



**Sarah Walsh**  
Director, Regulatory Affairs

**Gas Regulatory Affairs Correspondence**  
Email: [gas.regulatory.affairs@fortisbc.com](mailto:gas.regulatory.affairs@fortisbc.com)

**Electric Regulatory Affairs Correspondence**  
Email: [electricity.regulatory.affairs@fortisbc.com](mailto:electricity.regulatory.affairs@fortisbc.com)

**FortisBC**  
16705 Fraser Highway  
Surrey, B.C. V4N 0E8  
Tel: (778) 578-3861  
Cell: (604) 230-7874  
Fax: (604) 576-7074  
[www.fortisbc.com](http://www.fortisbc.com)

September 26, 2023

Residential Consumer Intervener Association  
c/o Midgard Consulting Inc.  
Suite 828 – 1130 W Pender Street  
Vancouver, B.C.  
V6E 4A4

Attention: Peter Helland, Director

Dear Peter Helland:

**Re: FortisBC Inc. (FBC)**  
**Annual Review for 2024 Rates (Application) – Project No. 1599549**  
**Response to the Residential Consumer Intervener Association (RCIA)**  
**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 RCIA 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:***

Sarah Walsh

Attachments

cc (email only): Commission Secretary  
Registered Interveners

FortisBC Inc. (FBC or the Company) Annual Review for 2024 Rates (Application)	Submission Date: September 26, 2023
Response to the Residential Consumer Intervener Association (RCIA) Information Request (IR) No. 1	Page 1

1    **CHAPTER 3: LOAD FORECAST AND REVENUE AT EXISTING RATES**

2    **1.0    Reference    Exhibit B-2, Page 17**

3                            **Section 3.3 – Demand Side Management Savings**

4            FBC presents the following table:

**Table 3-1: Forecast Incremental 2024 DSM Savings (GWh)**

Line No.	Description	DSM 2024
1	Residential	(9.1)
2	Commercial	(22.3)
3	Wholesale	(7.6)
4	Industrial	(13.5)
5	Lighting	(0.2)
6	Irrigation	(0.2)
7	Net	(52.9)
8	Losses	(4.3)
9	Gross Load	(57.2)

5

6            1.1    Please explain whether it would be appropriate to incorporate these losses back  
 7                            in order to decrease the amount of DSM actualized.

8                            1.1.1    If not, please explain why not.

9

10    **Response:**

11    FBC assumes that this inquiry is specifically referring to Line 8 in Table 3-1<sup>1</sup>. FBC also assumes  
 12    that RCIA’s use of the term “actualized” is meant to refer to the DSM savings that FBC expects  
 13    to achieve in 2024, rather than savings that have been achieved (actualized) within the historic  
 14    demand.

15    Based on these assumptions, it would not be appropriate to incorporate the losses shown in Line  
 16    8 to reduce the amount of DSM that FBC expects to achieve. The reduction in line losses in Line  
 17    8 are not included in the DSM savings that FBC is estimating will be achieved in 2024. However,  
 18    for the purposes of load forecasting and rate setting, the reductions that result from DSM  
 19    programs do result in a commensurate reduction in line losses that must be accounted for. As  
 20    such, Line 7 identifies the estimate of DSM savings that FBC expects to achieve in 2024 and Line  
 21    9 identifies the total reduction to the gross load forecast that will result.

---

<sup>1</sup> FBC makes this clarification because all of the values in Table 3-1 are indicated as load reductions, which leaves some uncertainty as to what this request intends by its reference to “losses”.

FortisBC Inc. (FBC or the Company) Annual Review for 2024 Rates (Application)	Submission Date: September 26, 2023
Response to the Residential Consumer Intervener Association (RCIA) Information Request (IR) No. 1	Page 2

