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August 23, 2022

D.J. Flintoff  
6071 Dover Road  
Richmond, BC

Attention: Mr. D.J. Flintoff

Dear Mr. Flintoff:

**Re: FortisBC Inc. (FBC)**

**Application for Approval of a Deferral Account for Electric Vehicle Workplace  
and Fleet Charging Funding (the Application)**

**Response to D.J. Flintoff (Flintoff) Information Request (IR) No. 1**

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On May 13, 2022, FBC filed the Application referenced above. In accordance with the regulatory timetable established in British Columbia Utilities Commission Order G-152-22 for the review of the Application, FBC respectfully submits the attached response to Flintoff IR No. 1.

For convenience and efficiency, FBC has occasionally provided an internet address for referenced reports instead of attaching lengthy documents to its IR responses. FBC intends for the referenced documents to form part of its IR responses and the evidentiary record in this proceeding.

If further information is required, please contact the undersigned.

Sincerely,

**FORTISBC INC.**

***Original signed:***

Diane Roy

Attachments

cc (email only): Commission Secretary  
Registered Parties



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8 **A. PRESCRIBED UNDERTAKING**

9 **1.0 Reference: PURPOSE OF THE APPLICATION AND APPROVALS SOUGHT**

10 **Exhibit #B-1, Section #1.1.2, pp. #1-2**

11 **Prescribed Undertaking**

12 The Program is designed to be a prescribed undertaking pursuant to section 18 of the  
13 Clean Energy Act (CEA) by meeting the requirements of the undertaking prescribed in  
14 section 4 of the Greenhouse Gas Reduction Regulation (GGRR).

15 **CLEAN ENERGY ACT, [SBC 2010] CHAPTER 22 states:**

16 Greenhouse gas reduction

17 18 (1) In this section, "prescribed undertaking" means a project, program, contract  
18 or expenditure that is in a class of projects, programs, contracts or expenditures  
19 prescribed for the purpose of reducing greenhouse gas emissions in British  
20 Columbia.

21 **GREENHOUSE GAS REDUCTION, (CLEAN ENERGY) REGULATION**

22 Prescribed undertaking — electrification

23 4 (1) In this section:

24 "undertaking electricity" means electricity that is provided to customers in British  
25 Columbia as a result of an undertaking and is in addition to electricity that would  
26 have been provided had the undertaking not been carried out.

27 (4) An undertaking is within a class of undertakings defined in paragraph (a)  
28 or (b) of subsection (3) only if at the time the public utility decides to carry out  
29 the undertaking, the public utility reasonably expects the undertaking to be  
30 cost-effective.

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1 (3) Subject to subsection (4), a public utility's undertaking that is in a class  
2 defined in one of the following paragraphs is a prescribed undertaking for the  
3 purposes of section 18 of the Act:

4 (a) a program to encourage the public utility's customers, or persons who  
5 may become customers of the public utility, to use electricity, instead of  
6 other sources of energy that produce more greenhouse gas emissions,  
7 by

8 (i) educating or training those customers respecting energy use and  
9 greenhouse gas emissions, carrying out public awareness  
10 campaigns respecting those matters, or providing energy  
11 management and audit services, or

12 **(ii) providing funds to those persons to assist in the**  
13 **acquisition, installation or use of equipment that uses or**  
14 **affects the use of electricity.**

15 1.1 Please provide the exact wording in the CEA and GRR that is being used to  
16 support this Application and any definitions required to support the Application.

17  
18 **Response:**

19 The BCUC approval sought in the Application is solely for a deferral account to capture all costs  
20 incurred to implement the prescribed undertaking described therein. The Program is a prescribed  
21 undertaking pursuant to section 4(3)(a)(ii) of the GRR which follows the wording as laid out in  
22 the preamble to this question and as set out in Appendix B of the Application. The Program is a  
23 Prescribed Undertaking as defined in section 18 of the CEA, repeated below in its entirety.

24 18 (1) In this section, "prescribed undertaking" means a project, program,  
25 contract or expenditure that is in a class of projects, programs, contracts or  
26 expenditures prescribed for the purpose of reducing greenhouse gas emissions in  
27 British Columbia.

