schedule 46, it is not FEI but rather FEI's end use customer or
15 the end use customer's LNG transporter that would be the exporter of record for LNG sold
16 under Rate Schedule 46. That said, the Company continues its marketing and sales activity
17 with potential end use customers outside British Columbia. As these discussions are
18 commercially sensitive, FEI is not able to disclose the status and prospects for these
19 discussions.

20

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1 **9.0 CALL CENTRE**

2 9.1 Please confirm that the BC Labour Relations Board has issued a certificate to
3 MoveUP with respect to its representation of employees in the Customer
4 Services Centres which replaces the union's original "voluntary recognition"
5 status.

6
7 **Response:**

8 FEI is responding to this information request as a courtesy only. FEI's view is that this question
9 and response are not relevant to this proceeding, and that there should be no further questions
10 regarding labour relations that are not relevant to setting rates.

11 FEI confirms that the BC Labour Relations Board issued a certification to the Canadian Office
12 and Professional Employees Union, Local 378 as the bargaining agent for employees in the
13 Customer Services Centres bargaining unit. The certification is dated May 3, 2017.

14 A copy of the certification is included as Attachment 9.1.

15
16

17

18 9.2 Please confirm that the certificate identifies both FEI and FBC (as a common
19 employer) as the employer entity in relation to employees within the Customer
20 Services Centres bargaining unit.

21

22 **Response:**

23 FEI is responding to this information request as a courtesy only. FEI's view is that this question
24 and response are not relevant to this proceeding, and that there should be no further questions
25 regarding labour relations that are not relevant to setting rates.

26 FEI confirms that with respect to employees in the Customer Services Centres bargaining unit,
27 the Labour Relations Board in its certification determined that FortisBC Inc. (FBC) and FEI
28 constitute one employer for the purposes of the Labour Relations Code. The certification was
29 made pursuant to an application for certification by COPE, Local 378 of the employees in the
30 Customer Services Centres bargaining unit listing FEI as the sole employer of employees in this
31 bargaining unit.

32

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1 9.3 Please confirm that this identification of the two companies as a common
2 employer is made pursuant to section 38 of the BC *Labour Relations Code*:

3
4 Several businesses treated as one employer

5 38 If in the board's opinion associated or related activities or businesses are
6 carried on by or through more than one corporation, individual, firm, syndicate or
7 association, or a combination of them under common control or direction, the
8 board may treat them as constituting one employer for the purposes of this Code
9 and grant such relief, by way of declaration or otherwise, as the board considers
10 appropriate.

11
12 **Response:**

13 FEI is responding to this information request as a courtesy only. FEI's view is that this question
14 and response are not relevant to this proceeding, and that there should be no further questions
15 regarding labour relations that are not relevant to setting rates.

16 FEI confirms that the Labour Relations Board's decision that FBC and FEI constitute one
17 employer for the Customer Services Centre bargaining unit for labour relations purposes is
18 made pursuant to section 38 of the BC Labour Relations Code.

19
20

21
22 **Reference: Appendix C-1 Page 3 Item No. 13:**

23 Description/Details:

24 *Costs Allocated to FBC for Call Handling*

25 If in the future the annual costs being allocated to FBC from FEI for the handling of calls
26 exceeds \$100,000 in any one year, FEI is directed to provide an analysis of various cost
27 allocation methodologies and provide evidence as to which will provide the most
28 appropriate results.

29 Status:

30 Confirmed costs do not exceed \$100,000.

31 Section in this Application:

32 N/A

33 9.4 Please provide the monthly volume and cost of calls allocated to FBC from FEI
34 from September 1 2016 through August 31 2017.



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- 1
- 2 **Response:**
- 3 The requested information is provided in the following table.