1 **2.0 Reference Exhibit B-2, Page 18**  
 2 **Section 3.4 – Load Forecast**

3 FBC presents the following table:

**Table 3-5: EV DCFC Stations Costs and Revenues for 2022 Actual, 2023 Projected, and 2024 Forecast (\$ millions)**

Line No.	Description	Actual 2022	Projected 2023	Forecast 2024	Cumulative
1	Cost of Energy	0.136	0.177	0.197	
2	O&M	0.213	0.181	0.310	
3	Depreciation	0.456	0.551	0.593	
4	Amortization of CIAC	(0.190)	(0.236)	(0.249)	
5	Other Revenue - Carbon Credits	(0.744)	(0.544)	-	
6	Income Tax	(0.007)	0.048	0.132	
7	Earned Return	0.170	0.192	0.200	
8	Total Cost of Service	0.035	0.370	1.183	
9	RS 96 Revenue	(0.116)	(0.180)	(0.241)	
10	(Surplus) / Deficiency	(0.081)	0.190	0.942	1.050
11	Prior Year 2018-2021 (Surplus)/Deficiency				(0.119)
12	Cumulative (Surplus) / Deficiency				0.932

4  
 5 2.1 Please explain why Depreciation is approximately 2.5x the Cost of Energy.  
 6

7 **Response:**

8 Depreciation of FBC’s DCFC assets is not related to the cost of energy (or cost of electricity).  
 9 Depreciation is calculated based on the capital costs of the infrastructure and the expected  
 10 service life of the assets used to provide DCFC service. Pursuant to Order G-341-21, FBC is  
 11 approved to use a straight-line 10 percent (10 year) depreciation rate for its EV DCFC stations,  
 12 which was subsequently further reviewed in the RS 96 Assessment Report, dated December 29,  
 13 2022.

14 For the cost of energy (or cost of electricity), as also approved by Order G-341-21, the amount is  
 15 based on actual metered and forecast electric service under the commercial service Rate  
 16 Schedule (RS) 21, which includes the demand charge, energy charge, and fixed monthly  
 17 customer charge for each station.

18  
 19

20  
 21 2.2 Considering the presence of a separate vendor operating the charging stations,  
 22 please explain what activities comprise the Operations and Maintenance expense  
 23 attributed to FBC depicted in this table?  
 24

FortisBC Inc. (FBC or the Company) Annual Review for 2024 Rates (Application)	Submission Date: September 26, 2023
Response to the Residential Consumer Intervener Association (RCIA) Information Request (IR) No. 1	Page 3

1    **Response:**

2    The breakdown of FBC's O&M expenses for its EV DCFC stations is provided in Table 6-7 and  
3    discussed in Section 6.3.4 of the Application. FBC notes that although the stations are operated  
4    by FLO, FBC is ultimately the owner of its EV DCFC stations and is responsible for all repairs and  
5    maintenance work as well as cleaning and inspection of the stations.

6    The following are included in the EV DCFC Stations O&M expense:

- 7           • The annual networking fees to FLO;
- 8           • The contractor costs for routine site inspection as well as for cleaning and maintenance;
- 9           • Annual fees for management of FBC stations on software platforms such as Plugshare;
- 10          • Internal FBC labour for overall management and oversight of its EV DCFC charging  
11          stations; and
- 12          • Third-party utility costs for the stations located in Grand Forks, Nelson, and Penticton as  
13          these stations are served by the local municipal utilities.

14

FortisBC Inc. (FBC or the Company) Annual Review for 2024 Rates (Application)	Submission Date: September 26, 2023
Response to the Residential Consumer Intervener Association (RCIA) Information Request (IR) No. 1	Page 4

1    **CHAPTER 4: POWER SUPPLY**

2    **3.0    Reference    Exhibit B-2, Page 35 & 36**

3                            **Section 4.5 – 2023 Projected Power Purchase Expense**

4            FBC states:

5                    “FBC’s 2023 Projected gross load (after taking into account demand side management  
6                    and other customer savings) is expected to be 38 GWh above the 2023 Approved value,  
7                    and PPE is projected to be above the 2023 Approved value by \$7.298 million. The rise in  
8                    2023 Projected PPE is primarily due to increased Market and Contracted Purchase  
9                    expense as a result of increased volumes and rates”

10            3.1    Please list and explain the primary drivers of the 38 GWh variance between the  
11                    approved and expected 2023 gross load.

12

13    **Response:**

14    The expected gross load variance of 38 GWh in Section 4.5 of the Application includes actual  
15    loads until June of 2023. The increase is primarily due to residential and commercial actual load  
16    to date in 2023 being higher than forecast.