28 (2) In setting rates under the *Utilities Commission Act* for a public utility carrying  
29 out a prescribed undertaking, the commission must set rates that allow the public  
30 utility to collect sufficient revenue in each fiscal year to enable it to recover its costs  
31 incurred with respect to the prescribed undertaking.

32 (3) The commission must not exercise a power under the *Utilities Commission*  
33 *Act* in a way that would directly or indirectly prevent a public utility referred to in  
34 subsection (2) from carrying out a prescribed undertaking.

35 (4) A public utility referred to in subsection (2) must submit to the minister, on the  
36 minister's request, a report respecting the prescribed undertaking.

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1 (5) A report to be submitted under subsection (4) must include the information the  
2 minister specifies and be submitted in the form and by the time the minister  
3 specifies

4 All of the definitions included in section 4 of the GGRR with the exception of “natural gas  
5 processing plant” are relevant to the Program. These are set out in Appendix B of the Application  
6 and also repeated below:

7 **“benefit”**, in relation to an undertaking in a class defined in subsection (3) (a) or (b),  
8 means all revenues the public utility reasonably expects to earn as a result of  
9 implementing the undertaking, less revenues that would have been earned from the  
10 supply of undertaking electricity to export markets;

11 **“cost”**, in relation to an undertaking in a class defined in subsection (3) (a) or (b), means  
12 costs the public utility reasonably expects to incur to implement the undertaking, including,  
13 without limitation, development and administration costs;

14 **“cost-effective”** means that the present value of the benefits of all of the public utility's  
15 undertakings within the classes defined in subsection (3) (a) or (b) exceeds the present  
16 value of the costs of all of those undertakings when both are calculated using a discount  
17 rate equal to the public utility's weighted average cost of capital over a period that ends  
18 no later than a specified year;

19 **“specified year”**, in relation to an undertaking within a class defined in subsection (3),  
20 means

21 (a) a year determined by the minister with respect to an identified public utility, or

22 (b) if the minister does not make a determination for the purposes of paragraph (a),  
23 2030;

24 **“undertaking electricity”** means electricity that is provided to customers in British  
25 Columbia as a result of an undertaking and is in addition to electricity that would have  
26 been provided had the undertaking not been carried out.

27

28

29

30

31 The GGRR, section 5, “Prescribed undertaking — electric vehicle charging stations”  
32 defines eligible charging station as a means a fast charging station that:

33 (a) is available for use 24 hours a day by any member of the public,

34 (b) does not require users to be members of a charging network, and

35 (c) is capable of charging electric vehicles of more than one make.

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1           1.1.1 Please explain how the proposed Application conforms to the definition of  
2           "Prescribed undertaking" of electric vehicle charging stations in the GGRR  
3           including Sec. 5 of the GGRR.

4           1.1.1.1 If FBC believes Sec. 5 of the GGRR is not applicable to its Application,  
5           please explain.

6           1.1.2 If not, please identify where the Application does not conform to the  
7           referred to sections of CEA and GGRR.

8

9           **Response:**

10          Please refer to the response to BCUC IR1 1.3.

11

12

13

14          1.1.3 Please explain how and why the Application is a "prescribed undertaking".

15

16          **Response:**

17          The Application, Section 2.3 contains a full explanation of how and why the Program meets the  
18          criteria for a prescribed undertaking.

19

20

21

22          1.1.4 Please demonstrate and provide examples that "undertaking electricity" is  
23          electricity that is provided to customers in British Columbia as a result of an  
24          undertaking (the Application) and is in addition to electricity that would have been  
25          provided had the undertaking not been carried out.

26

27          **Response:**

28          The Program proposed by FBC will encourage FBC's customers to use electricity, instead of other  
29          sources of energy that produce more greenhouse gas emissions; specifically, for electricity to  
30          power light duty vehicles that would otherwise be fueled by internal combustion engines.  
31          Undertaking electricity, as defined in the GGRR, is electricity that is provided to customers in  
32          British Columbia as a result of an undertaking and is in addition to electricity that would have been  
33          provided had the undertaking not been carried out. It is self-evident that if customers choose to  
34          use electrically-powered vehicles rather than gasoline-powered vehicles, more electricity would  
35          be consumed. Since the Program encourages such use, and is a prescribed undertaking, the  
36          additional electricity is undertaking electricity.

