



Diane Roy
Vice President, Regulatory Affairs

Gas Regulatory Affairs Correspondence
Email: gas.regulatory.affairs@fortisbc.com

Electric Regulatory Affairs Correspondence
Email: electricity.regulatory.affairs@fortisbc.com

FortisBC
16705 Fraser Highway
Surrey, B.C. V4N 0E8
Tel: (604) 576-7349
Cell: (604) 908-2790
Fax: (604) 576-7074
Email: diane.roy@fortisbc.com
www.fortisbc.com

November 10, 2017

British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC
V6Z 2N3

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

Dear Mr. Wruck:

Re: FortisBC Inc. (FBC)

Multi-Year Performance Based Ratemaking Plan for 2014 through 2019 approved by British Columbia Utilities Commission (Commission) Order G-139-14 (PBR Plan) – Annual Review for 2018 Rates (the Application) - Project No. 1598920

Request for Approval of Interim Rates

FBC writes to request a Commission order approving FBC's existing rates as interim effective January 1, 2018.

On August 10, 2017, FBC filed its Annual Review for 2018 Rates Application, requesting, among other things, a permanent rate increase of 0.11 percent pursuant to sections 59 to 61 of the *Utilities Commission Act* (UCA), to be applied to all components of all rate classes, effective January 1, 2018. In its Evidentiary Update filed on October 3, 2017, FBC amended the request in its Application to a rate increase of 0.17 percent.

FBC held its Workshop in the Annual Review proceeding on October 24, 2017. Intervener Final Arguments are to be filed on November 16, 2017 and FBC's Reply Argument will be filed on November 24, 2017.

On or before November 15, 2017, FBC intends to file an Application for Acceptance of Demand Side Management Expenditures for 2018 (DSM Application). Section 44.2(2) of the UCA provides that the Commission may not approve rates for the recovery of expenditures on demand-side measures, unless the expenditures are accepted under section 44.2 or the rates are interim. Section 44.2(2), therefore, requires the acceptance of the DSM Application

prior to setting permanent rates for 2018. The timing of the acceptance of the DSM Application will be such that FBC will not be able to implement permanent rates on January 1, 2018. As a result, it will be necessary to set interim rates effective January 1, 2018, pending the Commission's decisions on the Annual Review for 2018 Rates and the DSM Applications.

In lieu of implementing a general rate increase on January 1, 2018, based on the forecast rate increase, as is the usual practice, FBC is requesting, pursuant to sections 59 to 61 and 89 of the UCA, that its existing rates, for all customer classes, be made interim effective January 1, 2018. FBC identified in the October 24, 2017 workshop¹ that certain items are required to be incorporated into a compliance filing following a Decision on 2018 rates, which creates the possibility that the final rate increase will differ from 0.17 percent. In addition, further changes since the FBC Workshop have taken place which will have an impact on the calculations for 2018 final rates, such as a corporate tax increase for 2018 which has now been enacted² as well as the recent request filed by the British Columbia Hydro and Power Authority to freeze its rates for 2018. Further, FBC anticipates acceptance of the DSM Application early in 2018. Applying an interim increase of 0.17 percent on January 1, followed shortly by a further adjustment to permanent rates would be more complex to implement and unnecessarily confusing to customers, compared to a single rate change once permanent rates are determined.

FBC, therefore, requests that existing 2017 customer rates be set on an interim and refundable basis (interest at the average prime rate of FBC's principal bank will be applied to any refundable amounts). Following the Commission's final decisions in the Annual Review for 2018 Rates and the DSM Applications, FBC will submit a compliance filing to establish permanent rates and to address any difference between interim and permanent rates.

A draft order is attached as Appendix A.

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC INC.

Original signed:

Diane Roy

cc (email only): Registered Parties

¹ Transcript Volume 1, page 6, line 22 to page 7, line 8.

² Transcript Volume 1, page 24, lines 6 to 17.



ORDER NUMBER

G-xx-xx

IN THE MATTER OF

the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

FortisBC Inc.

Annual Review for 2018 Rates

BEFORE:

[Panel Chair]
Commissioner
Commissioner

on Date

ORDER

WHEREAS:

- A. On September 15, 2014, the British Columbia Utilities Commission (Commission) issued its Decision and Order G-139-14 for FortisBC Inc. (FBC) approving a Multi-Year Performance Based Ratemaking (PBR) Plan for 2014 through 2019 (PBR Decision). In accordance with the PBR Decision, FBC is to conduct an annual review process to set rates for each year under the PBR Plan;
- B. By letter dated July 17, 2017, FBC proposed a regulatory timetable for its annual review for 2018 rates;
- C. By Order G-116-17 dated July 27, 2017, the Commission established the Regulatory Timetable for the FBC Annual Review for 2018 Rates proceeding, which included the anticipated date for FBC to file its annual review materials, the deadline for intervenor registration, one round of Commission and Intervenor information requests, a workshop and written final and reply arguments;
- D. On August 10, 2016, FBC submitted its Annual Review for 2018 Rates Application materials (Annual Review Application), seeking approval of, among other things, a permanent rate increase, pursuant to sections 59 to 61 of the *Utilities Commission Act* (UCA), of 0.11 percent compared to 2017 rates to be applied to all components of rates for all customer classes, effective January 1, 2018;
- E. On October 3, 2017, FBC submitted an evidentiary update to the Annual Review Application amending the requested permanent rate increase to 0.17 percent;
- F. On November 10, 2017, FBC requested approval, pursuant to sections 59 to 61 and 89 of the UCA, that its existing rates be made interim effective January 1, 2018, pending decisions in the Annual Review Application and the anticipated filing for acceptance, pursuant to section 44.2 of the UCA, of FBC's 2018 Demand Side Management (DSM) Expenditures Application (2018 DSM Application) expected on or before November 15, 2017;

- G. Pursuant to section 44.2(2) of the UCA, the Commission may not consent under section 61 of the UCA to an amendment to a schedule filed under section 61 to the extent that the amendment is for the purpose of, among other things, recovering expenditures on demand-side measures the public utility anticipates making during the period addressed by the schedule, unless the amendment is for the purpose of setting an interim rate; and
- H. The Commission finds, in consideration of the ongoing DSM Application proceeding, interim rates should be approved.

NOW THEREFORE the Commission orders as follows:

1. The Commission approves for FortisBC Inc. (FBC) the current rates as interim effective January 1, 2018. The Commission's determination on permanent rates for 2018 will follow the completion of the FortisBC Inc. Annual Review for 2018 Rates and Application for Acceptance of Demand Side Management for 2018 Expenditures proceedings.
2. FBC is directed to refund/recover the variance between the interim rates and the permanent rates, as determined by the Commission following the final determination of the Annual Review of 2018 Rates Application and the DSM Application, with interest calculated on any refundable amounts at the average prime rate of FBC's principal bank for its most recent year.

DATED at the City of Vancouver, in the Province of British Columbia, this (XX) day of (Month Year).

BY ORDER

(X. X. last name)
Commissioner