17

1    **4.0    Reference    Exhibit B-2, Page 37 & 39**  
2                                    **Section 4.5 – 2023 Projected Power Purchase Expense Section 4.6.5**  
3                                    **– CPA Balancing Pool**

4                    FBC presents the following table:

**Table 4-2: 2023 Power Purchase Expense (\$ millions)**

Line No.	Description	Approved 2023	Projected 2023	Difference
1	Brilliant	\$ 44.050	\$ 44.048	\$ (0.002)
2	BC Hydro PPA	71.302	70.702	(0.600)
3	Waneta Expansion	41.834	38.351	(3.483)
4	Market and Contracted Purchases	6.326	18.624	12.297
6	Independent Power Producers	0.062	0.195	0.133
7	Self-Generators	-	0.044	0.044
8	CPA Balancing Pool	(0.000)	(1.570)	(1.570)
9	Transmission Service Loss Recoveries	-	-	-
10	Special and Accounting Adjustments	-	0.479	0.479
11	Total	\$ 163.575	\$ 170.873	\$ 7.298
12				
13	Gross Load (GWh)	3,775	3,813	38

5  
6                    FBC also states on page 39:

7                    “The CPA Balancing Pool represents timing differences in entitlement energy storage  
8                    under the CPA and is used to manage fluctuations in load and resource availability, or to  
9                    take advantage of market opportunities. In the 2023 Projected PPE, FBC has stored a net  
10                   total of 31 GWh of entitlement energy, valued at \$1.570 million. For the 2024 Forecast,  
11                   and consistent with past practice, FBC does not forecast any net use or storage of  
12                   entitlement energy.”

13                   4.1            Please provide an extended version of Table 4-2 with columns showing the  
14                   Forecast 2024 \$ values and the difference between those values and the Approved  
15                   2023 \$ values.

16  
17                   **Response:**

18                   Please refer to the following expanded version of Table 4-2.

FortisBC Inc. (FBC or the Company) Annual Review for 2024 Rates (Application)	Submission Date: September 26, 2023
Response to the Residential Consumer Intervener Association (RCIA) Information Request (IR) No. 1	Page 6

1                    **Expanded Table 4-2: 2023 and 2024 Power Purchase Expense (\$ millions)**

Line No.	Description	Approved 2023	Projected 2023	Difference (Approved 2023 v. Projected 2023)	Forecast 2024	Difference (Approved 2023 v. Forecast 2024)
1	Brilliant	\$ 44.050	\$ 44.048	\$ (0.002)	\$ 44.433	\$ 0.383
2	BC Hydro PPA	\$ 71.302	\$ 70.702	\$ (0.600)	\$ 71.680	\$ 0.378
3	Waneta Expansion	\$ 41.834	\$ 38.351	\$ (3.483)	\$ 40.365	\$ (1.469)
4	Market and Contracted Purchases	\$ 6.326	\$ 18.624	\$ 12.297	\$ 16.972	\$ 10.646
5	Independent Power Producers	\$ 0.062	\$ 0.195	\$ 0.133	\$ 0.245	\$ 0.183
6	Self-Generators	-	\$ 0.044	\$ 0.044	-	-
7	CPA Balancing Pool	\$ (0.000)	\$ (1.570)	\$ (1.570)	\$ 0.000	\$ 0.000
8	Transmission Service Loss Recoveries	-	-	-	-	-
9	Special and Accounting Adjustments	-	\$ 0.479	\$ 0.479	-	-
10	Total	<u>\$ 163.575</u>	<u>\$ 170.873</u>	<u>\$ 7.298</u>	<u>\$ 173.694</u>	<u>\$ 10.119</u>
11						
2	12 Gross Load (GWh)	3,775	3,813	38	3,773	(2)

3 FBC provides the following explanations for the variances between the 2024 Forecast and 2023  
 4 Approved amounts for Lines 1 through 8 in the above table.