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1.1.4.1 Please explain the differences between an “undertaking electricity” and a “prescribed undertaking” as it relates to the proposed charging stations in the Application.

**Response:**

Undertaking electricity refers to the additional electricity provided to customers in British Columbia as a result of an undertaking, while a prescribed undertaking is defined in the CEA as a project, program, contract or expenditure that is in a class of projects, programs, contracts or expenditures prescribed for the purpose of reducing greenhouse gas emissions in British Columbia.

1.1.4.2 Please explain why these EVs should not make use of “public” charging stations instead of those proposed in its Application.

**Response:**

There is nothing preventing EVs that are targeted by the Program from using public charging stations. However, public charging stations are generally more expensive to use and less convenient to operate than chargers owned and located at the workplace of an organization. For example, fleet charging may have particular requirements, such as overnight charging and security of premises that cannot reasonably be provided by public facilities. In addition, having dedicated charging facilities eases the congestion at public charging stations that is already a source of concern for EV users. The evidence that there is a need for the stations eligible for the Program is demonstrated by the interest already shown by customers.

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1 **B. PROVINCIAL LEGISLATIVE CONTEXT**

2 **2.0 Reference: BACKGROUND AND CONTEXT**

3 **Exhibit B-1, Section 2.1, p. 4**

4 **Provincial Legislative Context**

5 Specifically, under section 4 of the GGRR, projects or programs respecting technology  
6 that may enable the utility's customers to use electricity instead of other sources of energy  
7 that produce more greenhouse gas emissions are considered to be a prescribed  
8 undertaking for the purposes of section 18 of the CEA.

9 2.1 Please explain how the Application enables FBC customers to use electricity and  
10 is considered to be a prescribed undertaking as per section 4 of the GGRR.

11  
12 **Response:**

13 Please refer to the responses to Flintoff IR1 1.1.3 and 1.1.4.

14  
15

16  
17 2.1.1.1 Are the Charging stations considered to be using electricity or only  
18 converting AC energy to DC energy and supplying any losses in the  
19 conversion to DC?

20  
21 **Response:**

22 Level 2 chargers only supply AC energy. The rectification of the energy to DC is done internally  
23 on vehicles to charge the DC battery.

24  
25

26  
27 2.2 Are Level 2 chargers a prescribed undertaking in the GGRR?

28  
29 **Response:**

30 Level 2 chargers are not themselves a prescribed undertaking under the GGRR but can be  
31 included in a program that meets the criteria for a prescribed undertaking, such as the Program  
32 that is the subject of this Application.

33

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1 **C. COST OF THE PROGRAM**

2 **3.0 Reference: Cost of the Program**

3 **Exhibit #B-1, Section #2.3.2.2, pp. #8-9**

4 **FBC's Costs**

5 Annual administration related to customer account maintenance and review and any billing  
6 adjustments is estimated to be \$60 thousand in year one and then increases yearly by an  
7 annual inflation factor of 2 percent. The annual administration cost represents half of a  
8 full-time equivalent position to help administer the Program. FBC estimates that the  
9 regulatory process associated with approval of this Application, if disposed of through the  
10 written process suggested in Table 2, to be approximately \$10 thousand.

11 3.1 Given the current inflation rate exceeds 2%, can FBC please provide the expected  
12 average inflation rate over the duration of the program and an update of all line  
13 items in 'Table 5: Cost- Effectiveness' that may be impacted by the change in the  
14 inflation rate.

15

16 **Response:**

17 Please refer to the response to CEC IR1 7.1.

18

19

20

21 3.2 Please explain what are the assumptions and basis for the growth in Line 1, tariff  
22 revenue, in Table 5: Cost-Effectiveness.

23

24 **Response:**

25 Please refer to the response to BCUC IR1 3.2 for a discussion of the growth rate of new  
26 applications that drives the growth in Table 5, Line 1, tariff revenue.

