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
www.fortisbc.com

October 5, 2021

Commercial Energy Consumers Association of British Columbia
c/o Owen Bird Law Corporation
P.O. Box 49130
Three Bentall Centre
2900 – 595 Burrard Street
Vancouver, BC
V7X 1J5

Attention: Mr. Christopher P. Weafer

Dear Mr. Weafer:

Re: FortisBC Inc. (FBC)

Project No. 1599231

Annual Review for 2022 Rates (Application)

Response to the Commercial Energy Consumers Association of British Columbia (CEC) Information Request (IR) No. 1

On August 6, 2021, FBC filed the Application referenced above. In accordance with the regulatory timetable established in British Columbia Utilities Commission Order G-226-21 for the review of the Application, FBC respectfully submits the attached response to CEC IR No. 1.

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC INC.

Original signed:

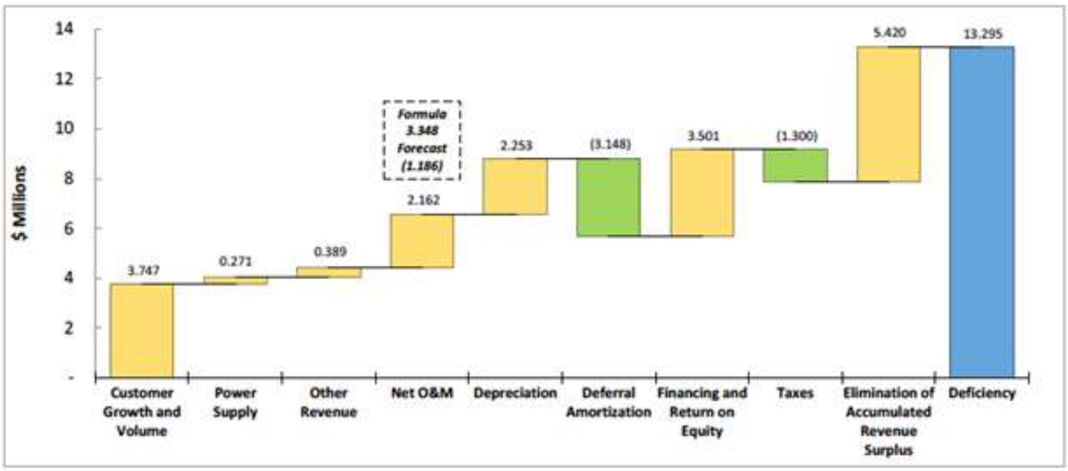
Diane Roy

Attachments

cc (email only): Commission Secretary
Registered Parties

1. Reference: Exhibit B-2, page 4

Figure 1-1: 2022 Revenue Deficiency ($ millions)



1.1 Please provide the same figure from the previous 3 years' annual review applications.

<u>Response:</u>

Please refer to Figures 1 to 4 below for the waterfall diagrams from FBC's previous three annual reviews, i.e., the 2018 Annual Review, 2019 Annual Review, and the 2020-2021 Annual Review.

Figure 1: 2018 Revenue Deficiency ($ millions)

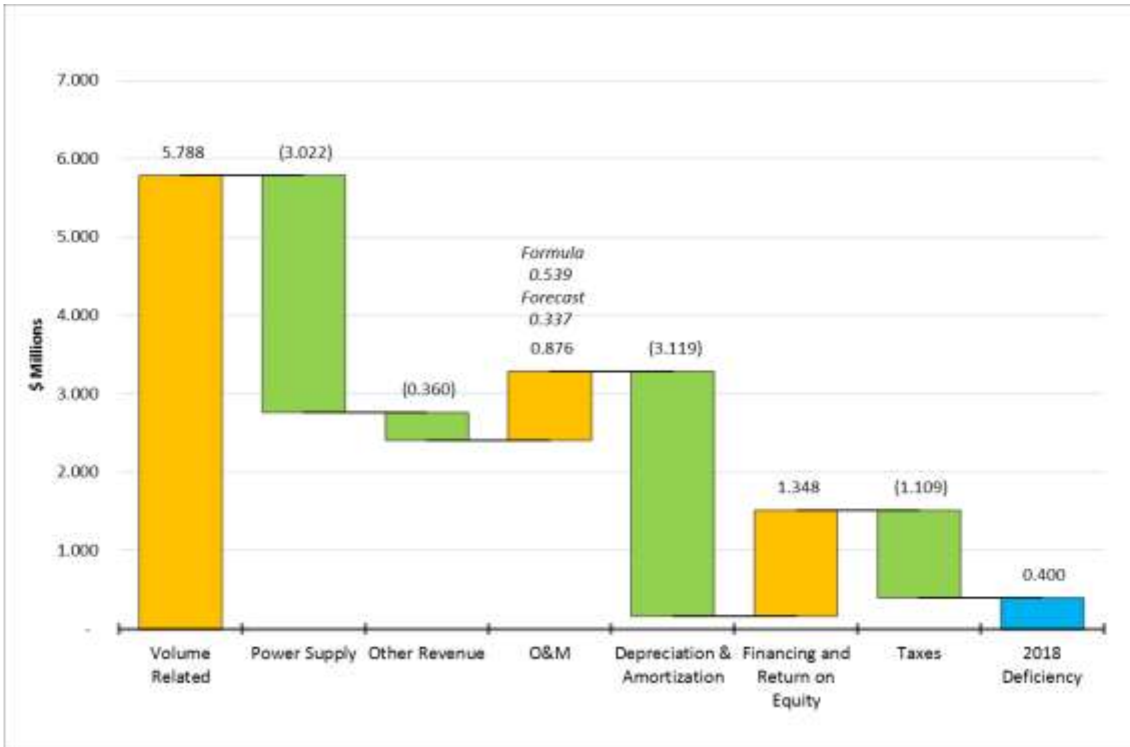
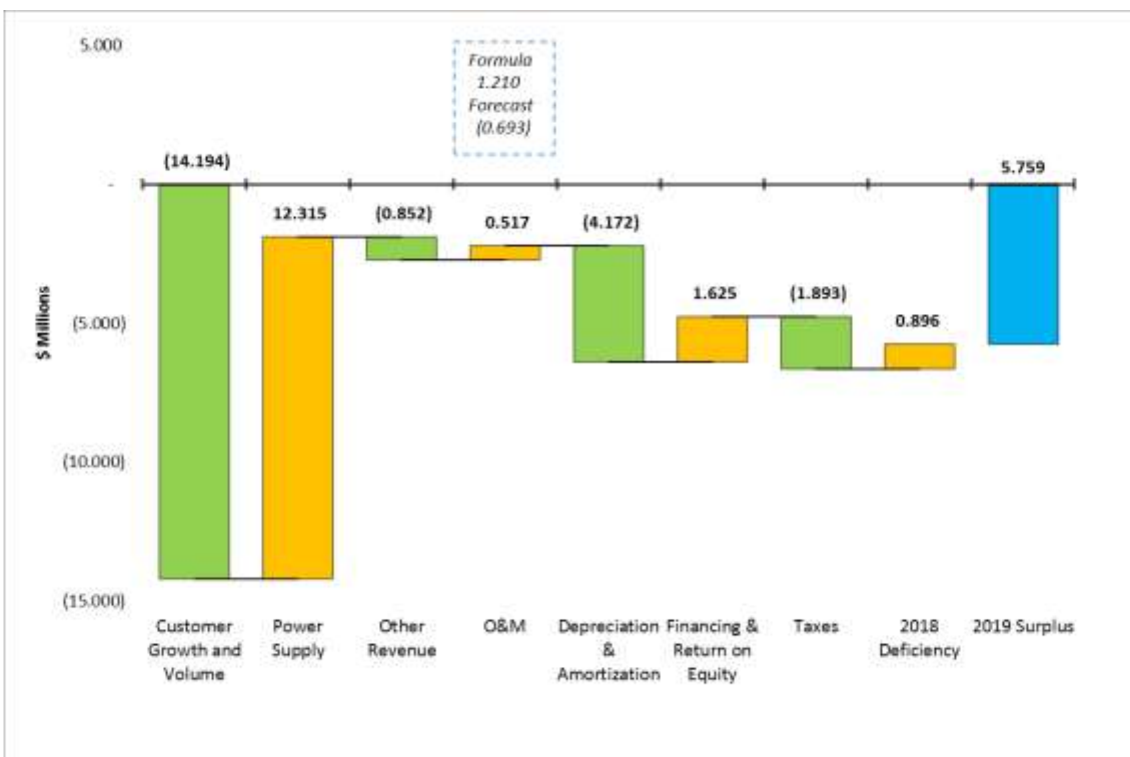
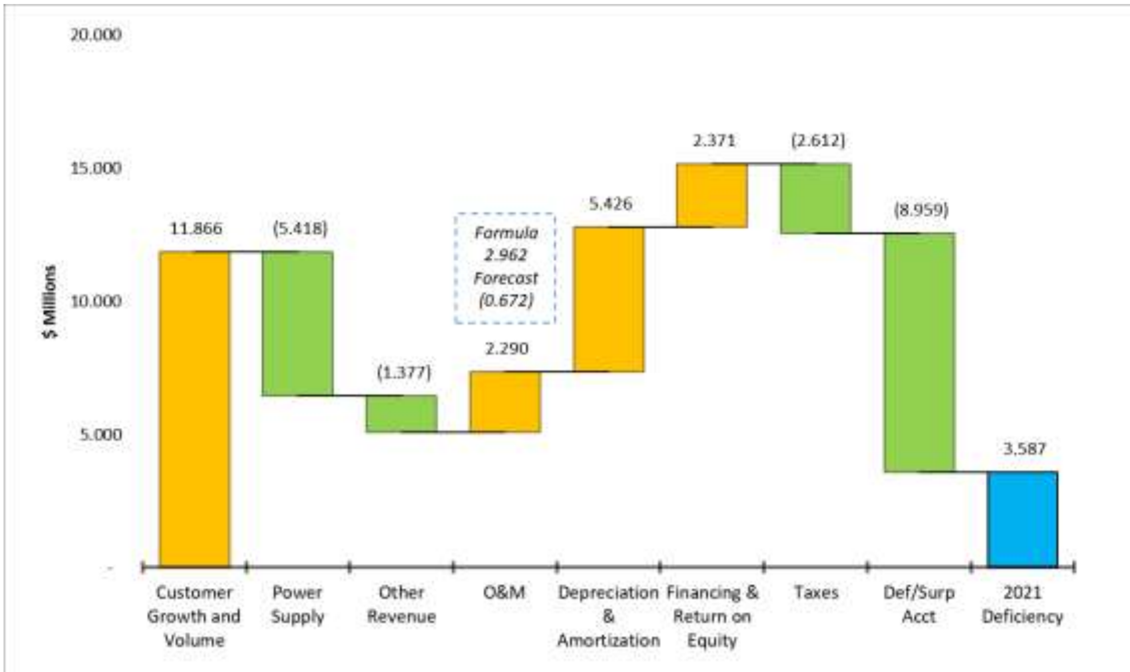


Figure 2: 2019 Revenue Surplus ($ millions)

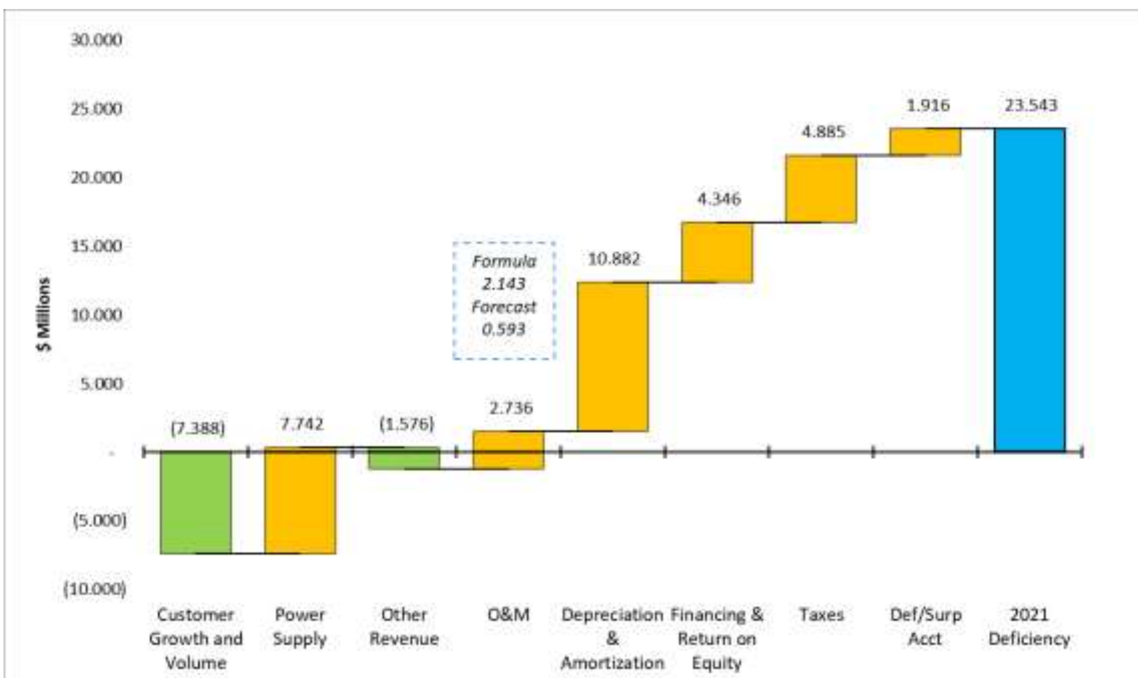


1 **Figure 3: 2020 Revenue Deficiency ($ millions)**



2

3 **Figure 4: 2021 Revenue Deficiency ($ millions)**



4

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2. Reference: Exhibit B-2, page 8 and FEI Annual Review Application Exhibit B-2, page 9

Table 2-1: I-Factor Calculation

		Table: 18-10-0004-01	*Table: 14-10-0223-01*	12 Mth Average				Last Completed Year			
Line No.	Date	BC CPI index	BC AWE $	CPI index	AWE $	CPI %	AWE %	Non labour %	Labour %	I-Factor %	MRP Year
1	Jul-2019	132.4	995.70								
2	Aug-2019	132.2	1,003.20								
3	Sep-2019	132.0	1,007.69								
4	Oct-2019	132.2	1,015.61								
5	Nov-2019	131.8	1,012.26								
6	Dec-2019	131.7	1,014.87								
7	Jan-2020	132.1	1,025.98								
8	Feb-2020	132.9	1,024.80								
9	Mar-2020	132.3	1,029.14								
10	Apr-2020	131.2	1,105.84								
11	May-2020	131.5	1,127.73								
12	Jun-2020	132.6	1,097.00	132.1	1,038.32						
13	Jul-2020	132.6	1,095.17								
14	Aug-2020	132.4	1,089.30								
15	Sep-2020	132.5	1,092.97								
16	Oct-2020	132.9	1,093.25								
17	Nov-2020	133.3	1,098.85								
18	Dec-2020	132.8	1,109.54								
19	Jan-2021	133.6	1,115.13								
20	Feb-2021	134.1	1,114.34								
21	Mar-2021	134.9	1,104.90								
22	Apr-2021	135.2	1,111.16								
23	May-2021	135.1	1,124.55								
24	Jun-2021	135.8	1,124.55	133.8	1,106.14	1.281%	6.532%	37%	63%	4.589%	2022

Table 2-1: I-Factor Calculation

		Table: 18-10-0004-01	*Table: 14-10-0223-01*	12 Mth Average				Last Completed Year			
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13	Jul-2020	132.6	1,095.17								
14	Aug-2020	132.4	1,089.30								
15	Sep-2020	132.5	1,092.97								
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17	Nov-2020	133.3	1,098.85								
18	Dec-2020	132.8	1,109.54								
19	Jan-2021	133.6	1,115.13								
20	Feb-2021	134.1	1,114.34								
21	Mar-2021	134.9	1,104.90								
22	Apr-2021	135.2	1,110.80								
23	May-2021	135.1	1,110.80								
24	Jun-2021	135.1	1,110.80	133.7	1,103.82	1.237%	6.309%	49%	51%	3.824%	2022

2.1 The CEC notes that the Table references in the second and third columns are the same for FBC and FEI. Do FBC and FEI use the same sources of information to calculated CPI and AWE? Please explain.

