



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 26, 2022

British Columbia Public Interest Advocacy Centre
Suite 803 470 Granville Street
Vancouver, B.C.
V6C 1V5

Attention: Ms. Leigha Worth, Executive Director

Dear Ms. Worth:

Re: FortisBC Inc. (FBC)

**Application for Approval of a Large Commercial Interruptible Rate (Application)
Response to the British Columbia Public Interest Advocacy Centre
representing the British Columbia Old Age Pensioners' Organization, Active
Support Against Poverty, Council of Senior Citizens' Organizations of BC,
Disability Alliance BC, and the Tenant Resource and Advisory Centre *et al.*
(BCOAPO) Information Request (IR) No. 1**

On July 6, 2022, FBC filed the Application referenced above. In accordance with the regulatory timetable established in British Columbia Utilities Commission Order G-226-22 for the review of the Application, FBC respectfully submits the attached response to BCOAPO IR No. 1.

For convenience and efficiency, if FBC has provided an internet address for referenced reports instead of attaching the 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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1 **1.0 Reference: Exhibit B-1, page 1**

2 **Preamble:** The Application states:

3 “As proposed, eligible customers could choose to take service using this optional
4 interruptible rate for new or existing customers who would otherwise be eligible to
5 receive service under either Rate Schedule (RS) 30 - Large Commercial Service
6 – Primary, or RS 31 - Large Commercial Service – Transmission”.

7 1.1 At what voltages is supply provided to: i) RS 30 and ii) RS 31 customers?

8

9 **Response:**

10 Transmission voltage is defined in the FBC Electric Tariff as voltages above 35,000 V. Primary
11 voltage is anything below that level.

12



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1 **2.0 Reference: Exhibit B-1, page 4**

2 **Preamble:** The Application states:

3 “Mandatory Reliability Standards (MRS) for the Bulk Electric System require that
4 after the loss of a single element (transmission line, transformer, or generator), the
5 system shall be within emergency ratings and voltage limits and no loss of load
6 shall occur. For non-radial lines and radial lines with an alternate source, FBC
7 seeks to supply 100 percent of the load for the loss of a single element where
8 practical”.

9 2.1 Please explain the types of transmission assets (including voltage levels) that are
10 considered to be part of the Bulk Electric System (BES).

11
12 **Response:**

13 The types of transmission assets or elements that are part of the BES are any electrical device
14 that may be connected to other electrical devices such as transformers, circuit breakers,
15 disconnect switches, bus conductors, instrument transformers, wave traps, shunt capacitors, or
16 transmission lines. A transmission asset or element may be comprised of one or more
17 components. The FBC BES includes transmission assets or elements that operate at the 132,
18 161, 230, and 500 kilovolt (kV) voltage classes.

19
20

21
22 2.2 Is the second sentence referring to non-radial lines and radial lines with an
23 alternative source that are not part of the BES?

24
25 **Response:**

26 Yes; the second sentence refers to FBC transmission assets or elements that are not part of the
27 BES.

28
29

30
31 2.2.1 If referring to facilities that are part of the BES, does this mean that
32 exceptions are allowed to the MRS and, if so, under what specific
33 circumstances?
34



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1 **Response:**

2 As per the response to BCOAPO IR1 2.2, the second sentence refers to FBC transmission assets
3 or elements that are not part of the BES; therefore, MRS requirements do not apply.

4
5

6
7 2.2.2 If referring to facilities that are part of the BES, please provide FortisBC's
8 planning criteria for transmission and distribution facilities that are not
9 part of the BES.

10

11 **Response:**

12 As per the responses to BCOAPO IR1 2.2 and 2.2.1, the second sentence refers to FBC
13 transmission assets or elements that are not part of the BES.

14
15

16
17 2.2.3 If referring to lines that are not part of the BES, please explain what is
18 meant by "where practical".

19

20 **Response:**

21 The FBC transmission system with operating voltages below 161kV is, for the most part, operated
22 in a radial mode. For higher density load centres, this radial transmission is configured to provide
23 substations with two sources of dual radial supply. This configuration requires manual switching
24 to restore customer load, which can be done remotely in a short period of time. Plans to operate
25 important load centres closed or meshed to supply customer load for N-1 contingencies are
26 justified on a case-by-case basis. Some factors that are considered include cost, benefit,
27 proximity of alternate supply, etc.

28 In certain situations, there may be no means of supplying the connected load for a substation
29 transformer failure. Therefore, N-1 criteria for substation transformation must be met where there
30 is no transformation backup available in the form of either a system spare, supply from another
31 station, or mobile transformer.

32



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1 **3.0 Reference: Exhibit B-1, page 4**

2 **Preamble:** The Application states:

3 “Mitigating these constraints and accommodating the load often requires
4 upgrading substation capacity and/or reconductoring transmission lines. There are
5 high capital costs associated with either of these solutions.”

6 3.1 Does FortisBC’s have an obligation to provide an “offer to connect” to customers
7 seeking new service at transmission or distribution voltages?

8 3.1.1 If yes, what types of costs is FortisBC obligated to incur and for what
9 types of costs can FortisBC require a capital contribution from the new
10 customer?

11 3.1.2 If not, under what conditions would FortisBC agree to connect such
12 customers and, if these conditions would require a capital contribution for
13 the new customer, what types of costs would FortisBC seek to recover?
14

15 **Response:**

16 The *Utilities Commission Act*, sections 28 and 29 describe the obligation to serve when a
17 Customer requests service within and beyond 200 metres from an existing supply line.

18 **28** (1)On being requested by the owner or occupier of the premises to do so, a
19 public utility must supply its service to premises that are located within 200 metres
20 of its supply line or any lesser distance that the commission prescribes suitable for
21 that purpose.

22 **29** On the application of a person whose premises are located more than
23 200 metres from a supply line suitable for that purpose, the commission may order
24 a public utility that controls or operates the line

25 (a) to supply, within the time the commission directs, the service required
26 by that person, and

27 (b) to make extensions and install necessary equipment and apparatus on
28 terms the commission directs, which terms may include payment of all or
29 part of the cost by the applicant.

30 In both cases, there is a provision that the Customer may be responsible for costs related to
31 interconnection. Generally speaking, FBC will connect a Customer regardless of the distance to
32 the nearest appropriate point of supply provided that the Customer makes the required
33 contribution toward the required infrastructure additions or upgrades in accordance with its
34 extension and connection policies as contained in the FBC Electric Tariff and related policy
35 documents such as those included in the response the BCUC IR1 5.1.



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1 **4.0 Reference: Exhibit B-1, page 4**

2 **Preamble:** The Application states:

3 “Interruptible service will lead to an increase in the load factor on the overall FBC
4 system in two ways:

- 5 1. By adding new non-firm load that would otherwise be unable to connect; and
- 6 2. By customer request, converting some or all of their existing firm load to non-
7 firm and thereby allowing additional firm load to connect to the FBC system.

8 Each of these scenarios would potentially provide incremental revenue without the
9 cost of additional infrastructure that would otherwise be needed to support it. This
10 situation provides rate mitigation for all customers.”

11 4.1 Please confirm that, under item #2, the load factor would only increase if additional
12 firm load connects to the system that would otherwise be unable to do so.

13
14 **Response:**

15 Yes, item #2 was intended to describe the situation where additional customers connect.

16
17
18
19 4.2 Please confirm that, under item #2, there would be reduction in overall revenue
20 unless additional firm load (of sufficient size) connected to the system that would
21 otherwise have been unable to do so.

22
23 **Response:**

24 Not confirmed. It is possible that revenues received for RS 38 service could be higher than
25 revenues that would have been received under RS 30/31 if the Mid-C price or Mid-C Price Cap
26 are high enough. In addition, the level of revenue is not indicative of the impact to other
27 customers. It is the margin, or revenue net of associated costs that influences customer impact
28 and this may also be higher for RS 38 service under item #2.

29
30
31
32 4.3 Under FortisBC’s proposal, will existing firm load customers only be eligible for
33 interruptible service if there is additional load (of sufficient size) seeking connection
34 that cannot be accommodated by the existing facilities?

35 4.3.1 If not, why not?



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1

2 **Response:**

3 No. Existing RS 30/31 Customers should have, and will have the same ability to convert some
4 portion of their existing service or increase their total load by using the RS 38 rate provided they
5 meet the Availability criteria contained in the rate schedule and adhering to the Special
6 Conditions. There is no restriction based on having another Customer that has requested firm
7 service. FBC does not believe that it would be equitable to treat existing customers differently
8 that new Customers in this regard. FBC does not view it as likely that a Customer already
9 contracted for a firm level of supply will opt for the LCIR.

10

11

12

13 4.3.2 Please explain any other criteria existing firm load customers must meet
14 to be eligible for interruptible service.

15

16 **Response:**

17 Please refer to the response to BCOAPO IR1 4.3.

18



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1 **5.0 Reference: Exhibit B-1, page 4**

2 **Preamble:** The Application states:

3 “However, interruptible rates may provide an interim step that allows customers to
4 connect to the utility system in the short term, with the goal of taking firm service
5 in the future once required upgrades have been completed. This opportunity for
6 interruptible service reflects the avoidance of the long lead time due to the
7 necessary capital planning and construction activities required to add significant
8 capacity to the existing FBC system”.

9 5.1 What are the typical lead times required to plan and construct the necessary
10 facilities to connect a new customer requiring service at: i) transmission voltages
11 or ii) distribution voltages (assuming no transmission upgrades are also required)?
12

13 **Response:**

14 The lead time required to plan and construct the necessary facilities to connect a new large
15 commercial transmission or distribution Customer will be dependent on the nature, size, and
16 location of the Customer’s request. In general, these projects may take from one year to several
17 years to complete. Connecting to transmission voltage typically takes longer than connecting to
18 distribution voltage, due to the requirement for a Customer-owned substation and transmission
19 line extension.