- 5            • 2024 Forecast Brilliant costs increased \$0.383 million over 2023 Approved as a result of  
 6 increased rates.
- 7            • 2024 Forecast BC Hydro PPA costs increased \$0.378 million over 2023 Approved. The  
 8 variance is comprised of: a \$4.469 million decrease in energy expense due to changes in  
 9 the average purchase rate and volume; a \$0.847 million increase in capacity expense due  
 10 to changes in the average purchase rate and volume; and a \$4.000 million increase due  
 11 to reduced savings forecast for 2024.
- 12           • The 2024 Forecast decrease in Waneta Expansion expenses is comprised of: an increase  
 13 in WAX CAPA expenses of \$1.467 million which is largely a result of increased rates; a  
 14 \$0.144 increase in sales revenue under the Residual Capacity Agreement (RCA) as a  
 15 result of rates; and a \$2.792 million increase in surplus sales revenue under the Capacity  
 16 and Energy Purchase and Sale Agreement (CEPSA) as a result of pricing.
- 17           • The 2024 Forecast increase in Market and Contracted purchases is due to an increase of  
 18 \$4.799 million as a result of increased pricing and an increase of \$5.847 million as a result  
 19 of increased volume.
- 20           • 2024 IPP costs are forecast to increase by \$0.183 million. The variance is comprised of a  
 21 \$0.020 million decrease as a result of pricing plus a \$0.202 million increase as a result of  
 22 increased volume.
- 23           • There are no variances in Lines 6, 7 or 8.

24  
25

26  
 27            4.2      For Lines No. 1 to 8 in Table 4-2, please provide explanations for the differences  
 28 between the Approved 2023 \$ values and the Forecast 2024 \$ values.

29

FortisBC Inc. (FBC or the Company) Annual Review for 2024 Rates (Application)	Submission Date: September 26, 2023
Response to the Residential Consumer Intervener Association (RCIA) Information Request (IR) No. 1	Page 7

1 **Response:**

2 Please refer to the response to RCIA IR1 4.1.

3  
4

5  
6 4.3 Please provide a separate table showing energy or capacity volumes (as  
7 appropriate) for Approved 2023, Projected 2023 and Forecast 2024 for all line  
8 items whose costs are correlated to volumes purchased, sold, stored, or released  
9 from storage.

10

11 **Response:**

12 Please refer to the following table for the 2023 Approved and Projected and 2024 Forecast  
13 breakdowns of energy (in GWh) and capacity (in MW).

Line No.	Description	Approved 2023	Projected 2023	Difference (Approved 2023 v. Projected 2023)	Forecast 2024	Difference (Approved 2023 v. Forecast 2024)
1	FBC Resources	1599	1592	-7	1594	-5
2	Brilliant	922	909	-13	910	-13
3	BC Hydro PPA	1100	975	-125	1037	-62
4	Waneta Expansion	0	0	0	0	0
5	Market and Contracted Purchases	141	351	210	216	74
6	Independent Power Producers	1	3	3	4	4
7	Self-Generators	0	1	1	0	0
8	CPA Balancing Pool	0	-31	-31	0	0
9	Transmission Service Loss Recoveries	12	12	1	12	0
10	Special and Accounting Adjustments	0	0	0	0	0
11	Total	3775	3813	38	3773	-2
				0		
	Annual Volume (MW)	Approved 2023	Projected 2023	Difference (Approved 2023 v. Projected 2023)	Forecast 2024	Difference (Approved 2023 v. Forecast 2024)
12	BC Hydro PPA	2019	1991	-28	2065	47
13	Waneta Expansion	2673	2674	1	2690	17
14	RCA Sales	-596	-596	0	-596	0
15	CEPSA Sales*	N/A	N/A	N/A	N/A	N/A

15 **Note to Table:**

16 \* FBC does not forecast the hourly MW volume of CEPSA sales, as this number is highly variable on a  
17 daily basis. FBC instead forecasts revenue based on average historical revenue.

18 FBC provides the following explanations for the variances between the 2024 Forecast and 2023  
19 Approved energy volumes shown in the above table.

- 20 • FBC Resources are forecast to decrease by 5 GWh as a result of increased forecast  
21 generation outages.



FortisBC Inc. (FBC or the Company) Annual Review for 2024 Rates (Application)	Submission Date: September 26, 2023
Response to the Residential Consumer Intervener Association (RCIA) Information Request (IR) No. 1	Page 8

- 1 • Brilliant energy is forecast to decrease by 13 GWh as a result of increased forecast  
2 generation outages.
- 3 • The 2024 Forecast decrease in BC Hydro energy purchases of 62 GWh is largely a result  
4 of increased Market and Contracted Purchases (+74 GWh) included in the 2024 Forecast.
- 5 • Market and Contracted Purchases are forecast to increase by 74 GWh as a result of  
6 increased forecast wholesale market purchases required to secure energy supply in  
7 January, February, November and December, and forecast capacity shortfalls in June and  
8 July 2024.
- 9 • IPP Purchases are forecast to increase by 4 GWh due to an additional IPP within FBC's  
10 service area.

