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November 23, 2020

British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, B.C.
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)
Response to the British Columbia Utilities Commission (BCUC) Information Request (IR) No. 2

On August 19, 2020, FBC filed the Application referenced above. In accordance with the British Columbia Utilities Commission Order G-287-20 setting out the amended Regulatory Timetable for the review of the Application, FBC respectfully submits the attached response to BCUC IR No. 2.

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC INC.

Original signed:

Diane Roy

Attachments

cc (email only): Registered Parties

1 **37.0 Reference: WORKSHOP UNDERTAKINGS AND SECOND EVIDENTIARY UPDATE**

2 **Exhibit B-14, Second Evidentiary Update, p. 3**

3 **Approvals sought**

4 On page 3 of the Second Evidentiary Update (Exhibit B-14), FortisBC Inc. (FBC) states:

5 The combined impact of the items identified above on 2020 rates is a revised
 6 rate increase of 0.81 percent compared to the rate increase forecast in the
 7 Application of 1.93 percent. FBC continues to propose to set permanent 2020
 8 rates at the existing level of 1.00 percent; therefore, the impact of the change to
 9 the 2020 revenue deficiency/surplus is that a surplus of \$0.683 million will be
 10 added to the 2018-2019 Revenue Surplus deferral account and a larger balance
 11 therefore remains in the deferral account to reduce the 2021 revenue deficiency
 12 and 2021 rate increase.

13 37.1 Please provide the calculation for the 2021 rate increase if the proposed 2020
 14 revenue surplus of \$0.683 million was not added to the 2018-2019 Revenue
 15 Surplus deferral account (i.e. if the permanent 2020 rate increase was set at 0.81
 16 percent instead of the existing 1.00 percent.)

17
 18 **Response:**

19 For the reasons provided in response to CEC IR2 26.1, FBC does not believe that setting the
 20 permanent rate increase for 2020 at 0.81 percent is appropriate or practical. However, to be
 21 responsive to this IR, FBC provides the following information.

22 If the 2020 permanent rate increase was set to 0.81 percent, the 2021 rate increase would
 23 increase from 4.36 percent to 4.54 percent. A calculation of the rate change is provided below.

(\$ millions)	As filed	Change to Deficiency	Revised Rate Increase
Deficiency	16.196	0.683	16.879
Revenue at existing rates	371.447		371.447
Rate Increase	4.36%		4.54%

24

25

1 **38.0 Reference: WORKSHOP UNDERTAKINGS AND SECOND EVIDENTIARY UPDATE**
 2 **Exhibit B-14, p. 1; Exhibit B-15, FBC Response to Workshop**
 3 **Undertakings, Undertaking No. 2, pp. 4–6**
 4 **Customer count and load forecast updates**

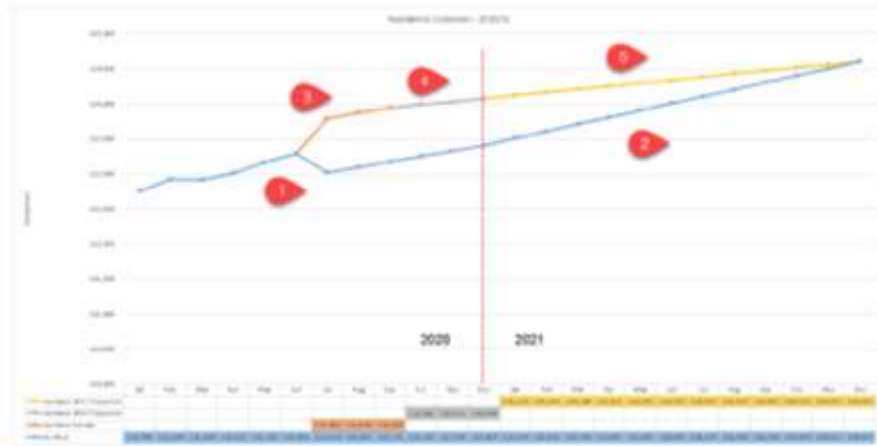
5 On page 1 of the Second Evidentiary Update, FBC states:

6 In preparing the response to Workshop Undertaking No. 2, FBC determined that
 7 the projected 2020 average customer count should be amended. This change,
 8 along with a number of other changes either identified by FBC in the course of
 9 responding to the Workshop Undertakings or previously identified in responses to
 10 Information Requests (IRs), have resulted in FBC revising its requested 2021
 11 rate increase from 6.37 percent to 4.36 percent.