Response:

Yes, FEI and FBC use the same Statistics Canada sources for CPI and AWE. Additional CPI and AWE data was published on July 28, 2021 and July 29, 2021, respectively. With this new data being released so close to the FEI Annual Review filing date of July 30, 2021, FEI was unable to update its 2022 Annual Review Application. With the FBC Annual Review filing being one week after the FEI filing, FBC was able to use this new data. As a result, the 12-month average for both CPI and AWE used in the FEI and FBC Annual Review filings were slightly different.

Both FEI and FBC will update the CPI and AWE with identical data including June 2021 in the final Compliance Filings which will be prepared and filed with the BCUC subsequent to the issuance of the BCUC's decisions on the FEI and FBC 2022 Annual Review applications.

2.2 Please explain why the 2020 12 month CPI Index of 133.8 is .1 higher than FEI's CPI index of 133.7 and the average CPI Index of 1.281 is higher than FEI's average CPI Index of 1.237.

Response:

Please refer to the response to CEC IR1 2.1.

2.3 Please explain why the AWE 12 Month Average of $1,106.14 is about $3 higher for FortisBC than it was for FortisBC Energy Inc., and why the AWE is 6.532% when it was 6.309% for FEI.

Response:

Please refer to the response to CEC IR1 2.1.

3. Reference: Exhibit B-2, page 73, Schedule 3

1	Formula Cost Drivers				
2	CPI		2.692%	1.596%	1.281%
3	AWE		2.881%	5.745%	6.532%
4	Labour Split				
5	Non Labour		38.000%	38.000%	37.000%
6	Labour		62.000%	62.000%	63.000%
7	CPI/AWE	(Line 2 x Line 5) + (Line 3 x Line 6)	2.809%	4.168%	4.589%
8	Productivity Factor	G-166-20	-0.500%	-0.500%	-0.500%
9	Net Inflation Factor	Line 7 + Line 8	2.309%	3.668%	4.089%
10					

3.1 The CEC has recalculated the Inflation Factor using the BC CPI and BC AWE figures from the FEI application, which results in an inflation factor of 4.432% instead of 4.589% as presented in the FBC application.

	FBC	FBC	FBC Calculation	FBC	FEI	Recalculation
FortisBC	Non/labour split	Table 2-1	% I Factor	Non/labour split	Table 2-1	% I Factor
Non-labour	37%	1.281	0.47397	37%	1.237	0.45769
Labour	63%	6.532	4.11516	63%	6.309	3.97467
Total	100%		4.58913			4.43236

Response:

FBC notes that this information request contains only a statement and no question; however, please refer to the response to CEC IR1 2.1 for an explanation as to why the CPI and AWE are slightly different in FEI's annual review application compared to FBC's.

3.2 Would FBC be willing to utilize the FEI CPI and AWE calculations as presented in their application to recalculate the FBC I Factor? Please explain why or why not.

Response:

The difference between the CPI and AWE data utilized by FEI and FBC will be resolved in the Compliance Filings prepared and filed subsequent to the BCUC's decision on each annual review. At that time, both FEI and FBC's Inflation Factors will be updated to reflect actual CPI and AWE up to June 2021, and the AWE and CPI values will be the same for both utilities.

Please also refer to the response to CEC IR1 2.1.

3.3 Have FEI's and FBC's calculations of BC CPI and BC AWE varied in the past in the Annual Review applications? Please explain.

Response:

The CPI and AWE data utilized by FEI and FBC may have varied temporarily in the past due to new data becoming available at the time of their respective annual review filings. However, the data used in the Compliance Filings issued subsequent to the BCUC's decision on FEI and FBC's annual reviews are always identical. This is consistent with how the CPI and AWE have been treated in both the 2014-2019 PBR Plan annual reviews and in the 2020 and 2021 Annual Review under the MRP.

4. Reference: Exhibit B-2, page 12 and Appendix 2 page 8

3.3 *Demand Side Management Savings*

FBC forecasts the DSM savings that are incremental to the DSM savings that are already embedded in historical loads up to and including 2020.

The DSM savings forecast is deducted from the before-savings forecast for all customer classes. All forecast values in the sections below are shown after being reduced by DSM savings unless explicitly stated otherwise.

The forecast incremental DSM savings for 2022 are summarized in Table 3-1 below, and are the forecast savings incremental to the savings embedded in the historical loads. Historical DSM savings can be found in Appendix A2.

Table 3-1: Forecast Incremental 2022 DSM Savings (GV

Line No.	Description	DSM 2022
1	Residential	(8)
2	Commercial	(22)
3	Wholesale	(8)
4	Industrial	(17)
5	Lighting	(1)
6	Irrigation	(0)
7	Net	(56)
8	Losses	(5)
9	Gross Load	(61)

4.1 Please explain how FBC arrived at the incremental forecast savings for each rate class for 2022.

Response:

Please refer to the response to BCUC IR1 5.1.

4.2 Do the forecasts take into account changes in DSM plans or activities? Please explain.

Response:

Confirmed. The forecast in Table 3-1 is based on the incremental DSM savings forecasts for 2021 and 2022.

4.3 Please provide FBC's last approved DSM plan or identify where this information is included in the application.

Response:

FBC's last approved DSM Plan is the 2019-2022 Demand Side Management Expenditure Plan (2019-2022 DSM Plan). The BCUC approved the 2019-2022 DSM Plan pursuant to Decision and Order G-10-19.

The application and related decision can be found on the BCUC's website: https://www.bcuc.com/ApplicationView.aspx?ApplicationId=635.

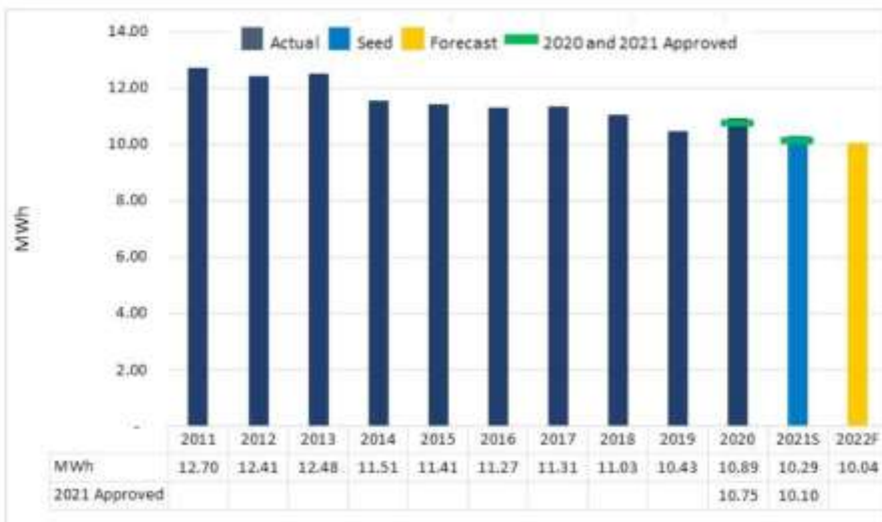
However, FBC notes the 2022 DSM savings shown in Table 3-1 of the Application are not the same as those shown in the 2019-2022 DSM Plan due to timing and disaggregation into the load forecast contained in this Application. Please refer to the response to BCUC IR1 5.1 for a reconciliation of the DSM savings shown in Table 3-1 and the savings provided in the 2019-2022 DSM Plan.

5. Reference: Exhibit B-2, page 15 and page 16

3.4.1.2 Residential UPC

Normalized historical UPCs are obtained by dividing the weather-normalized residential load by the average customer count in each year. The before-savings UPC is forecast by applying a ten-year trend to the normalized historical UPCs. The before-savings UPC forecast is then multiplied by the forecast average customer count to derive the before-savings load forecast. DSM savings, which are incremental to the savings embedded in the historical data to 2020, are then deducted from the before-savings load forecast to determine the after-savings load forecast. The after-savings UPC forecast is then calculated by dividing the after-savings load forecast by the average customer count. As shown in Figure 3-3 below, the residential after-savings UPC is forecast to decrease by 0.25 MWh in 2022F from 2021S and decrease by 0.06 MWh from 2021 Approved.

Figure 3-3: Normalized After-Savings Residential UPC (MWh)

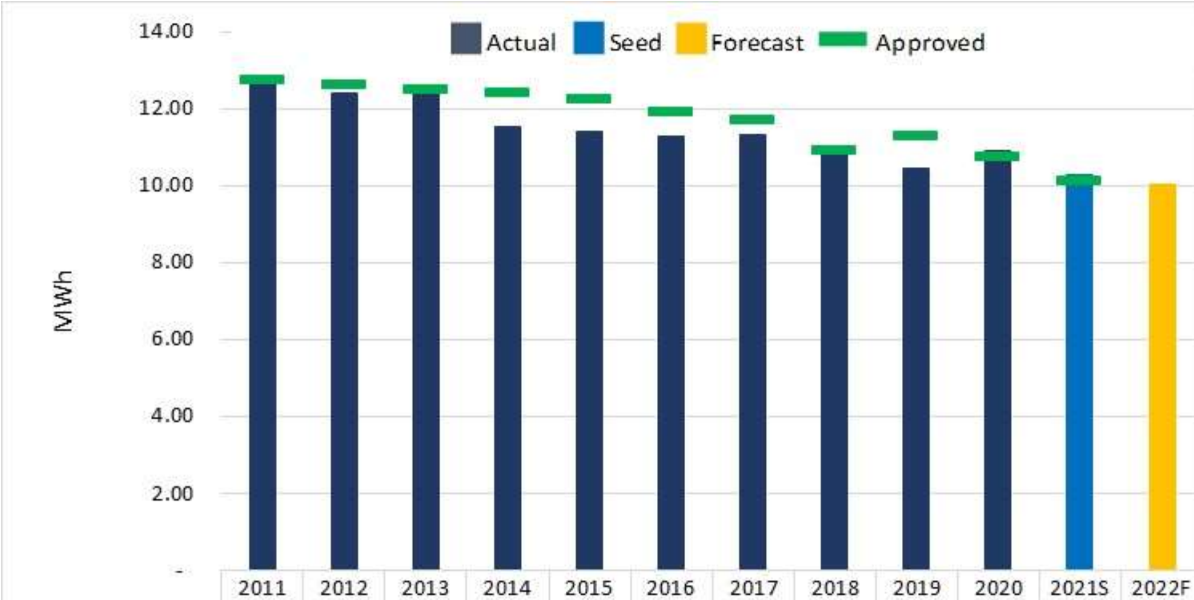


5.1 Please provide FBC's approved UPC for each year on Figure 3-3.

<u>Response:</u>

The updated Figure 3-3 below includes FBC's approved UPC for the residential rate class each year from 2011 to 2021.

Updated Figure 3-3: Normalized After-Savings Residential UPC (MWh)



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021S	2022F
MWh	12.70	12.41	12.48	11.51	11.41	11.27	11.31	11.03	10.43	10.89	10.29	10.04
Approved	12.74	12.59	12.48	12.39	12.24	11.89	11.71	10.92	11.27	10.75	10.10	

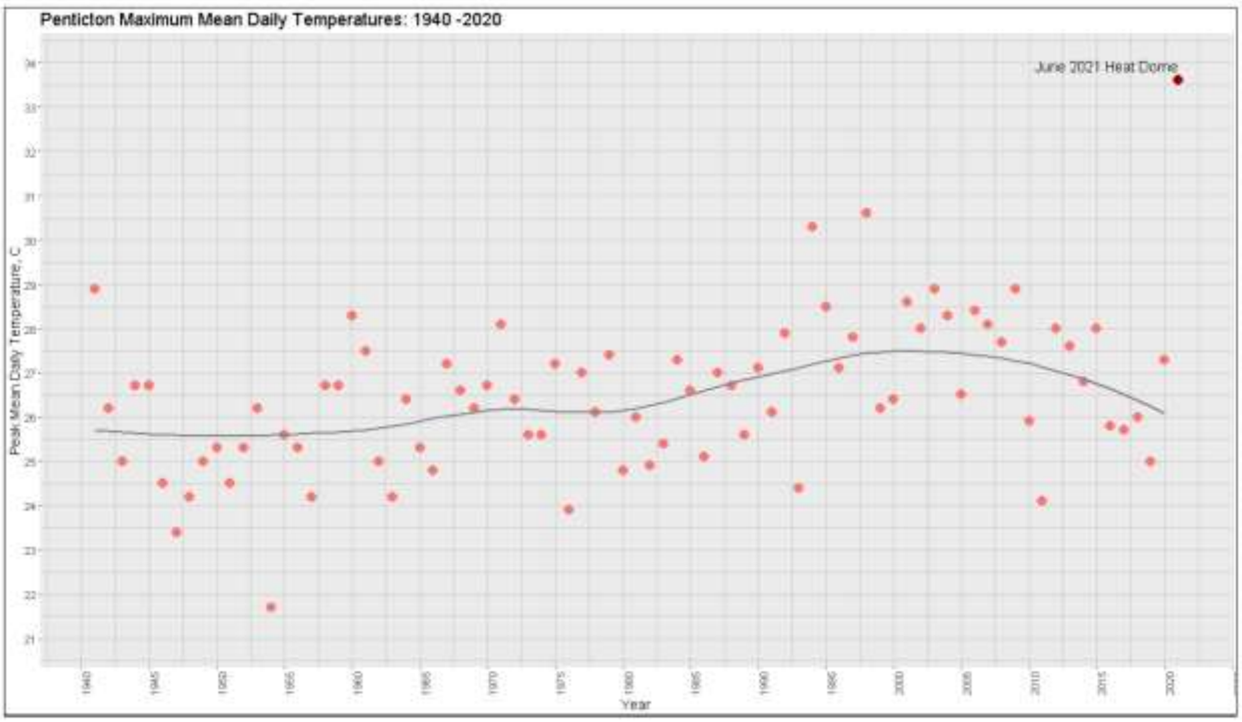
5.2 There has been significant discourse in the public domain suggesting that climate change is making more rapid impacts to weather than might be reflected in 10-year trends. Please discuss whether or not FBC is undertaking any efforts to modify its expectations regarding weather normalization or UPC due to climate change.

5.2.1 If no, please explain why FBC is undertaking a Business As Usual approach.

Response:

For the purposes of short-term (one year ahead) forecasting, FBC does not intend to modify the weather normalization or UPC forecast methods at this time. However, FBC has recently established a working group to investigate the 2021 summer heat impact. The working group is liaising with other utilities, including BC Hydro, to potentially learn about approaches to forecasting being considered by others. Until such time as FBC has gathered additional information and considered the need for different approaches, the existing or “business as usual” methods will remain in use.

The following plot shows the annual peak average daily temperatures for Penticton since 1941. In addition, the June 2021 “Heat Dome” event is shown in darker red. The plot shows an overall upwards trend in peak summer temperatures through 2005 followed by a recent return to more typical summer peaks. The 2021 Heat Dome event is without precedent and the working group will attempt to determine whether this is an outlier or the end of the "business as usual" period.



5.3 What studies have FBC undertaken in order to assess the validity of its UPC development?

Response:

While FBC does not conduct formal studies to assess the validity of the UPC forecast, performance is monitored each year. The table below shows the variance in the FBC Residential UPC to forecast from 2011 to 2020. On average the UPC has been 0.35 MWh or 3.2 percent below forecast.