11 FBC provides the following explanations for the variances between the 2024 Forecast and 2023  
12 Approved capacity volumes shown in the above table.

- 13 • BC Hydro Capacity requirements increased by 47 MW months in the 2024 Forecast as a  
14 result of additional capacity required to meet energy needs during the first quarter of 2024,  
15 and increased capacity ratchet charges during the second quarter of 2024.
- 16 • Waneta Expansion capacity purchases increased by 17 MW months in the 2024 Forecast  
17 compared to 2023 Approved due to the increased number of peak hours in 2024, as  
18 compared to 2023.
- 19 • There is no forecast change in the sales volume under the RCA.

20  
21

22

23 4.4 Please provide explanations for any differences between the Approved 2023 and  
24 Forecast 2024 volumes.

25

26 **Response:**

27 Please refer to the response to RCIA IR1 4.3.

28

29

30

31 4.5 Please provide columns showing the differences between Approved 2023 and  
32 Projected 2023, and between Approved 2023 and Forecast 2024.

33

34 **Response:**

35 Please refer to the responses to RCIA IR1 4.1 and 4.3.

FortisBC Inc. (FBC or the Company) Annual Review for 2024 Rates (Application)	Submission Date: September 26, 2023
Response to the Residential Consumer Intervener Association (RCIA) Information Request (IR) No. 1	Page 9

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38

4.6 Was storing 31 GWh in the Balancing Pool an opportunistic or planned decision? Please explain.

**Response:**

Storing 31 GWh of entitlement energy in 2023 was an operational decision to refill the storage account based on the load and market conditions FBC faced during November and December of 2022 where FBC drafted storage by 31 GWh below the expected end of 2022 values.

FBC was able to fully utilize the energy available within its CPA storage account during this period of extreme and prolonged cold temperatures and high prices in order to avoid purchasing high cost energy from the wholesale market. FBC then replenished its CPA storage account in early 2023 after the cold snap had ended which is driving the 31 GWh figure for 2023 Projected PPE.

4.7 Please explain how the stored amount will be utilized or monetized in future years and quantify the expected future year customer rate impacts.

**Response:**

The CPA provides a storage account of which FBC's portion allows for storage of up to a maximum of 24.5 GWh. This flexibility can either temporarily replace energy that was expected to be received, provide energy to meet heavy loads (as in 2022) or store energy that is surplus until it can be used. While the amount in the storage account varies over time, the fluctuations are short term in nature. In 2022/23, the energy was used in 2022 and was recorded as a 2022 cost against PPE even though FBC did not pay any money in 2022 to use this energy. In 2023, when FBC refilled storage and therefore incurred costs to do so, it was recorded as a credit to PPE. FBC does not expect future year customer rate impacts.

4.8 Please explain the CPA Balancing Pool variance of (1.570). Is this outcome the result of strategic decisions made by FortisBC? Will the CPA Balancing Pool have to be repaid for this in a future year?

**Response:**

Please refer to the responses to RCIA IR1 4.6 and 4.7.



FortisBC Inc. (FBC or the Company) Annual Review for 2024 Rates (Application)	Submission Date: September 26, 2023
Response to the Residential Consumer Intervener Association (RCIA) Information Request (IR) No. 1	Page 10

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11

4.9 Please explain the Special and Accounting Adjustments value or indicate where an explanation can be found elsewhere in the document.

**Response:**

The Special and Accounting Adjustments value contains a true-up based on the difference between accrued and actual Power Purchase Expense during December 2022, valued at \$0.487 million, as well as a \$0.008 million accounting correction made in May of 2023.

FortisBC Inc. (FBC or the Company) Annual Review for 2024 Rates (Application)	Submission Date: September 26, 2023
Response to the Residential Consumer Intervener Association (RCIA) Information Request (IR) No. 1	Page 11

1   **5.0   Reference   Exhibit B-2, Page 38**

2                                   **Section 4.6.1 – Brilliant**

3           FBC states:

4           “Brilliant expense is forecast to increase in 2024 by \$0.385 million compared to 2023  
5           Projected due to increased rates, which are based on a forecast of the operating and  
6           maintenance cost of the plant, as well as a true-up to the prior year’s actual costs  
7           compared to forecast.”