12 On pages 3 to 6 of Undertaking No. 2 (Exhibit B-15), FBC stated that it has updated its
 13 2020 Projected and 2021 Forecast residential and commercial customer counts.

14 With respect to the residential customer counts, FBC stated on page 4: “Given the
 15 uncertainty due to the pandemic, FBC maintained the 2021 year-end customer count
 16 consistent with the results from the BC STATS regression [as-filed forecast] at 124,603
 17 customers.”

18 On page 5 of Undertaking No. 2, FBC provided a graph showing the updates to its
 19 residential customer count based on actuals through September 2020 compared to its
 20 as-filed customer count forecast, as follows:



21
 22 On page 4 of Undertaking No. 2, FBC explained the numbered points on the graph:

- 23 1) The projection as filed used actual values from January through June 2020
 24 followed by the results from the BC STATS regression for July through
 25 December 2020.

FortisBC Inc. (FBC or the Company) Annual Review for 2020 and 2021 Rates – Project No. 1599119 (Application)	Submission Date: November 23, 2020
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- 1 2) The as-filed forecast for 2021 reflects the results from the BC STATS regression
2 for 2021 from January to December. The as-filed forecast for 2021 is 124,603
3 customers. The as-filed 2021 monthly customer growth rate was 100
4 customers/month.
- 5 3) The actual customers from July to September are trending above the original
6 projection. FBC replaced the original projection for these months with these
7 actuals.
- 8 4) FBC revised its projection for the remaining months of 2020 (October, November
9 and December) by deriving a monthly customer additions projection using a
10 simple interpolation from the existing 2021 year-end customer count forecast of
11 124,603 back to the September 2020 actual customer count value of 123,944.
- 12 5) The interpolation was also used to forecast the 2021 monthly values starting at
13 124,076 and ending at 124,603. The forecast monthly customer growth rate is 44
14 customers per month.
- 15 38.1 Please elaborate on the reasons why FBC maintained its 2021 year-end
16 residential customer count to be consistent with the results from the BC Stats
17 regression as-filed forecast at 124,603 customers.
- 18

19 **Response:**

20 FBC maintained its 2021 year-end residential customer count because at this time there is
21 insufficient information to conclude that the variation in monthly additions in 2020 is evidence of
22 any sustained trend or step change in customer additions that would warrant varying from
23 FBC's forecast method for deriving the 2021 year-end customer count. Large monthly swings in
24 customer additions are a common occurrence due to factors such as the time of year and
25 changes in the residential housing market. To the extent that the variation in 2020 is due to the
26 impacts of the COVID-19 pandemic, the extent and timing of any continued impacts are highly
27 uncertain. Accordingly, there is insufficient basis to conclude that customer additions will in fact
28 be higher by the end of 2021 than previously expected. Moreover, even if one were inclined to
29 believe that the 2021 customer count should be higher, there is insufficient information and no
30 proven forecast method on which to forecast a new 2021 year-end customer count.

31 Using the best information available, the most reasonable approach is to continue to forecast
32 the 2021 year-end residential customer count based on FBC's forecast method that uses the
33 population forecast from BC STATS. BC STATS provides only annual, not monthly, data.
34 Since there is no new year-end actual data and no new annual BC STATS population forecast
35 with which to produce a new 2021 year-end forecast, FBC left the 2021 year-end customer
36 count forecast unchanged from the value submitted in the Application.

37 The alternative method suggested in IRs would be to hold the monthly growth rates at the level
38 reflected in the Application to arrive at a new 2021 year-end customer count. This is not a
39 reasonable or methodologically sound approach because the growth rates are only a by-product
40 of the forecast year-end customer counts. That is, the growth rate is simply the monthly profile



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1 needed to get from one year-end point to the next. Consequently, the 2021 growth rate in the
2 Application was a by-product of the projected 2020 customer count, which has now been
3 rejected in light of actual customer counts to date, and the 2021 customer count. As the
4 originally forecast 2020 year-end customer count has been rejected in favour of the actual
5 customer count to date, using a growth rate that is simply a by-product of the rejected 2020
6 forecast number would not be reasonable.

7 Given these unusual times created by the COVID-19 pandemic, FBC recognizes that the 2021
8 customer addition year-end customer count may be more uncertain than in previous years.
9 However, there is no objective data or proven methodology at this time to make a more
10 reasonable forecast than what FBC has proposed in its Evidentiary Update. FBC cautions
11 against making adjustments to the forecast based on intuition alone. Monthly growth rates are
12 variable and especially difficult to predict during these unprecedented times. In the face of this
13 uncertainty and lack of any better data or methodology, it is preferable in this case to stick to
14 FBC's proven forecast methodology and retain the 2021 year-end customer count based on the
15 BC STATS forecast data.

