



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

October 11, 2018

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 Energy Inc. (FEI)
Project No. 1598966
Annual Review for 2019 Delivery Rates (the Application)
Response to Workshop Undertakings

On August 3, 2018, FEI filed the Application referenced above. In accordance with British Columbia Utilities Commission (BCUC) Order G-143-18 setting out the Regulatory Timetable for the review of the Application, FEI respectfully files the attached responses to the six undertakings from the Workshop held on October 2, 2018.

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC ENERGY INC.

Original signed:

Diane Roy

Attachments

cc (email only): Registered Parties

**FortisBC Energy Inc.
Annual Review of 2019 Delivery Rates
Workshop October 2, 2018**

UNDERTAKING No. 1

TRANSCRIPT

REFERENCE: Volume 1, Page 31, Line 17 to Page 32, Line 19

REQUESTOR: Ms. Lai (BCUC Staff)

QUESTION: Gas Workforce Management, reference BCUC IR 1.5.3, provide a breakdown of the \$420 thousand difference for training and/or other costs.

RESPONSE:

The following table is a detailed breakdown of the \$420 thousand O&M expenditure increase for Gas Workforce Management training:

| CATEGORY | VARIANCE | DETAILS |
|----------------------|------------------|--|
| Training Development | \$15,000 | Additional contractor costs to develop the Training Strategy and Plan |
| | \$176,000 | Additional contractor and internal resource costs to develop Training Material |
| | \$90,000 | Additional contractor costs to document end user support guides (i.e. Procedural Knowledge Base Articles) |
| Logistics | \$105,000 | Additional internal resource time to support training delivery (more classes than originally planned) |
| | \$27,000 | Additional contractor and internal resource costs to execute the Training Plan (e.g. schedule participants, book rooms/catering, track attendance, etc.) |
| | \$7,000 | Additional travel costs for trainers to facilitate at additional locations |
| TOTAL | \$420,000 | |

When the Gas Workforce Management project was initiated, FEI expected there to be moderate changes to business processes, and for training to be limited to two primary audiences. As the team refined the business requirements and scoped the detailed features and process changes, FEI identified additional opportunities to enhance the customer experience, improve safety, simplify systems, and re-engineer work process. The training requirements and changes became more complex with multiple training audiences resulting in FEI needing to enhance the training activities to ensure a successful business transition to the new system. FEI will incorporate the learnings from this project into future initiatives of a similar nature.

FortisBC Energy Inc.
Annual Review of 2019 Delivery Rates
Workshop October 2, 2018

UNDERTAKING No. 2

TRANSCRIPT

REFERENCE: Volume 1, Page 94, Lines 1 to 20

REQUESTOR: Ms. Walsh (BCUC Staff)

QUESTION: For the TIMC project development costs, provide an estimate of the rate impact by year if we did not include those costs in a deferral account but instead had them in O&M and capital.

RESPONSE:

The following table provides the delivery rate impact, by year for 2019 and 2020 and cumulative, if the TIMC Phase 1 and Phase 2 development costs were to be afforded US GAAP treatment as described in the response to BCUC IR 1.21.2 in lieu of FEI's proposed deferral treatment. To respond to this undertaking, FEI has assumed that all of Phase 1 TIMC project development costs are O&M and that the Phase 2 TIMC project development costs are split between O&M and Capital as outlined in the table below. In addition, FEI has assumed that the 2018 costs would initially accumulate in the Flow-Through Deferral account and be collected from customers in 2019.

| | 2018 | 2019 | 2020 | Cumulative |
|--|---------|----------|---------|------------|
| Phase 1 Development costs Treated as O&M (\$000) | \$5,680 | \$5,710 | \$230 | \$11,620 |
| Phase 2 Development costs treated as O&M (\$000) | | \$10,000 | \$5,000 | \$15,000 |
| Phase 2 Development costs treated as Capital (\$000) | | \$9,000 | \$6,000 | \$15,000 |
| Delivery Rate Change | | 2.8% | 0.7% | 3.5% |

**FortisBC Energy Inc.
Annual Review of 2019 Delivery Rates
Workshop October 2, 2018**

UNDERTAKING No. 3

TRANSCRIPT

REFERENCE: Volume 1, Page 97, Lines 9 to 18

REQUESTOR: Ms. Walsh (BCUC Staff)

QUESTION: For Whistler project, reference BCUC IR 1.8.11, provide a breakdown of the \$10.3 million project costs by category.