20
21
22
23 5.2 Under such circumstances, will FortisBC require the customer to convert to the
24 equivalent firm service rate, once the facilities are in place to reliably provide firm
25 service?

26 5.2.1 If not, why not?
27

28 **Response:**

29 If the additional capacity has been added to the system at the request of an existing LCIR
30 Customer, and that Customer has funded the upgrades in order to receive firm service, then it
31 follows that the Customer would ultimately take service under RS 30/31. If the system can
32 accommodate additional firm load at a specific location through a decrease in other firm load, or
33 through normal capital planning activities, the RS 38 Customer could move to firm service but
34 would be under no obligation to do so.

35



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1 **6.0 Reference: Exhibit B-1, page 6**

2 **Preamble:** The Application states:

3 “The LCIR, as it is proposed, will allow FBC customers to purchase power at prices
4 that are based on the market cost, with a component (the Transmission Adder)
5 that will cover costs associated with the use of the transmission system that has
6 been funded by all customers over time. It therefore provides an alternative to the
7 previously approved, but not currently available, Retail Access”.

8 6.1 Please clarify whether one of the objectives in offering the proposed rate is to
9 provide non-firm Retail Access to power based on market costs or whether this is
10 simply a by-product of the proposal.

11
12 **Response:**

13 The LCIR will not provide non-firm retail access. Please refer to the response to BCUC IR1 14.5.

14



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1 **7.0 Reference: Exhibit B-1, page 8**

2 **Preamble:** The Application states:

3 “The Customer Charge for an Interruptible Customer is proposed to be the
4 same as contained in the rate schedule the customer would normally be eligible
5 for. FBC does not believe that for an Interruptible Customer the costs associated
6 with customer service functions such as billing or meter reading would be much
7 different, if different at all, than for other Large Commercial customers”.

8 7.1 Are there additional costs (as compared to RS 30 and RS 31 customers) that will
9 be incurred to support the proposed LCIR in terms of: i) notification of customers
10 when an interruption is required or ii) billing of the customers based on the
11 Intercontinental Exchange (ICE) Day Ahead Mid-Columbia Peak and Off-Peak
12 Indexes for the applicable day of flow in \$/MWh?

13 7.1.1 If not, why not?

14 7.1.2 If yes, what is the estimated incremental cost per month per customer?

15

16 **Response:**

17 FBC will not incur additional costs in order to provide service to LCIR Customers related to
18 notification (where notification is provided) or billing as these tasks will be performed by existing
19 staff within the scope of regular work.

20

21

22

23 7.2 Based on FortisBC’s most recent Fully Allocated Cost of Service Study (FACOS),
24 do the customer charges for the RS 30 and RS 31 customers fully cover all of the
25 customer-related costs identified in the FACOS?

26 7.2.1 As part of the response please provide the customer-related costs per
27 the most recent FACOS (\$/customer/month) for the RS 30 and RS 31
28 customer classes along with the actual Customer Charges for the same
29 year.

30

31 **Response:**

32 Based on the 2020 Cost of Service Analysis, the Customer related costs for RS 30 and RS 31
33 were \$1,431.02 and \$353.71 per Customer per Month respectively, while the Customer Charge
34 was \$954.49 and \$3,117.23 per Customer per month. FBC will review these costs as part of its
35 next COSA.

36



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1 **8.0 Reference: Exhibit B-1, page 9**

2 **Preamble:** The Application states:

3 “For operational purposes there may be cases where a customer has one point of
4 interconnection (POI) with FBC but has its total load split and separately metered
5 downstream of the POI such that a portion is served under the LCIR, and a portion
6 is served under another rate schedule. For example, a Large Commercial
7 customer that would otherwise have a 3,000 kVA load served entirely under RS
8 30 - Large Commercial Service – Primary, may work with FBC to design a system
9 downstream of the initial POI with FBC where 2,500 kVA is to be served under the
10 LCIR, and 500 kVA remains on RS 30. In this case, it would be unfair to assess
11 two Customer Charges, since only a portion of the Customer Charge is directly
12 related to customer service functions such as billing or metering reading. FBC
13 acknowledges that in these situations, there will be some work associated with
14 additional meter reading and billing elements, but these incremental costs are not
15 significant and FBC considers that the second Customer Charge can be waived
16 without any material impact on remaining customers.”

17 8.1 Would such circumstances also require a separate (second) meter?

18 8.1.1 If not, please explain why?
19

20 **Response:**

21 Yes, a second meter will be required.
22
23

24
25 8.2 Please provide FortisBC’s estimate of the incremental monthly costs (including
26 meter costs, meter reading costs, customer billing costs, etc.) associated with such
27 arrangements.
28

29 **Response:**

30 FBC included the referenced information in anticipation that there may be concerns stemming
31 from the application of a single Customer Charge when the Customer site has two meters and a
32 second calculation requirement for billing. However, as noted, FBC does not expect these costs
33 to be significant or to impact other customers. Large commercial meters are read remotely and
34 there may be a small amount of time expended to add the second service information to the bill
35 on a monthly basis. To the extent that there is a small cost related to this time, it is certainly less
36 than the potential amount over-recovered by virtue of charging a second full Customer Charge.
37 FBC has not studied this to the extent that it can place a specific value on the work involved.

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1 **9.0 Reference: Exhibit B-1, page 10**

2 **Preamble:** The Application states:

3 “With regard to the cap on the Mid-C price that factors into the Energy Charge for
4 a particular customer, the Mid-C Price Cap would be nominated by the Customer
5 based on its specific risk tolerance and operational needs. This is a departure from
6 the final discussions held with customers and intervener groups during public
7 engagement, where the cap was originally going to be a set number, common to
8 all customers. A customer-specific cap was discussed, and was viewed positively
9 by participants, but was dismissed due to what FBC saw as a high administrative
10 burden at the time. However, upon further review, FBC now views a customer-
11 specific cap as manageable and offering the most flexibility for customers to tailor
12 the LCIR to their specific needs. The customer may nominate the Mid-C Price Cap
13 monthly by providing FBC with the maximum Mid-C price it is willing to pay by the
14 20th day of the preceding month”.

15 9.1 Based on the last 12 months for which data is available, please provide for each
16 of the RS 30 and RS 31 classes: i) the range for the average monthly load factors
17 for those customers in each class and ii) the overall average monthly load factor
18 for the customers in each class.

19
20 **Response:**

21 Please refer to the response to ICG IR1 11.1.

22
23

24
25 9.2 Will the customer nominate one Mid-C Price Cap for each month which will apply
26 to both the Peak and Off-Peak periods or will there be separate “caps” for the Peak
27 and Off-Peak Periods?

28
29 **Response:**

30 There is a single cap that applies to both on and off-peak periods.

31
32

33
34 9.3 Does FortisBC have any indication as to what the range of “price caps” nominated
35 by customers is likely to be?

36 9.3.1 If yes, please provide.

37

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1 **Response:**

2 FBC does not have this information.

3
4

5

6 9.4 Based on the overall average monthly load factor for the customers in each of the
7 classes, at what average Mid-C price would the monthly bill for the interruptible
8 service equal that for a firm service under RS 30 and RS 31 using the currently
9 approved rates?

10

11 **Response:**

12 Please refer to the response to BCUC IR1 10.4. Load factor is not a consideration in this
13 calculation.

14
15

16

17 9.5 For each of the most recent 12 months where actual data is available please
18 provide: i) the average Mid-C price; ii) a graph setting out the daily Mid-C Peak
19 Price; and iii) a graph setting out the daily Mid-C Off-Peak price.

20

21 **Response:**

22 Please refer to the following table for the average Mid-C Day Ahead Prices, both On Peak and
23 Off Peak for the most recent 12 months.

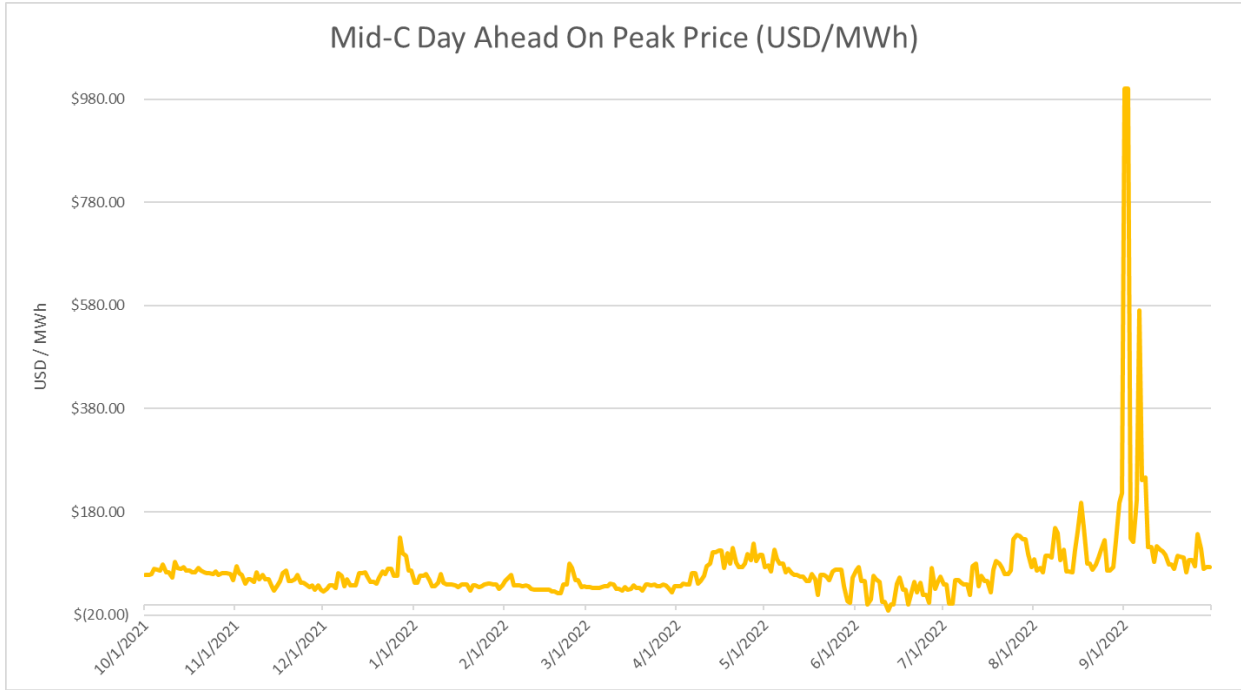
	Mid-C Average On Peak (USD/MWh)	Mid-C Average Off Peak (USD/MWh)
Oct-21	\$ 65.61	\$ 56.85
Nov-21	\$ 48.90	\$ 40.45
Dec-21	\$ 57.97	\$ 39.61
Jan-22	\$ 41.60	\$ 35.76
Feb-22	\$ 39.69	\$ 34.96
Mar-22	\$ 34.09	\$ 32.91
Apr-22	\$ 77.77	\$ 65.95
May-22	\$ 61.87	\$ 51.11
Jun-22	\$ 35.71	\$ 6.40
Jul-22	\$ 72.15	\$ 33.54
Aug-22	\$ 108.16	\$ 67.55
Sep-22	\$ 216.00	\$ 91.01