16

17

18 38.1.1 Please explain the difference in slope (i.e. the customer growth)
19 between the as-filed residential customer count forecast shown as
20 points 1 and 2 on the graph, and the updated residential customer
21 count forecast shown in points 4 and 5 on the graph. Please explain
22 why FBC considers that the lower customer growth rate in the updated
23 forecast is appropriate.

24

25 **Response:**

26 As explained in response to BCUC IR2 38.1, the growth rate in the Application was simply a by-
27 product of the year-end customer counts. In the Evidentiary Update, FBC replaced the original
28 July to September customer counts with actual monthly values and derived the monthly
29 customer additions from September 2020 to December 2021 by using a simple interpolation
30 from the existing 2021 year-end customer count forecast of 124,603 back to the September
31 2020 actual customer count value of 123,944. This resulted in a different month-to-month
32 profile and different rates of growth to arrive at the December 2021 forecast. The resulting
33 growth rate is appropriate because it is a by-product of the September 2020 actual data point
34 and the best forecast available for the 2021 year-end customer count.

35

36

37

38 38.2 Please explain why FBC did not update the October through December 2020 and
39 2021 forecast residential customer counts (i.e. graph points 4 and 5) using a BC

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1 Stats regression (as it was used in the as-filed residential customer count
2 forecast).

3

4 **Response:**

5 FBC could not update the October 2020 through December 2021 monthly forecast residential
6 customer counts (i.e., graph points 4 and 5) using a BC STATS regression as the population
7 forecast from BC STATS provides only annual data, which FBC uses to forecast customer year-
8 end numbers. As explained in response to BCUC IR2 38.1 and 38.1.1, the month-to-month
9 customer profile is only a by-product of the year-end numbers. Please refer to the response to
10 BCUC IR2 38.1.1 for a description of how the growth rate was determined in the Evidentiary
11 Update.

12

13

14

15 38.3 Please provide alternative graphs of the 2020 Projected and 2021 Forecast
16 residential customer count in the following scenario assumptions:

17 (a) A growth rate of 100 customers/month for the months of October 2020
18 through December 2021 as per the as-filed 2021 monthly customer growth
19 rate;

20 (b) A growth rate of 100 customers/month for the months of January 2021
21 through December 2021 (i.e. graph point 5), keeping 2020 customer growth
22 rates as in the graph above;

23 (c) Using the results of an updated BC Stats regression forecast for October
24 2020 through December 2021, based on actual data through September
25 2020; and

26 (d) Any other relevant method.

27

28 **Response:**

29 ***Scenarios (a) and (b):***

30 FBC provides the following chart for scenarios (a) and (b). For completeness, FBC added the
31 Evidentiary Update 2020 projection and 2021 forecast.

32 The numbered bullets below match the numbers in the chart.

33 1. The updated actuals through September.

34 2. The Evidentiary Update, which maintained the 2021 year-end forecast and allowed the
35 monthly growth to change.

36 3. BCUC scenario (a): 100 customers per month were added each month from October
37 2020 through December 2021. The 2021 year-end count is 841 customers (0.68%)

- 1 greater than FBC’s 2021 forecast (which is the same in the Application and Evidentiary
 2 Update).
- 3 4. BCUC scenario (b): 100 customers per month were added each month from January
 4 2021 through December 2021. The 2021 year-end count is 673 customers (0.54%)
 5 greater than FBC’s 2021 forecast (which is the same in the Application and Evidentiary
 6 Update).



- 7
- 8 **Scenario (c):**
- 9 The BC STATS regression method does not provide monthly values and therefore results in an
 10 annual forecast only. The inputs are annual customer counts and annual service territory
 11 population totals. Monthly data cannot be used in the BC STATS method and, as a result, this
 12 scenario cannot be provided.

- 13 **Scenario (d):**
- 14 Please refer to the response to BCUC IR2 38.1 for an explanation as to why the existing
 15 December 2021 forecast should not be changed. Accordingly, FBC does not believe that any
 16 other methods are relevant.

1
2 38.3.1 Please provide an updated revenue forecast for the residential
3 customer class and rate increase/decrease for 2020 and 2021 rates for
4 each residential customer count forecast provided in the scenarios
5 above.