Residentail UPC (MWh)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Residential UPC Normalized Actuals	12.70	12.41	12.48	11.51	11.41	11.27	11.31	11.03	10.43	10.89
Forecast	12.74	12.59	12.48	12.39	12.24	11.89	11.71	10.92	11.27	10.75
Variance	-0.04	-0.18	0.00	-0.88	-0.83	-0.62	-0.40	0.11	-0.84	0.13
Variance (%)	-0.3%	-1.5%	0.0%	-7.7%	-7.3%	-5.5%	-3.5%	1.0%	-8.0%	1.2%

FBC notes the following:

- Forecast performance from 2011 through 2013 was very good.

- Variances in 2014 through 2016 were higher because of the integration of the City of Kelowna (CoK) customers. In hindsight FBC believes the higher proportion of smaller dwellings caused the UPC to decline more quickly than forecast.
- Forecast performance was very good in 2017 and 2018, aided by actual data from the CoK customers.
- In 2019 there was a larger variance. FBC believes the significant year-over-year decline could be due in part to widespread residential adoption of LED lighting.
- Forecast performance in 2020 was very good

In summary, in four of ten years, including 2020, the forecast variance was 1.5 percent or less. A one-time event (CoK integration) adversely impacted the use rate forecast in the 2014-2016 timeframe.

Therefore, FBC believes the current residential UPC forecast method will continue to produce reasonable results.

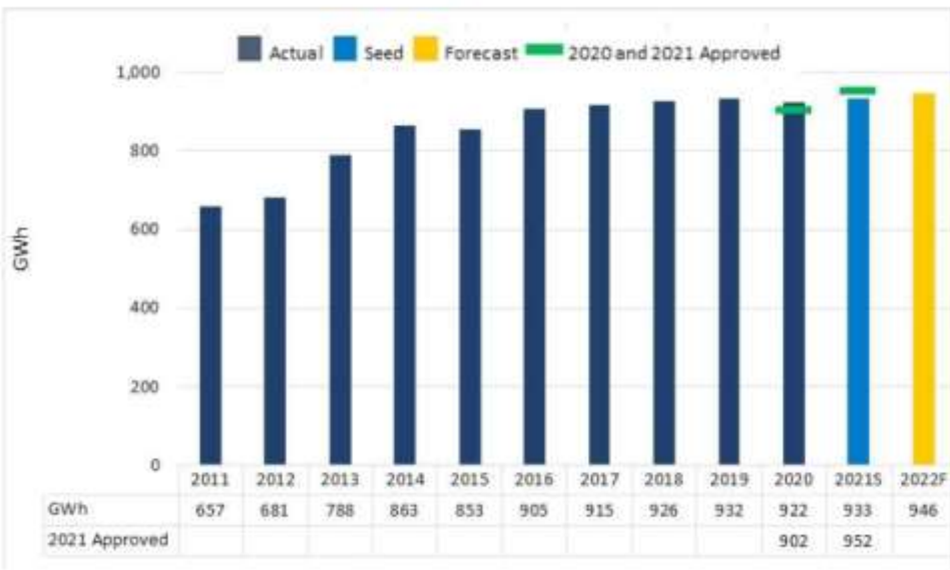
6. Reference: Exhibit B-2, pages 17 and 18

3.4.2 Commercial

3.4.2.1 Commercial Load

The commercial class is forecast based on a regression of load on the provincial GDP forecast obtained from the CBOC. As shown in Figure 3-5 below, Commercial after-savings load is forecast to increase by 13 GWh in 2022F from 2021S and decrease by 6 GWh in 2022F from 2021 Approved.

Figure 3-5: After-Savings Commercial Load (GWh)



6.1 Please provide further details of the regression used by FBC to forecast commercial load.

Response:

Information regarding the commercial load regression including the equation and the regression results can be found in Appendix A-3 to the Application (Section 1.2.2).

6.2 Does FBC conduct any kind of UPC assessment for commercial rate classes? Please explain why or why not.

Response:

FBC does not conduct any kind UPC assessment for the purpose of forecasting the commercial rate class load because UPC is not an input into the load forecast method. The commercial load is forecast directly based on a regression between historical loads and GDP.

6.2.1 Please provide average UPC for small and medium commercial customers over the last 10 years.

Response:

The commercial UPC in MWh for small and large commercial customers from 2011 to 2020 is provided below. The ten year average UPC is 21.5 MWh for small commercial customers and 326.5 MWh for large commercial customers.

Small and Large Commercial Customer UPC from 2011 to 2020

Commercial UPC (MWh)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Small Commercial	19.8	19.3	19.1	21.7	20.0	21.4	24.1	23.6	22.9	22.7
Large Commercial	240.7	247.9	283.2	308.9	313.1	315.4	398.2	414.2	386.0	357.7

7. Reference: Exhibit B-2, Appendix 2, page 6

3.2 CUSTOMER ADDITIONS

Customer Additions	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021S	2022F
Residential	912	433	12,634	1,569	735	1,606	1,976	2,543	2,174	2,501	1,780	2,195
Commercial	106	286	1,851	701	613	97	325	280	278	209	219	591
Wholesale	-	-	(1)	-	-	-	-	-	-	-	-	-
Industrial	1	3	8	2	1	-	-	2	(1)	(8)	-	-
Lighting	(27)	(64)	(95)	(24)	(30)	(31)	(48)	(29)	(15)	(24)	(18)	(20)
Irrigation	17	(1)	6	6	(8)	(5)	(10)	(2)	4	9	-	-
Total Direct	1,009	657	14,403	2,254	1,311	1,667	2,243	2,794	2,440	2,687	1,981	2,766

7.1 What factors influence residential customer additions? Please explain.

Response:

The FBC residential customer total is highly correlated to population. Customer additions are the year-over-year changes to the customer total. As the population increases, builders and the real estate industry respond to the market demand, which then influences customer additions.

7.2 What factors influence commercial customer additions? Please explain.

Response:

Commercial customer additions are influenced primarily by the demand for goods and services. Demand increases and decreases for many reasons, including changes in population resulting from migration into and out of the service territory.

All of these economic factors are captured in the GDP correlation method that FBC uses to forecast commercial customer additions. The correlation between actual customer additions and GDP is very strong, as shown in the response to BCOAPO IR1 9.2.

FBC notes that the commercial load is forecast directly using a GDP correlation method and is not dependent on the commercial customer additions forecast.

7.3 Please provide a rationale for the Forecast 591 Commercial customer additions, being a figure which more than doubles any annual customer additions for the last five years.

Response:

Commercial customers are forecast using a regression of historical commercial customer counts to the CBOC GDP forecast. Compared to the decline in 2020, the CBOC is predicting an increase in GDP for both 2021 and 2022, reflecting its expectation of economic recovery from the COVID-19 pandemic.

Please also refer to the response to BCOAPO IR1 9.3.

8. Reference: Exhibit B-2, Appendix 2 page 9

CUSTOMER COUNT VARIANCE

Customer Count	2015	2016	2017	2018	2019	2020
Actual						
Residential	114,166	115,772	117,748	120,291	122,465	124,966
Commercial	14,976	15,073	15,398	15,678	15,956	16,165
Wholesale	6	6	6	6	6	6
Industrial	50	50	50	52	51	43
Lighting	1,590	1,559	1,511	1,482	1,467	1,443
Irrigation	1,095	1,090	1,080	1,078	1,082	1,091
Total	131,883	133,550	135,793	138,587	141,027	143,714
Forecast						
Residential	114,855	115,758	116,031	117,774	120,405	124,076
Commercial	14,531	15,042	15,813	16,122	16,405	16,220
Wholesale	6	6	6	6	6	6
Industrial	49	49	50	50	51	57
Lighting	1,620	1,620	1,590	1,559	1,511	1,425
Irrigation	1,103	1,103	1,095	1,090	1,080	1,082
Total	132,164	133,578	134,585	136,602	139,459	142,865

Variance (customers)						
Residential	(689)	14	1,717	2,517	2,060	890
Commercial	445	31	(415)	(444)	(449)	(55)
Wholesale	0	0	0	0	0	0
Industrial	1	1	0	2	0	(14)
Lighting	(30)	(61)	(79)	(77)	(44)	18
Irrigation	(8)	(13)	(15)	(12)	2	9
Total	(281)	(28)	1,208	1,986	1,569	849

8.1 FBC has under-forecast residential customer additions, and over-forecast commercial customer additions for each of the last four years. What efforts is FBC making to assess and reduce any trends in errors related to customer additions? Please explain.

Response:

The ten year average customer count variance has been 0.2 percent below forecast for residential customers and 0.3 percent below forecast for commercial customers. The 2011 to 2020 customer count variances are shown in the table below and contain both positive and negative variances. The results are not indicative of any trends in forecast errors.

Table 1: Residential and Commercial Customer Count Variance

Customer Count	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Actual										
Residential	98,795	99,228	98,906	113,431	114,166	115,772	117,748	120,291	122,465	124,966
Commercial	11,525	11,811	12,077	14,363	14,976	15,073	15,398	15,678	15,956	16,165
Forecast										
Residential	99,663	101,320	103,279	113,229	114,855	115,758	116,031	117,774	120,405	124,076
Commercial	11,714	11,837	12,130	13,739	14,531	15,042	15,813	16,122	16,405	16,220
Variance (customers)										
Residential	(868)	(2,092)	(4,373)	202	(689)	14	1,717	2,517	2,060	890
Commercial	(189)	(26)	(53)	624	445	31	(415)	(444)	(449)	(55)
Variance (%)										
Residential	-0.9%	-2.1%	-4.4%	0.2%	-0.6%	0.0%	1.5%	2.1%	1.7%	0.7%
Commercial	-1.6%	-0.2%	-0.4%	4.3%	3.0%	0.2%	-2.7%	-2.8%	-2.8%	-0.3%

8.2 Please explain how FBC trues up the impact of customer count variation in the formula.

Response:

As approved in the MRP Decision[1], a true-up of formula O&M based on the actual 12-month average customer counts from two years prior is added to the current year of formula O&M (once actuals are known). Please refer to Section 6.2 of the Application for a discussion of the formula O&M true-up and also refer to Table 6-2, Lines 9 to 16, which shows the calculation of the 2020 O&M true-up between the approved and actual 12-month average customer counts. FBC notes that the true-up is based on 12-month average customer counts while the customer counts referenced in the preamble above are customer counts at December 31 of each year. Please refer to Table 2-2 of the Application, which shows the calculation of the 12-month average customer counts (Line 22 of Table 2-2).

[1] MRP Decision and Order G-166-20, p. 37.

9. Reference: Exhibit B-2, Appendix A2, page 10

6.2 LOAD VARIANCE, NORMALIZED ACTUAL TO FORECAST

Energy (GWh)	2015	2016	2017	2018	2019	2020
Normalized						
Residential	1,298	1,296	1,320	1,313	1,266	1,347
Commercial	853	905	915	926	932	922
Wholesale	580	574	574	585	566	569
Industrial	380	373	363	403	495	441
Lighting	16	16	16	13	11	11
Irrigation	46	42	42	39	36	37
Net	3,174	3,206	3,230	3,278	3,306	3,328
Gross	3,446	3,480	3,512	3,564	3,592	3,616
Forecast						
Residential	1,397	1,367	1,353	1,280	1,349	1,326
Commercial	808	871	879	912	935	902
Wholesale	593	579	587	586	594	567
Industrial	371	393	407	379	385	453
Lighting	14	13	14	15	13	11
Irrigation	40	39	40	41	42	35
Net	3,224	3,262	3,282	3,213	3,319	3,294
Gross	3,499	3,540	3,559	3,485	3,602	3,602
Variance (GWh)						
Residential	(99)	(71)	(33)	33	(83)	21
Commercial	45	34	36	14	(3)	20
Wholesale	(13)	(5)	(13)	(1)	(28)	2
Industrial	9	(20)	(44)	24	110	(12)
Lighting	2	3	1	(2)	(2)	0
Irrigation	6	3	2	(2)	(6)	2
Net	(50)	(56)	(52)	65	(13)	34
Gross	(53)	(59)	(47)	79	(10)	14
Variance (%)						
Residential	-7.6%	-5.5%	-2.5%	2.5%	-6.6%	1.6%
Commercial	5.3%	3.8%	3.9%	1.5%	-0.4%	2.2%
Wholesale	-2.2%	-0.8%	-2.3%	-0.2%	-5.0%	0.4%
Industrial	2.3%	-5.3%	-12.3%	5.9%	22.2%	-2.7%
Lighting	12.7%	16.3%	9.4%	-13.4%	-17.8%	2.1%
Irrigation	12.1%	7.7%	3.9%	-5.2%	-16.7%	5.3%
Net	-1.6%	-1.7%	-1.6%	2.0%	-0.4%	1.0%
Gross	-1.5%	-1.7%	-1.3%	2.2%	-0.3%	0.4%

9.1 Please explain what is meant by Net and Gross with respect to the above Table, and how the difference is calculated.

Response:

The net load includes the loads from all rate classes, excluding both losses and company use.

The gross load is the sum of the net load plus losses and company use.

The difference between net and gross is losses plus company use. For 2021S and 2022F the losses are forecast at 7.6 percent of gross load per the FBC Losses Study, filed as part of the MRP Application (Exhibit B-1-1, Appendix B3).

When the forecast is being developed the gross load is not known so forecast losses are calculated relative to the net load as follows:

$$Losses = \frac{7.6\%}{(1 - 7.6\%)} \times Net\ Load + Company\ Use$$

Please refer to the response to ICG IR1 20.1 for the calculation of the 2021S and 2022F losses before company use.

10. Reference: Exhibit B-2, Appendix A2, pages 9 and 10

Variance (customers)						
Residential	(689)	14	1,717	2,517	2,060	890
Commercial	445	31	(415)	(444)	(449)	(55)
Wholesale	0	0	0	0	0	0
Industrial	1	1	0	2	0	(14)
Lighting	(30)	(61)	(79)	(77)	(44)	18
Irrigation	(8)	(13)	(15)	(12)	2	9
Total	(281)	(28)	1,208	1,986	1,569	849

Variance (GWh)						
Residential	(99)	(71)	(33)	33	(83)	21
Commercial	45	34	36	14	(3)	20
Wholesale	(13)	(5)	(13)	(1)	(28)	2
Industrial	9	(20)	(44)	24	110	(12)
Lighting	2	3	1	(2)	(2)	0
Irrigation	6	3	2	(2)	(6)	2
Net	(50)	(56)	(52)	65	(13)	34

10.1 The CEC notes that FBC has frequently over-forecast commercial customer additions relative to actual, however the Normalized Load forecast has frequently exceeded forecast. Is it fair to say that commercial customers may have more UPC than is being accounted for in FBC's analysis? Please explain.

Response:

Both the commercial load and customer forecasts are prepared using a regression to the CBOC GDP forecast. All regression-based forecasts are expected to have some variances compared to actual values. FBC does not forecast commercial UPC directly. Generalizations about UPC cannot be inferred by comparing the variances from the customer and load forecasts.

11. Reference: Exhibit B-2, page 27 and page 28

> As shown in Table 4-1 below, the 2022 Forecast Power Supply cost of $161.830 million represents an increase of 0.2 percent or $0.271 million compared to the 2021 Approved cost of $161.559 million. The increase in the 2022 Forecast Power Supply cost is due to increases in wheeling expense and water fees. The 2022 Forecast wheeling expense and water fees have both increased as a result of rates and usage.
>
> Any variances between forecast and actual Power Supply costs are recorded in the Flow-through deferral account and returned to or recovered from customers in the subsequent year.

