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August 3, 2021

British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, B.C. V6Z 2N3

Attention: Mr. Patrick Wruck, Commission Secretary

Dear Mr. Wruck:

Re: FortisBC Inc. (FBC) Project No. 1598940

**Application for Approval of Rate Design and Rates for Electric Vehicle (EV)
Direct Current Fast Charging (DCFC) Service – Revised Application dated
September 30, 2020 (Revised Application)**

FBC Submission Regarding Adjournment of the Proceeding and Interim Rates

FBC writes pursuant to British Columbia Utilities Commission (BCUC) Order G-215-21 to provide its submissions regarding:

- i. Whether the FBC proceeding should be adjourned until the BC Hydro Public Electric Vehicle Fast Charging Service Rates Application proceeding has concluded; and
- ii. If the FBC proceeding is adjourned, whether the interim rates should be amended from the existing \$0.30 per minute rate to the proposed \$0.26 per minute at 50 kW stations and \$0.54 per minute at 100 kW stations as updated in the Revised Application and amended during the course of the proceeding.

FBC submits that adjourning the proceeding is not warranted. As discussed below, the level of interest in FBC's proceeding is commensurate with its size, customer base and electric vehicle (EV) charging program. There has been reasonable notice of FBC's proceeding, and FBC's proceeding has provided ample opportunity for participants to raise issues and has in fact canvassed the issues cited by the BCUC in its Reasons for Decision. FBC's proposed rate (\$0.26/min. for 50 kW; \$0.54/min for 100 kW) will recover its cost of service from EV charging station customers on a levelized basis over ten years. The proposed rate is a relatively small change from the interim rate of \$0.30/min that has been in place since 2018, and is within the range of rates offered by providers of public fast charging service in FBC's service territory.

The BCUC is required to make a decision based on the evidentiary record in this proceeding alone. Therefore, the BCUC should not adjourn FBC's proceeding, but should instead proceed to make a determination based on the evidence.

As discussed below, FBC also requests clarification of BCUC Order G-215-21 so that FBC can understand if it is approved to incorporate its costs and revenues associated with its EV charging stations in its revenue requirements going forward.

Interest in FBC's Proceeding Is Commensurate with Its Size, Customer Base, and EV Charging Station Program

The level of public interest in FBC's proceeding compared to BC Hydro's proceeding is commensurate with the size, customer base and EV charging station program of each utility. Notably:

- BC Hydro serves significantly more customers than FBC, representing approximately 95% of the population of B.C.¹ FBC serves approximately 182,000 customers.²
- BC Hydro's service area is significantly larger than FBC's, and encompasses B.C.'s largest municipalities, including the Lower Mainland.
- There are far more electric vehicles in the Lower Mainland compared to the area served by FBC. In 2019, there were 669 EVs registered in FBC's service territory.³
- BC Hydro is planning on operating more direct current fast charging (DCFC) stations than FBC. FBC is planning on operating 40 stations.⁴
- BC Hydro is seeking an EV charging rate for the first time, whereas FBC has had an interim rate in place since 2018.

Given factors such as these, it can be seen that the level of interest in each proceeding is linked to the size, customer base and EV charging station program of each utility.

There Has Been Reasonable Notice of FBC's Proceeding

FBC notified potentially interested parties and the public of the proceeding in accordance with BCUC Orders, and the public has had a full opportunity to participate.

¹ <https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/accountability-reports/financial-reports/annual-reports/BCHydro-Quick-Facts-20190331.pdf>.

² <https://www.fortisinc.com/our-companies/fortis-bc>.

³ Exhibit B-7, BCUC IR1 8.4.1.

⁴ Exhibit B-5, p. 2.

Pursuant to Order G-183-20, FBC provided a copy of the BCUC's Order G-183-20, which established the regulatory process to restart this proceeding, to all registered interveners in the FortisBC Energy Inc. and FBC Multi-Year Rate Plan Application for 2020 to 2024 and all participants in the BCUC Inquiry into the Regulation of EV Charging Service. This therefore included not only FBC's customary interveners that participate in its revenue requirement proceedings, but the 35 interveners in the phase 1 inquiry and the 39 interveners in the phase 2 inquiry.