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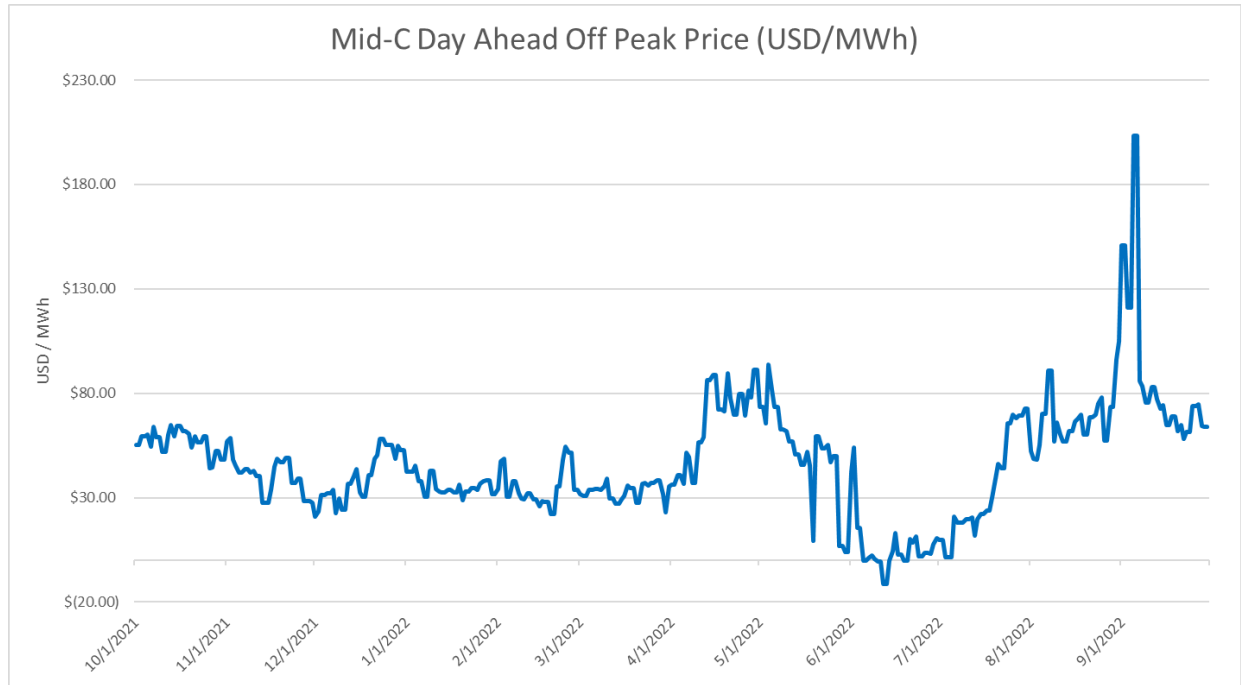


- 1 Please refer to the following graphs which show the daily Mid-C Peak and Off-Peak prices for the
- 2 past 12 months.

3



4



5



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1 **10.0 Reference: Exhibit B-1, page 10**
2 **Exhibit B-1, Appendix C, Engagement Session #1, Rate**
3 **Comparison: RS 31 vs. LCIR (Slide #15)**

4 **Preamble:** The Application states:

5 “The Hourly Transmission Charge Adder is intended to acknowledge that power
6 purchased under the Interruptible Rate program requires transmission to the point
7 of delivery with the interruptible customer. It is not set to exactly equate to the
8 charges that would result if the power were transmitted under Retail Access, but
9 will cover the transmission costs, grossed up to provide a moderate additional
10 benefit for non-participating customers. The Hourly Transmission Charge Adder
11 will be subject to any general rate adjustment that flows from future rate setting
12 processes”.

13 10.1 Please confirm that the Hourly Service Adder (page 10, line 7) represents the
14 Hourly Transmission Charge Adder.

15
16 **Response:**

17 FBC does not intend to use the term “Hourly Transmission Charge Adder” as part of the LCIR. It
18 was the working term used during public engagement, but it was an oversight that the term
19 remained in the Application in Section 3.2.1.2.1.

20
21
22
23 10.2 Please provide the derivation of the Hourly Transmission Charge Adder indicating:
24 i) the derivation of the portion designed to cover transmission costs and ii) the
25 amount of the adder (\$/MWh) included to provide a “moderate benefit for non-
26 participating customers.”

27
28 **Response:**

29 Please refer to the response to BCUC IR1 15.2.

30
31
32
33 10.3 With respect to the Rate Comparison provided in Engagement Session #1, what
34 is the total benefit to non-participating customers based on the amount of the adder
35 included in the Hourly Service Adder to provide a moderate benefit to non-
36 participating customers?



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1

2 **Response:**

3 The total amount of revenue attributable to the Hourly Service Adder is \$77,145 (7,500,000 kWh
4 x 1.0286 losses x \$0.0100/kWh). As described in the response to BCUC IR 1 15.2, the Hourly
5 Service Adder is not precisely set with respect to any particular cost recovery percentage. It is
6 an adder intended to notionally recover transmission related charges, administration, and a
7 broader customer benefit. As such, no precise allocation of the resulting revenues is possible or
8 appropriate.

9



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Response to British Columbia Public Interest Advocacy Centre representing the British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Council of Senior Citizens' Organizations of BC, Disability Alliance BC, and the Tenant Resource and Advisory Centre <i>et al.</i> (BCOAPO) Information Request (IR) No. 1	Page 16

1 **11.0 Reference: Exhibit B-1, page 10**

2 **Preamble:** The Application states that the Energy Charge includes “system losses as
3 per Rate Schedule 109”.

4 11.1 What loss factor (%) will apply to interruptible customers connected at transmission
5 voltages and what loss factor will apply to customers connected at distribution
6 voltages?

7 11.1.1 If the loss factor is the same for both, please explain why this is
8 appropriate.

9
10 **Response:**

11 As per RS 109, the Transmission loss rate is 2.86 percent and the Distribution loss rate is 4.26
12 percent.

13



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1 **12.0 Reference: Exhibit B-1, pages 11-12**
2 **Exhibit B-1, Appendix A, Special Provisions #5 and #9**

3 **Preamble:** Special Provision #5 states:

4 "Energy provided under this Rate Schedule is non-firm and subject to interruptions
5 that may be initiated through automatic means, or any other method when required
6 at the sole discretion of FortisBC, for any of the reasons noted in the Reasons for
7 Interruption or as set out in paragraph 11 below".

8 Special Provision #9 states:

9 "To receive and continue service under this Rate Schedule, the Interruptible
10 Customer will install all necessary communication, relay and breaker equipment
11 as may be required on an ongoing basis, subject to FortisBC approval, and will
12 pay for all associated hardware costs. The Customer must maintain all FortisBC-
13 approved equipment at the Customer's location necessary for FortisBC to remotely
14 interrupt the Customer".

15 12.1 Please outline the various means/methods that could/will be used by FortisBC to
16 implement an interruption.

17
18 **Response:**

19 The Customer will be remotely interrupted by means of opening an isolating device from the
20 Control Centre either manually by a System Operator or via an automated protection scheme in
21 response to a system event or condition.

22
23

24
25 12.2 Do any of these means anticipate FortisBC contacting the customer who will then
26 be responsible for implementing the required interruption? If yes, please address
27 the following:

28 12.2.1 After receiving notice, how much time will the customer have to affect the
29 interruption?

30 12.2.2 Will FortisBC have the necessary monitoring equipment in place to
31 determine (in real time) if the interruption has occurred?

32 12.2.3 What penalties will be applied if the customer does not implement the
33 interruption as required?
34



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1 **Response:**

2 Supplemental Information Section 7 provides the following information,

3 Communication regarding interruptions that occur in response to system
4 conditions would require that operating orders be in place with Customers, and the
5 designated person responsible would be contacted by the SCC as soon as
6 reasonably possible. However, given the nature of the issue, that communication
7 may occur after the Customer is interrupted. In addition, where it is possible to
8 provide viable notice in advance of the interruption, Key Account Managers or a
9 designate will be in communication with the Customer to provide as much
10 information regarding the outage as possible.