Table 4-1: Power Supply Cost ($ millions)

Line No.	Description	Approved 2021	Projected 2021	Forecast 2022	Reference
1	Power Purchase Expense	$ 144.977	$ 141.747	$ 143.779	Schedule 19, Line 12, Column 3
2	Wheeling Expense	5.714	5.836	6.093	Schedule 19, Line 23, Column 3
3	Water Fees	10.868	10.878	11.958	Schedule 19, Line 28, Column 3
4	Total Power Supply Cost	$ 161.559	$ 158.462	$ 161.830	Schedule 19, Line 30, Column 3
5					
6	Gross Load (GWh)	3,664	3,640	3,591	Schedule 19, Line 2, Column 3

> **4.3 PORTFOLIO OPTIMIZATION**
>
> The primary objectives of FBC's power supply portfolio planning are to ensure that the Company has sufficient firm resources to meet expected load requirements, to ensure the availability of cost-effective reliable power for FBC's customers, to prudently manage exposure to the cost and availability of market power supplies, and to optimize the value of any surplus resources that are not needed to meet load requirements.

11.1 Please explain FBC's optimization process for its cost-effectiveness of power supply.

Response:

On a long-term basis, FBC optimizes its power supply portfolio by way of its Long Term Electric Resource Planning (LTERP) process. The most recent LTERP was filed on August 4, 2021, and one of the main objectives of the plan is to provide cost-effective, secure and reliable power for customers. However, the plan also takes into account the objectives of providing cost-effective demand-side management and customer solutions that help meet FBC's and BC's environmental goals, and ensuring consistency with Provincial energy objectives. The 2021 LTERP is currently under BCUC review.

In order to optimize the power supply portfolio on a medium to short-term basis, FBC sets out a detailed strategy in its Annual Electric Contracting Plan (AECP), which is filed annually with the BCUC and is consistent with the objectives outlined in the LTERP. FBC's most recent AECP was filed on March 31, 2021 and was subsequently accepted by the BCUC on April 29, 2021 by Letter L-10-21. The main body of the AECP is filed on a confidential basis as it contains market sensitive information. However, the Executive Summary is publicly available on the BCUC website.[2]

In the Executive Summary, FBC explains at a high level that the purpose of the AECP is to justify its PPA Nomination for the next contract year and facilitate BCUC acceptance of firm market

[2] https://www.ordersdecisions.bcuc.com/bcuc/orders/en/item/496267/index.do?q=FBC.

contracts for the next four years. There is also a brief overview of the AECP's objectives, FBC's current resources, and the framework under which FBC contracts firm market purchases and manages portfolio risk.

11.2 Please confirm that FBC optimizes its Power supply to the greatest extent possible for the benefit of ratepayers.

11.2.1 If not, please explain why not.

11.2.2 If not, what actions could FBC undertake to manage its power supply more cost-effectively?

Response:

Confirmed. FBC actively considers strategies to reduce power purchase expense as outlined in the Annual Electric Contracting Plan filed with the BCUC. FBC continues to evaluate whether additional measures could be taken to reduce power purchase expense without impacting reliability. If any such measures were identified, FBC would consider taking the necessary steps to implement them. FBC is actively pursuing all available opportunities to optimize power supply and associated costs.

12. Reference: Exhibit B-2, page 28 and page 29

> **4.4 *FBC 2021/22 ANNUAL ELECTRIC CONTRACTING PLAN***
>
> On March 31, 2021, FBC filed its 2021/22 Annual Electric Contracting Plan (AECP) with the BCUC. The purpose of the AECP is to outline FBC's plan to meet its peak demand requirements and annual energy requirements for the operating year commencing October 1, 2021 and ending September 30, 2022, and to facilitate FBC's annual energy nomination under the PPA. FBC is required to take or pay for 75 percent of the PPA Nomination, regardless of whether it schedules the energy. The difference between the PPA Nomination and the 75 percent minimum take provides flexibility to manage annual loads that are below forecast or to displace PPA purchases with lower cost market purchases. Therefore, real-time opportunities to displace PPA purchases are restricted to a maximum of 25 percent of the PPA nominated
>
> energy, but could be more or less, depending on system conditions.[8] The AECP also outlines FBC's load and resource balance over the following four years, and FBC's plan for optimizing its portfolio over that period. FBC's forecasts of PPE for the remainder of 2021 and for 2022 are based on the plan detailed in the 2021/22 AECP, which was accepted by the BCUC on April 29, 2021, by way of Letter L-10-21.[9]

12.1 Does the Annual Contracting Plan that has already been approved by the Commission essentially contain all the detail that is discussed in this application, or does this application contain items that are not already approved? Please explain.

12.1.1 If there are aspects of this application related to power supply and portfolio optimization that are not already approved, please identify those items.

<u>Response:</u>

FBC filed the most recent AECP on March 31, 2021, which was accepted by the BCUC on April 29, 2021 by Letter L-10-21.

The AECP contains all of the details discussed in the Application. There is nothing within the Application in terms of power supply and portfolio optimization strategy that was not presented within the AECP. However, actual execution of strategy and data presented in the Application will vary from that presented within the AECP due to timing and availability of updated information.

13. Reference: Exhibit B-2, page 30 and page 31

Table 4-3: 2022 Forecast Power Purchase Expense ($ millions)

Line No.	Description	Projected 2021	Forecast 2022	Difference
		-		
1	Brilliant	$ 41.015	$ 41.841	$ 0.825
2	BC Hydro PPA	35.989	44.062	8.072
3	Waneta Expansion	41.570	42.701	1.131
4	Market and Contracted Purchases	19.646	15.102	(4.544)
5	Independent Power Producers	0.064	0.073	0.009
6	Self-Generators	-	-	-
7	CPA Balancing Pool	3.834	0.000	(3.834)
8	Transmission Service Loss Recoveries	-	-	-
9	Special and Accounting Adjustments	(0.371)	-	0.371
10	Total	$ 141.747	$ 143.779	$ 2.032
11				
12	Gross Load (GWh)	3,640	3,591	(49)

BC Hydro PPA

BC Hydro PPA expense is forecast to increase in 2022 by $8.072 million compared to the 2021 Projected expense. The drivers of the increase are a higher purchased volume (132 GWh), which increases the expense by $8.505 million, and an increase in BC Hydro rates, which accounts for an increase of $0.068[10] million, for a total of $8.573 million. FBC has reduced its 2022 Forecast of PPA expense by $4.000 million in savings to account for potential real-time opportunities to displace PPA purchases with lower cost market purchases. The 2021 Projected BC Hydro expense has also been reduced by $3.500 million to account for potential real-time opportunities during the remainder of 2021. This results in a variance between 2021 Projected and 2022 Forecast of $8.072 million, as shown in Table 4-3. Actual market savings for the remainder of 2021 and 2022 may be higher or lower and will depend on system and market conditions at the time. Any variance, including these savings, is recorded in the Flow-through deferral account and returned to or recovered from customers in a subsequent year.

13.1 Please confirm that the 'real time' opportunities refer to real time opportunities to purchase market energy in place of PPA energy.

Response:

Confirmed.

13.2 Please confirm that in 2022 there is a potential for real-time opportunities which FBC may be able to use to reduce the BC Hydro PPA expense and, if so, please confirm that these potential reductions are not forecast in the 2022 estimate.

Response:

FBC confirms there is the potential for real-time opportunities to reduce BC Hydro PPA expense in 2022. FBC forecasts for these opportunities within the BC Hydro PPA expense line item within Table 4-3 of the Application. FBC has reduced its 2022 forecast of PPA expense by $4.0 million to account for potential real-time opportunities to displace PPA purchases with lower cost market purchases, as described in Section 4.6, page 31 of the Application.

However, actual savings that FBC may achieve could be more or less than the $4.0 million embedded within the 2022 forecast of PPA expense, as savings are dependent on both system and market conditions. The impact of any such variances will be captured in the Flow-through deferral account and included in the calculation of 2023 rates.

14. Reference: Exhibit B-1, page 35

2021 Projected Other Revenue is $0.327 million higher than 2021 Approved. The main dri of this increase are higher Transmission Access Revenue due to a wheeling custo exceeding their nomination at the beginning of 2021, as well as higher Late Payment Chai and Connection Charges based on amounts charged to date. The resumption of Late Payn Charges occurred as of March 1, 2021 after being waived for most of 2020 as a resu customer relief measures implemented by FBC during the COVID-19 pandemic.

Table 5-1: Other Revenue ($ millions)

Line No.	Description	Approved 2021	Projected 2021	Forecast 2022
1	Apparatus and Facilities Rental	$ 5.930	$ 5.930	$ 6.018
2	Contract Revenue	3.088	3.088	2.277
3	Transmission Access Revenue	1.501	1.639	1.771
4	Interest Income	0.020	0.025	0.020
5	Late Payment Charges	0.829	0.927	0.875
6	Connection Charges	0.476	0.562	0.505
7	Other Recoveries	0.377	0.377	0.366
8	Total Other Revenue	$ 12.221	$ 12.548	$ 11.832

14.1 What actions, if any, does FBC take to actively increase its Other Revenue?

<u>Response:</u>

The majority (over 80 percent) of FBC's Other Revenue is from pole attachments (Apparatus and Facilities Rental), Contract Revenue, and wheeling revenue (Transmission Access Revenue), each of which has limitations on the extent to which the specific revenue item may be increased.

- For pole attachments, the primary service providers that would attach are telecommunication companies which are already attached and which FBC already charges.
- Contract revenues are generally based on management agreements for third-party generating facilities and on occasion by performing system work for other utilities. Both of these revenue streams are dependent on the third parties' own requirements.
- Wheeling revenue is also generally based on agreement and on system design, so opportunities for charging other entities for transmission of their power is generally dependent on the third parties' own requirements.

The remaining items of significance in Other Revenue are Late Payment Charges and Connection Charges, which are both based on tariff rates and customer behaviour or activity. For Late Payment Charges, FBC would undertake activities to reduce, not to increase, this amount through billing reminders, promoting the equal payment plan and online billing, and offering direct debit payments. Connection Charges are largely based on customer growth or real estate activity and therefore FBC's ability to influence these amounts is limited.

14.2 Please explain the reduction in Contract Revenue forecast for 2022.

Response:

As explained in Section 5.3 of the Application at Lines 14 to 16, the 2022 Forecast is lower than 2021 Approved due to the expiry of revenues received from a three-year asset refurbishment project for a third party that began in 2020, based on customer requirements.

15. Reference: Exhibit B-2, page 36

> **5.5 *INTEREST INCOME***
>
> Interest Income is primarily comprised of DSM loan interest income, as well as other banking interest income. The Company is not forecasting significant changes in the amount of DSM loans outstanding. As a result, no significant changes in interest income are expected in 2021 Projected or the 2022 Forecast.

15.1 Please provide further details regarding DSM loan interest income.

15.1.1 What is the total value of the DSM loans outstanding?

15.1.2 To whom does FBC loan money, and under what conditions?

15.1.3 When was this lending undertaken?

15.1.4 Why does FBC not anticipate any significant changes to the amount of DSM loans outstanding?

<u>Response:</u>

As of August 31, 2021, the balance outstanding for loans was approximately $0.338 million.

FBC provides term loans to residential customers up to a maximum of 10 years and $6,500 per loan, at an interest rate of 1.4 percent. To be eligible, residential customers must meet the program eligibility requirements which include a credit check and installation of a qualified high-efficiency heat pump.

A loan program for customer DSM activities, such as the current Heat Pump Loans, has been offered since 1998. However, due to the 10-year term of the loans, current balances in the account would relate to participants from 2011 and later.

FBC does not anticipate any significant changes to the amount of DSM loans outstanding due to continued low interest in the Heat Pump Loan program. This is a historical trend, which has more recently been accelerated with rebate enhancements in 2019 which many customers seem to be choosing over a loan.

16. Reference: Exhibit B-2, page 40

Table 6-3: System Operations, Integrity and Security New/Incremental Spending ($ millions)

Line No.	Description	Approved Base O&M	2020 Formula O&M[1]	Actual 2020 O&M	2020 Forecast/Actual Variance	Cumulative Forecast/Actual Variance[2]
1	Tree Management	$ 0.075	$ 0.077	$ 0.049	$ (0.028)	$ (0.028)
2	Generation Dam Safety	0.232	0.237	0.162	(0.076)	(0.076)
3	Network Operations Apprentice Program	0.197	0.202	-	(0.202)	(0.202)
4	Cyber Security	0.080	0.082	0.332	0.250	0.250
5	Data Analytics	0.099	0.101	-	(0.101)	(0.101)
6	Other	-	-	0.309	0.309	0.309
7	Total	$ 0.683	$ 0.699	$ 0.851	$ 0.153	$ 0.153

Notes to table:

(1) 2020 Formula O&M is the incremental funding with Net Inflation factor applied (2.309%).

(2) Cumulative Forecast/Actual variance is the same as the 2020 (first year of MRP) Forecast/Actual variance.

Offsetting the increase in Cybersecurity were lower expenditures of approximately $0.303 million for the Network Operations Apprentice Program and Data Analytics, primarily due to labour savings from the timing of new hires.

Incremental activities and costs of approximately $0.309 million in the "Other" Operations Integrity and Security category were incurred for tree management and dam rock trap clearing activities. In 2020, increased vegetation management activities were taken to better define the right of ways and protect the system from danger trees and other vegetation issues. Vegetation management directly impacts compliance with the System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency Index (SAIFI) and the safety of workers responding to incidents and maintaining the system. Rock traps are located on the intake side of the dam and can become blocked with rocks and other debris. Regular cleaning of the traps contributes to the overall safe and reliable operation of the dam.

16.1 Please break out the cost of the vegetation management and dam rock trap clearing in Other.

<u>Response:</u>

This response addresses CEC IR1 16.1 through 16.5 and addresses Lines 1, 2 and 6 from Table 6-3.

Tree Management (Line 1) is specifically to identify, assess and map root rot centres.

Generation Dam Safety (Line 2) is specifically for inspection, dam safety reviews and the development of a Public Safety Management Plan to comply with the Canadian Dam Association guidelines.

Other (Line 6) is made up of $0.265 million for vegetation management activities and $0.044 million for dam rock trap clearing activities.

In the MRP Decision, the BCUC approved FBCs proposed additions to formula O&M related to new/incremental System Operations, Integrity and Security funding, that included the categories of Tree Management and Generation Dam Safety. As part of the MRP Decision (page 118), the BCUC directed that FBC provide a breakdown and explanation of the variances in new/incremental formula O&M related to System Operations, Integrity and Security expenditures in each Annual Review. As part of this determination, the BCUC also listed "Any other significant factors or miscellaneous items" as an area that FBC should report on in the System Operations, Integrity and Security expenditures categories.

Vegetation management activities relate to reducing the incidents of damage and related outages to the system resulting from trees and tree debris falling on the power lines and consist of costs to define the right of way perimeters, clear and maintain the right of ways, and protect the system from danger trees by removing them. This has a direct impact on FBC's service quality (i.e., SAIDI and SAIFI) and is a key topic raised in the annual reviews. Dam rock trap clearing activities are an important contributor to the overall safe and reliable operation of the dam by clearing the rock traps and consist of costs for contracted labour and materials to clear the rocks and debris from the penstock intakes and the cost to dispose of the cleared material. Given the guidance provided in the MRP Decision, FBC considered that both the vegetation management and dam rock trap clearing activities/expenses would be appropriately classified as "other significant factors".

If the BCUC and interveners find it clearer, FBC would be amenable to reporting this incremental spending in the Tree Management and Generation Dam Safety categories to avoid confusion.

16.2 Why did FBC include the cost of increased vegetation management in Other instead of under Tree Management?

Response:

Please refer to the response to CEC IR1 16.1.

16.3 Why did FBC include the cost of dam rock trap clearing in Other instead of Generation Dam Safety?

Response:

Please refer to the response to CEC IR1 16.1.

16.4 Please explain why FBC's Actual 2020 Tree management was under Formula, and even under approved Base.

Response:

Please refer to the response to CEC IR1 16.1.

16.5 Please explain why Actual 2020 Generation Dam Safety was under Formula, and even under Approved base.

Response:

Please refer to the response to CEC IR1 16.1.

16.6 Please elaborate on how the timing of new hires resulted in labour savings, including the result that there was no Network Operations Apprentice Program nor any Data Analytics expenditures.