6
7 **Response:**

8 The revenue forecast and rate increase/decrease for 2020 and 2021 for scenarios (a) and (b)
9 are provided in the table below. Scenario (a) had a minor effect on the 2020 deficiency with the
10 rate increase equal to 0.996 percent (rounded to 1.00 percent in the following table). Scenario
11 (b) is equal to the Evidentiary Update in 2020, as scenario (b) only changes the customer count
12 for 2021.

Line No	2020	No Change	Scenario A	Scenario B
1	Revenues at Existing Rates	\$ 363.020	\$ 363.067	\$ 363.020
2	Power Purchase Expense	\$ 138.772	\$ 138.805	\$ 138.772
3	Revised Margin	\$ 224.248	\$ 224.262	\$ 224.248
4				
5	Rate Impact:			
6	Deficiency at 1% Rate Change	\$ 3.631	\$ 3.631	\$ 3.631
7	Increase (Decrease) in Deficiency		\$ (0.014)	\$ -
8	Revised Deficiency (Surplus)	\$ 3.631	\$ 3.617	\$ 3.631
9				
10	Revenues at Existing Rates	\$ 363.020	\$ 363.067	\$ 363.020
11	Rate Increase (Decrease)	1.00%	1.00%	1.00%
12				
13	2021	No Change	Scenario A	Scenario B
14	Revenues at Existing Rates	\$ 371.447	\$ 372.232	\$ 371.992
15	Power Purchase Expense	\$ 144.977	\$ 145.296	\$ 145.196
16	Revised Margin	\$ 226.470	\$ 226.936	\$ 226.796
17				
18	Rate Impact:			
19	Deficiency at 4.36% Rate Change	\$ 16.196	\$ 16.196	\$ 16.196
20	Increase (Decrease) in Deficiency		\$ (0.466)	\$ (0.326)
21	Revised Deficiency (Surplus)	\$ 16.196	\$ 15.730	\$ 15.870
22				
23	Revenues at Existing Rates	\$ 371.447	\$ 372.232	\$ 371.992
24	Rate Increase (Decrease)	4.36%	4.23%	4.27%

13
14 Please refer to the response to BCUC IR2 38.3 regarding scenarios (c) and (d).

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1
 2 On page 5 of Undertaking No. 2, FBC stated that it prepared the commercial customer
 3 count forecast based on the Conference Board of Canada (CBOC) Gross Domestic
 4 Product (GDP) forecast, resulting in a predicted decline in customer count in mid-2020.
 5 However, FBC stated it has experienced an increase in commercial customers in 2020
 6 and so it updated its forecast. FBC stated: “Given the uncertainty due to the COVID-19
 7 pandemic, FBC maintained the 2021 year-end customer count consistent with the
 8 results from the CBOC GDP regression [as-filed forecast] at 16,579 customers.”

9 On page 6 of Undertaking No. 2, FBC provided a graph of forecast commercial customer
 10 counts for 2020 and 2021, as follows:



11
 12 FBC explained the numbered points on the graph on pages 5 to 6 of Undertaking No. 2
 13 as follows:

- 14 1. The forecast as filed used actual values from January through June 2020,
 15 followed by the results from the existing CBOC GDP regression for July through
 16 December 2020.
- 17 2. The as-filed forecast for 2021 reflects the results from the CBOC GDP regression
 18 for 2021 from January to December. The as-filed year-end forecast for 2021 is
 19 16,579 customers. The forecast 2021 monthly customer growth rate was 78
 20 customers/month.
- 21 3. The actual customers from July through September 2020 are trending above the
 22 original projection. FBC replaced the original projection for these months with
 23 actuals.
- 24 4. As a result of some volatility in the historical data, FBC used a time series linear
 25 regression of actual customers through to September 2020 to develop a revised
 26 projection for October through December 2020.

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1 5. A simple interpolation was used to forecast the 2021 monthly values starting at
2 16,220 and ending at 16,579. The forecast monthly customer growth rate is 30
3 customers per month.

4 38.4 Please elaborate on the reasons why FBC maintained its 2021 year-end
5 commercial customer count consistent with the results from the CBOC GDP
6 regression as-filed forecast at 16,579 customers.

7
8 **Response:**

9 FBC maintained its 2021 year-end commercial customer count because there is no new
10 information on which to update this forecast. The 2021 year-end commercial customer count is
11 forecast in accordance with FBC’s demand forecast methodology, which relies on annual actual
12 FBC customer counts and an annual GDP forecast from the CBOC, and has been shown to
13 produce reasonable forecasts. There are no steps or procedures in the customer forecast
14 method to forecast monthly customer growth.