11 Section 7 goes on to further distinguish between partial curtailments and full interruptions of
12 customer load.

13 The Customer will not be responsible for implementing the interruption. All necessary
14 communication, relay and breaker equipment must be installed to allow FBC to remotely interrupt
15 the Customer. FBC has committed to endeavor to provide notice, where practicable — i.e. such
16 as if power will not be available at some point in the near future. An interruption may not be
17 required and FBC does not anticipate implementing an interruption unless it is required. However,
18 if a curtailment is not implemented by the Customer, FBC will be aware of it and the next step is
19 likely to be interruption.

20 Initiation of an interruption under the LCIR is under control of FBC. Since the Customer is not in
21 control of the interruption there is no need to provide for a penalty for non-compliance as an
22 occasion for non-compliance would not arise.

23
24

25
26 12.3 Please confirm that based on Special Condition #9 FortisBC will not be responsible
27 for any additional equipment cost as a result of providing service based on the
28 LCIR.

29 12.3.1 If not confirmed, what additional equipment cost could FortisBC
30 potentially be responsible for?

31
32 **Response:**

33 Confirmed.

34

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1 **13.0 Reference: Exhibit B-1, pages 11-12**

2 **Preamble:** The Application outlines the circumstance under which customers could be
 3 interrupted which include:

4 **“a. To maintain service to Customers taking service under one of FBC’s firm**
 5 **rate schedules**

6 FBC’s firm rate schedules are any other rate schedule contained in the FBC
 7 Electric Tariff through which a customer receives service. Maintaining service to
 8 firm service customers will take priority over maintaining service to LCIR
 9 customers. For example, where thermal loading of a feeder may be exceeded due
 10 to high ambient temperatures, service to an interruptible customer may be
 11 suspended to reduce feeder loading such that local service can be maintained.

12 **c. To maintain the stability, reliability, or integrity of the FBC or Western**
 13 **Interconnected electrical systems**

14 Examples in this category include: an outage to a system element (transmission
 15 line, transformer etc.) forcing FBC to supply from an alternate source, a reduction
 16 in available system capacity due to unexpected system loading conditions or
 17 equipment failure, or the declaration of a provincial energy emergency, which could
 18 allow the Reliability Coordinator to direct FBC to shed a prescribed amount of load.

19 **d. Lack of available transmission**

20 If there is insufficient transmission available to move market purchased power from
 21 the generator to the load, then power cannot flow and the schedule to FBC will be
 22 cut. Indeed, FBC may not have even been able to purchase power. This will likely
 23 require FBC to then discontinue service to interruptible customers for a period of
 24 time. In addition, the transmission shortfall could be within the FBC system such
 25 as an unexpected inability to move power from the Kootenays to other areas. This
 26 could require service to interruptible customers outside of the Kootenay region to
 27 be cut.”

28 13.1 Will service only be interrupted when FortisBC is unable to actually meet firm
 29 customers’ load while operating the system within established loading conditions
 30 or will service be interrupted so as to maintain the N-1 reliability criteria on the BES
 31 and similar reliability criteria on non-radial lines and radial lines with an alternative
 32 source (per page 4)?

33 13.1.1 If an interruption will not be implemented solely to maintain existing
 34 reliability criteria, please explain why not.
 35



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1 **Response:**

2 Maintaining service to firm Customers will remain the priority. Service to LCIR Customers will be
3 interrupted when FBC is unable to meet firm customer load while operating the system within
4 established loading conditions. Service to LCIR Customers will also be interrupted so as to
5 maintain the N-1 reliability criteria on the BES, as well as on radial and non-radial lines with an
6 alternate supply where the LCIR Customer load would prohibit FBC from restoring service to firm
7 Customers.

8

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1 **14.0 Reference: Exhibit B-1, page 12**

2 **Preamble:** The Application states:

3 **“e. For Hours where FortisBC reasonably expects that the Energy Charge**
4 **will be based on the Mid-C Price Cap as described in part i) of the Energy**
5 **Charge portion of this rate schedule, FortisBC may interrupt the Customer.**

6 This category serves to mitigate the risk to other FBC customers that arises from
7 the spread between the market price and price of energy charged to LCIR
8 customers. These interruptions are not an automatic reaction to a pricing disparity,
9 since FBC has operational flexibility regarding the resources utilized to serve load.
10 FBC will optimize its overall system resources and as a result, even if the market
11 price is above the Mid-C Price Cap, FBC may elect to maintain supply to the LCIR
12 customer at an Energy Charge that reflects the Mid-C Price Cap. Nevertheless,
13 FBC reserves the option to suspend service until it can again serve the load in an
14 economic fashion”.

15 14.1 Please provide details regarding the process and procedures FortisBC will use to
16 determine if service should be suspended when the market price is above the Mid-
17 C Price Cap.

18
19 **Response:**

20 This type of a decision does not rely on a fixed process or procedure as each situation will likely
21 be somewhat different. However, in general, FBC will be considering if the available resources’
22 best use is to continue LCIR service even though the market price is above the cap. In making
23 this determination, possible factors FBC staff may consider include, but are not limited to, whether
24 the amount of energy in storage is too high or too low, the amount of available surplus capacity,
25 the expected price from the sale of surplus capacity, the amount of BC Hydro PPA tranche 1
26 nominated energy available and the LCIR Customer’s preference regarding the potential to
27 receive only partial service during a given period.

28
29

30

31 14.2 In those instances when the market price exceeds the Mid-C Price Cap and
32 FortisBC decides not to suspend service, what “price” will be used to bill the LCIR
33 customer?
34

35 **Response:**

36 Calculation of the Energy Charge is contained in RS 38 and includes the portion underlined below,



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1 In Hours in which the applicable Mid-C Price exceeds the cap, if any, nominated
2 by the Interruptible Customer pursuant to the applicable Service Agreement,
3 expressed in \$/MWh (the 'Mid-C Price Cap') for the month in which such Hour
4 occurs, a value equal to the Mid-C Price Cap will be used...

5
6
7
8 14.3 As part of its annual report to the BCUC (per pages 15-16) will FortisBC undertake
9 to include details regarding all instances where the market price exceeded the Mid-
10 C Price Cap (for any customer) and service was not suspended?

11 14.3.1 If not, why not?

12
13 **Response:**

14 It is possible to provide such information. FBC expects to determine the final form of the LCIR
15 Report through communication with the BCUC.

16

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1 **15.0 Reference: Exhibit B-1, pages 12-14**

2 **Preamble:** The Application states:

3 “The economic justification for the LCIR relies on the ability of FBC to increase
4 overall revenue by adding either additional load from new customers, or non-firm
5 load from existing customers. Consideration must also be given to the associated
6 costs, particularly the cost of power supply.

7 The justification for the offering of the LCIR to a customer that is entirely new to
8 FBC service is straightforward. Such a customer will connect to a location where
9 service is available on a non firm basis. The customer served on the LCIR will only
10 be served when it funds any interconnection costs, and when the energy charges
11 under the rate exceed FBC’s incremental power supply costs. In this case, FBC
12 will recover its marginal cost to serve, and will receive an additional contribution
13 towards the fixed costs of the system – thus providing a benefit to all FBC
14 ratepayers”.

15 The Application also states:

16 “Given that the LCIR is focussed primarily on allowing load to connect in instances
17 where it would not otherwise be possible, and the LCIR customer is responsible
18 for all related costs, other customers are better off.”

19 15.1 The Application states: “the LCIR is focussed primarily on allowing load to connect
20 in instances where it would not otherwise be possible”. The also Application
21 states: “Such a customer will connect to a location where service is available on a
22 non firm basis.”

23 Are there/will there be “locations” where service will not be available on a non-firm
24 basis?

25 15.1.1 If yes, please describe under what circumstance service will not be
26 available on a non-firm basis.

27
28 **Response:**

29 Yes, there will be instances where existing load and capacity on the system will preclude offering
30 service on a non-firm basis in the amount requested by the Customer. While there is typically
31 some excess capacity on the system, it may not be sufficient for a given request. The available
32 amount of firm capacity taking into consideration the N-1 planning criterion, and the available
33 amount of non-firm capacity, are both determined after a system study is completed for a specific
34 location.



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1
2 15.2 Assuming a 100% load factor, what is the net margin (i.e., rate revenue less cost
3 of energy) contribution per kWh of a firm customer on RS 30 or RS 31 relative to
4 a customer on the LCIR, excluding the contribution from the monthly customer
5 charge?
6

7 **Response:**

8 It is not possible to state the net margin for incremental RS 30 or RS 31 Customers as FBC has
9 not calculated the incremental cost of serving incremental load. Depending on the circumstances,
10 the FBC system incremental cost may be higher or lower than RS 30 or RS 31 rates. However,
11 generally speaking, in the current high priced market environment, it is entirely possible that other
12 Customers will currently benefit from a loss of RS 30 or RS 31 load. FBC has previously described
13 the potential impact of an increase in firm load on rates noting in some scenarios an increase in
14 power purchase expense would outweigh the increase in revenue, resulting in an overall increase
15 in rates.¹ The opposite is also true, that the decrease in power purchase expense can outweigh
16 a reduction in firm load resulting in a rate decrease. This is in contrast to the proposed RS 38
17 which is expected to have a positive net margin due to the nature of the rate. The exact size of
18 the positive margin depends on several factors as described in the confidential response to BCUC
19 IR1 15.6.

20
21
22
23 15.3 If FortisBC is able to connect and provide service to a new customer at the
24 requested location on a firm basis, will the customer be able to connect and receive
25 service on a non-firm basis under the LCIR?

26 15.3.1 If yes, please explain how FortisBC receiving less revenue based on the
27 LCIR rates (as compared to firm rates RS 30 or RS 31) provides “a benefit
28 to all FBC ratepayers”.