Response:

Network Operations Apprentice Program

There was no spending against the approved incremental funding of $0.197 million for the Network Operations Apprentice Program due to the timing of the hiring which resulted in deferred costs for classroom training, travel, supplies, and materials for all apprentices in the program.

Data Analytics

The approved incremental funding of $0.098 million is primarily for FBC's share of additional staff required to support the increased use of data in its business. Hiring for Data Analytics was delayed as, following the approval of the MRP, FBC's first step was to finalize the requirements and business case for the necessary information systems infrastructure, which continued into 2021. The procurement process is now complete and internal approval for the infrastructure expenditure is expected by the end of 2021. Assuming internal approval of the infrastructure is received, FBC expects to implement systems that would allow centralized data access in 2022 and add new data sources in priority sequence over the term of the MRP. As the amount of data and the breadth of available analytic tools increases, the number of staff required to support analysis (and the related expenditures) will increase. Prior to 2020, there were no dedicated resources and related funding for Data Analytics activities.

17. Reference: Exhibit B-2, page 41

> **6.3 *O&M Expense Forecast Outside the Formula***
>
> In addition to FBC's Formula O&M, FBC forecasts a number of O&M items outside of the formula annually, including pension and OPEB expense, insurance premiums, BCUC levies, and the cost of service associated with Clean Growth Initiatives, such as Electric Vehicle (EV) charging stations, as well as the O&M impacts of any exogenous factor items. For 2022, FBC has included incremental operating expenses for mandatory reliability standards (MRS) as an exogenous factor. The 2022 amounts are shown in Table 6-4 below along with a comparison to 2021.

17.1 Do all O&M expenses tracked outside formula receive flow-through treatment?

17.1.1 If not, please identify those items that receive flow-through treatment and those that do not.

Response:

Confirmed. All O&M expenses tracked outside formula are subject to flow-through treatment.

18. Reference: Exhibit B-2, page 43

> FBC has experienced significant increases in insurance expense in the last two renewals as a result of the following factors:
>
> - Insurers reducing their insurance capacity, which means reducing the limit that an insurance company agrees to assume from underwriting a risk. This results in the need for other insurers of the existing policies to increase their capacity or the need to seek new insurers who are willing to participate in the existing insurance program, which can lead to changes in pricing philosophies and higher premiums being charged;
> - Insurers limiting their risks by adding new exclusions to exclude or restrict coverages for a particular event; and
> - Increases in policy deductibles or self-insured retentions, which raises the threshold of an insured event for indemnification under a policy.

18.1 Please confirm that FBC seeks competitive insurance bids, or provide the steps that FBC otherwise undertakes to ensure it receives the most favourable insurance rates possible, and how often these steps are taken.

18.1.1 If FBC does not seek competitive bids or seek favourable insurance rates on a regular basis, please explain why not.

<u>Response:</u>

Please refer to the response to BCUC IR1 15.2.

19. Reference: Exhibit B-2, page 46

7.2 REGULAR CAPITAL EXPENDITURES

As part of the MRP Decision and Order G-166-20, FBC received the following approvals for capital expenditures:

- Approval of FBC's forecasts submitted for regular capital expenditures for the years 2020 through 2022; and
- Approval of a number of items to be forecast on an annual basis.

19.1 Please list those items to be forecast on an annual basis. Is FBC referring to Major Project Capital Expenditures, along with other spending? Please explain.

Response:

The items which are forecast on an annual basis as referenced in the preamble above are related to FBC's flow-through capital, as discussed in Section 7.2.2 of the Application. FBC's flow-through capital includes Clean Growth Initiatives, such as EV charging stations, and the capital component of exogenous factor events. Each is discussed below.

FBC's EV charging stations are afforded flow-through treatment as they are part of FBC's Clean Growth Initiatives approved as part of the MRP Decision and Order G-166-20. However, as discussed in Section 7.2.2, FBC has not included a forecast of capital expenditures for EV charging stations in 2022 as it is awaiting a BCUC decision on the EV rates approval and outstanding items[3].

In Section 7.2.2, FBC describes its 2022 forecast for incremental MRS expenditures. FBC is applying for exogenous factor treatment for the incremental O&M and capital expenditures related to MRS Assessment Report No. 13, as discussed in Section 12.2.1. Therefore, the related incremental capital expenditures are forecast as flow-through.

FBC is also seeking exogenous factor treatment for the impact of a wildfire event in 2021 as set out in the Evidentiary Update being filed concurrently with these IR responses.

The items forecast on an annual basis do not include major capital expenditures or CPCNs. The CPCN and major capital projects are discussed in Section 7.3 of the Application.

19.2 Please confirm that those items to be forecast on an annual basis do not already have prior BCUC approval.

[3] https://www.bcuc.com/Documents/Proceedings/2021/DOC_64011_A-19-BCUC-response-to-submissions.pdf.

Response:

Please refer to the response to CEC IR1 19.1.

20. Reference: Exhibit B-2, page 48

> ### 7.3 MAJOR PROJECTS CAPITAL EXPENDITURES
>
> Major Projects are capital expenditures that do not form part of regular capital spending as they are approved through a separate CPCN or other method. As part of the MRP Decision,[18] the BCUC approved the continuation of the current process of reviewing Major Projects outside of the proposed MRP and approved the continuation of the existing financial threshold for CPCNs of $20 million for FBC for the MRP term.
>
> For 2022, FBC is forecasting capital expenditures related to the following approved projects: Corra Linn Dam Spillway Gate Replacement Project, the Grand Forks Terminal (GFT) Station Reliability Project, the UBO Refurbishment Project, the Kelowna Bulk Transformer Addition (KBTA) Project, and the Playmor Substation Upgrade Project.
>
> Each of these approved projects is described further below.

20.1 Will FBC provide reporting on each of the projects to the BCUC, and if so when will the reporting occur?

20.1.1 If yes, will the reporting review any cost overruns that may occur? Please explain.

Response:

FBC is required to provide compliance reporting for each major project and include a discussion of project schedule as well as costs. However, FBC notes the reporting requirements are different for each project. The compliance reporting requirement for each project is provided below:

- Corra Linn Spillway Gate Replacement Project – As directed by Order C-1-17, FBC is required to file the following:
  - Within 30 days of the finalization of the construction contract, a Contract Finalization Report;
  - Within 30 days of the end of each quarterly reporting period, starting after the submission of the Contract Finalization Report and ending upon the filing of the Final Report, Quarterly Progress Reports;
  - As soon as practicable but no longer than 30 days upon the identification of a material change including any significant delays or material cost variances, a Material Change Report (may be filed as part of the Quarterly Progress Report where time permits); and
  - Within six months of the final in-service date, a Final Report.
- UBO Refurbishment Project – As directed by Order G-8-17, FBC is required to report in each annual review application (note that the August 2021 UBO Status Report is included as Appendix B-2 to this Application) for:
  - The status of both the UBO Refurbishment project as a whole and of the individual units, including a comparison of the project timeline provided in the current

Application to any updated project timeline as at the time of filing each annual review application;

- Updated cost estimates and scope descriptions compared to the cost estimates and scope descriptions provided in the current Application, including explanations for any variances/changes to the cost estimates or project scope;
- Actual costs incurred to date on the UBO Refurbishment project as a whole and on each individual unit as at the time of filing each annual review application; and
- Final actual refurbishment costs at the completion of each unit, including a description of the scope of work completed relative to the conditions found and against the cost estimate.

- GFT Station Reliability Project – As directed by Order C-2-19, FBC is required to file:
  - A report within three months of the completion of the installation and procurement of a second transformer at GFT. The report is to include the final cost of the transformer, a complete breakdown of the final costs of installation, a comparison of these costs to the estimates provided in this Application, and an explanation of all material cost variances; and
  - A report within three months of the completion of the removal of a portion of transmission lines 9L and 10L and re-purposing the remaining portions of transmission lines 9L and 10L. The report is to include a complete breakdown of the final costs of such removal and re-purposing, a comparison of these costs to the estimates provided in this Application, and an explanation of all material cost variances.
- KBTA Project – As directed by Order C-4-20, FBC is required to file:
  - A Material Change Report for the Project that would reasonably be expected to have a significant impact on the schedule, cost or scope; and
  - A Final Report within three months of substantial completion of the Project.
- Playmor Substation Upgrade – As directed by Order G-42-21, FBC is required to file:
  - A Final Report as a compliance filing. The Final Report must include a complete breakdown of the final costs of the Project compared to the cost estimates included in the Application and provide an explanation and justification of any material cost variances of 10 percent or more. The Final Report must be filed within six months of substantial completion or the in-service date of the Project, whichever is earlier.

21. Reference: Exhibit B-2, page 51

> The checklist classifies deferral accounts as one of: (a) forecast variance account; (b) rat smoothing account; (c) benefit matching (capital-like) account; (d) retroactive expense account or (e) other. In Section 11, Schedule 11, FBC has classified its rate base deferral accounts i accordance with this classification.
>
> The forecast mid-year balance of unamortized deferred charges in rate base for FBC is a debi of $30.388 million in 2022. The 2022 debit balance is driven largely by the balances in th Demand Side Management (DSM) and Deferred Debt Issue Costs deferral accounts, partiall offset by the Pension and OPEB Liability deferral account.
>
> Figure 7-1 provides the mid-year deferral account balances summarized by deferral accoun category.

Figure 7-1: FBC Forecast Mid-Year Balances of Rate Base Deferral Accounts by Category

21.1 Please provide a discussion of the Demand Side Management deferral account. When was it established, what costs does it collect and why, and what is the amortization schedule?

Response:

The Demand Side Management (DSM) deferral account was established in 1989 by Order G-47-89. The DSM deferral account captures the costs of FBC's programs and initiatives to promote energy efficiency and conservation for customers. As approved by Order G-58-06, the deferral account is amortized over 10 years.

21.2 Please explain why the forecasting variance is consistently negative.

Response:

The amounts shown in the bar chart represent the combined mid-year average deferral account balances for each of the categories. Positive amounts are in debit positions (recoverable from customers) and negative amounts are in credit positions (refundable to customers).

The Demand Side Management deferral account is included as part of the "Benefits Matching" category of deferral accounts, which is shown as light green in Figure 7-1. The reason that this deferral account balance, which is the largest contributor to the debit balance of the Benefits Matching deferral accounts, is consistently in a debit position is because the approved DSM funding (approved through FBC's DSM applications filed separately with the BCUC) is recorded as a debit addition to the DSM deferral account. The funds in the deferral account are then amortized into customer rates over 10 years.

With regard to the other notable deferral account category in Figure 7-1 (i.e., the Other deferral accounts category shown as light blue in the bar chart), the deferral accounts in this category are consistently in a liability or credit position as the majority of the balance is comprised of the Pension and OPEB Liability deferral account, which captures the future obligation to current and retired employees for pension and other post-employment benefits.

The Forecasting Variance category of deferral accounts would be shown as a darker blue bar in Figure 7-1; however, the combined mid-year averages balances in the forecasting variance deferral accounts are immaterial, and so do not appear on the bar chart.

22. Reference: Exhibit B-2, page 57

> FBC has recently conducted a pilot where a select amount of customers were contacted with the intent of measuring the success of the outreach plan and internal guidelines. The results from this pilot stage have been used to develop the unrecoverable revenue forecast additions to the Customer Recovery Fund Deferral Account provided in Table 7-8 above. During the pilot, 150 customers with past due balances were contacted to determine impacts of the pandemic. 15 percent of the customers with an average balance of $800 confirmed that they were financially impacted by COVID-19 and will require support to bring their accounts in good standing. This result was applied to the estimated 690 customers with outstanding balances as at June 1, 2021 to derive the forecast COVID-19 related unrecoverable revenue deferral account additions.

22.1 Did FBC include commercial customers in their pilot? Please explain why or why not.

Response:

Yes, commercial customers were included in the Pilot. By doing so, FBC ensured the estimate of unrecoverable revenue additions to the COVID-19 Customer Recovery Fund Deferral Account included an estimate for commercial customers impacted by the COVID-19 pandemic. This also provided FBC an opportunity to better understand ways that these conversations may be different for commercial customers, helping inform FBC's ongoing approach to these conversations with commercial customers and adapting training and guidance for employees as a result.

22.2 Please provide the breakdown of the customers who have been unable to pay their balances by rate class.

Response:

FBC interprets this question to be asking for the unrecoverable revenue additions to the COVID-19 Customer Recovery Fund Deferral Account by rate class.

Please refer to the tables below for a breakdown of the unrecoverable revenue by rate class per year.

Residential Customers	2020 Actual	2021 Projected	2022 Forecast
Opening Balance	-	0.010	0.174
Transfers	-	-	0.097
Additions	0.014	0.225	0.398
Tax	(0.004)	(0.061)	(0.134)
Ending Balance	0.010	0.174	0.535

Commercial Customers	2020 Actual	2021 Projected	2022 Forecast
Opening Balance	-	0.001	0.019
Transfers	-	-	0.011
Additions	0.001	0.025	0.044
Tax	-	(0.007)	(0.015)
Ending Balance	0.001	0.019	0.059

23. Reference: Exhibit B-2, page 59

> ***7.6.2.2 Indigenous Relations Agreement (Huth Substation)***
>
> As part of the Annual Review for 2020 and 2021 Rates Decision and Order G-42-21, FBC received approval to establish the Indigenous Relations Agreement (Huth Substation) deferral account to capture costs to address the Penticton Indian Band's (PIB) concerns regarding the Huth Substation in Penticton and the impacts the substation has had on Syilx[26] history and culture, such as the discovery of ancestral remains found at the Huth substation while performing construction works.
>
> The Huth substation is a vital component of the South Okanagan area power system, providing direct service to both FBC customers and the municipal utility of the City of Penticton. This hub is connected to five major transmission lines (42L, 49L, 47L, 52L and 53L) and to two City of Penticton distribution substations. Given the importance of the substation to the supply of power in the South Okanagan and the historical value of the land to the PIB and the Syilx people, FBC has engaged in reconciliation efforts with the PIB, consistent with the recent legislation passed by the Provincial government.
>
> In the Annual Review for 2020 and 2021 Rates application, FBC stated that it would update its progress with respect to this matter in the Annual Review for 2022 Rates filing and would request approval for recovery of costs captured in this deferral account in a future revenue

23.1 Please provide a brief overview of the PIB's position on the matter.

<u>Response:</u>

FBC cannot speak for PIB or its position. PIB has communicated to FBC that the Huth substation is located in the vicinity of one of the main Syilx village sites in the region. Because of this, there is significant PIB interest in the potential historical and cultural values associated with the land where Huth substation is located.

The station was built in the late 1930s, at a time when consultation and engagement as we know it today did not exist.

23.2 What resolution processes will be followed if the two parties are not able to come to an agreement?

23.2.1 Under what circumstances would these processes be undertaken?

<u>Response:</u>

FBC was unable to continue preliminary discussions with PIB on reconciliation efforts regarding the Huth substation. Due to impacts on the community from the COVID-19 pandemic, followed by the unique circumstances that arose in 2021 with the Kamloops Residential School findings, FBC chose not to pursue the efforts out of respect to the community until both parties agreed and were available to proceed. As FBC was unable to engage with PIB, FBC was unable to determine what resolution processes could be utilized. Should FBC be able to meet with PIB, it expects that both parties would enter into an agreement with a dispute resolution process, which would outline the circumstances for its use.

24. Reference: Exhibit B-2, page 61, page 54 and page 83, Section 11, Schedule 11

7.6.2.5 2021 Long-Term Electric Resource Plan (LTERP)

As part of the Annual Review for 2020 and 2021 Rates, FBC received approval through Order G-42-21 to establish the 2021 Long-Term Electric Resource Plan deferral account to capture the costs related to external resources required for the 2021 LTERP that are incremental to the costs in FBC's Base O&M, including expert and consulting fees, external legal fees, public consultation, BCUC costs and intervener funding. FBC filed the 2021 LTERP on August 4, 2021 and estimates that the total costs of the LTERP application proceeding, which will conclude in 2022, will be $0.660 million ($0.482 million after tax).