RESPONSE:

Following is a breakdown of the current project forecast:

| | \$000s |
|---------------------|---------------|
| Project Management | 730 |
| Engineering | 710 |
| Materials | 317 |
| Construction | 7,907 |
| LNG equipment costs | 506 |
| Contingency | 100 |
| TOTAL | 10,270 |

Note that the LNG equipment costs refer to installation, testing, and mobilization/demobilization costs associated with installing LNG vaporizer equipment to support commissioning the new pipeline and station.

Over 96 percent of the construction costs (approximately \$7.575 million of the \$7.907 million noted above) were competitively tendered.

Although the project will be considered substantially complete in 2018, minor project closeout costs of \$50 thousand are currently expected for 2019.

**FortisBC Energy Inc.
Annual Review of 2019 Delivery Rates
Workshop October 2, 2018**

UNDERTAKING No. 4

TRANSCRIPT

REFERENCE: Volume 1, Page 100, Line 26 to Page 101, Line 11

REQUESTOR: Mr. Andrews (BCSEA)

QUESTION: For GHG emission factors, reference BCSEA IR 1.7.1, what is the reason for the increase in 2017.

RESPONSE:

In 2017, a combination of an increase in customer demand for natural gas, and maintenance related to the transmission pipeline contributed to the higher GHG emissions. The largest increase in GHG emissions was related to an increase in natural gas usage for compression and maintenance along the Coastal Transmission System. Natural gas usage in compression is related to customer demand while maintenance related activities along the transmission pipeline are based on a biannual schedule. Smaller increases were noted for natural gas consumption for line heaters and compression in the interior System which are attributed to an increase in demand in the region.

FortisBC Energy Inc.
Annual Review of 2019 Delivery Rates
Workshop October 2, 2018

UNDERTAKING No. 5

TRANSCRIPT

REFERENCE: Volume 1, Page 102, Line 13 to Page 106, Line 19

REQUESTOR: Mr. Andrews (BCSEA)

QUESTION: DSM spending by program area table, reference BCSEA IR 1.2.3, we have a discussion of the change in the low income spending from 2018 plan to 2018 projected which is a decrease, but at the same time we're seeing an increase in the savings over that same time period. Confirm and describe what's going on there and file the 2019 version of the table.

RESPONSE:

Please refer to the updated version of the referenced table following this response, that includes planned DSM expenditures and energy savings for 2019-2022.

2018 projected expenditures for the low income program area are below plan due to anticipated lower project completions in the Energy Conservation Assistance Program. This is due to a program delivery vendor transition that occurred during 2018 after the initial delivery vendor entered creditor protection early in the year.

Projected energy savings in the low income program area are driven by Energy Savings Kit delivery volumes that are higher than plan due to strong program participation.

The 2019 industrial planned expenditures include customer commitments made in 2017 and 2018 that are expected to be realized in 2019 and additional projects that are expected to be both committed and realized in 2019. While some of the 2019 increase reflects projects that were planned for 2018 and delayed to 2019 (due to customer internal delays), the balance of the increase in planned expenditures reflects additional industrial offers being brought into market in 2019. These offers include new industrial prescriptive measures and the launch of the industrial strategic energy management program.

For further information regarding 2019 program projections, please refer to the 2019-2022 Demand Side Management Expenditures Plan application which can be found at: <https://www.bcuc.com/ApplicationView.aspx?ApplicationId=635>.

FortisBC Energy Inc.
Annual Review of 2019 Delivery Rates
Workshop October 2, 2018