15 As explained in the Evidentiary Update, FBC updated the December 2020 customer totals using
16 a time series linear regression of actual customers through to September 2020. However, since
17 FBC has no new evidence (in the form of a new year-end actual or a new annual GDP forecast)
18 with which to produce a new 2021 year-end forecast, FBC left the 2021 year-end customer
19 count forecast unchanged from the value submitted in the Application.

20 Changing the December 2020 value necessarily resulted in a different month-to-month profile
21 and different rates of growth to arrive at the December 2021 forecast. That is, changing the
22 year-end projection for 2020, in light of the updated actuals, and then “connecting” the new
23 year-end projection to the 2021 year-end forecast via interpolation, results in different customer
24 growth rates. The resulting monthly “growth rates” are simply by-products of updating the 2020
25 projection.

26
27

28
29 38.4.1 Please explain the difference in slope (i.e. the customer growth rate)
30 between the as-filed commercial customer count forecast shown in
31 points 1 and 2 on the graph, and the new commercial customer count
32 forecast shown in points 4 and 5 on the graph. Please explain why FBC
33 considers that the lower customer growth rate in the updated forecast is
34 appropriate.

35
36 **Response:**

37 As explained in the response to BCUC IR2 38.4, the updated forecast resulted in a change to
38 the 2020 year-end customer count but did not change the 2021 year-end count, which
39 necessarily resulted in different rates of growth. However, the lower 2021 growth rate is

1 appropriate because FBC has so far not experienced the significant loss of commercial
 2 customers predicted by the GDP regression. Without the loss in 2020, it is likely that the larger
 3 “catch up” in 2021 initially predicted will also not materialize. As a result, the lower growth rate
 4 in 2021 is appropriate.

5
6

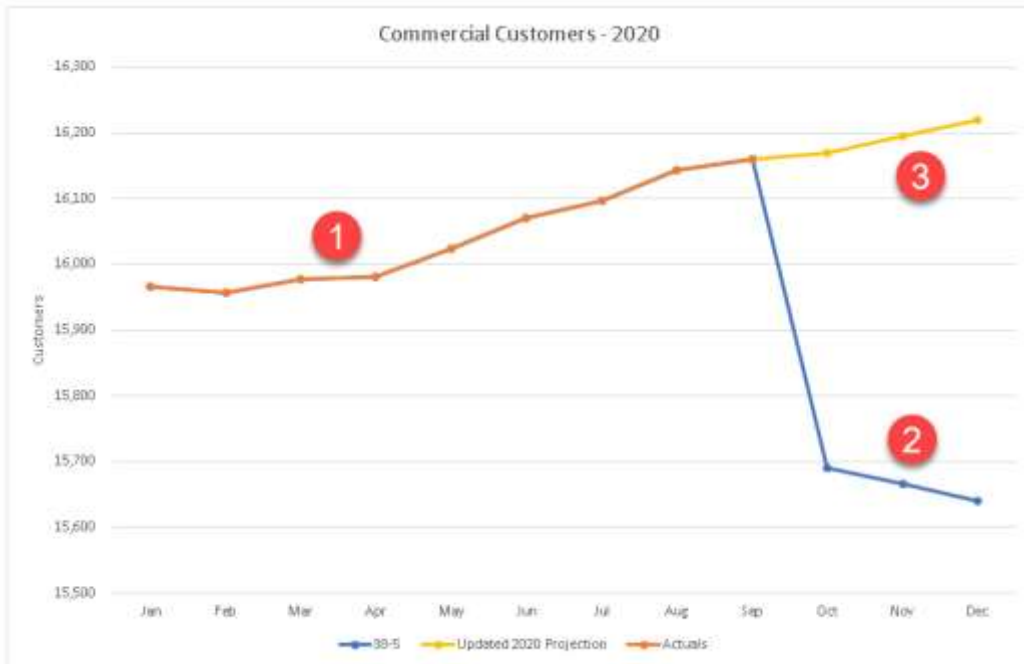
7

8 38.5 Please explain why FBC is no longer predicting the late-2020 decline in
 9 commercial customers shown as point 1 in the graph.

10

11 **Response:**

12 Based on the actuals shown in line segment 1, FBC believes that the October to December
 13 values originally forecast in line segment 2 are unlikely, and that the updated projection shown
 14 in line segment 3 is more appropriate. After growing steadily at an average of 24 customers per
 15 month, FBC would need to experience an average loss of 174 customers per month over the
 16 last three months of 2020 to end up on the original line segment 2.