In this Application, FBC seeks approval of a three-year amortization period for the 2021 Long-Term Electric Resource Plan deferral account, commencing January 1, 2022. A three-year amortization period is appropriate because it is consistent with previous amortization periods for LTERP deferral accounts and results in the costs being fully amortized prior to the next LTERP filing.

IX.	Propose a timeline for recovery (e.g. the period over which the regulatory account balance is either collected or refunded; also referred to as the amortization period) and explain why it is appropriate.	Generally, FBC amortizes the costs of regulatory proceedings over the period of time related to the application, which serves to match the timing of costs and benefits. See section 7.6.1.1.

FORTISBC INC. — FBC Annual Review for 2022 Rates - August 6, 2021 — Section 11

UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION - RATE BASE — Schedule 11
FOR THE YEAR ENDING DECEMBER 31, 2022
($000s)

Line No.	Particulars	12/31/2021	Opening Bal./ Transfer/Adj.	Gross Additions	Less Taxes	Amortization Expense	12/31/2022	Mid-Year Average	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	**1. Forecasting Variance Accounts**								
2	BCUC Levies Variance Account	$ 5	$ -	$ -	$ -	$ (5)	$ -	$ 3	
3									
4	**2. Rate Smoothing Accounts**								
5									
6	**3. Benefits Matching Accounts**								
7	Preliminary and Investigative Charges	$ 1,382	$ -	$ 22	$ -	$ -	$ 1,404	$ 1,393	Note 1
8	Demand Side Management	33,345	-	11,400	(3,078)	(5,408)	36,259	34,802	
9	Deferred Debt Issue Costs	4,150	-	-	(70)	(185)	3,895	4,023	
10	2021 Generic Cost of Capital Proceeding	-	-	150	(41)	-	109	55	
11	Annual Reviews for 2021-2024 Rates	151	-	180	(49)	(151)	131	141	
12	2021 Long Term Electric Resource Plan	248	-	320	(86)	(83)	399	324	
13	2020 Cost of Service Analysis	32	-	-	-	(32)	-	16	
14	BCUC-Initiated Inquiries	(30)	-	25	(7)	30	18	(6)	
15	Mandatory Reliability Standards 2021 Audit	255	-	-	-	(85)	170	213	
16		$ 39,533	$ -	$ 12,097	$ (3,331)	$ (5,914)	$ 42,385	$ 40,961	
17									
18	**4. Retroactive Expense Accounts**								
19									
20	**5.Other Accounts**								
21	Pension and OPEB Liability	$ (13,021)	$ -	$ 3,730	$ -	$ -	$ (9,291)	$ (11,156)	
22	COVID-19 Customer Recovery Fund	433	-	442	(149)	-	726	580	
23	Indigenous Relations Agreement (Huth Substation)	-	-	-	-	-	-	-	
24		$ (12,588)	$ -	$ 4,172	$ (149)	$ -	$ (8,565)	$ (10,576)	
25									
26	**Total Rate Base Deferral Accounts**	$ 26,950	$ -	$ 16,269	$ (3,480)	$ (5,919)	$ 33,820	$ 30,386	
27									
28	Note 1: Gross Additions for Preliminary and Investigative Charges are after transfers to Construction Work in Progress. Additions of $0.645 million - transfer of $0.623 million = $0.022 million.								

24.1 The CEC notes that the LTERP is classified as a Benefits Matching Account. When was FBC's last LTERP filed with the Commission and when it last approved?

Response:

FBC's last LTERP was filed with the BCUC on November 30, 2016. By Order G-117-18 dated June 28, 2018, the BCUC accepted the 2016 LTERP for the years up to 2024. The deferral account amortizes the costs of the LTERP over the time until the next LTERP is filed. It is for this reason it is classified as a Benefits Matching account.

24.2 When does FBC expect to develop its next LTERP?

Response:

This response addresses CEC IR1 24.2 to 24.5.

FBC typically develops and files its LTERP with the BCUC every five years. As discussed in Section 13 of the 2021 LTERP, which was filed on August 4, 2021, FBC expects that it would submit its next LTERP in approximately five years from the submission date of the 2021 LTERP (i.e., in 2026). However, if FBC's periodic assessment of the Load-Resource Balance indicates the need for new resources sooner than contemplated in the 2021 LTERP or if FBC's access to market energy changes such that it is no longer reliable or cost effective, FBC would likely submit an LTERP or supplemental update filing sooner than five years from the submission of the 2021 LTERP. As such, FBC has proposed a three-year amortization period for the 2021 LTERP deferral account so that costs associated with this filling can be fully amortized prior to the next LTERP filing, which would typically be in five years but may be sooner.

FBC is not opposed to amortizing the LTERP deferral account over four or five years, as the difference in the 2022 rate impact between amortizing the deferral account over three, four or five years is minimal (please refer to the table below). However, increasing the amortization period will also increase the carrying costs accrued on the deferral account balance, which results in an (albeit minor) additional cost to customers.

Amortization Period	3 Years	4 Years	5 Years
2022 Amortization Expense ($000s)	83	62	50
2022 Revenue Requirement ($000s)	138	111	94
2022 Rate Impact (%)	0.036%	0.029%	0.025%

24.3 How often does FBC typically develop LTERPs?

Response:

Please refer to the response to CEC IR1 24.2.

24.4 If FBC does not typically develop its LTERPs more than once every five years, would FBC be open to amortizing the account over either 4 or 5 years? Please explain why or why not.

Response:

Please refer to the response to CEC IR1 24.2.

24.5 What would be the annual amortization expense if FBC were to amortize the costs over 4 years, and over 5 years instead of 3 years?

Response:

Please refer to the response to CEC IR1 24.2.

25. Reference: Exhibit B-2, page 64 and FEI application page 73

Table 8-1: Short Term Interest Rate Forecast

FBC Short Term Interest Rate	Approved 2021	Projected 2021	Forecasted 2022
3-Month T-Bill Rate [1]	0.45%	0.13%	0.47%
Spread to CDOR	0.44%	0.39%	0.39%
CDOR Rate	0.89%	0.52%	0.86%
Spread to CP	-0.22%	-0.32%	-0.32%
CP Dealer Commission	0.10%	0.10%	0.10%
ST Interest Rate on Credit Facilities	**0.77%**	**0.30%**	**0.64%**
Fixed Financing Fees [2]			
Standby fee on Undrawn Credit [3]	0.77%	0.37%	0.44%
Renewal Fee on Undrawn Credit	0.29%	0.14%	0.17%
Other Financing Fees	0.40%	0.22%	0.26%
ST Interest Rate on Fixed Financing Fee	**1.45%**	**0.73%**	**0.87%**
FBC Short Term Rate	**2.22%**	**1.03%**	**1.51%**

Notes to table:

[1] 3-Month T-Bill Rate for 2022 is a weighted average rate based on forecasts provided by Canadian Chartered banks in June 2021.

[2] Fixed financing fees represent the costs of maintaining the $150 million credit facility and letter of credit facility, which are fixed fees regardless if FBC draws from the credit facility. The fees have been converted into a short-term rate for forecast purposes.

[3] A standby fee of 20 bps is charged on undrawn credit facility amounts, which would change if credit facility amounts are drawn through banker acceptances or prime loans. However, the forecast assumes FBC will borrow through commercial paper and will not change the undrawn credit facility fee percentage.

25.1 Please provide FBCs understanding of why the Projected Short Term interest rate is significantly lower than that approved for 2021.

Response:

The 2021 Projected short-term interest rate is lower compared to the 2021 Approved rate primarily due to higher projected draws on the short-term credit facility compared to the approved, which impacts the interest rate on fixed financing fees. The lower projected short-term interest rate is also due to an update of the 2021 projected 3-month T-Bill rate.

FBC forecasts no dollar amount changes in fixed financing fees from 2021 Approved to 2021 Projected. Therefore, the variances in the 2021 Projected compared to the 2021 Approved fixed financing fee interest rates result from a change in average short-term debt balances being forecast. Please refer to the response to BCUC IR1 21.2 regarding the fixed financing fee rate calculation.

The following table provides the forecast 3-month T-Bill rates referenced in Note 1 to Table 8-1 of the Application.

Source	2021 Approved	2021 Projected
TD Bank Group	0.21%	0.10%
RBC Economics	0.25%	0.20%
Scotiabank Economics	0.20%	0.15%
BMO Capital Markets	0.19%	0.10%

Source	2021 Approved	2021 Projected
CIBC Economics	0.31%	0.10%
BC Ministry of Finance Budget and Fiscal Plan	1.52%	NA
Equal weighted rate used by FBC	**0.45%**	**0.13%**

The difference in the 2021 Projected 3-month T-Bill rate and the 2021 Approved T-Bill rate is due to an update in forecasting methodology and the actual rate in 2021 being lower than forecast by the five major chartered Canadian banks.

The 2021 Approved rate of 0.45 percent was a weighted average rate, which incorporated forecast rates by the five major chartered Canadian banks in June 2020 and the budgeted rate provided in the BC Ministry of Finance Budget and Fiscal Plan 2020/2021 – 2022/2023 (the "BC 2020 Budget") and is consistent with the methodology FBC has historically used. However, for the purposes of this Application, it was determined that the rate provided in the BC 2020 Budget was no longer relevant in the context of the latest T-Bill rate projections as it was forecast prior to the COVID-19 pandemic in January 2020. In general, the T-Bill rates provided in the BC Ministry of Finance annual budget are determined only at one specific point in time during the year. Therefore, by the time the annual review application is filed (generally at the end of July or early August) the rates do not hold as much relevance as the recent rates obtained from the five major chartered Canadian banks.

In addition to this change in forecasting methodology, forecast short-term interest rates for 2021 have decreased slightly compared to last year.

25.2 What economic factors does FBC believe are at work causing FBC to expect the short-term interest rate will increase to 1.51% in F2022? Please explain.

Response:

The increase in the short-term interest rate in the 2022 Forecast is due to an increase in the forecast rates of the underlying benchmark (3-month T-Bill Rate) provided by the five major chartered Canadian banks, who will typically incorporate a number of assumptions into their forecasts including expectations around Bank of Canada rate setting, available liquidity and other economic factors.

25.3 Please provide the last 5 years history of forecasting interest rates for the Annual Review and the actual interest rates experienced after the fact.

Response:

The 2016 to 2020 Approved short-term interest rates from the respective FBC Annual Review filings and the 2016 to 2020 Actual short-term interest rates from the respective FBC BCUC Annual Reports are provided in the table below. Under FBC's approved 2020-2024 MRP, any variances from interest rates used to set rates are flowed through to customers.

	2016	2017	2018	2019	2020
Approved	2.65%	7.45%	3.45%	4.12%	1.86%
Actual	2.28%	2.36%	3.45%	3.07%	2.24%

In 2017, the higher than normal approved short-term interest rate of 7.45 percent was primarily due to the forecast short-term interest rate on fixed financing fees. While the fixed financing fees themselves were forecast similar to other years, the approved average short-term debt level was forecast at $11 million, significantly lower than the average short-term debt amount forecast in the other years in the table above. The same level of fixed fees divided by a lower forecast average level of short-term debt created a higher forecast/approved short-term interest rate.

The actual short-term interest rate in 2017 of 2.36 percent was much lower than the approved short-term interest rate. While the actual fixed financing fees were similar to the approved fixed financing fees, the actual average short-term debt level was $109 million. In this case, the same level of fixed fees divided by a higher actual average level of short-term debt created a lower actual short-term interest rate. The actual average short-term debt level was higher than the approved short-term debt level mainly due to a delay in a forecast long-term debt issuance. The delay in the debt issuance caused FBC to finance more of its actual capital structure with short-term debt in 2017 than anticipated in the forecast.

26. Reference: Exhibit B-2, page 64 and FEI 2022 Annual Review Application page 73

Table 8-1: Short Term Interest Rate Forecast

FBC Short Term Interest Rate	Approved 2021	Projected 2021	Forecasted 2022
3-Month T-Bill Rate [1]	0.45%	0.13%	0.47%
Spread to CDOR	0.44%	0.39%	0.39%
CDOR Rate	0.89%	0.52%	0.86%
Spread to CP	-0.22%	-0.32%	-0.32%
CP Dealer Commission	0.10%	0.10%	0.10%
ST Interest Rate on Credit Facilities	**0.77%**	**0.30%**	**0.64%**
Fixed Financing Fees [2]			
Standby fee on Undrawn Credit [3]	0.77%	0.37%	0.44%
Renewal Fee on Undrawn Credit	0.29%	0.14%	0.17%
Other Financing Fees	0.40%	0.22%	0.26%
ST Interest Rate on Fixed Financing Fee	**1.45%**	**0.73%**	**0.87%**
FBC Short Term Rate	**2.22%**	**1.03%**	**1.51%**

Notes to table:

1 3-Month T-Bill Rate for 2022 is a weighted average rate based on forecasts provided by Canadian Chartered banks in June 2021.

2 Fixed financing fees represent the costs of maintaining the $150 million credit facility and letter of credit facility, which are fixed fees regardless if FBC draws from the credit facility. The fees have been converted into a short-term rate for forecast purposes.

3 A standby fee of 20 bps is charged on undrawn credit facility amounts, which would change if credit facility amounts are drawn through banker acceptances or prime loans. However, the forecast assumes FBC will borrow through commercial paper and will not change the undrawn credit facility fee percentage.

Table 8-1: Short Term Interest Rate Forecast

FEI Short Term Interest Rate	Approved 2021	Projected 2021	Forecast 2022
3-Month T-Bill Rate [1]	0.45%	0.13%	0.47%
Spread to CDOR	0.44%	0.39%	0.39%
CDOR Rate	0.89%	0.52%	0.86%
Spread to CP	-0.22%	-0.32%	-0.32%
CP Dealer Commission	0.10%	0.10%	0.10%
ST Interest Rate on Credit Facilities	**0.77%**	**0.30%**	**0.64%**
Fixed Financing Fees [2]			
Standby fee on Undrawn Credit [3]	0.86%	0.90%	1.12%
Renewal Fee on Undrawn Credit	0.33%	0.32%	0.40%
Other Financing Fees [4]	0.23%	0.12%	0.15%
ST Interest Rate on Fixed Financing Fee	**1.42%**	**1.34%**	**1.67%**
FEI Short Term Rate	**2.19%**	**1.64%**	**2.31%**

Notes to table:

1 3-Month T-Bill Rate for 2022 is a weighted average rate based on forecasts provided by Canadian Chartered banks in June 2021.

2 Fixed financing fees represent the costs of maintaining the $700 million credit facility and letter of credit facility, which are fixed fees regardless if FEI draws from the credit facility. The fees have been converted into a short-term rate for forecast purposes.

3 A standby fee of 16 bps is charged on undrawn credit facility amounts, which would change if credit facility amounts are drawn through banker acceptances or prime loans. However, the forecast assumes FEI will borrow through commercial paper and will not change the undrawn credit facility fee percentage.

26.1 The CEC notes that FBC has lower Short-Term Interest rates than FEI, particularly as a result of the Fixed Financing Fees. Please explain what differences between the utilities cause the rates to vary between the two entities.

Response:

Two factors determine the fixed financing fee rates: the amount of fixed financing fees and the average short-term debt balance. Please refer to the response to BCUC IR1 21.2 regarding the rate conversion formula.

The fixed financing fees are the fixed costs of maintaining the credit facilities regardless of whether FBC and FEI draw from the credit facilities, as indicated in the "*Notes to Table: Footnote 2*" under Table 8-1 in both this Application and in the FEI Annual Review for 2022 Delivery Rates application.