Month	Total Calls	Cost / Interaction	Allocated Cost
September 2016	1,883	\$ 7.76	\$ 14,612.08
October 2016	417	\$ 8.87	\$ 3,698.79
November 2016	847	\$ 8.87	\$ 7,512.89
December 2016	963	\$ 8.87	\$ 8,541.81
January 2017	853	\$ 5.84	\$ 4,981.52
February 2017	961	\$ 5.84	\$ 5,612.24
March 2017	1,455	\$ 5.84	\$ 8,497.20
April 2017	914	\$10.41	\$ 9,514.74
May 2017	380	\$10.41	\$ 3,955.80
June 2017	442	\$10.41	\$ 4,601.22
July 2017*	463	\$10.78	\$ 4,991.14
August 2017*	598	\$10.73	\$ 6,416.54

- 4
- 5 ** Cost per Interaction and allocated cost reflect forecast; actual cost per interaction will not be known until October 2017.*
- 6



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1 **10.0 SHARED SERVICES**

2 **Reference: Appendix C-1 Page 6 Item 20**

3 Description/Details:

4 *Shared Services*

5 FEI is directed to file a review of its shared services model as part of its 2018 Annual
6 Review under its Performance Based Rate Plan or alternatively, as part of its next
7 revenue requirement proceeding.

8 Status:

9 The shared services model will be filed at a later date.

10 Section in this Application:

11 N/A

12 10.1 Is “a later date” the next revenue requirement proceeding? If not, why not, and
13 when will it be filed?

14

15 **Response:**

16 Confirmed. In compliance with the directive from the Commission, FEI plans to file a review of
17 its Shared Services model as part of its next revenue requirement proceeding.

18

19

20

21 10.2 Please describe FEI’s intentions in relation to further sharing of services or
22 integration of operations with FBC or other Fortis-related entities, for the duration
23 of the PBR.

24

25 **Response:**

26 Since 2010, FEI and FBC have been sharing resources, including the Executive Management
27 team. Recent sharing of resources has been focused on opportunities that aid in the
28 streamlining of operations and processes. For the remainder of the PBR term, FEI intends to
29 continue to explore further sharing of services with FBC or other affiliates. In the Customer
30 Services area, FEI expects to continue sharing resources with FBC where the opportunities
31 arise, and benefits can be realized for the companies and their customers.

32 Sharing of FEI resources with affiliates will be governed by the FEI All-Inclusive Code of
33 Conduct and Transfer Pricing Policy recently approved by the Commission.

34



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1 **11.0 PROJECT ONE**

2 11.1 Please confirm that FEI and FBC are migrating together to a new system known
3 as "Project One".
4

5 **Response:**

6 The system is not referred to as "Project One". The project to integrate the FEI and FBC SAP
7 platforms, as described in FEI's Annual Review for 2018 Rates, Section 1.4.3, page 9, has been
8 internally referred to as "Project One".
9
10

11

12 11.2 Please provide a description of Project One including its functions, capabilities
13 and anticipated benefits. Please file convenient descriptive internally-used
14 materials.
15

16 **Response:**

17 An overview of Project One, including capabilities and anticipated benefits, is as follows:

18 FEI is challenged with identifying opportunities for efficiencies, finding ways to better conduct
19 business, seeking out innovation, reducing the incurrence of future higher costs and reducing or
20 mitigating future customer rate increases. The integration of the two SAP systems (SAP
21 Integration Project) for FBC and FEI is an initiative that addresses all these factors.

22 The SAP Integration Project will integrate the Gas and Electric SAP systems onto one platform,
23 bring Electric payroll in-house. This will enable Finance, Human Resources, and Supply
24 Chain/Materials Management to advance their process integration, enable near term efficiency
25 opportunities, as well as position the company to leverage a combined landscape for future
26 projects and opportunities.

27 The benefits of the SAP Integration Project for the organization and customers include:

- 28 1. reduce duplication of licensing and hardware costs;
29 2. reduce dependency on contracted support services;
30 3. reduce the redundancy when implementing process changes across the companies
31 (configurations having to be applied to two separate systems);
32 4. allow for consistent reporting across both divisions to produce a holistic view of the
33 integrated company which is currently a more manual and inefficient process;