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21 38.6 Please explain why FBC did not update the October through December 2020 and
 22 2021 Forecast commercial customer counts (i.e. graph points 4 and 5) using a
 23 CBOC GDP regression as it was used in the as-filed commercial count forecast.

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1

2 **Response:**

3 Please refer to the response to BCUC IR2 38.4.

4

5

6

7 38.7 Please provide alternative graphs of the 2020 Projected and 2021 Forecast
8 commercial customer count in the following scenario assumptions:

9 (a) A decline in customers/month for the months of October 2020 through
10 December 2021, similar to point 1 on the as-filed graph, then an increase of
11 78 customers per month for January through December 2021 as per the as-
12 filed forecast 2021 customer growth rate;

13 (b) A growth rate of 78 customers/month for January through December 2021,
14 keeping 2020 customer growth rates as in the graph above;

15 (c) Using the results of an updated CBOC GDP regression forecast for October
16 2020 through December 2021, based actual data through September 2020;
17 and

18 (d) Any other relevant method.

19

20 **Response:**

21 ***Scenarios (a) and (b):***

22 FBC provides the following chart for scenarios (a) and (b), where FBC has assumed Scenario
23 (a) was meant to reference “the months of October 2020 through December 2020.” For
24 completeness, FBC added the Evidentiary Update 2020 projection and 2021 forecast.

25 The numbered bullets below match the numbers in the chart.

26 1. The updated actuals through September.

27 2. The Evidentiary Update, which maintained the 2021 year-end forecast and allowed the
28 monthly growth to change.

29 3. BCUC scenario (a): A decline in 26 customers per month from October 2020 through
30 December 2020, followed by an increase of 78 customers per month from January 2021
31 through December 2021. The 2021 year-end count is 439 customers (2.6%) greater than
32 FBC’s 2021 forecast (which is the same in the Application and Evidentiary Update).

33 4. BCUC scenario (b): 78 customers per month were added each month from January
34 2021 through December 2021. The 2021 year-end count is 577 customers (3.5%)

1 greater than FBC's 2021 forecast (which is the same in the Application and the
 2 Evidentiary Update).



3

4 **Scenario (c):**

5 The GDP regression method relies on annual GDP and customer counts. As there are no
 6 annual updates available, this chart cannot be created.

7 **Scenario (d):**

8 Please refer to the response to BCUC IR2 38.4 for an explanation as to why the existing
 9 December 2021 forecast should not be changed. Accordingly, FBC does not believe that any
 10 other methods are relevant.

11

12

13

14 38.7.1 Please provide an updated revenue forecast and rate increase/decrease for 2020
 15 and 2021 rates for each commercial customer count forecast provided in the
 16 scenarios above.

17

FortisBC Inc. (FBC or the Company) Annual Review for 2020 and 2021 Rates – Project No. 1599119 (Application)	Submission Date: November 23, 2020
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1 **Response:**

- 2 The revenue forecast and rate increase/decrease for 2020 and 2021 for scenarios (a) and (b)
 3 are provided in the table below. Scenario (b) is equal to the Evidentiary Update in 2020, as
 4 scenario (b) only changes the customer count for 2021.

Line No	2020	No Change	Scenario A	Scenario B
1	Revenues at Existing Rates	\$ 363.020	\$ 362.867	\$ 363.020
2	Power Purchase Expense	\$ 138.772	\$ 138.701	\$ 138.772
3	Revised Margin	\$ 224.248	\$ 224.167	\$ 224.248
4				
5	Rate Impact:			
6	Deficiency at 1% Rate Change	\$ 3.631	\$ 3.631	\$ 3.631
7	Increase (Decrease) in Deficiency		\$ 0.081	\$ -
8	Revised Deficiency (Surplus)	\$ 3.631	\$ 3.712	\$ 3.631
9				
10	Revenues at Existing Rates	\$ 363.020	\$ 362.867	\$ 363.020
11	Rate Increase (Decrease)	1.00%	1.02%	1.00%
12				
13	2021	No Change	Scenario A	Scenario B
14	Revenues at Existing Rates	\$ 371.447	\$ 372.497	\$ 373.329
15	Power Purchase Expense	\$ 144.977	\$ 145.568	\$ 146.041
16	Revised Margin	\$ 226.470	\$ 226.929	\$ 227.288
17				
18	Rate Impact:			
19	Deficiency at 4.36% Rate Change	\$ 16.196	\$ 16.196	\$ 16.196
20	Increase (Decrease) in Deficiency		\$ (0.459)	\$ (0.818)
21	Revised Deficiency (Surplus)	\$ 16.196	\$ 15.737	\$ 15.378
22				
23	Revenues at Existing Rates	\$ 371.447	\$ 372.497	\$ 373.329
24	Rate Increase (Decrease)	4.36%	4.22%	4.12%

5

- 6 Please refer to the response to BCUC IR2 38.7 regarding scenarios (c) and (d).