The higher forecast interest rate assigned to the FEI fixed financing fees is mainly due to a higher proportion of fixed financing fees for FEI. FEI's fixed financing fees are roughly three times higher than FBC's fixed financing fees, mainly due to maintaining a larger available credit facility of $700 million, compared to $150 million for FBC. However, while FEI's fixed financing fees are triple that of FBC's, the forecast average short-term debt balance for FEI is only approximately 1.24 times higher than for FBC ($108.351 million for FEI compared to $87.691 million for FBC as shown in the respective Section 11, Schedule 26 financial schedules in the FEI 2022 Annual Review and in this Application). The higher relative proportion of fixed financing fees compared to average short-term debt balance results in a higher derived forecast short-term interest rate attributable to fixed financing fees for FEI and, conversely, a lower rate for FBC.

27. Reference: Exhibit B-2, page 66 and page 67

As shown in the above table, in 2022 property taxes are forecast to decrease by 1.9 perc from 2021 Approved and increase by 3.8 percent compared to 2021 Projected. In general, 2022 increase from 2021 Projected is due to construction activities, market value changes, changes in tax policies of local taxing authorities. The most significant forecast drivers of changes are as follows:

1. **Changes in Tax Rates.** Tax Rates are expected to change for 2022 as follows:
   a) Municipal rates are expected to increase by 0.50 percent;
   b) School rates are expected to decrease by 1.0 percent;
   c) Rural rates are expected to decrease by 2.0 percent;
   d) Tax rates on First Nations are expected to increase by 0.25 percent; and

   e) Other rates are expected to stay the same.
2. **Changes in Revenues to Calculate Grants In Lieu of Taxes.** Revenues reported to municipalities are expected to decrease by 0.2 percent. Grants in-lieu of taxes are based on a fixed percentage of revenues; the overall decrease in revenues reported to municipalities decreases the grants in-lieu of taxes due.
3. **Changes in Assessed Values.** Forecast changes in the assessed values of FBC's property are based on expected inflationary increases. These include:
   a) A 5.0 percent increase in assessed values of distribution and transmission lines;
   b) A 2.5 percent increase in assessed values for generating facilities calculated using legislated cost manuals for valuing generating facilities;
   c) A 3.0 percent increase in assessed values for substations calculated using legislated cost manuals for valuing substations; and
   d) Land values are expected to increase on average 3.0 percent for right of ways and 2.0 to 4.0 percent for properties owned in fee simple.

27.1 What sources of information does FBC rely upon in identifying the expected changes listed above, where not based on legislated valuations?

Response:

Please refer to the response to BCUC IR1 22.1.

27.2 When was the last time that FEI challenged the property taxes being assessed to it? Please provide the results of the most recent contesting.

Response:

FBC assumes this question was meant for FBC, and not FEI, and has responded accordingly.

FBC reviews property assessments annually, and attempts to resolve assessment issues with BC Assessment prior to the close of the assessment roll to avoid the necessity and costs of filing appeals. During the COVID-19 pandemic, changes have been somewhat muted with relatively few appeals required.

The last official appeal that FBC has on record was in 2019 related to a minor new right of way. BC Assessment had valued the right of way using market values rather than statutory rates. After discussion with BC Assessment, they agreed to reduce the value through a bypass agreement, from $2,000 to $700, or a 65 percent decrease.

28. Reference: Exhibit B-2, page 102

> FBC has identified one new exogenous factor related to MRS Assessment Report No. 13 that affects 2021, 2022 and future years. FBC is also currently evaluating the impact on its O&M and capital costs from ongoing wildfires in its service area and, similar to the Z-factor treatment approved for the costs of repair associated with wildfires in 2015,[30] if the wildfires result in costs exceeding the materiality threshold, FBC will be updating its Application to include these costs.

28.1 Please provide any updates related to wildfires if these are now available.

<u>Response:</u>

FBC is applying for exogenous factor treatment for costs related to one wildfire event in 2021, and is filing an Evidentiary Update concurrently with these IR responses.

29. Reference: Exhibit B-2, page 106

> Under the category of Management, approximately $0.10 million in management resource costs were added to support the following areas: the operation of the Emergency Operating Centre (EOC); the Human Resources and Environmental, Health and Safety groups' response to COVID-19 pandemic incidents and issues for employees and contractors; and the increased needs of supporting departments such as Information Systems, Supply Chain, Communications and Business Continuity. The resources were necessary to respond to the COVID-19 pandemic and to address the various needs of the health authorities, regulators and organizations like Emergency Management BC.

29.1 Please identify and quantify the types of costs that are included in management resource costs.

Response:

Management resource costs are management labour.

Over the course of the COVID-19 pandemic, the Human Resources and Occupational Health and Safety teams have been the most heavily impacted by the pandemic. Employees in these areas have worked together to respond to COVID-19 related incidents for employees and contractors including the completion of assessments required for each incident. There also have been many ergonomic and HR calls directly due to the COVID-19 pandemic that required time to respond to.

Other areas with management resources impacted include:

- the Supply Chain group, which has ensured the availability of PPE and consumable supply, which required tracking down suppliers and dealing with supply chain issues specific to the pandemic;
- the IS group, which has equipped employees to work from home remotely; and
- the Public Affairs Emergency and Communications group, which worked on activities to keep FBC's customers and key stakeholders informed of the Company's assistance available during the COVID-19 pandemic.

In addition, many management resources have been involved in overseeing and planning efforts related to the COVID-19 pandemic.

The $0.10 million for the above management activities represents FBC's share of the total estimated FortisBC (FBC and FEI) management costs for the COVID-19 pandemic of $0.50 million. Given the broad impact of the COVID-19 pandemic throughout the organization, the determination of the incremental costs is challenging and FBC is able to only provide an estimate of these costs.

29.2 Were any government wage or other subsidies available to FBC? Please explain and quantify any that were available to FBC.

Response:

Please refer to Attachment 29.2 for a listing of the available economic support programs to BC businesses during the COVID-19 pandemic.

Of all the programs available, and given that FBC is a regulated utility, the only assistance program FBC may be eligible for is the PST Rebate on Select Machinery and Equipment.

PST Rebate on Select Machinery and Equipment

The BC PST Rebate on Select Machinery and Equipment is a temporary provincial sales tax (PST) program to help corporations recover from the financial impacts of the COVID-19 pandemic. Under this temporary program, corporations can apply to receive an amount equal to the PST they paid between September 17, 2020 and September 30, 2021 on qualifying machinery and equipment.

To be eligible for the PST rebate, the equipment must be capitalized under the *Income Tax Act* in certain CCA classes. In effect, the BC PST Rebate on Select Machinery and Equipment applies to but is not limited to:

- machinery and equipment, tools, appliances and furniture;
- computer hardware and software;
- specified clean energy equipment;
- electric vehicle charging stations; and
- zero-emission vehicles.

As the eligibility period for the PST rebate did not end until September 30, 2021, FBC has not yet completed its review of the expenditures that may be eligible. In the coming months, after completing its review of qualifying expenditures, FBC will file for recovery of the PST rebate with the Provincial government, where the expenditures will be reviewed to determine if FBC is eligible for a rebate (and if so, the amount that FBC is eligible to receive). FBC expects to receive notice from the Provincial government sometime in 2022 but cannot estimate when in 2022 this notice would be received.

Since FBC does not know at this time if it will be eligible for a rebate at all, and considering that the determination of eligibility will be made by the government, it is premature for FBC to apply for exogenous factor treatment at this time. If FBC receives a PST rebate, and the amount exceeds the materiality threshold for exogenous factor treatment and otherwise meets all of the exogenous factor criteria, FBC will apply for exogenous factor treatment of the rebate in its next annual review, so that the rebate may be flowed through to the full benefit of customers.

29.3 Please identify and quantify any government subsidies that FBC received.

Response:

FBC has not received any government subsidies.

30. Reference: Exhibit B-2, page 106 and page 106-107

> 12.2.2.3.2 O&M Cost Reductions Offset Increased Costs
>
> The cost reductions that FBC achieved consist primarily of lower employee expenses, in part as a response to the travel restrictions, including in and out of province travel, and the effect that the COVID-19 pandemic has had on social interactions. Employee expenses include course fees, travel, meals and accommodation, company function expenses, and employee hiring and relocation expenses.
>
> As at December 2020, the reduced employee expenses identified and reprioritized by departments for addressing COVID-19 pandemic costs were estimated at approximately $0.9 million. In addition to reduced employee expenses, there was an estimated $0.1 million reduction in employee health benefits (dental, employee health spending, etc.) used by employees, bringing the total cost reductions to approximately $1.0 million in 2020.

> ***12.2.2.4 2021 COVID-19 Pandemic Impact***
>
> Based on the current outlook regarding the COVID-19 pandemic in BC, FBC expects the impact on the Company's operating costs to decline in the coming months and eventually end. FBC's current plans are to resume normal operations coinciding with the Province achieving Step 4 of the Province of BC Four Step Restart Plan, currently planned for September 7, 2021. Step 4 includes the lifting of restrictions with normal social contact allowed and workplaces fully reopened.
>
> To date in 2021, FBC is continuing to incur additional expenditures to manage the impact of the COVID-19 pandemic. The nature of the costs being incurred is similar to that observed in 2020 and includes costs for activities in Field Operations, Public Affairs Emergency Team and
>
> Communications and Facilities. FBC expects to continue to incur additional expenditures to approximately when Step 4 of the Province of BC Four Step Restart Plan begins, at which time the majority of incremental expenditures related to the COVID-19 pandemic, except for expenditures related to the Company's reintegration efforts, will have occurred. FBC is also monitoring for any significant cost reductions related to COVID-19 such as a continued temporary reduction in employee-related expenses that may help to offset the incremental expenditures.
>
> Upon resumption of normal operating conditions expected later this year, FBC will no longer be tracking COVID-19 pandemic related net incremental O&M costs.

30.1 Please provide FBC's annual travel-related expenses for 2017, 2018, 2019, 2020 and 2021, and forecast 2022.

<u>Response:</u>

FBC provides the following table with the Company's annual O&M travel-related expenses for 2017, 2018, 2019 and 2020. 2021 Projected includes August year-to-date actuals. Due to the uncertainties remaining regarding the duration and impact of the COVID-19 pandemic, the last four months of FBC's 2021 Projection is subject to a significant degree of variation; for the same reason, FBC is not able to provide a 2022 Forecast for travel related expenses.

FortisBC Inc.	2017	2018	2019	2020	2021
Travel Related Expenses	Actuals	Actuals	Actuals	Actuals	Projection
Travel	564,954	537,826	548,184	141,377	243,064
Meals and expenses	428,938	445,693	433,931	164,031	235,041
Accommodations	558,833	602,043	716,217	389,926	395,083
Total	1,552,725	1,585,562	1,698,332	695,334	873,188

As indicated in the Application, FBC will report to the BCUC on the final 2021 estimated net incremental O&M costs in the 2023 Annual Review. At that time, when the total of the 2020 and 2021 net incremental O&M costs will be available, FBC can make a final recommendation on whether or not the amounts exceed the materiality threshold.

30.2 Please confirm that FBC will continue to track its travel and related expenditures over the 2022 year.

Response:

Confirmed.

30.3 Noting that internet-based meetings (i.e. Zoom, Webex) are now commonplace, will FBC be able to permanently reduce some or all of its former travel and other related expenses in the future? Please explain why or why not.

30.3.1 If yes, please identify and quantify the expected reductions in travel and other related costs.

Response:

In the future, post COVID-19 pandemic, with the move to Step 4 and the lifting of restrictions with normal social contact allowed and workplaces fully reopened, FBC anticipates online video communications will continue to be used in addition to in person face-to-face communications and other forms of communication (i.e., telephone, email, etc.). However, FBC is uncertain whether cost reductions that may be linked to the use of online video communications would continue permanently after the COVID-19 pandemic. For example, while online video communication is expected to be used permanently in a post COVID-19 pandemic world, FBC is uncertain as to how often and in which situations use of these communication tools will make business sense. Additionally, there may be cost increases related to the resumption of in person face-to-face meetings that may offset any cost reductions, such as for the costs of travel, meals and accommodations, as businesses such as restaurants, hotels and airlines potentially pass on their higher costs of operating in a post pandemic world. Another consideration is that determining permanent cost reductions may be difficult in a post pandemic environment as there may be other factors that could cause the related costs (i.e., employee expenses) to vary from period to period. For example, as a result of the COVID-19 pandemic, the Company deferred its Employee Milestone events in both 2020 and 2021 with the plan to catch up and hold the in person employee recognition events in 2022, essentially shifting employee expenses from one year to another.

If there are permanent cost reductions due to continued use of online video communications post the COVID-19 pandemic, it is more because of FBC's efforts to permanently integrate use of this form of communication in its business, with the related O&M cost reductions, like any other cost reductions achieved during the MRP, shared between customers and the Company. At some point, FBC will have reached its new normal operations, which may not look entirely like the pre-pandemic world. The net impact of that on O&M will be subject to sharing and will form the base for a new normal level of O&M going forward.

31. Reference: Exhibit B-2, page 108

> The FBC Rate Design and Rates for EV DCFC Service application was filed in 2018 and the proceeding was subsequently adjourned; however, in July 2020 the BCUC re-started the review process. On July 14, 2021, the BCUC issued Order G-215-21 finding that FBC's EV DCFC stations are prescribed undertakings under section 5 of the GGRR and approving FBC to include the assets in FBC's rate base. However, as part of Order G-215-21, the BCUC sought submissions on a potential adjournment of the proceeding and established a regulatory timetable for these submissions. FBC filed its submission on August 3, 2021 and also sought clarity on the directives contained in Order G-215-21.
>
> The forecast opening 2022 balance in the Rate Design and Rates for EV DCFC Service Application deferral account is $0.203 million ($0.148 million after-tax). At this time, given the uncertainty regarding the potential adjournment of the proceeding and the potential future regulatory process, FBC anticipates that further additions to the deferral account may be required in 2021 and 2022 but is unable to estimate the amounts. The actual costs for 2021 and 2022 will be added to the deferral account and the updated balance will be reported on in the next annual review.
>
> FBC seeks approval to amortize the Rate Design and Rates for EV DCFC Service Application deferral account over three years, commencing January 1, 2022. FBC believes a three-year amortization period is appropriate as it is consistent with the recovery period of other similar regulatory proceeding applications and it takes into consideration potential rate impacts.

31.1 What amount does FBC propose to amortize over 2022? Please explain how this was derived, and how FBC will determine the appropriate amounts for 2023 and 2024.

Response:

In 2022, FBC proposes to amortize $0.050 million of the Rate Design and Rates for EV DCFC Service Application deferral account, which is calculated as approximately one-third of the forecast opening 2022 balance of $0.148 million after tax. Assuming the actual additions to the deferral account are equivalent to the projected additions, FBC would expect an equivalent amount of $0.050 million to be amortized in 2023 and 2024. To the extent there are any variances between the actual and forecast additions, amortization expense would be trued-up in future years to reflect the variance.

32. Reference: Exhibit B-2, page 108 and page 110

12.4.1.2 Flow-Through Deferral Account (2020-2024)

As approved by Order G-166-20, the Flow-through deferral account is used to capture the annual variances between the approved and actual amounts for all costs and revenues which are forecast annually, are not subject to earnings sharing, and which do not have a previously approved deferral account. The specific items included in the Flow-through deferral account were set out in Table C4-1 of the MRP Application, reproduced below.