27

28

29

30 3.2.1 Why is the Program Costs growth rate 1.6%/yr. which is less than the  
31 Application's 2% inflation rate/yr.?

32

33 **Response:**

34 The program costs shown in Table 5, Line 4 of the Application combine the amortized regulatory  
35 costs not subject to inflation with the annual administration costs which include inflation of 2



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1 percent. The combination of the amortized regulatory costs and the annual administration costs  
2 is why the inflation rate appears to be 1.6 percent.

3  
4

5

6

3.2.2 The Program Costs appear to increase with inflation only.

7

8 **Response:**

9 Confirmed, the Program costs increase with inflation only.

10

11

12

13

3.2.2.1 Please explain if the Program Costs are also impacted by  
14 growth in the Incentive Costs incurred through the increased  
15 implementation of the undertaking.

16

17 **Response:**

18 The administration expenses include the costs needed to implement the Program and to be able  
19 to handle the administrative duties as the Program grows. However, FBC still retains the ability to  
20 scale back or increase administration costs if the growth in incentives were to differ materially  
21 from the forecast amounts. Please also refer to the response to BCUC IR1 3.3.1.

22

23

24

25

3.2.2.2 The Incentive Cost growth increase is between 24% and 34%  
26 year over year. Please provide assumptions for the Incentive  
27 Cost growth increase by the year.

28

29 **Response:**

30 Please refer to the response to BCUC IR1 3.2.

31

32

33

34

3.2.2.3 Please list all costs that are not included in Table 5.

35

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1    **Response:**

2    There are no other Program costs that are not included in Table 5.

3  
4

5

6           3.3    What is the accuracy of the estimated values shown in Table 5?

7

8    **Response:**

9    FBC can forecast with reasonable certainty the estimated values associated with implementing  
10   and administering the proposed Program, as FBC has experience implementing similar incentive  
11   programs such as its Conservation and Energy Management program. Similarly, previous  
12   regulatory applications provide a benchmark for determining the associated regulatory  
13   proceeding costs for the Application public review process.

14

15

16

17           3.4    As this is an optional undertaking, would FBC accept a cap on the Sum of PV of  
18           25% variance in total cost to its ratepayers for this optional Application?

19                   3.4.1    If not, why not?

20                   3.4.2    What percentage cap on the Sum of PV variance would FBC accept?

21

22    **Response:**

23    FBC would not accept a cap on costs related to Program operations. Although costs are likely to  
24    vary from those forecast, revenues will vary from forecast as well. As it is not known whether the  
25    sum of these variances will positively or negatively impact non-participating customers, a cap on  
26    costs is not useful.

27

28

29

30           3.5    When compared to the projected total vehicles in BC, what is the number and  
31           percentage of EVs and Internal Combustion Engine vehicles in the FBC service  
32           area?

33

1 **Response:**

2 As part of the Application for Approval of Rate Design and Rates for Electric Vehicle (EV) Direct  
 3 Current Fast Charging (DCFC) Service (Revised Application), FBC provided the following  
 4 projected EV growth rates for the FBC electric service territory:

**Table 1: Projected EV Growth Rates in the FBC Service Territory**

Year	Projected EV Registrations	Projected EV Growth Rate
2018 <sup>1</sup>	350	
2019 <sup>1</sup>	669	91%
2020	1,669	149%
2021	2,797	68%
2022	4,058	45%
2023	5,454	34%
2024	6,989	28%
2025	8,666	24%
2026	11,048	27%
2027	14,154	28%
2028	18,002	27%
2029	22,609	26%
2030	27,992	24%

5

6 The same data source includes forecast values for total light-duty vehicles. The table below  
 7 outlines the number and percentage of EVs and Internal Combustion Engine vehicles in the FBC  
 8 electric service territory.

