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June 3, 2022

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

Attention: Mr. Patrick Wruck, Commission Secretary

Dear Mr. Wruck:

Re: FortisBC Inc. (FBC)

2019-2022 Demand Side Management Expenditure Plan – Request for Acceptance of Carryover of 2021 Overspend (Application)

Response to the British Columbia Utilities Commission (BCUC) Information Request (IR) No. 1

On March 31, 2022, FBC filed the Application referenced above. In accordance with the regulatory timetable established in BCUC Order G-124-22 for the review of the Application, FBC respectfully submits the attached response to BCUC IR No. 1.

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC INC.

Original signed:

Diane Roy

Attachments



FortisBC Inc. (FBC or the Company)	Submission Date:
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1.0 Exhibit B-1 (Application), pp. 2, 4 1 Reference: 2 **Carryover into Demand Side Management Programs** 3 On page 2 of the Application, FortisBC Inc. (FBC) states 4 In its 2021 DSM Annual Report, FBC reported total portfolio expenditures of \$394 5 thousand, or 3.2 percent over the 2021 approval portfolio expenditure of \$12.289 6 million2, including unspent amounts carried over from 2020. 7 8 Thus, FBC is requesting approval to carry over the \$526 thousand over 9 expenditure from 2021 into 2022 to manage its expenditures within the overall 4-10 year expenditure approval. The \$526 thousand over expenditure represents 4.8 11 percent of the 2021 total portfolio expenditure of \$11.051 million, as originally 12 approved by BCUC order G-47-19. Specifically, FBC is requesting to carry over 13 the overexpenditure of \$141 thousand in the Residential Program Area, \$119 14 thousand in the Commercial Program Area, and \$265 thousand in the Industrial 15 Program Area for 2022. 16 On page 4 of the Application, FBC states 17 ...the primary drivers of the overspend of its total approved expenditure amount in 18 each of the Residential, Commercial and Industrial Program Areas were due to 19 higher than anticipated customer participation... 20 1.1 Please confirm that FBC is requesting the approval of a net negative carryover 21 from 2021 into 2022 of \$0.394 million. If not, explain otherwise. 22 23 Response: 24 FBC is requesting approval from the BCUC to carryover the over-expenditure in 2021, totaling \$0.596 million, into 2022. FBC is already approved to carryover the under-expenditure from 2021 25 26 of \$0.132 as per Order G-47-19.1 27 If the request is approved, it would result in a net negative carryover of \$0.394 million. 28 29 30 31 1.2 Please confirm that FBC is requesting a negative carryover from 2021 into 2022 32 of \$141 thousand in the Residential Program Area, \$119 thousand in the

Commercial Program Area, and \$265 thousand in the Industrial Program Area. If

¹ Order G-47-19, page 14

not, explain otherwise.

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2 Response:

3 Confirmed.

1.2.1 Please outline the revised 2022 budgets for each of these program areas.

Response:

Please refer to the below table for the revised 2022 budgets for the Residential, Commercial, and Industrial Program Areas:

Program Area	Original 2022 Budget (\$000s)	2021 Negative Carryover Requested	Revised 2022 Budget (\$000s)
Residential	\$2,795	\$141	\$2,654
Commercial	\$3,047	\$119	\$2,928
Industrial	\$1,815	\$265	\$1,550

1.3 Please elaborate on the drivers of higher than anticipated customer participation in the Residential, Commercial and Industrial Program Areas.

Response:

- FBC has not conducted a formal evaluation into the drivers of higher customer participation in the Residential, Commercial, and Industrial Program Areas. However, FBC hypothesizes it is due to the following major drivers:
 - Higher than forecast community growth in the Okanagan and Kootenays, resulting in higher than forecast participation in the New Home Program;
 - Some residential customers redistributed disposable income into home improvements during the pandemic which, combined with the time-limited enhanced incentives in the COVID-19 recovery offers, drove higher than expected participation in the Home Renovation Rebate, New Home Program, and Retail Lighting Program;
 - The impacts of the time-limited increased incentives associated with FBC's COVID-19 recovery offers outweighed the lower than usual business spending during the pandemic, with the net-result being higher than forecast participation in the Commercial Prescriptive, Industrial Performance, and Industrial Prescriptive Programs; and



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• Higher then planned growth of the cannabis industry in the Kootenays resulted in higher than anticipated participation in the Industrial Prescriptive and Performance Programs.



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1 2.0 Reference: Exhibit B-1 (Application), p. 3

2022 Demand-Side Management Planned Expenditures

On page 3 of the Application, FBC states

Over the 2019-2022 period, FBC is committed to maintaining its DSM expenditures within the total amounts accepted by the BCUC. That is, for clarity, FBC is not seeking approval of an increase to the total DSM expenditures accepted by the BCUC for 2019 to 2022 in this application, but rather is seeking approval only of a transfer from one year to the next, which ultimately only affects the timing of planned expenditures. In its final year of the expenditures schedule, 2022, FBC recognizes that it will need to exercise caution so as not to exceed the total accepted amount.

2.1 Please elaborate on the measures and actions FBC would use to exercise caution not to exceed the 2022 Demand-Side Management (DSM)planned expenditures.

Response:

- FBC monitors expenditures and readjusts forecasts on a monthly basis. Measures that FBC will consider employing if forecasts are exceeding planned expenditures include:
 - decreasing marketing, promotional and outreach initiatives;
 - examining non-incentive expenditures for opportunities to reduce or eliminate supporting initiatives and administrative costs; and
 - examining whether any expenditures can be deferred to a future year without potentially negative program impacts.

2.2 Please explain what is the likelihood that the 2022 DSM planned expenditures be overspent.

Response:

FBC is currently forecasting 2022 expenditures to be near Plan. While FBC will continue to manage its budget within the Plan (reflecting the proposed negative carryover), unanticipated increases in customer participation towards the final quarter of the year may result in FBC's DSM Program Areas being overspent. While FBC does not currently anticipate this situation, should additional funds be required, FBC will apply for BCUC approval as soon as practical.



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2.3 Please describe the conditions that could lead to a budget deficit in the 2022 DSM plan.

Response:

Potential conditions that could lead to an overspend in the 2022 DSM Plan include higher than anticipated customer participation in the Home Renovation Rebate Program and the Commercial and Industrial Prescriptive Programs in Q4 2022.