Table 12-2: 2021 Projected Flow-through Deferral Account Additions ($ millions)

Line No.	Particulars (1)	2021 Approved (2)	2021 Projected (3)	After-Tax Flow-Through Variance (4)
1	**Total Revenue**	$ (387.642)	$ (389.100)	$ (1.458)
2				
3	**Total Power Purchase Expense**	144.977	141.747	(3.230)
4				
5	**Total Wheeling**	5.714	5.836	0.122
6				
7	**Total Water Fees**	10.868	10.878	0.010
8				
9	**Net O&M Expense**			
10	Pension & OPEB	0.775	0.775	-
11	Insurance	1.916	2.022	0.107
12	BCUC Fees	0.350	0.350	-
13	MRS	-	0.100	0.100
14	Capitalized Overhead	(9.795)	(9.795)	-
15				
16	**Depreciation and Amortization**			
17	Amortization of Deferrals	5.110	5.110	-
18	Depreciation variance on Clean Growth Projects/CPCNs	-	-	-
19	CIAC Amortization variance on Clean Growth Projects/CPCNs	-	-	-
20				
21	**Total Property Taxes**	18.242	17.225	(1.017)
22				
23	**Interest Expense**			
24	Long-term debt interest expense variance	41.714	40.698	(1.016)
25	Interest variance on Clean Growth Projects/CPCNs	-	-	-
26	Short-term debt rate variance	-	(0.500)	(0.500)
27	Short-term debt volume variance from long-term debt issue variance	-	-	-
28	Short-term debt timing variance from long-term debt issue timing	-	0.910	0.910
29				
30	**Income Tax Expense**			
31	Income tax variance on Clean Growth Projects/CPCNs	-	-	-
32	Income tax/CCA rate changes	-	-	-
33	Income tax on taxable flowthrough variances above (excl. Clean Growth Projects/CPCNs)	-	1.613	1.613
34				
35	**2021 After-Tax Flow-Through Amount (excluding Financing and net salvage adjustment)**			**(4.360)**
36				
37	Net salvage forecast adjustment			0.859
38				
39	**2021 After-Tax Flow-Through Addition to Deferral Account (excluding Financing)**			**(3.501)**
40				
41	2020 Ending Deferral Account Balance True-up			0.213
42				
43	**2022 After-Tax Amortization**			**(3.288)**

32.1 Does the Flow-through Deferral Account attract any interest? Please explain and quantify any such amounts.

Response:

The Flow-through deferral account attracts a Weighted Average Cost of Capital (WACC) return. The WACC associated with the Flow-through deferral account is included within Financing Costs at AFUDC on Schedule 12.2 in the Application, and is forecast as a credit of $0.122 million in 2022 (Line 18 , Column 4). FBC notes that this amount will change slightly due to the changes described in the Evidentiary Update filed concurrently with these IR responses. Please refer to Schedule 12.2 (Line 18, Column 4) of Appendix B to the Evidentiary Update for the updated amount.

33. Reference: Exhibit B-2, page 118 and page 119

Performance Measure	Description	Benchmark	Threshold	2020 Results	June 2021 YTD Results
Safety SQIs					
Emergency Response Time	Percent of calls responded to within two hours	>=93%	90.6%	92%	94%

The 2020 result was 92 percent which was better than the threshold of 90.6 percent. The June 2021 year-to-date performance is 94 percent, which is better than the benchmark of 93 percent.

For comparison, the Company's annual results under the 2014-2019 PBR Plan, the 2020 results and the June 2021 year-to-date emergency response time results are provided below. While the results have been relatively consistent, variables such as the location and severity of outage and the number of trouble calls contribute to the observed volatility in the annual performance for this metric.

Table 13-2: Historical Emergency Response Time

Description	2014	2015	2016	2017	2018	2019	2020	June 2021 YTD
Results	91%	92%	97%	93%	94%	92%	92%	94%
Benchmark	93%							
Threshold	90.6%							

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33.1 Please provide a brief overview of the factors that contributed to FBC's 2020 results being lower than benchmark.

Response:

The 2020 results were within 1 percent of the benchmark and well above the threshold. Factors such as location, severity, and timing of trouble calls can contribute to variation in the performance of this metric.

34. Reference: Exhibit B-2, page 120

The June 2021 year-to-date performance (three-year rolling average) result is 0.65 which is better than the benchmark. The June 2021 year-to-date performance (annual) is 1.67 and reflects 1 Medical Treatment and 3 Lost Time Injuries.

Strengthening the safety culture continues to be a key driver for FBC, building on the commitment to learn from safety events, identify safety hazards, assess risk and continually improve through the implementation and sustainment of robust safety barriers and controls.

For comparison, the Company's results under the 2014 to 2019 PBR Plan, the 2020 results and the June 2021 year-to-date AIFR results are provided below.

Table 13-3: Historical All Injury Frequency Rate Results

Description	2014	2015	2016	2017	2018	2019	2020	June 2021 YTD
Annual Results	3.21	1.54	1.15	1.13	1.56	0.46	0.66	1.67
Three year rolling average	2.58	2.52	1.97	1.27	1.28	1.06	0.87	0.65
Benchmark	1.64							
Threshold	2.39							

34.1 Please provide any updates FBC has to the June 2021 YTD figure and provide explanations for the cause of the high level compared to recent performance.

Response:

As of August 2021 year-to-date, the annual result is 1.63, similar to the June 2021 year-to-date result of 1.67 reported in the Application. Compared to the 2020 annual result of 0.66, the 2021 year-to-date result reflects an increase in the number of recordable injuries. Although the number of injuries has increased so far in 2021, the mechanism and severity of injury has not, which is a positive indicator. At the beginning of the second quarter of 2021, FBC analyzed the injury trends and identified muscular skeletal injuries (MSIs) as a common theme amongst the injuries reported. As a result, FBC launched an ergonomic improvement strategy to further reduce these types of injuries. Please refer to the response to MoveUP IR1 4.1.1 for further information on this strategy.

35. Reference: Exhibit B-2, page 123

The 2020 result was 70 percent which met the benchmark. The June 2021 year-to-date performance is 69 percent, which is above the threshold. Although lower than the benchmark on a mid-year basis, the Company expects to achieve the benchmark performance level for 2021.

For comparison, the Company's results under the 2014 to 2019 PBR Plan, the 2020 results and the June 2021 year-to-date results are provided below. As discussed in the Annual Review for 2015 Rates, the 2014 result was negatively impacted by events such as the first verified meter readings occurring after the IBEW labour disruption ended in December 2013, introduction of the Residential Conservation Rate, and the integration of the City of Kelowna customers.

Table 13-8: Historical TSF Results

Description	2014	2015	2016	2017	2018	2019	2020	June 2021 YTD
Annual Results	48%	71%	70%	70%	72%	70%	70%	69%
Benchmark	70%							
Threshold	68%							

35.1 What conditions or actions is FBC undertaking that lead FBC to expect that its annual result will meet Benchmark? Please explain.

Response:

Through the normal course of managing the telephone service factor to meet benchmark expectations, actions that FBC undertakes include:

- updating call volume forecasts on a regular basis and adjusting scheduling where necessary;
- monitoring average handle time and service quality trends to identify opportunities for individual and collective improvement; and,
- identifying opportunities to promote self-service and digital options for customers.

Based on call volume expectations for the remainder of the year and the actions noted above, FBC believes that the benchmark level of performance will be met for 2021 consistent with previous years.

35.2 Please provide any updated YTD figure available.

Response:

The August 31, 2021 YTD figure remains above threshold at 69 percent.

Attachment 29.2

Supports for Businesses in B.C.

Last updated: August 26, 2021

BRITISH COLUMBIA

A regularly updated list of economic supports for businesses, organizations and community groups is available online.

Featured resources:

B.C. Business COVID-19 Support Service

Find answers to your questions about COVID-19 support programs and contact the free **B.C. Business COVID-19 Support Service** operated by Small Business BC. Support is available in several languages.

1-833-254-4357
covid@smallbusinessbc.ca
https://covid.smallbusinessbc.ca

BC's Restart

BC's Restart is a careful, four-step plan focused on protecting people and safely getting life back to normal.

WorkSafeBC

Operate your business safely while transitioning from COVID-19 Safety Plans to Communicable Disease Plans with employer guidelines and best practices from WorkSafeBC.

In this guide:

Loans and grants:

Government of Canada **Tourism Relief Fund**	**Non-repayable contributions up to $100,000 and fully repayable contributions up to $500,000 are available.** Supports tourism businesses and organizations adapt their operations while investing in products and services to facilitate their future growth. Eligible applicants include tourism entities that cater mainly to visitors, such as businesses, not-for-profit organizations, band councils or other Indigenous organizations and cooperatives. LEARN MORE >
Government of Canada **Jobs and Growth Fund**	Supports organizations in future-proofing their business, building resiliency, and preparing for growth. Eligible businesses with fewer than 500 full time employees may qualify for interest-free repayable contributions for up to 50% of eligible costs. Eligible not-for-profit organizations may qualify for non-repayable contributions for up to 90% of eligible costs. Indigenous-led organizations and businesses may qualify for up to 100% of eligible project costs. Applications will be accepted until funding is fully allocated. LEARN MORE >
Government of Canada **Major Festivals and Events Support Initiative**	**Provides $200 million over two years to support major Canadian festivals and events.** Major, recurring festivals and events with annual revenues exceeding $10 million may qualify for financial assistance, including generally non-repayable contributions to not-for-profit organizations and, generally repayable contributions to for-profit organizations. LEARN MORE >

Government of Canada **Support for Arts, Culture, Heritage and Sport Sector Organizations**	**Recovery Fund for Arts, Culture, Heritage and Sport Sectors:** Provides $300 million over two years to support arts, culture heritage, and sport organizations. More details will be available soon. **Reopening Fund:** Provides $200 million over two years through existing programs to support Canada's festivals, cultural events, outdoor theatre performances, heritage celebrations, local museums, amateur sport events, and more. More information and an application portal will be available in the coming weeks. See online for a list of participating programs. LEARN MORE >
Government of Canada **Highly Affected Sectors Credit Availability Program (HASCAP)**	**Loans of up to $1 million are available.** Supports the hardest hit businesses, including those in sectors like tourism and hospitality, hotels, arts and entertainment, with 100% government-guaranteed loans ranging from **$25,000 to $1 million**. Loans are low-interest and include repayment terms of up to 10 years, with up to a 12-month postponement on principal repayments at the start of the loan. Available until December 31, 2021. LEARN MORE >
Government of Canada & Financial Institutions **Business Credit Availability Program (BCAP)**	**Loans of up to $60 million are available.** Provides financing to businesses in all sectors and regions affected by COVID-19. Various programs with loans of up to **$60 million** are available through financial institutions. **BCAP has been extended until December 31, 2021.** LEARN MORE >
Government of Canada **Support for Indigenous Businesses**	Financial support is available to small and medium-sized Indigenous businesses. LEARN MORE >
Government of Canada **Large Employer Emergency Financing Facility (LEEFF)**	**Loans from $60 million are available.** Provides bridge financing to Canada's largest employers, whose needs during the pandemic are not being met through conventional financing, in order to keep their operations going during the pandemic. LEARN MORE >

Rent support:

Government of Canada **Canada Emergency Rent Subsidy (CERS) & Lockdown Support**	**The CERS and Lockdown Support programs have been further extended until October 23, 2021.** Provides a rent subsidy directly to qualifying organizations that have experienced a decline in revenue. A rent subsidy of eligible expenses is available from September 27, 2020 to October 23, 2021. Organizations temporarily shut down by a mandatory public health order, or have activities significantly restricted for a week or longer due to a related public health order, may be eligible for the Lockdown Support, which provides a top-up rent subsidy in addition to the subsidy provided through CERS. LEARN MORE >

Wage support:

Government of Canada **Canada Emergency Wage Subsidy (CEWS)**	**The CEWS program has been further extended until October 23, 2021.** Until October 23, 2021, a base subsidy of employee wages is available to all eligible employers that are experiencing a decline in revenue, with the subsidy amount varying depending on the scale of revenue decline. The maximum subsidy rates decrease September 26 – October 23, 2021. LEARN MORE >
Government of Canada **Canada Recovery Hiring Program (CRHP)**	**Applications are open.** Provides up to a **50%** subsidy of wages of active employees (increased wages, hours worked and the hiring of new staff) to encourage hard-hit businesses to hire new workers as the economy reopens. The program is available from June 6, 2021 to November 20, 2021 and overlaps support with the existing CEWS program. Employers may check their eligibility and calculate their CRHP and CEWS amounts online. LEARN MORE >

Government of British Columbia **B.C. Increased Employment Incentive**	**Applications are open.** Offers a refundable tax credit of 15% of remuneration increases over October to December 2020 for all private sector B.C. employers to encourage the creation of new jobs for B.C. workers or increases in payroll for existing low or medium-income employees. LEARN MORE >
Government of British Columbia **BC Employer Training Grant - C19 Impacted Worker Training Stream**	**Grants of up to $10,000 are available.** Offers employers 100% of eligible training costs, up to a maximum of **$10,000** per participant per fiscal year, to support British Columbians that are employed or have been employed in sectors impacted by COVID-19. **Applications for 2021/22 Intake 2 are open.** LEARN MORE >
Government of Canada **Employment Insurance (EI) Work Sharing Program**	Work-Sharing agreements have been extended from a maximum of 38 weeks to 76 weeks, eligibility requirements have been eased, and the application process has been streamlined. **These temporary measures have been extended to September 26, 2021.** LEARN MORE >

Pivoting your business:

Small Business BC **BC Marketplace**	The BC Marketplace helps British Columbians support local small businesses. Businesses can reach new audiences by creating a business profile for free. LEARN MORE >
Government of British Columbia & Alacrity Canada **Alacrity Canada Digital Marketing Bootcamp**	Provides digital marketing knowledge, tools and resources. If you own, run, or are employed by a small to medium-sized business based in and registered in BC that employs less than 149 B.C. residents and has been directly impacted by COVID-19, you may be eligible to have your tuition covered. LEARN MORE >

Government of Canada **Canada Digital Adoption Program**	**Applications for the "Grow Your Business Online" and "Boost Your Business Technology" streams are now open.** Provides small businesses with access to digital trainers and micro-grants to offset the cost of going digital. Financing for technology adoption would be available through the Business Development Bank of Canada. LEARN MORE >

More resources:

Government of Canada **Support for Self-Employed Individuals**	**Programs have been extended until October 23, 2021.** Self-employed individuals not eligible for EI may be eligible for financial support through the Canada Recovery Benefit (CRB), the Canada Recovery Sickness Benefit (CRSB) and the Canada Recovery Caregiving Benefit (CRCB). LEARN MORE >
Government of British Columbia **B.C. PST Rebate on Select Machinery and Equipment**	**Applications are open**. Corporations can apply to receive an amount equal to the PST they paid between September 17, 2020 and September 30, 2021 on qualifying machinery and equipment. LEARN MORE >
Regional Organizations **Support for Regional Businesses**	Financial support and other resources are available to businesses in rural communities: • Community Futures: Provides emergency loans and supports to assist with COVID-19-related business interruption, including payment and interest breaks. • Island Coastal Economic Trust: Supports businesses on Vancouver Island, on the Sunshine Coast and the Gulf Islands. • Columbia Basin Trust: Provides low-interest loans and other supports to businesses in the Columbia Basin. • Northern Development Initiative Trust: Supports businesses in Northern and Central British Columbia.

Government of Canada **Agriculture Supports**	**B.C. Agri-Business Planning Program - COVID-19 Business Recovery Planning:** Offers up to $5,000 in business planning services and coaching for individuals and up to $20,000 for groups, from a qualified business consultant, to develop an immediate and long-term recovery plan. Business entities including sole proprietors, partnerships, corporations, or other associations of person (including cooperatives) may be eligible. **Farm Credit Canada (FCC):** FCC is offering loan payment deferrals and other financing products.
Government of Canada **Support for Innovative Businesses**	The Strategic Innovation Fund spurs innovation by providing funding for large projects (over $10 million in requested contribution) through five streams. • Business Innovation and Growth (Streams 1-3): Funding helps support R&D and commercialization, the growth and expansion of firms and the attraction and retention of large scale investments in Canada. • Collaboration and Networks (Streams 4-5): Funding helps support industrial research, development, and technology demonstration through collaboration between academia, non-profit organizations, and the private sector. LEARN MORE >