Pursuant to Order G-233-20, by Monday October 5, 2020, FBC:

- published the notice of the Application on its website and shared the notice on its social media platforms;
- provided notice to potentially affected EV user groups, including but not limited to: Plug In BC, Emotive, Accelerate Kootenays, Peace Energy Cooperative, Vancouver Electric Vehicle Association, and Victoria E Club; and
- published the notice of the Application in print ad format in the following newspapers: the Vancouver Sun, the Kelowna Daily Courier, the Osoyoos/Oliver Times, the Nelson Star, the Trail Daily Times, the Creston Valley Advance, and the Castlegar News.

Therefore, there has been reasonable and sufficient notice of the proceeding and interested parties have had the opportunity to fully participate. Moreover, nine interveners have in fact registered in FBC's proceeding, and there have been four interested parties and two letters of comment.

The Process in this Proceeding Has Provided Ample Opportunity for Issues to Be Raised

While FBC's investment in EV charging stations is modest, and the issues narrow given the fact that the stations are prescribed undertakings, the procedural steps in this proceeding have been extensive.

- On December 22, 2017, FBC filed its initial application for rates for its EV charging stations.
- In Order G-9-18, the BCUC adjourned the proceeding, and the BCUC commenced a two-phase inquiry into the regulation of EV charging service, which completed in June 2019.
- On September 30, 2020, FBC filed a revised Application.
- FBC responded to two round of information requests from the BCUC and four interveners.
- In January, 2020, after the first round of information requests, the BCUC received submissions from the parties on the need for further process.
- In Exhibit B-13, FBC filed its proposal regarding accessibility of charging stations in response to the BC Sustainable Energy Association and Vancouver Electric Vehicle

Association (BCSEA-VEVA) request for an opportunity to file intervener evidence with respect to accessibility at FBC’s DCFC stations.

- FBC and interveners filed written Final Argument on March 16 and March 30, 2021, respectively. FBC filed its Reply Argument on April 13, 2021.
- The submissions of the parties addressed the legal interpretation questions identified by the Panel in its letter of February 24, 2021.
- In April 2021, the parties filed Supplemental Argument on the Panel’s questions related to the potential variance between interim and final rates identified in its letter of March 23, 2021.
- On May 27, 2021, FBC and interveners provided oral submissions on further issues identified by Panel in its letter of May 20, 2021, including on the potential for obsolescence of EV charging stations.
- On June 3, 2021, or earlier, the parties provided their comments on the summary of public EV fast charging service in FBC’s service area gathered by BCUC staff.

Through these steps, there has been ample opportunity for all parties to fully participate in this proceeding and raise any issues of concern.

Issues Listed by the Panel Have Been Canvassed in FBC’s Proceeding

In its Reasons for Decision to Order G-215-21, the BCUC lists three issues raised in the BC Hydro proceeding: issues “with respect to the appropriateness of time-based rates, concerns about the utilities’ EV DCFC equipment becoming obsolete sooner than expected, and the impact to exempt utilities’ EV DCFC continued investments in B.C. of a non-exempt utility’s rate design that under recovers the cost of service and the ability to effect cross-subsidization of costs.”

All of these issue have in fact been raised and addressed in this proceeding. The table below presents the issue, FBC’s position and exhibit references.

Issue	Summary Response	References
Appropriateness of time-based rates	<ul style="list-style-type: none"> • FBC is limited to time-based rates, as it would be illegal for FBC to implement energy-based rates under federal law. • Measurement Canada is actively working on allowing energy-based rates in consultation with industry as discussed on their website. • When Measurement Canada approved metering becomes available, FBC will examine the potential to offer wholly or partially energy-based rates, including whether there are any other impediments to implementing such rates. 	<ul style="list-style-type: none"> • Exhibit 5, Application, p. 12. • Exhibit B-7, BCUC IR1 7.7. • Exhibit B-18, BCSEA-VEVA IR2 10.1. • FBC Final Argument, paras. 78-80.