7

1 **39.0 Reference: WORKSHOP UNDERTAKINGS AND EVIDENTIARY UPDATE**
 2 **Exhibit B-2, Application, Section 11, Financial Schedules, Schedule**
 3 **18;**
 4 **Exhibit B-14, Evidentiary Update, Appendix A, Revised Section 11**
 5 **Financial Schedules, Schedule 18**
 6 **Average number of customers, sales volumes and revenue**
 7 **forecasts**

8 In Section 11 of the Application, FBC provided Financial Schedules. Schedule 18 shows
 9 the Revenue at Existing and Revised Rates for 2020, including the average number of
 10 customers and sales volumes (GWh) by customer class, as follows:

FORTISBC INC. FBC Annual Review for 2020 and 2021 Rates Section 11 - 2020

REVENUE AT EXISTING AND REVISED RATES Schedule 18
 FOR THE YEAR ENDING DECEMBER 31, 2020
 (\$000s)

Line No.	Particulars	2019 Approved Revenue (1)	2020 Forecast		Average Number of Customers (6)	GWh (7)	Cross Reference (8)
			Revenue at Existing Rates (3)	Effective Increase (4)			
1	Residential	\$ 187,887	\$ 178,565	\$ 1,788	122,412	1,289	
2	Commercial	94,508	90,191	962	16,187	859	
3	Wholesale	49,519	47,938	479	6	573	
4	Industrial	32,414	37,589	376	54	894	
5	Lighting	2,881	2,219	22	1,448	10	
6	Irrigation	3,544	3,190	32	1,884	37	
7							
8	Total	\$ 370,534	\$ 358,689	\$ 3,667	141,189	3,272	
9							
10	Effective Increase			1.00%			

11
 12 In the Evidentiary Update, FBC provided revised Financial Schedules in Appendix A,
 13 including a revised Schedule 18 for 2020, as follows:

FORTISBC INC. FBC Annual Review for 2020 and 2021 Rates Section 11 - 2020

REVENUE AT EXISTING AND REVISED RATES Schedule 18
 FOR THE YEAR ENDING DECEMBER 31, 2020
 (\$000s)
 Evidentiary Update, October 28, 2020

Line No.	Particulars	2019 Approved Revenue (1)	2020 Forecast		Average Number of Customers (6)	GWh (7)	Cross Reference (8)
			Revenue at Existing Rates (3)	Effective Increase (4)			
1	Residential	\$ 187,887	\$ 182,798	\$ 1,829	123,679	1,328	
2	Commercial	94,508	91,246	913	16,080	862	
3	Wholesale	49,519	48,755	488	6	567	
4	Industrial	32,414	38,915	369	52	853	
5	Lighting	2,881	2,420	24	1,448	11	
6	Irrigation	3,544	3,896	29	1,987	36	
7							
8	Total	\$ 370,534	\$ 383,220	\$ 3,632	142,153	3,294	
9							
10	Effective Increase			1.00%			

14
 15 In Exhibit B-15, Workshop Undertaking No. 2, FBC discussed changes in the 2020
 16 Projected and 2021 Forecast customer counts for the Residential and Commercial
 17 customer classes. The revised Schedule 18 in the Evidentiary Update also shows
 18 changes in the average number of customer and sales volumes for the Wholesale,
 19 Industrial, Lighting and Irrigation customer classes.

20 39.1 Please explain the difference in the 2020 Projected average number of
 21 customers (column 6) and the sales volumes (in column 7) between Schedule 18

1 in the Application and the revised Schedule 18 in the Evidentiary Update, and
 2 provide the reasons for updating the forecasts for each of the following customer
 3 classes:

- 4 (a) Wholesale (Row 3);
- 5 (b) Industrial (Row 4);
- 6 (c) Lighting (Row 5); and
- 7 (d) Irrigation (Row 6).

8
 9 **Response:**

10 The differences in the 2020 Projected average number of customers and sales volumes
 11 between the Application and the Evidentiary Update are shown in the table below.