29
30 **Response:**

31 Yes, the Customer can choose the type of service it wishes to receive if available at the selected
32 location and load level. Where capacity exists to meet load on a firm basis but the Customer
33 chooses to take non-firm service, FBC will be able to add a second Customer on a firm basis to
34 maximize revenue. It is also not the case that providing service to a single Customer on RS 38
35 rather than RS 30/31 will necessarily provide less revenue to FBC. Revenue under RS 38
36 depends on a number of factors as discussed in the response to BCOAPO IR1 15.2.

¹ Exhibit B-3, Annual Review for 2023 Rates, response to BCUC IR1 5.1.



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15.4 If, at some future point in time, FortisBC is able to serve this new customer on a firm basis will the customer be required to receive service under the applicable firm rate (i.e., RS 30 or RS 31)?

Response:

No. The Customer will be able to continue receiving service under RS 38 if it chooses to do so, although still subject to continuing to meet the requirements of that rate schedule.

15.5 What measure will FortisBC use to determine that “the energy charges under the rate exceed FBC’s incremental power supply costs”?

Response:

If the LCIR Customer is being supplied by market power, this is ensured by the structure of the rate. If the LCIR Customer is not being supplied by market power and FBC continues to supply, this is determined as described in the response to BCOAPO IR1 14.1.

15.6 Please explain how the load for this new customer will be treated for purposes of transmission and distribution system planning.

Response:

Please refer to the response to ICG IR1 1.1.

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1 **16.0 Reference: Exhibit B-1, pages 12-14**

2 **Preamble:** The Application states:

3 “In the case of an existing FBC customer that chooses to switch to service under
4 the LCIR, there are a number of possible outcomes. The following examples
5 illustrate how offering the LCIR can be leveraged into a rate benefit for all FBC
6 customers.

7 The first scenario is an existing RS 31 customer with a flat load of 20 MVA at unity
8 power factor. Under RS 31, the monthly Energy Charge and Demand bill for the
9 customer would be approximately \$1,018,000. Using an average all-hour Mid-C
10 price for March 2022 (\$42.09/MWh CDN) the monthly bill under the LCIR, including
11 all adders without the Customer Charge, would be approximately \$797,000,
12 assuming that the customer was not interrupted. This represents a saving to the
13 LCIR customer of \$221,000.

14 In order for FBC to recover the revenue difference, an additional RS 31 customer
15 of only 4.3 MVA would need to be added. FBC could, however, add additional firm
16 load up to the 20 MVA that the RS 31 customer had previously contracted for.

17 An alternate scenario may result when an existing customer with a 10 MVA load
18 has a desire to expand, but the FBC system cannot accommodate the request on
19 a firm basis under current planning criteria. FBC would evaluate the ability of the
20 system to add load on a non-firm interruptible basis. If, for example, the customer
21 chose to either convert its entire load, or add only the additional 10 MVA as non-
22 firm, a benefit would likely accrue to FBC customers in the first scenario and would
23 certainly accrue in the second.

24 If, however, FBC is unable to attract firm load to consume the newly available
25 capacity, the LCIR savings that result for the customer would be borne by other
26 customers as discussed in Section 4 of this Application.”

27 The Application also states:

28 “From the perspective of FBC (and by extension, non-participating customers), the
29 primary risk associated with the LCIR stems from the uncertainty of attracting new
30 load to the system when an **existing** Large Commercial customer leaves an
31 existing rate for all or some of its load in favour of interruptible service, thereby
32 making additional system capacity available. In the case where additional load
33 does not result, FBC would be exposed to a drop in revenue that may not be offset
34 by no longer having to plan for the firm load for the customer. Any shortfall would
35 be borne by other customers.



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1 However, the attraction of additional customers is not the only means by which
2 additional revenue can result from the LCIR. There may be instances where the
3 FBC system limits the amount of firm load that can be offered to a customer. On a
4 non-firm basis, that same customer may be able to increase its load to the point
5 where LCIR revenues match or exceed the revenues that resulted from the firm
6 rate.

7 In addition, there is also a load retention aspect to offering the LCIR at this time.
8 That is, without some means of remaining competitive with the rates found in other
9 jurisdictions, FBC is at risk of losing some load that is able to relocate. For
10 example, when compared to traditional resource based load, some emerging
11 technology-based loads (e.g., data centres) are more mobile.”

12 16.1 Would an existing customer situated in a location where additional system capacity
13 is available to serve new firm load be eligible to convert some or all of its firm load
14 to service under the LCIR?

15 16.1.1 If yes, please confirm that the types of load additions posited under the
16 first scenario (per page 13) could occur even if the customer had not
17 converted to LCIR service.

18 16.1.2 If yes, please confirm that there would be no benefit to non-participating
19 customers and, indeed, non-participating customers would be worse off.

20 16.1.2.1 If not confirmed, please explain.

21
22 **Response:**

23 The LCIR would be a new rate available to a Customer provided that all requirements under RS
24 38 could be met and the 50MVA program cap has not been exceeded. Therefore, an existing
25 Customer situated in a location where additional system capacity is available to serve new firm
26 load would be eligible to convert some or all of its firm load to service under the LCIR.

27 The first scenario in the Application, page 13, describes an existing RS 31 Customer converting
28 its load to RS 38 with a second Customer connecting in order to take firm service because
29 capacity has been made available by the first Customer's transition to the LCIR. The situation
30 posited by this question is not a variation of that scenario. It is an entirely different set of
31 circumstances.

32 It is also not confirmed that there would be no benefit to non-participating Customers or that non-
33 participating Customers would be worse off. If an existing RS 30/31 Customer, located in a
34 location where there is capacity available to increase or add load on either a firm or non-firm
35 basis, chooses to convert service to non-firm under the LCIR, the end result is that the overall
36 amount of capacity available for firm load additions increases and the potential benefit that can
37 accrue to existing Customers is also increased. In addition, it is not the case that transitioning
38 RS 30/31 load to RS 38 will necessarily result in a decrease in overall margin since RS 38



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1 Customers will pay their incremental costs while RS 30/31 rates are set on an average embedded
2 cost basis.

3
4

5
6 16.2 Please confirm that when an existing customer is situated in a location where
7 additional system capacity is not available to serve new firm load, having an
8 existing customer convert to LCIR only benefits non-participating FortisBC
9 customers if additional new firm load of sufficient size to offset the revenue loss
10 from the existing customer is added.

11 16.2.1 If not confirmed, please explain.

12
13 **Response:**

14 Not confirmed. While the intent of the LCIR is either to connect new additional load on a non-firm
15 basis, or through the conversion of firm load to non-firm load to provide the opportunity to add
16 new firm load, resulting in incremental revenue, it is not a given that there will be a net revenue
17 loss simply through the conversion of customer load from firm to non-firm. Please also refer to
18 the response to BCOAPO IR1 16.1.

19
20

21
22 16.3 Under the alternate scenario (page 13) where an existing customer has a desire
23 to expand, but the FBC system cannot accommodate the request on a firm basis,
24 the Application states: "FBC would evaluate the ability of the system to add load
25 on a non-firm interruptible basis". What would such an evaluation examine and
26 under what circumstances would the system be unable to serve the additional load
27 on a non-firm interruptible basis?
28

29 **Response:**

30 Please refer to the responses to BCUC IR1 3.1 and 28.1 for a discussion of the study
31 requirements involved in assessing any particular interconnection request.

32
33

34
35 16.4 The Application indicates that FortisBC currently has 36 and 31 customers in its
36 RS 30 and RS 31 rate schedules, respectively (page 16).



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- 1 16.4.1 How many of the 36 RS 30 customers are in locations where the system
- 2 cannot accommodate an additional 500 kVA of load on a firm basis?
- 3 16.4.2 How many of the 36 RS 30 customers are in locations where the system
- 4 cannot accommodate an additional 2,000 kVA of load on a firm basis?
- 5 16.4.3 How many of the 31 RS 31 customers are in location where the system
- 6 cannot accommodate an additional 500 kVA of load on a firm basis?
- 7 16.4.4 How many of the 31 RS 31 customers are in location where the system
- 8 cannot accommodate an additional 5,000 kVA of load on a firm basis?
- 9 16.4.5 How do the responses to the preceding questions change based on
- 10 FortisBC's currently planned transmission and distribution capital
- 11 expenditures for the next five years?
- 12

13 **Response:**

14 This information cannot be provided as it would require FBC to perform a system study at each
15 of the Customer locations. To determine whether a new load addition could be accommodated
16 without system upgrades, the Customer would be required to submit a request and the
17 appropriate studies would need to be completed by FBC.

18 FBC notes that the number of RS 31 Customers is four, as corrected in its previously filed
19 response to Supplemental Information Question 4.

20 The responses to the preceding questions in this series will not be impacted by the execution of
21 the planned capital expenditures since studies will need to be undertaken.

22



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1 **17.0 Reference: Exhibit B-1, page 14**

2 **Preamble:** The Application states:

3 “In addition, there is also a load retention aspect to offering the LCIR at this time.
4 That is, without some means of remaining competitive with the rates found in other
5 jurisdictions, FBC is at risk of losing some load that is able to relocate. For
6 example, when compared to traditional resource based load, some emerging
7 technology-based loads (e.g., data centres) are more mobile”.

8 17.1 Will load retention be a consideration in determining the eligibility of RS 30 or RS
9 31 customers for the LCIR?

10 17.1.1 If yes, how will this be done?

11

12 **Response:**

13 Eligibility for the LCIR is strictly as provided for in the Applicability and Special Conditions sections
14 of RS 38.

15

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1 **18.0 Reference: Exhibit B-1, page 14**

2 **Preamble:** The Application states:

3 “During public engagement in relation to the LCIR, participants expressed a need
4 for FBC to provide historical feeder performance, and that communication
5 regarding the Mid-C pricing be made available. FBC has agreed to provide feeder
6 data to prospective participants with the understanding that this historical data may
7 not represent future performance”.