Issue	Summary Response	References
<p>Concerns about the utilities' EV DCFC equipment becoming obsolete sooner than expected</p>	<ul style="list-style-type: none"> FBC's estimated ten year service life is based on guidance provided by its vendor AddEnergie. A 10-year depreciation rate has been adopted or used by others in the industry, including the Vancouver EV Ecosystem Strategy, Southwestern Public Service Company, the Oregon Public Utilities Commission and Portland General Electric, and the Government of New Zealand. All of FBC's charging stations follow industry standard charging technology and all commercially available EVs that are being made now are using charging technology compatible with FBC's charging stations. FBC's proposed rates are based on a reasonable forecast of its costs, and the prospect of an unexpected change in technology is too unlikely and unforeseeable to impact FBC's forecast cost of service or proposed rates. In the event that there were unanticipated early obsolescence, FBC would address this in future revenue requirement applications or an application to adjust the EV charging station rate. 	<ul style="list-style-type: none"> Exhibit B-5, p. 16. Exhibit B-16, BCUC IR2 20.4. FBC Final Argument, p. 28. Transcript Volume 1: p. 12, l. 20 to p. 15, l. 19; p. 19, ll. 1-15; p. 22, l. 15 to p. 23, l. 11; p. 51, l. 20 to p. 52, l. 1.
<p>The impact to exempt utilities' EV DCFC continued investments in B.C. of a non-exempt utility's rate design that under recovers the cost of service and the ability to effect cross-subsidization of costs</p>	<ul style="list-style-type: none"> FBC's rate design does not under recover its cost of service. FBC has proposed a rate that will recover its cost of service from EV charging station customers on a levelized basis over ten years. Due to the currently low utilization rate, a cost of service rate on a non-levelized basis would make FBC's stations prohibitively expensive, which would decrease revenue, increase cost-recovery risk for FBC's non-charging station customers and undermine the prescribed undertaking, which is not permitted under section 18 of the <i>Clean Energy Act</i>. FBC's proposed rates (\$0.26/min. for 50 kW; \$0.54/min for 100 kW) are within the range of rates offered by providers of public fast charging service in FBC's service territory. 	<ul style="list-style-type: none"> Exhibit B-5, Section 3, Rate Design, and related IR responses. FBC's Final Argument, Part Three, Sections B and C. Exhibit C4-7 and Exhibit B-21.

BCUC Must Make a Decision Based on the Evidentiary Record in This Proceeding

Ultimately, the BCUC must make its determination in this proceeding based on the evidentiary record in this proceeding. As discussed above, there has been an extensive public process which has included detailed discussion of the issues of concern noted by the BCUC. Adjourning FBC's proceeding to await the end of BC Hydro's proceeding will not change the evidentiary record in FBC's proceeding. Therefore, the BCUC should not adjourn this proceeding.

Interim Rates Should be Updated

If the BCUC were to adjourn the proceeding, which FBC submits would not be reasonable, the interim rate should be updated to FBC's proposed rate, as this is the rate supported by the evidence in the proceeding.

Clarification of Order G-215-21

In Order G-215-21, the BCUC stated that "FBC is approved to include the assets associated with its EV DCFC stations that meet the definition of a prescribed undertaking under the GGRR in FBC's rate base, as set out in section 4 of the Revised Application." It is not clear whether this approval includes approval of FBC's requested depreciation rates and whether FBC can include all revenues and expenses of its EV charging stations in its regulated accounts as FBC requested. Without these approvals, it is unclear if FBC can incorporate the costs and revenues related to its charging stations in its revenue requirements.

Therefore, FBC respectfully requests clarification if FBC has been granted:

- approval of a straight line 10 percent annual depreciation rate for FBC's EV charging stations; and
- approval for FBC to include the assets associated with the EV charging stations, and related revenues and expenses, in FBC's regulated accounts, as set out in section 4 of the Application.

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC INC.

Original signed:

Diane Roy

cc (email only): Registered Parties