UNDERTAKING No. 5

Table 1: Plan Expenditures and GJ Savings by Program Area

| | EXPENDITURES (\$000s) | | | | | | | | | GJ Savings | | | | | | | | |
|-------------------------------------|-----------------------|-------------------|---------------|---------------|------------------|---------------|---------------|---------------|---------------|----------------|-------------------|----------------|----------------|------------------|---------------------------------|---------------------------------|------------------|------------------|
| | 2017 Actual | 2018 Actual July* | 2017 Plan | 2018 Plan | 2018 Projected** | 2019 Plan | 2020 Plan | 2021 Plan | 2022 Plan | 2017 Actual | 2018 Actual July* | 2017 Plan | 2018 Plan | 2018 Projected** | 2019 Plan | 2020 Plan | 2021 Plan | 2022 Plan |
| Residential | 12,203 | 6,515 | 10,700 | 11,383 | 13,968 | 23,521 | 25,664 | 28,357 | 31,190 | 137,161 | 82,927 | 136,672 | 157,890 | 155,786 | 238,946 | 277,639 | 300,891 | 328,860 |
| Commercial | 10,834 | 4,865 | 10,416 | 10,051 | 11,361 | 13,837 | 17,268 | 27,173 | 30,618 | 238,688 | 88,073 | 237,665 | 183,258 | 248,590 | 280,314 | 295,004 | 418,482 | 478,288 |
| Industrial | 2,099 | 368 | 2,983 | 2,983 | 1,624 | 3,103 | 3,133 | 3,604 | 3,644 | 105,516 | 1,709 | 190,300 | 189,465 | 64,197 | 280,651 | 280,651 | 316,955 | 316,955 |
| Low Income | 2,644 | 1,097 | 3,247 | 3,483 | 2,878 | 6,630 | 6,759 | 6,908 | 7,096 | 47,263 | 13,849 | 27,768 | 28,190 | 56,973 | 76,022 | 76,590 | 77,141 | 77,707 |
| Conservation Education and Outreach | 2,590 | 1,692 | 2,400 | 2,400 | 2,729 | 7,155 | 7,203 | 8,233 | 8,868 | -- | -- | -- | -- | -- | Savings not estimated 2019-2022 | | | |
| Innovative Technologies | 928 | 491 | 1,218 | 1,210 | 1,280 | 2,043 | 2,173 | 2,573 | 2,973 | 4,910 | 0 | 5,343 | 29,468 | -- | Savings not estimated 2019-2022 | | | |
| Enabling Activities | 1,181 | 529 | 4,425 | 4,365 | 3,238 | 8,426 | 8,223 | 9,005 | 8,598 | -- | -- | -- | -- | -- | Savings not estimated 2019-2022 | | | |
| Portfolio Level Activities | 1,559 | 789 | | | 1,529 | 1,635 | 1,635 | 1,735 | 1,835 | -- | -- | -- | -- | -- | -- | Savings not estimated 2019-2022 | | |
| ALL PROGRAMS | 34,039 | 16,346 | 35,388 | 35,874 | 38,607 | 66,350 | 72,057 | 87,587 | 94,821 | 533,538 | 186,558 | 597,748 | 588,271 | 525,546 | 875,933 | 929,884 | 1,113,469 | 1,201,809 |

*End of July 2018

**Subject to change

**FortisBC Energy Inc.
Annual Review of 2019 Delivery Rates
Workshop October 2, 2018**

UNDERTAKING No. 6

TRANSCRIPT

REFERENCE: Volume 1, Page 116, Line 5 to Page 117, Line 9

REQUESTOR: Ms. Lai (BCUC Staff)

QUESTION: Were any NGT fueling stations constructed by FEI during the PBR term that were not prescribed undertakings under the GGRR?

RESPONSE:

FEI has not constructed any new non-GGRR NGT stations for customers during the 2014 – 2018 PBR period. However, FEI has applied for, and received approval to, expand two stations that were originally constructed as non-GGRR NGT stations. The following table provides details on these two expansions.

| Station Name | Type | Expansion Year | Order | Note |
|-----------------------------------|------|----------------|---------|---|
| Kelowna School District Expansion | CNG | 2017 | G-74-18 | The original station was built in 2011 (G-158-13) |
| Waste Management 2014 Expansion | CNG | 2014 | G-64-16 | The original station was built under GT&C 12B in 2010 (G-128-11); and a previous expansion also occurred in 2013 (G-229-13) |

The only other non-GGRR NGT station which was built during the PBR period was for FEI's own fleet use and not for a customer. In 2017, FEI constructed a compressed natural gas (CNG) fueling station at its operations centre located in Kamloops, BC (the Kamloops CNG Station). The Kamloops CNG Station was constructed to provide CNG fueling service to FEI's own CNG fleet vehicles. The capital expenditure on the Kamloops CNG Station was undertaken in 2017 as part of formula capital under the PBR Plan.