Year	Total Light-Duty Vehicles	Projected EV Registrations		Internal Combustion Engine Vehicles	
		Total	Percentage	Total	Percentage
2019	208,317	669	0.32%	207,648	99.68%
2020	211,557	1,669	0.79%	209,888	99.21%
2021	214,869	2,797	1.30%	212,072	98.70%
2022	218,219	4,058	1.86%	214,161	98.14%
2023	221,551	5,454	2.46%	216,097	97.54%
2024	224,833	6,989	3.11%	217,844	96.89%
2025	228,099	8,666	3.80%	219,433	96.20%
2026	231,399	11,048	4.77%	220,351	95.23%
2027	234,681	14,154	6.03%	220,527	93.97%
2028	237,895	18,002	7.57%	219,893	92.43%
2029	241,030	22,609	9.38%	218,421	90.62%
2030	244,069	27,992	11.47%	216,077	88.53%

9

10

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1           3.6     What is the expected growth in the number of EVs in the FBC service area?  
2

3     **Response:**

4     Please refer to the response to Flintoff IR1 3.5.  
5

6  
7           3.7     How many EV owners/businesses within the FBC service area may benefit from  
8                    this Application?  
9

10    **Response:**

11    For businesses, please refer to the response to BCSEA-VEVA IR1 3.2. For EV owners, please  
12    refer to the response to Flintoff IR1 3.5.

13  
14

15  
16                   3.7.1    What are the number of ratepayers that may be impacted by the  
17                            Application?  
18

19    **Response:**

20    The Program is designed to encourage an additional 310 new electrical installations by the time  
21    that new participants cease to be added. Although FBC anticipates that the Program will be fully  
22    funded through the electricity purchases of Program participants, to the extent that any costs held  
23    in the deferral account are recovered from customers generally, those cost would be reflected in  
24    the rates of all FBC customers. The benefit associated with the incremental load and the benefits  
25    related to GHG reduction, though funded by participants, will also be to the benefit of the entire  
26    customer base.

27

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1   **4.0   Reference:   Cost of the Program**

2                           **Exhibit #B-1, Section #2.3.2.2, pp. #8-9**

3                           **Inflation Rates**

4           B.C.'s annual May inflation rate now stands at 8.1% compared with Canada's 7.7%,  
5           making it the highest rate among the large provinces<sup>1</sup> and currently is showing a future  
6           rate of at least 3% for Canada.

7           4.1    Does FBC reasonably believe the undertaking to be cost-effective given the use  
8                   of a 2% inflation rate when the current and expected future inflation rates both  
9                   exceed 2%?

10

11   **Response:**

12   Please refer to the response to CEC IR1 7.1.

13

14

15

16           4.2    Has FBC advised BC Hydro of FBC's assumed coincident factor of 73.5%?

17

18   **Response:**

19   The coincidence factor is specific to the load characteristics of FBC as determined by the COSA  
20   and is not influenced by any interaction with BC Hydro. FBC has not advised BC Hydro of the  
21   use of this factor for the purposes of this Application.

22

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<sup>1</sup> <https://biv.com/article/2022/06/bc-inflation-overtakes-national-average-hitting-81-may>.



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1 **D. PROPOSED TREATMENT OF PRESCRIBED UNDERTAKING COSTS AND**  
2 **RECOVERY RATES**

3 **6.0 Reference: PROPOSED TREATMENT OF PRESCRIBED UNDERTAKING COSTS**  
4 **AND RECOVERY RATES**

5 **Exhibit #B-1, Section #3, p. #10**

6 **Latitude**

7 The reasons for this approach are that the prescribed undertaking is optional for a public  
8 utility, and there is some latitude within the scope of this prescribed undertaking to move  
9 expenditures between years and among categories.

10 6.1 As the prescribed undertaking is optional for a public utility, why should the rate  
11 base (customers) be subjected to any cost overrun risks?  
12

13 **Response:**

14 Please refer to the response to BCUC IR1 11.2, which describes the benefits that FBC anticipates  
15 all customers will receive from the Program. In addition, the Program meets the test for cost-  
16 effectiveness as required under the GRR, with Program revenues expected to exceed Program  
17 costs. Assurance of Program revenues has been incorporated through the minimum billing  
18 provision.