8 18.1 Please provide an example as to the type of feeder data FortisBC will be providing
9 prospective participants.

10

11 **Response:**

12 Customers will be provided a list of outages over the past five years. The date and duration of the
13 outages will be included. The historical outage data may not represent future performance.

14

15

16

17 18.2 Will it include information on the current capability of individual feeders to
18 accommodate additional firm load?

19

20 **Response:**

21 Yes, the Customer can be provided the amount of firm capacity available on the system at the
22 time of their request and the historical outage data discussed in the response to BCOAPO IR1
23 18.1 which together will provide insight (but no assurance) regarding the expected interruptions.

24



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1 **19.0 Reference: Exhibit B-1, page 15**

2 **Preamble:** The Application indicates that one of the pieces of information to be
3 included in the annual report to the BCUC will be: "A comparison of
4 revenues under the LCIR to foregone revenue under RS 31 and RS 30".

5 19.1 Will the annual report to the BCUC be made publicly available?

6 19.1.1 If so, how?
7

8 **Response:**

9 FBC anticipates that the LCIR Report will be public, redacted as required in consideration of any
10 need to hold certain information as confidential to protect customer and FBC competitive positions
11 or as a result of contractual limitations.

12
13

14

15 19.2 In providing the comparison of revenue under the LCIR to foregone revenues
16 under RS 31 and RS 30 will FortisBC be: i) assessing which customers' loads
17 under the LCIR would otherwise have not occurred versus those that would have
18 been served at RS 30/RS 31 or ii) assuming all LCIR load would otherwise have
19 been served at RS 30/RS 31?

20

21 **Response:**

22 The intent of "*A comparison of revenues under the LCIR to foregone revenue under RS 31 and*
23 *RS 30*" is to provide the amount of revenue that any service provided on the LCIR would have
24 generated under RS 30/31 given the levels of peak load and consumption of the Customers in
25 question.

26

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1 **20.0 Reference: Exhibit B-1, pages 15-16**

2 **Preamble:** The Application states (page 15):

3 “FBC has mitigated against the risk associated with existing firm load becoming
4 interruptible in two ways. First, by including a price cap, FBC has mitigated against
5 the risk associated with extremely high market prices, and second, an initial 50
6 MVA cap on participation will serve to manage the program to a level where FBC
7 is confident that additional load can be interconnected.

8 While it is not certain that additional load will avail itself of the additional capacity
9 that results, FBC is proposing the LCIR as a direct result of expressions of interest
10 from prospective customers that cannot be met under the current planning criteria
11 as reflected in current rate structures. The Application acknowledges that there is
12 a type of customer emerging that is willing to accept reduced reliability as a trade-
13 off for reduced cost. These customers may not be well served by traditional rate
14 making which assumes that all customers require reliable service as a given.”

15 The Application also states (page 16):

16 “FBC has no firm commitment from potential customers that would allow it to
17 suggest with certainty the eventual uptake of interruptible service. However, based
18 on discussions with potential customers, the Company is confident that it will have
19 participants should the service become effective.”

20 20.1 Does the first quote mean that FBC is “confident” that 50 MVA of LCIR load can
21 be connected?

22
23 **Response:**

24 The first quote was intended to convey that 50 MVA represents a level of load that FBC is
25 confident that it can manage as discussed in the Supplemental Information Question 8.

26
27

28
29 20.2 Based on its discussions with potential customers how much of the interest
30 expressed in the LCIR is in regard to locations where the system cannot currently
31 accommodate additional firm load?

32
33 **Response:**

34 While FBC cannot discuss particular Customer interactions for reasons related to privacy, it can
35 confirm that the most promising inquiries regarding non-firm service are for areas of the system
36 that cannot accommodate the load levels discussed on a firm basis.

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1 **21.0 Reference: Exhibit B-1, page 16**

2 **Preamble:** The Application states:

3 “In order for interruptible service to provide a meaningful benefit to FBC in
4 managing system contingencies, the load that is available to be interrupted at a
5 single location needs to be sufficiently large. FBC has not defined a particular load
6 size that would provide such a benefit; however, as a practical matter, the only rate
7 schedules that are at all likely to fulfil this requirement are those available to Large
8 Commercial customers”.

9 21.1 Is 500 kVA the minimum load that FortisBC will accept at a single location as being
10 eligible for the LCIR?

11 21.1.1 If not, if there is a minimum, what is it?

12
13 **Response:**

14 500 kVA is the minimum load level eligible under RS 30 and therefore the minimum level of load
15 for the LCIR.

16
17

18
19 21.2 If applicable, please explain why this minimum is not set out in the proposed RS
20 38 Tariff Schedule.

21
22 **Response:**

23 The minimum is set out by reference to RS 30 in the Applicability section of the RS 38 Tariff
24 pages.

25

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1 **22.0 Reference: Exhibit B-1, page 17-18**

2 22.1 Please discuss how the rating of Principle #1 (Recovery of the revenue
3 requirement) as “Good” factors in the risk that the revenue from new LCIR load will
4 not be sufficient to offset revenue losses (and net margin losses) due to either: i)
5 existing firm load converting to LCIR or ii) new loads opting for the LCIR when
6 service could have been provided at firm rates.

7
8 **Response:**

9 The rating of “Good” provided with respect to the Recovery of the Revenue Requirement reflects
10 what FBC views as the most likely outcomes of the LCIR, namely that the LCIR will allow for new
11 load to connect when it otherwise would not be able to, or existing Customers will increase load
12 by adding interruptible load because growth is otherwise limited by available capacity. Both of
13 these scenarios result in incremental revenue. While FBC has included the possibility for existing
14 firm load to convert because the principle of fairness dictates that similar kinds of services should
15 be available to all Customers in similar circumstances, it is far less likely.

16 Regardless, “Recovery of the Revenue Requirement” is a principle that only speaks to the utility’s
17 ability to recover its costs, not that revenue is maximized as seems to have been assumed in the
18 question. Circumstances created by the LCIR where FBC does not recover its cost to serve would
19 be very rare and limited to a mismatch between the price paid by FBC for power and the RS 38
20 revenue received as described in the response to BCUC IR1 2.2.

21
22

23
24 22.2 With respect to Principle #2, the comments in Table 5-1 state: “Incremental costs
25 are minimal, while a benefit is delivered to non-participating customers.” Please
26 confirm that, based on the discussion in Section 4, there is a risk these benefits
27 will not materialize.

28 22.2.1 If not confirmed, please explain why.

29 22.2.2 If confirmed, please explain how this risk was factored into the rating of
30 “Good” assigned to Principle #2.

31

32 **Response:**

33 It is confirmed that in the case where an existing Customer served on a firm rate converts only its
34 existing load to non-firm, no additional firm load is added, FBC cannot resource the load at a cost
35 that mitigates against a margin decrease, and RS 38 revenues are lower than RS 30/31 revenues
36 would have been, other Customers may not be better off. As discussed in the response to
37 BCOAPO IR 1 4.2, revenue is the measure of customer impact. As discussed in the response to
38 BCOAPO IR1 22.1, the rating or “Good” reflects what FBC views as the most likely outcome.



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1 **23.0 Reference: Exhibit B-1, page 20 and Appendix A, Special Provision #4**

2 **Preamble:** The Application states:

3 “The LCIR requirement for customers to maintain an 80 percent load factor is an
4 impediment for some facilities in terms of participating in the rate; however, it is an
5 important element of the LCIR. The LCIR is based on day-ahead block market
6 pricing rather than hourly real-time pricing. This is to ensure that there is sufficient
7 time to communicate and confirm supply for LCIR customers and for LCIR
8 customers to then make the necessary plans to manage their process. FBC
9 expects to generally plan to obtain supply on a block basis and this needs to be
10 matched by the corresponding load. FBC will closely monitor this over the initial
11 implementation period to determine if the 80 percent required load factor is
12 sufficient or if it must be increased to ensure that the power purchased for the LCIR
13 customer is consumed by the LCIR customer.

14 FBC may be willing to consider waiving the 80 percent requirement if warranted by
15 individual customer circumstances and/or if LCIR customers are prepared to
16 compensate FBC for losses associated with power purchased for, but not
17 consumed by, LCIR customers.”

18 Appendix A, Special Provision #4 states:

19 “The Interruptible Customer is required to maintain a Load Factor of 80% in order
20 to receive service under this Rate Schedule unless otherwise agreed to by
21 FortisBC.”

22 23.1 Does Special Provision #4 require the customer to maintain a Load Factor of 80%
23 in each month, unless otherwise agreed to by FortisBC?
24

25 **Response:**

26 Please refer to the responses to BCUC IR1 25.1 and 25.2 and Attachment 25.1 provided in the
27 response to BCUC IR1 25.1 which contain revisions to RS 38 that address the 80 percent load
28 factor requirement and how billing is impacted by load nominations.

29
30
31 23.2 Is such agreement by FortisBC required on a “prior” basis or can it be obtained
32 after the fact?
33
34



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1 **Response:**

2 Please refer to the responses to BCUC IR1 25.1 and 25.2.

3
4

5
6 23.3 What are the consequences that the customer will face/incur if its load factor is
7 less than 80%, without the “agreement” of FortisBC?
8

9 **Response:**

10 Please refer to the responses to BCUC IR1 25.1 and 25.2.

11
12

13
14 23.4 Under what circumstances, other than the customer agreeing to compensate FBC
15 for any losses, would FortisBC agree to waiving the 80% requirement?
16

17 **Response:**

18 Please refer to the responses to BCUC IR1 25.1 and 25.2.

19



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1 **24.0 Reference: Exhibit B-1, page 20 and Appendix A**

2 **Preamble:** The Application states (page 20):

3 “The LCIR is based on day-ahead block market pricing rather than hourly real-time
4 pricing. This is to ensure that there is sufficient time to communicate and confirm
5 supply for LCIR customers and for LCIR customers to then make the necessary
6 plans to manage their process. FBC expects to generally plan to obtain supply on
7 a block basis and this needs to be matched by the corresponding load”.

