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November 9, 2020

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

Attention: Ms. Marija Tresoglavic, Acting Commission Secretary

Dear Ms. Tresoglavic:

Re: FortisBC Inc. (FBC)
Project No. 1599119
Annual Review for 2020 and 2021 Rates (Application)
Request for Approval of Interim Rates effective January 1, 2021

FBC writes to request an order from the British Columbia Utilities Commission (BCUC) approving on a permanent basis FBC's 2020 interim rates effective January 1, 2020, and approving FBC's proposed 2021 rates on an interim basis effective January 1, 2021, pursuant to sections 59 to 61 and 89 of the *Utilities Commission Act* (UCA).

On August 19, 2020, FBC submitted its Annual Review for 2020 and 2021 Rates Application. On October 9, 2020, FBC submitted an evidentiary update to the Application (First Evidentiary Update). On October 28, 2020, FBC filed responses to undertakings from the workshop held on October 21, 2020 (Workshop Undertakings) and submitted a second evidentiary update to the Application (Second Evidentiary Update). In the Second Evidentiary Update, FBC revised its 2020 and 2021 revenue requirements.

The revised 2020 revenue requirement results in a general rate increase of 0.81 percent from 2019 rates. In the Second Evidentiary Update, FBC continues to request that the existing interim rate increase of 1.00 percent be made permanent, effective January 1, 2020, and requests that the resulting revenue surplus be captured in the 2018-2019 Revenue Surplus deferral account to be applied against 2021 revenue requirements. The revised 2021 revenue requirement results in a 2021 general rate increase of 4.36 percent, effective January 1, 2021, after drawing down the 2018-2019 Revenue Surplus deferral account to zero.

2020 Permanent Rates

FBC proposes that the current 2020 interim rate increase of 1 percent be made permanent. Given the amended regulatory timetable established by Order G-274-20 as a result of the Workshop Undertakings and Second Evidentiary Update, it appears unlikely that a decision on the Application could be issued before the end of 2020. As such, setting the permanent 2020 rate increase to something other than the 1 percent would have no impact on the rates charged to customers during 2020. In practice, the difference between 2020 interim and 2020 permanent rates would need to be recovered or refunded through a bill adjustment in 2021. Making the 2020 interim rate increase of 1 percent permanent will reduce the administrative burden of additional tariff amendments and potential customer confusion that would result from maintaining interim rates between calendar years.

FBC notes that any differences between its proposed and the approved 2020 revenue requirements resulting from the BCUC's decision on the Annual Review Application would be captured in the 2018-2019 Revenue Surplus deferral account, and returned to or recovered from customers as part of 2021 permanent rates.

2021 Interim Rates

As discussed above, since a final Order is unlikely to be issued in time for FBC to implement final rates for January 1, 2021, FBC requests that its proposed 4.36 percent rate increase for 2021 be approved on an interim and refundable basis effective January 1, 2021. FBC's evidence in this proceeding establishes the need for the proposed rate increase on a prima facie basis. The rates should, therefore, be implemented on an interim basis while the BCUC completes its review of the Application. By setting the proposed 2021 rates on an interim basis, the BCUC can complete the regulatory process while minimizing the potential for larger rate impacts to customers that would result if the 2020 rates were to continue into 2021. If there is any difference between interim and final rates, customers will be kept whole, as FBC will return to or recover from customers any difference through a bill adjustment after a BCUC decision is issued and final rates are implemented.

Approvals Sought

FBC, therefore, requests approval, pursuant to sections 59 to 61 and 89 of the UCA, of the following:

- To make the existing 2020 interim rates permanent effective January 1, 2020; and
- To implement a 4.36 percent general rate increase on an interim and refundable basis, effective January 1, 2021, with any difference between the interim rates and the permanent rates to be refunded to or collected from customers (with interest at the average prime rate of FBC's principal bank applied to any refundable amounts) pending the BCUC's final decision on the Annual Review Application.

Once a decision on the Application is received, FBC will submit a compliance filing to establish permanent rates for 2021 and will address how any difference between interim and permanent rates will be recovered from or returned to customers as may be required.

A draft order is attached as Appendix A.

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC INC.

Original signed:

Diane Roy

Attachment

cc (email only): Registered Parties

Appendix A
DRAFT ORDER

ORDER NUMBER

G-xx-xx

IN THE MATTER OF
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

FortisBC Inc.
Annual Review for 2020 and 2021 Rates
Application for Approval of 2020 Rates on an Permanent Basis and
2021 Rates on an Interim Basis, effective January 1, 2021

BEFORE:

[Panel Chair]
Commissioner
Commissioner

on **Date**

ORDER

WHEREAS:

- A. On August 19, 2020, FBC submitted its Annual Review for 2020 and 2021 Rates Application (Application). In the Application, FBC's forecast revenue requirements for 2020 result in a general rate increase of 1.93 percent from 2019 rates. FBC requested approval to, among other things, make the existing interim rates permanent, effective January 1, 2020, and to capture the revenue deficiency greater than the 1.0 percent general rate increase already incorporated into the interim rates in the existing 2018-2019 Revenue Surplus deferral account as an offset to prior years' revenue surpluses; and a general rate increase of 6.37 percent from 2020 rates, effective January 1, 2021, after drawing down the 2018-2019 Revenue Surplus deferral account;
- B. On October 9, 2020, FBC submitted an evidentiary update to the Application (First Evidentiary Update) which FBC stated did not have an impact on proposed 2020 or 2021 rates;
- C. On October 28, 2020, FBC filed responses to undertakings requested at the workshop held on October 21, 2020 (Workshop Undertakings) and submitted an evidentiary update to the Application (Second Evidentiary Update). In the Second Evidentiary Update, FBC revised its 2020 and 2021 revenue requirements. The revised 2020 revenue requirement results in a general rate increase of 0.81 percent from 2019 rates. However, FBC continues to request that the existing interim rate increase of 1.00 percent be made permanent, effective January 1, 2020, and requests that the resulting revenue surplus be captured in the existing 2018-2019 Revenue Surplus deferral account to be applied against 2021 revenue requirements. The revised 2021 revenue requirement results in a 2021 general rate increase of 4.36 percent, effective January 1, 2021, after drawing down the 2018-2019 Revenue Surplus deferral account;

- D. On November 9, 2020, FBC applied to the BCUC, pursuant to sections 59 to 61 and 89 of the UCA for approval to make existing 2020 interim rates permanent, effective January 1, 2020, and for a general rate increase of 4.36 percent, on an interim and refundable basis, effective January 1, 2021 (Interim Rates Application) pending a final decision on the Application; and
- E. The BCUC has reviewed the Interim Rates Application and finds that approval is warranted.

NOW THEREFORE pursuant to 59 to 61 and 81 of the UCA, the BCUC orders as follows:

1. FBC is approved to make permanent the existing 2020 interim rates, effective January 1, 2020.
2. FBC's application for a 4.36 percent general rate increase, on an interim and refundable basis, effective January 1, 2021, is approved.
3. FBC is directed to refund/recover the difference between the interim rates and permanent rates, as determined by the BCUC following its final determinations on the Application, with interest calculated on any refundable amounts at the average prime rate of FBC's principal bank for its most recent year.
4. FBC is directed to file with the BCUC, within 30 days of the issuance of this order, amended tariff pages in accordance with the terms of this order.

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