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September 26, 2023

Industrial Customers Group
c/o Robert Hobbs
2206 Happy Valley Road
PO BOX 1552
Rossland, BC V0G 1Y0

Attention: Robert Hobbs

Dear Robert Hobbs:

Re: FortisBC Inc. (FBC)
2024 Annual Review of Rates (Application) – Project No. 1599549
Response to the Industrial Customers Group (ICG) Information Request (IR) No. 1

On August 4, 2023, FBC filed the Application referenced above. In accordance with the amended regulatory timetable established in BCUC Order G-249-23 for the review of the Application, FBC respectfully submits the attached response to ICG IR No. 1.

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC INC.

Original signed:

Sarah Walsh

Attachments

cc (email only): Commission Secretary
Registered Interveners

1 **1. Reference: Exhibit B-2, Section 13.2.3, Reliability Service Quality Indicators, pp.**
2 **130-133**

3 1.1 Please provide Tables 13-11 and 13-12 starting in 2004.
4

5 **Response:**

6 The amount of historical data requested by ICG is unreasonable and inappropriate given the
7 purpose of the annual review process, which is to assess FBC's most recent full year of SQI
8 performance against the approved benchmark and threshold. Both the 2022 SAIDI and SAIFI
9 results performed better than the benchmark.

10 However, to be responsive, FBC provides the following updated Tables 13-11 (SAIDI) and 13-12
11 (SAIFI) with the actual SQI results for the past 10 years (2013 to 2022).

12 **Updated Table 13-11: 10 Year Historical SAIDI Annual Normalized Results**

Description	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Annual normalized results	2.01	2.32	2.13	2.10	4.05	3.15	2.45	3.17	4.27	2.42
Benchmark	n/a	Benchmark and threshold based on three year rolling average during period of PBR						3.22	3.22	3.22
Threshold	n/a							4.52	4.52	4.52

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Updated Table 13-2: 10 Year Historical SAIFI Annual Normalized results

Description	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Annual normalized results	1.27	1.64	1.56	1.34	1.78	1.73	1.21	1.64	2.08	1.52
Benchmark	n/a	Benchmark and threshold based on three year rolling average during period of PBR						1.57	1.57	1.57
Threshold	n/a							2.19	2.19	2.19

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19 1.2 Please identify when automated reporting from smart meters began to influence
20 the SAIDI and SAIFI indices?
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Response:

23 Automated reporting from smart meters began to influence the SAIDI and SAIFI indices in 2017.
24
25
26

1 1.3 Please identify when Mandatory Reliability Standards came into effect and began
2 to influence SAIDI and SAIFI indices?

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4 **Response:**

5 Mandatory Reliability Standards (MRS) came into effect on November 1, 2010. MRS apply to
6 equipment operating above 100 kV and do not target distribution facilities which SAIDI and SAIFI
7 are primarily calculated from. There is likely an indirect result of improving the resiliency of the
8 transmission system, but there has been no observable impact on SAIDI and SAIFI indices since
9 the implementation of MRS.

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13 1.4 Please provide the annual cost of Mandatory Reliability Standards compliance
14 activities from when they first came into effect.

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16 **Response:**

17 Tables 1 and 2 below provide the 2010 to 2022 Actual, 2023 Projected and 2024 Forecast O&M
18 and capital expenditures, respectively, associated with compliance with MRS.

19 With regard to the O&M expenditures, the majority of the MRS costs are included in FBC's
20 Regular O&M which is currently under formula as part of the approved 2020-2024 MRP. FBC
21 does not report on actual formula O&M at the individual account level as part of the annual review
22 process and therefore has not provided actual amounts. However, FBC also receives approval to
23 treat incremental MRS costs that are the result of the adoption of standards arising from MRS
24 Assessment Reports as exogenous or Z-Factor events. FBC has separated out these costs that
25 were approved for Z-Factor treatment. FBC also incurs costs for the triennial MRS audit which
26 are recorded in a separate deferral account which FBC applies for approval of every three years.

27

Table 1: 2010-2022 Actual, 2023 Projected and 2024 Forecast MRS O&M (\$ millions)

Year	Regular O&M	Z-Factor	Triennial Audit
2010	0.821	-	-
2011	1.219	-	-
2012	1.499	-	0.575
2013	1.858	-	-
2014	2.156	-	-
2015	1.995	-	0.375
2016	1.972	0.464	-
2017	2.023	0.053	-
2018	2.097	0.683	0.341
2019	2.165	0.891	-

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Year	Regular O&M	Z-Factor	Triennial Audit
2020	formula	1.540	-
2021	formula	0.052	0.323
2022	formula	0.500	-
2023	formula	0.585	-
2024	formula	0.585	0.375

1 Table 2 below provides the actual capital expenditures for MRS since 2010 that are outside of
 2 regular sustainment capital (i.e., capital approved for Z-factor treatment). MRS-related regular
 3 capital is incorporated into many sustainment capital categories; accordingly, FBC does not
 4 separately track the actual annual capital amounts incurred for MRS.

5 **Table 2: 2010-2022 Actual, 2023 Projected and 2024 Forecast Z-Factor MRS Capital Expenditures**
 6 **(\$ millions)**

Year	Capital
2010	1.811
2011	0.872
2012	0.112
2013	-
2014	-
2015	-
2016	-
2017	1.370
2018	0.072
2019	2.780
2020	-
2021	0.065
2022	0.870
2023	-
2024	-

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10 1.5 Does FBC separate costs associated with maintenance and compliance activities
 11 that were occurring prior to Mandatory Reliability Standards coming into effect from
 12 those same activities that are now occurring under the umbrella of Mandatory
 13 Reliability Standards, and if so, how?

14

15 **Response:**

16 No. This effort was not specifically tracked and cannot be separated from other expenditures in
 17 previous years.