8 The Application also states (Appendix A) that the LCIR Energy Charge will be
9 based in part on:

10 “For a Peak Hour, the Intercontinental Exchange (ICE) Day Ahead Mid-Columbia
11 Peak Index for the applicable day of flow in \$/MWh; and For an Off-Peak Hour, the
12 Day Ahead Mid-Columbia Off-Peak Index for the applicable day of flow in \$/MWh
13 (in either such case, the “applicable Mid-C Price”). In Hours in which the applicable
14 Mid-C Price is negative, a value of \$0.00/MWh will be used. In Hours in which the
15 applicable Mid-C Price exceeds the cap, if any, nominated by the Interruptible
16 Customer pursuant to the applicable Service Agreement, expressed in \$/MWh (the
17 “Mid-C Price Cap”) for the month in which such Hour occurs, a value equal to the
18 Mid-C Price Cap will be used”

19 24.1 Will the price under which FortisBC contracts for block supply be equal to that used
20 in the determination of the LCIR Energy Charge?

21 24.1.1 If not, please explain why not?

22 24.1.2 If not, has FortisBC analyzed the historic differences between the two
23 prices and, if so, what are the results?
24

25 **Response:**

26 FBC confirms that the market price used in the determination of the FBC contracts for block supply
27 price is equal to that used in the determination of the LCIR Energy Charge. As described in the
28 confidential response to BCUC IR1 15.6, FBC also incurs certain other direct costs but they are
29 lower than the Hourly Service Adder.

30



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1 **25.0 Reference: Exhibit B-1, page 21**

2 **Preamble:** The Application states:

3 “FBC considers that there is a higher likelihood of a net revenue gain and positive
4 ratepayer benefit than of a net revenue loss as indicated in Section 4.1 of the
5 Application.

6 25.1 Section 4.1 outlines circumstances/scenarios under which there could be a net
7 revenue gain and others where there could be a net revenue loss. Please explain
8 more fully why FortisBC expects there is a “higher likelihood of a net revenue gain
9 and positive ratepayer benefit than of a net revenue loss”.

10
11 **Response:**

12 FBC’s view that there is a higher likelihood of a net revenue gain and positive ratepayer benefit
13 than of a net revenue loss is based on conversations with the potential Customers specific to
14 interruptible service and the level of recent general interest from potential large commercial
15 Customers in connecting to the FBC system.

16



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1 **26.0 Reference: Exhibit B-1, Appendix A, Energy Charges**

2 **Preamble:** The Application states:

3 “For a Peak Hour, the Intercontinental Exchange (ICE) Day Ahead Mid-Columbia
4 Peak Index for the applicable day of flow in \$/MWh; and For an Off-Peak Hour, the
5 Day Ahead Mid-Columbia Off-Peak Index for the applicable day of flow in \$/MWh
6 (in either such case, the “applicable Mid-C Price”). In Hours in which the applicable
7 Mid-C Price is negative, a value of \$0.00/MWh will be used. In Hours in which the
8 applicable Mid-C Price exceeds the cap, if any, nominated by the Interruptible
9 Customer pursuant to the applicable Service Agreement, expressed in \$/MWh (the
10 “Mid-C Price Cap”) for the month in which such Hour occurs, a value equal to the
11 Mid-C Price Cap will be used”

12 26.1 Please confirm that, for any given day, the same Mid-C price will apply for all Peak
13 hours.

14 26.1.1 If not confirmed please explain why.

15
16 **Response:**

17 Confirmed.

18
19

20
21 26.2 Please confirm that, for any given day, the same mid-C price will apply for all Off-
22 Peak hours.

23 26.2.1 If not confirmed please explain why.

24
25 **Response:**

26 Confirmed.

27

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1 **27.0 Reference: Exhibit B-1, Appendix A, Special Provisions**

2 27.1 Special Provision #12 states: “FortisBC maintains the right to place a cap on the
3 aggregate MW accepted on the Interruptible Rate. The cap may be reviewed and
4 revised from time to time. The current cap will be published on the FortisBC
5 website”. It is noted that the initial cap set out in the Application is 50 MVA. Further
6 on page 16, Fortis BC states: “As part of the review, FBC will provide a
7 recommendation regarding the options to expand or maintain interruptible service
8 beyond the initial 50 MVA offering”.

9 In FortisBC’s view is approval by the BCUC required in order to change the 50
10 MVA cap?

11 27.1.1 If not, what is the purpose of the any “recommendation” FortisBC will
12 include in future annual reports regarding the MVA cap?
13

14 **Response:**

15 FBC does not intend for the BCUC to provide approval for the specific level of the program cap.
16 The existence of a cap would gain BCUC approval as part of RS 38 by virtue of Special Condition
17 12 which reads:

18 FortisBC maintains the right to place a cap on the aggregate MW accepted on the
19 Interruptible Rate. The cap may be reviewed and revised from time to time. The
20 current cap will be published on the FortisBC website.

21 As part of the LCIR Report, FBC will keep the BCUC apprised of any internal decision with regard
22 to the level of the program cap but the Company remains the appropriate party to determine the
23 level of the cap that is appropriate.

24
25

26

27 27.2 Special Provision #15 states:

28 “Where FortisBC has made a contribution toward the costs of any Extension or
29 System Upgrade required to provide service to an Existing Customer, and that
30 Customer requests to transition to Interruptible Service, and the total billing
31 revenue collected from the Customer to the time that service is initiated under this
32 Rate Schedule is insufficient to cover that FortisBC contribution, the Customer will
33 be required to repay the FortisBC contribution as follows:

34 a. Repayment Amount = Amount of FortisBC contribution – (total revenue
35 received from the Customer + any contribution amount that has been
36 received from any additional Customer(s) connecting to the Extension).”



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1 Why is the total billing revenue collected from the customer up to the time service
2 is initiated under the LCIR considered as an offset to the FortisBC contribution
3 when a portion of that revenue would have been required to cover other past costs
4 (e.g., past energy supply costs) associated with serving the customer?
5

6 **Response:**

7 When a Customer originally requires an Extension of System Upgrade, FBC may contribute
8 towards the overall cost based on the contribution amounts contained in section 16 of the FBC
9 Electric Tariff. This capital credit or allowance is based on the net rate base for distribution poles,
10 conductors, and transformers covered in the applicable retail rate such that the average rate base
11 per customer is not increased as a result of new extensions. If FBC required that the customer
12 moving from firm to non-firm service pay back 100 percent of the contribution, there would be no
13 recognition that revenues received since the extension was put into service contributed to the
14 costs associated with the increased rate base. FBC believes that this would be unfair to the LCIR
15 Customer.

16
17
18
19 27.3 Why is there no Special Provision addressing the fact that “The customer may
20 nominate the Mid-C Price Cap monthly by providing FBC with the maximum Mid-
21 C price it is willing to pay by the 20th day of the preceding month” (per page 10)?
22

23 **Response:**

24 RS 38 service is available to Customers subject to written agreement. The form of agreement is
25 that included with the Supplemental Information which is where the language concerning
26 nomination of the Mid-C Price Cap is contained.

27
28

29
30 27.4 Special Provision #3 states:
31 “By January 31 of each year, the Interruptible Customer will provide to FortisBC
32 an hourly anticipated load forecast for the premise being served under this Rate
33 Schedule for the following five years. Anticipated changes to this load forecast are
34 to be communicated by the Interruptible Customer to FortisBC with as much notice
35 as reasonably possible”.

36 Is this the forecast that FortisBC will use to arrange the block supplies for LCIR
37 customers (per page 20)?



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1 27.4.1 If not, what will be the basis on which FortisBC will determine the amount
2 of supply required for the LCIR customers?

3 27.4.2 If yes, how accurate does FortisBC expect/require the forecast to be?

4 27.4.3 What are the consequences for FortisBC if the forecasted requirements
5 are incorrect such that the amount contracted for is: i) too much or ii) too
6 little?

7 27.4.4 What are the consequences for an LCIR customer if the forecast provided
8 is incorrect such that FortisBC incurs supply related costs not recovered
9 by the LCIR (e.g., will they be responsible for any costs not covered)?

10
11 **Response:**

12 Confirmed. FBC expects this forecast to be accurate to the MW. However, FBC realizes that
13 variances will occur and they will be settled as described in the responses to BCUC IR1 25.1 and
14 25.2.

15



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1 **28.0 Reference: Exhibit B-1, Appendix C, Customer Engagement #2**

2 28.1 Slide #10 states: “In cases where total customer load is separated into firm and
3 interruptible portions, each portion will be billed under the rate schedule
4 appropriate for the size of that portion”. Please confirm that this is no longer part
5 of FortisBC’ proposal and has been replaced by Special Provision #7 (per
6 Appendix A).

7
8 **Response:**

9 Confirmed.

10
11

12
13 28.2 With respect to Slide #11, does the proposed LCIR include any provision for
14 “phase-in” of curtailments (i.e. incremental load shedding)?

15 28.2.1 If yes, please explain what they are and where they are documented in
16 the proposed tariff.

17
18 **Response:**

19 Whether or not curtailments may be phased in will depend on individual customer preferences
20 and the specifics of the location including the service and network configuration and nature of the
21 event prompting the interruption. FBC will work with Customers to identify opportunities to phase
22 in interruptions, but it will not apply in all cases. FBC expects this to be an operational matter and
23 the potential for phasing is not required to be mentioned in the rate schedule.