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- 1 5. improve internal and external audit efficiency due to a singular system being audited
2 rather than two, thus reducing the number of key system-based controls to be tested;
- 3 6. align processes such as payment of invoices, credit card expense reconciliations,
4 preparation and reimbursement of employee expenses, and time entry which will reduce
5 the current inefficiencies for departments with employees in both divisions;
- 6 7. establish a Single Sign-On feature which will result in reducing time for end users to log
7 into multiple systems to conduct business;
- 8 8. provide efficiencies for all cardholders across the organization by implementing a new
9 Paperless Expense Management module which will reduce the current inefficient manual
10 credit card and employee expense process;
- 11 9. replace the current manual and time-intensive intercompany cross-charging process with
12 a more automated process;
- 13 10. address the inherent risk and future costs associated with certain critical financial
14 toolsets which are no longer supported and out of date resulting in increased financial
15 risk if these products cease to work as intended;
- 16 11. strengthen the system of internal controls through the implementation of the Business
17 Planning Consolidation (BPC) financial reporting software which will allow for better
18 integrity of data through increased controls and logging of changes to financial
19 information; and
- 20 12. establish a consistent base ERP platform that will allow for upcoming and potential
21 future projects to be consistently implemented for both gas and electric segments,
22 including:
 - 23 a) Warehouse Bar Coding;
 - 24 b) Integrated budgeting and forecasting solution to replace many large and complex
25 spreadsheets;
 - 26 c) financial reporting applications that will allow for the replacement of current key
27 spreadsheets used for financial reporting; these system-based financial reporting
28 applications allow for increased auditable controls and reduce the risk around
29 manual input errors strengthening our system of internal controls which is of benefit
30 in a SOX-compliant organization; and
 - 31 d) third party billing solutions to reduce manual processes and provide timely
32 supporting documentation requested by customers.

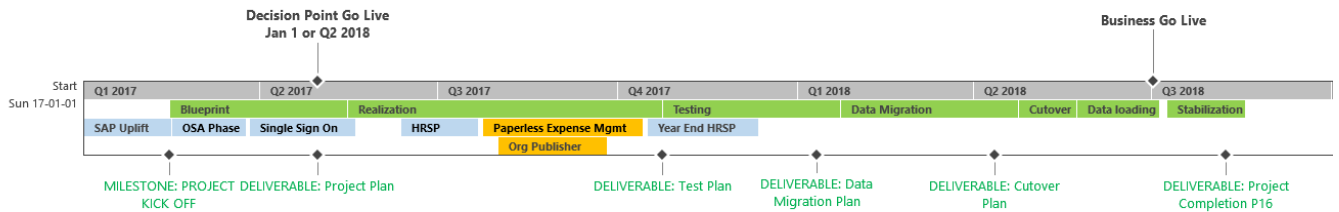
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11.3 Please describe the timing and nature of all past and projected implementation phases, and describe the current state of implementation of the project.

Response:

The following table and Gantt chart show the breakdown of project deliverables and milestones completed and to come:

Task Name	Start	Finish
SAP Integration	Q1 2017	Q3 2018
Blueprint / Technical Design Phase	Q1 2017	Q3 2017
Single Sign-On	Q1 2017	Q3 2017
Realization Phase	Q2 2017	Q4 2017
Paperless Expense Management System	Q3 2017	Q4 2017
Testing	Q4 2017	Q1 2018
Data Migration Phase	Q1 2018	Q2 2018
Final Preparation & Cut-over Phase	Q2 2018	Q2 2018
Go Live	Q2 2018	Q2 2018
Post Go-Live	Q2 2018	Q2 2018
Stabilization Phase	Q3 2018	Q3 2018



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11.4 Please detail the cost of implementing Project One during the term of the PBR and how it will be allocated.

Response:

Please refer to the response to BCUC IR 1.5.3.



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11.5 Please describe how Project One will deal with cost tracking and cost allocation issues as between capital and O&M, and as between FEI and FBC.

Response:

For tracking of capital costs versus O&M costs, consistent with the companies' accounting practices, FEI and FBC will be using internal orders (O&M) and WBS elements (capital) to track the different costs associated with the project. Of the total forecast cost of \$4.5 million for the project, approximately \$4.2 million is capital with the remaining \$0.3 million O&M (i.e. training activities).

The costs for Project One are expected to be shared between FBC and FEI based on employee count within each Company. The costs will be billed approximately 75 percent to FEI and 25 percent to FBC.

11.6 Please describe all future plans for the roll-out of Project One or related initiatives.

Response:

Please refer to the response MoveUP IR 1.11.3.

Attachment 9.1