Customer Class	Average Number of Customers			Sales Volume		
	Application	Update	Change	Application	Update	Change
					GWh	
Wholesale	6	6	-	573	567	(6)
Industrial	54	52	(2)	464	453	(11)
Lighting	1,446	1,449	3	10	11	1
Irrigation	1,084	1,087	3	37	35	(2)
12 Total	2,590	2,594	4	1,084	1,066	(18)

13 The change between the Application and the Evidentiary Update for the sum of the four
 14 customer classes identified above is an increase of 4 customers and a decrease of 18 GWh (0.6
 15 percent of the total sales volume of 3,272 GWh from Section 11-2020, Schedule 18 in the
 16 Application).

17 The differences are attributable to the inclusion of actuals for the July 2020 to September 2020
 18 period. (Only January 2020 to June 2020 actuals were included in the Application.) The
 19 inclusion of the additional three months of actuals in the Evidentiary Update resulted in a
 20 change to the 12-month customer averages for these customer classes (with the exception of
 21 the Wholesale customer class). FBC notes that while the average number of customers
 22 changed slightly, the 2020 year-end customer count forecasts for these customer classes
 23 remain unchanged from the Application.

24
 25

26
 27 39.2 Please explain the impact of the change on the 2020 Forecast Revenue at
 28 Revised Rates (column 5) for each of the following customer classes:

- 29 (a) Wholesale (Row 3);
- 30 (b) Industrial (Row 4);
- 31 (c) Lighting (Row 5); and

1 (d) Irrigation (Row 6).

2

3 **Response:**

4 As shown in the table below, the change in forecast revenue for the four customer classes
 5 identified above is a reduction of \$1.944 million (-0.5 percent of the total revenue at existing
 6 rates of \$362.255 million from Section 11-2020, Schedule 18 in the Application). The
 7 differences are attributable to the inclusion of actuals for the July 2020 to September 2020
 8 period. (Only January 2020 to June 2020 actuals were included in the Application.)

Customer Class	Revenue at Existing Rates		
	Application	Update	Change
		\$(000s)	
Wholesale	\$48,417	\$47,223	(\$1,194)
Industrial	37,965	37,285	(680)
Lighting	2,241	2,444	203
Irrigation	3,198	2,925	(273)
Total	\$91,821	\$89,877	(\$1,944)

9

10

11

12

13 The 2021 revised Financial Schedule 18 in the Evidentiary Update shows no change in
 14 the average number of customers and sales volumes for the Wholesale, Industrial,
 15 Lighting or Irrigation customer classes compared to the as-filed 2021 Financial Schedule
 16 18 in the Application.

17 39.3 Please explain why there is no change to the 2021 Projected average customer
 18 count for the following customer classes given that the 2020 Projected average
 19 number of customers were updated:

20 (a) Wholesale;

21 (b) Industrial;

22 (c) Lighting; and

23 (d) Irrigation.

24

25 **Response:**

26 The 2021 forecast average customer count did not change for the customer classes shown in
 27 the above preamble because there has been no change to the opening, closing or any of the
 28 monthly customer forecasts for 2021 in any of these customer classes.

29 The reason that the average customer count changed slightly for 2020 for the Industrial,
 30 Lighting and Irrigation customer classes in the Evidentiary Update (compared to the Application)



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1 is because the July through September 2020 customer counts were updated to reflect actual
2 results.

3 FBC did not revise its 2020 year-end forecasts for the Wholesale, Industrial, Lighting and
4 Irrigation customer classes as part of the Evidentiary Update; only the 2020 year-end residential
5 and commercial customer classes were re-forecast.

6
7

8
9 39.4 Please explain the impact on 2021 rates if the 2020 Projected rate of growth in
10 each customer class were to continue for 2021. Please quantify and update the
11 expected 2021 load in each customer class and resulting rate impact under this
12 scenario.

13

14 **Response:**

15 There has been no change to the 2020 Projected rate of growth for the Wholesale, Industrial,
16 Lighting or Irrigation customer classes in the Evidentiary Update compared to the Application.
17 As FBC explained in the response to BCUC IR2 39.3, the average number of customers for
18 2020 for each of these customer classes (with the exception of the Wholesale customer class)
19 changed slightly because FBC included three additional months of actual customer results for
20 2020, which resulted in a slight change to the 12-month customer averages. However, FBC did
21 not re-forecast the year-end customer counts for these classes.

22 Since the 2020 Projected rate of growth for these customer classes is unchanged in the
23 Evidentiary Update, there is no change to the 2021 Projected rate of growth. Thus, there are no
24 changes to the expected 2021 load or rates to be quantified.