19 Aside from FBC's expectation that the Program will benefit customers, the Program is a  
20 prescribed undertaking and therefore Program expenditures are to be recovered in accordance  
21 with section 18(2) of the CEA, which requires the BCUC to set rates that allow for the sufficient  
22 recovery of costs incurred by a public utility for a prescribed undertaking.

23  
24

25  
26 6.2 Why would it be a prudent expenditure for the public utility to engage in an optional  
27 prescribed undertaking that carries some risk to its ratepayers?  
28

29 **Response:**

30 FBC anticipates that the Program will provide direct benefits to Program participants, indirect  
31 benefits to non-participants, and will further the Province's energy objectives and GHG reduction  
32 goals. Please also refer to the response to BCUC IR1 11.2.

33

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1    **7.0    Reference:    RATE RECOVERY CONSIDERATIONS**

2                                    **Exhibit #B-1, Section #3.1, p. #10**

3                                    **Cost Recovery**

4                    FBC interprets section 18(2) of the CEA to mean that rates must be set in such a way that  
5                    the utility is not only allowed to recover its costs but also that rates are to be established  
6                    so that there is fair and reasonable compensation for the utility including a return on its  
7                    investments in rate base. A fair return on rate base is required under section 59 of the  
8                    Utilities Commission Act.

9                    7.1    An undertaking that is within a class of undertakings defined in paragraph (a) or  
10                    (b) of subsection (3) only if at the time the public utility decides to carry out the  
11                    undertaking, the public utility reasonably expects the undertaking to be cost-  
12                    effective.

13                    7.1.1    Does FBC agree that for it to recover its costs it must reasonably expect  
14                    the undertaking in the Application to be cost-effective?

15  
16    **Response:**

17    Yes. It is a requirement of the GGRR section 4 that in order for an undertaking that is within a  
18    class of undertakings defined in paragraph (a) or (b) of subsection (3) to be a prescribed  
19    undertaking, the public utility must reasonably expect the undertaking to be cost-effective at the  
20    time it decides to carry out the undertaking.

21  
22

23  
24                    7.1.2    For the purposes of FBC's Application, what is criteria for the Application  
25                    to be cost- effective.

26  
27    **Response:**

28    Please refer to Section 2.3.2 of the Application for a discussion of cost-effectiveness, including  
29    the criteria contained in the GGRR.

30



1 **8.0 Reference: RATE BASE TREATMENT OF PROGRAM COSTS**

2 **Exhibit #, Section #3.2, pp. #10-11**

3 **Regulatory Cost**

4 FBC estimated that the regulatory process associated with approval of this Application, if  
 5 disposed of through the written process suggested in Table 2, to be approximately \$10  
 6 thousand. (pp. 8-9)

7 8.1 Considering there are 5 interveners not including BCUC staff, please provide the  
 8 estimated total regulatory costs for this Application as \$10k appears to only be  
 9 FBC's regulatory cost.

10

11 **Response:**

12 The regulatory cost line item included in Table 2 of the Application is intended to reflect all costs  
 13 associated with the preparation, filing and regulatory review of the Application, including  
 14 intervener cost awards. Since all FBC staff involved in the Application are doing so as part of  
 15 their regular responsibilities, all regulatory costs are external.

16 Given the costs incurred to date, and considering the number of interveners and IRs, FBC's  
 17 updated estimate of the regulatory cost is \$25,000. Based on this revised amount, the Program  
 18 is still cost-effective at the \$2,150 funding amount and no change to the Program is required.

19 Below is an updated version of Table 5 of the Application, which incorporates the increased  
 20 regulatory cost estimate and \$2,150 funding amount, with the test for cost-effectiveness still met  
 21 as demonstrated by the positive PV shown on Line 7.