24



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1 **29.0 Reference: Exhibit B-1, page 14 and Appendix C,**

2 **Preamble:** The Application states (page 14):

3 “Additionally, FBC has confirmed that FBC customers participating in the LCIR can
4 receive information directly from the Intercontinental Exchange (as defined above,
5 ICE) on an ongoing basis”.

6 29.1 Will the LCIR customer be responsible for contacting ICE, making any
7 arrangements necessary to receive information on Mid-C pricing and paying for
8 any associated costs?

9 29.1.1 If not, what role will FortisBC have in the LCIR customer obtaining such
10 information?

11
12 **Response:**

13 Yes, the LCIR Customer would be responsible for contacting the Intercontinental Exchange (ICE)
14 and making any arrangements necessary to receive information on Mid-C pricing. Any Customer
15 looking to see this data would be able to access it via the following site:
16 <https://www.theice.com/marketdata/reports/54>. The site prompts for a log in, but all the Customer
17 would need to do is create an ICE log in, which is free, followed by logging in and viewing the
18 data.

19



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1 **30.0 Reference: Exhibit B-1, Appendix C, Consultation Session #2 Q&A and**
2 **Additional Program Elements (September 2021)**

3 **Preamble:** The response to Session #2 Q&A #11 states:

4 “Yes, however since the customer will have provided a purchase schedule to FBC,
5 a revised purchase schedule will have to be communicated to FBC prior to the
6 deadline for such revisions. The amount of notice FBC requires varies depending
7 on the scheduling calendar in the wholesale power markets but is typically between
8 2 and 5 days in advance. Any customer considering changing their purchase
9 schedule should contact FBC to coordinate any such change to ensure the change
10 is taken into account prior to FBC submitting the FBC nomination for that day.”

11 Similarly, the response under Additional Program Elements #6 states:

12 “Customers will be able to self-curtail, however since the customer will have
13 provided a purchase schedule to FBC, a revised purchase schedule will have to
14 be communicated to FBC prior to the deadline for such revisions. The amount of
15 notice FBC requires varies depending on the scheduling calendar in the wholesale
16 power markets but is typically between 2 and 5 days in advance. Any customer
17 considering changing their purchase schedule should contact FBC to coordinate
18 any such change to ensure the change is taken into account prior to FBC
19 submitting the FBC nomination for the day on which the customer plans to self-
20 curtail.”

- 21 30.1 Do these same provisions apply to FortisBC’s current proposed LCIR?
22 30.1.1 If yes, why are they not incorporated under the Special Provisions section
23 of the tariff (Appendix A)?
24 30.1.2 If not, how have the provisions changed?

25
26 **Response:**

27 Please refer to the response to BCUC IR1 25.1.

- 28
29
30
31 30.2 Do similar requirements apply to any plans that the customer may have to alter its
32 operations (and resulting load) from those previously provided to FortisBC?
33



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1 **Response:**

2 Yes. Communication between FBC and its largest Customers is ongoing regarding operational
3 changes regardless of the rate under which service is provided, and would likewise be ongoing
4 under RS 38.

5 Please also refer to the response to BCUC IR1 25.1.

6

7

8

9 30.3 How much variance will FortisBC accept before it will expect a customer to update
10 its forecast load requirements?

11

12 **Response:**

13 Please refer to the response to BCUC IR1 25.1.

14



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1 **31.0 Reference: Exhibit B-1, Appendix C, Customer Engagement Session #3**

2 31.1 With respect to Slide #10 (Billing Impact), does the No Curtailment case assume
3 FBC does not interrupt when the Mid-C price exceeds the Cap whereas the 100%
4 Curtailment case assumes FBC does interrupt when the Mid-C price exceeds the
5 Cap?

6 31.1.1 If not what is the difference between the two cases?
7

8 **Response:**

9 Yes, the statement made in BCOAPO IR1 31.1 is correct.
10
11

12 31.2 With respect to Slide #10, please explain why the R 31 bill is different under the
13 two cases in each of the three years.
14
15

16 **Response:**

17 The RS 31 billing is based on the customer load under the LCIR in each of the scenarios. As
18 LCIR load varies with the curtailment hours, the RS 31 billing will also vary.

19 For a demonstration of how billing varies under the assumption that RS 31 service is maintained
20 in all hours, refer to the scenarios provided in the response to Question 6 in the Supplemental
21 Information.
22



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1 **32.0 Reference: Exhibit B-2, page 3, Question #1**

2 32.1 Please explain how the load and revenue related to customers on the LCIR will be
3 treated in future Fully Allocated Cost of Service Studies undertaken by FortisBC.

4

5 **Response:**

6 Please refer to the response to ICG IR1 4.1.

7



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1 **33.0 Reference: Exhibit B-2, pages 7-10, Question #6**

2 33.1 With respect to Tables 3-1 and 3-2 what was the average Mid-C price in March
3 2022 and July 2022 respectively?
4

5 **Response:**

6 The average Mid-C price was \$33.68 USD in March 2022 and \$53.94 USD in July 2022.
7
8

9
10 33.2 What was the average Mid-C price in each of the most recent 12 months?
11

12 **Response:**

13 Please refer to the response to BCOAPO IR1 9.5.
14
15

16
17 33.3 At page 8 the Exhibit states:

18 "Table 3-1 is produced from hourly Mid-C pricing for the month of March 2022
19 consistent with the month used in the example in Section 3.3 of the Application.

20 Table 3-2 is produced from hourly Mid-C pricing for the month of July 2022 where
21 hourly pricing tended to be higher than in March."

22 However, according to Appendix A the Energy Prices for the LCIR are based on
23 Intercontinental Exchange (ICE) Day Ahead Mid-Columbia Peak Index and Off-
24 Peak Index value for the for the applicable day.

25 Are the Mid-C priced used to establish RS 38 revenues and net margins in Tables
26 3-1 and 3-2 based on: i) the Intercontinental Exchange (ICE) Day Ahead Mid-
27 Columbia Peak Index and Off-Peak Index values for the for the applicable day or
28 ii) hourly Mid-C prices?

29 33.3.1 If based on hourly Mid-C prices, what hourly Mid-C price was used (e.g.
30 actual)?

31 33.3.2 If based on hourly Mid-C prices, what were the ICE Day Ahead Mid-
32 Columbia Peak Index and Off-Peak Index values for the applicable day

33 33.3.3 If based on hourly Mid-C prices, please re-do Tables 3-1 and 3-2 using
34 the ICE Day Ahead Mid-Columbia Peak Index and Off-Peak Index values
35 for the applicable day.



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1
2 **Response:**
3 The Mid-C prices used to establish RS 38 revenues and net margins in Tables 3-1 and 3-2 are
4 based on the Intercontinental Exchange (ICE) Day Ahead Mid-Columbia Peak Index and Off-
5 Peak Index values for the applicable day.

6
7
8
9 33.4 With respect to Tables 3-1 and 3-2, was the same cost of energy used to calculate
10 the monthly margins for RS 38 and RS 31?
11 33.4.1 If not, what cost of energy was used to calculate the margins for RS 31?

12
13 **Response:**
14 Please refer to the response to BCUC IR1 10.2.

15
16
17
18 33.5 At page 10 the Exhibit states:
19 “However, what is evidenced by the tables is that new RS 38 load from completely
20 new Customers is positive for ratepayers.”
21 Please confirm that this statement is only correct if the same new load could not
22 be accommodated on a firm basis.
23 33.5.1 If not confirmed, please explain why.

24
25 **Response:**
26 Not confirmed. A response of “Confirmed” would require an assumption that the Customer was
27 otherwise willing or able to connect on a firm basis and that the margin derived from the addition
28 of firm load is positive. FBC cannot make these assumptions.

29



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1 **34.0 Reference: Exhibit B-2, page 11, Question #8**

2 **Preamble:** The Exhibit states:

3 “FBC believes that the Hourly Service Adder of \$.01/kilowatt-hour is reasonable
4 given the service that is being provided. At a minimum, the charge should be no
5 less than the \$.00792/kilowatt-hour charge (excluding losses) under FBC’s
6 wholesale wheeling tariff if retail access service was available and being taken;
7 however, this service is much more complex and involved than providing service
8 under retail access as FBC is responsible for sourcing the power and making all
9 arrangements for power to be delivered to the FBC service area. FBC believes
10 that the proposed cost is likely less than what the total costs (that is, the costs not
11 limited to those associated with FBC) for supply and delivery would be for a retail
12 access Customer”.

13 34.1 When FortisBC states “this service is much more complex and involved than
14 providing service under retail access” is FBC stating service under the LCIR is
15 more complex than that provided under its wholesale wheeling tariff?

16 34.1.1 If not, what is the intent of the statement?

17 34.1.2 If yes, please explain why an Hourly Service Adder of \$0.01/kWh is
18 adequate to both cover costs and provide a benefit to non-participating
19 customers.

20
21 **Response:**

22 Confirmed; service under RS 38 is more complex than service that would be provided under the
23 FBC wholesale wheeling tariff. Please refer to the response to BCUC IR1 15.2 for a discussion of
24 how the Hourly Service Adder was set.

25
26

27
28 34.2 The last sentence in the preamble states:

29 “FBC believes that the proposed cost is likely less than what the total costs (that
30 is, the costs not limited to those associated with FBC) for supply and delivery would
31 be for a retail access Customer.”

32 Please clarify what is meant by this sentence and how it reconciles with the
33 statement noted in the preceding question.
34



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1 **Response:**

2 FBC believes that if a Customer was taking service under FBC's Wholesale Wheeling Tariff, the
3 total costs the Customer would incur (which are not just FBC tariff costs, but also other costs that
4 are imposed on the Customer by third parties) would likely exceed costs under RS 38. Please
5 refer to the response to BCUC IR1 15.2 for a discussion of how the Hourly Service Adder was
6 set.

7