Line	Particulars	Reference	2022	2023	2024	2025	2026	2027	2028	2029	2030
1	Tariff Revenue	Application, Section 2.3.2.1	233	565	1,015	1,581	1,613	1,645	1,678	1,711	1,746
2	Cost of Energy	Application, Section 2.3.2.2	(163)	(388)	(687)	(1,070)	(1,092)	(1,114)	(1,136)	(1,159)	(1,182)
3	Incentive Cost	Application, Table 1-2	(430)	(576)	(740)	(920)	-	-	-	-	-
4	Program Costs	Application, Section 2.3.2.2	(62)	(63)	(64)	(66)	(67)	(68)	(70)	(71)	(72)
5	Total Costs & Benefits	Sum of Lines 1 through 4	(421)	(462)	(476)	(475)	454	463	472	482	491
6	PV Total Costs & Benefits	Line 5 / (1 + Line 8)^Yr	(399)	(415)	(404)	(382)	345	333	322	311	300
7	Sum of PV	Sum of Line 6	13								
8	Annual Discount Rate (After-Tax WACC)	Application, Section 2.3.2.3	5.62%	5.62%	5.62%	5.62%	5.62%	5.62%	5.62%	5.62%	5.62%

22

23

24

25

26 8.2 Does Table 5 include all FBC's direct and indirect costs, BCUC regulatory costs  
 27 and any other costs that may be applicable including notice publication, fees for  
 28 consultants or experts, external legal counsel fees, courier and miscellaneous  
 29 administrative costs, and participant assistance cost awards incurred in the  
 30 preparation, filing and regulatory review of the Applications as described in Section  
 31 2.3.2.2 and from 2022 to the GRR specified year of 2030?

32



FortisBC Inc. (FBC) Application for Approval of a Deferral Account for Electric Vehicle Workplace and Fleet Charging Funding (Application)	Submission Date: August 23, 2022
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- 1 **Response:**
- 2 Yes. Please also refer to the response to BCUC IR1 9.3.
- 3

FortisBC Inc. (FBC) Application for Approval of a Deferral Account for Electric Vehicle Workplace and Fleet Charging Funding (Application)	Submission Date: August 23, 2022
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1    **9.0    Reference:    BCUC REGULATORY ACCOUNT FILING CHECKLIST**

2                            **Exhibit #B-1, Section #3.5, pp. #12-14**

3                            **“IV Address”**

4                    While the amounts set out in this Application are generally within management’s control,  
5                    the uptake of the Program and the number of applications for incentives received, as well  
6                    as the regulatory process determined by the BCUC and the degree of involvement of  
7                    interveners are not within the utility’s control.

8                    9.1    While agreeing with the above, why was no allowance or estimate made in Table  
9                    5 based on FBC’s past experience for any costs considered as immaterial?

10

11    **Response:**

12    FBC did not include an estimate of immaterial costs in the evaluation of cost-effectiveness  
13    because they are unidentified, uncertain, and by definition, will be without consequence in the  
14    evaluation of the Program.

15

16

17

18                    The forecasted overall costs are immaterial when the related recoveries outside of the  
19                    deferral are factored in.

20                    9.2    Please explain FBC's intention for the above statement and how it may affect its  
21                    Application.

22                            9.2.1    Please explain what FBC determines constitutes related recoveries  
23                            outside of the deferral.

24                            9.2.2    Please provide a listing of items and estimated amounts that FBC  
25                            considers immaterial.

26

27    **Response:**

28    The forecast overall costs that FBC deems to be immaterial, when the related recoveries are  
29    factored in (i.e., the net costs are immaterial), are the incentive and Program costs listed below  
30    on Lines 3 and 4 from Table 5 in the Application. FBC deems the incentive and Program costs  
31    immaterial when factoring in the related recoveries outside of the deferral account from the tariff  
32    revenue received, shown on Line 1 of the below table. The incentive costs are the amounts paid  
33    directly to applicants per year and the Program costs are the annual administration and regulatory  
34    process costs to administer and implement the Program.



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4	Program Costs	Application, Section 2.3.2.2	(61)	(62)	(63)	(64)	(66)	(67)	(68)	(70)	(71)
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6	PV Total Costs & Benefits	Line 5 / (1 + Line 8)^Yr	(398)	(413)	(403)	(381)	346	334	323	312	301
7	Sum of PV	Sum of Line 6	21								
1	8	Annual Discount Rate (After-Tax WACC)	Application, Section 2.3.2.3	5.62%	5.62%	5.62%	5.62%	5.62%	5.62%	5.62%	5.62%

2