8           5.1    Please explain what the primary drivers of the O&M cost increase are.

9

10   **Response:**

11   Brilliant rates are primarily comprised of three parts: a forecast of capital costs, a forecast of the  
12   O&M costs of the plant, and a true-up to the prior year’s actual costs compared to forecast. These  
13   are based on a forecast provided by Brilliant Power Corporation each year. The components of  
14   the \$0.385 million increase in 2024 are provided below. FBC notes that in addition to the three  
15   components below, there is a minor increase of \$0.006 due to capacity charge escalation.

- 16       •   \$1.115 million increase due to capital costs
- 17       •   \$1.133 million increase due to plant O&M costs
- 18       •   \$1.869 million decrease due to the prior year true up

19   The largest driver of the plant O&M increase is water rental fees (\$0.597 million). Other costs that  
20   comprise plant O&M are labour, insurance, backstop fees, bond rating fees, and overhead and  
21   administration fees.

22

23

24

25       5.2    FBC has historically been the primary provider of O&M services to Columbia  
26           Power Corporation for the Brilliant facilities. Assuming this is still the case, is the  
27           Brilliant PPE cost increase largely a consequence of increasing FBC O&M costs?  
28           Please explain.

29

30   **Response:**

31   Please refer to the response to RCIA IR1 5.1.

32

FortisBC Inc. (FBC or the Company) Annual Review for 2024 Rates (Application)	Submission Date: September 26, 2023
Response to the Residential Consumer Intervener Association (RCIA) Information Request (IR) No. 1	Page 12

1   **6.0   Reference   Exhibit B-2, Page 39**

2                                   **Section 4.6.3 – Waneta Expansion**

3           FBC states:

4                   “The \$2.014 million increase in Waneta Expansion expense is due to the 2.1 percent  
5                   annual fixed escalation of WAX CAPA rates, and a \$0.549 million decrease in forecast  
6                   surplus sales revenue under the RCA and CEPESA. Revenue under the CEPESA is linked  
7                   to the amount of capacity FBC releases to Powerex and the day-ahead market prices at  
8                   the Mid-Columbia River (Mid-C) trading hub. The Mid-C is the largest electricity trading  
9                   hub in the Pacific Northwest and is located on the US portion of the Columbia River.  
10                  CEPSA revenue is forecast using the average monthly sales revenue from the past three  
11                  years. The forecast of surplus capacity sales revenue in 2024, which is included in Line 3  
12                  of Table 4-3, is approximately \$13.636 million.”

13                  6.1    Has FBC evaluated marketing surplus WAX CAPA capacity to purchasers other  
14                  than BC Hydro or Powerex?

15                          6.1.1    If yes, please describe the evaluation results.

16                          6.1.2    If no, please explain how FBC determined that selling to BC Hydro  
17                          provides the highest value to FBC ratepayers.

18  
19    **Response:**

20    No, FBC has not recently evaluated marketing surplus WAX CAPA capacity to purchasers other  
21    than BC Hydro or Powerex. However, based on FBC’s previous experience prior to the CEPESA  
22    and general knowledge of current market conditions and trading practices, FBC is confident that  
23    the CEPESA delivers the highest value to FBC’s customers. As FBC’s loads grow and resources  
24    expand, the CEPESA and the Canal Plant Agreement will have to continue to evolve as necessary  
25    to reflect FBC’s changing business needs.

26    The CEPESA with Powerex requires that all FBC’s requirements for buying or selling power  
27    (including surplus WAX capacity) be handled through Powerex. This is consistent with the Canal  
28    Plant Agreement requirement that BC Hydro receive complete and timely knowledge of FBC’s  
29    market power schedules in order to optimize the Provincial generation. This was accomplished  
30    outside of the CEPESA for many years, but as the industry scheduling practices became more  
31    complex and the timelines more rigorous, it became clear that the best solution was the CEPESA  
32    with Powerex. FBC does not consider it practical at this point in time to operate outside the CEPESA  
33    under the Canal Plant Agreement and expects that the CEPESA will only grow in importance as  
34    FBC adds new resources to meet expanding loads.

35

1    **7.0    Reference    Exhibit B-2, Page 39**

2                               **Section 4.6.4 – Market and Contracted Purchases**

3           FBC states:

4                               “The \$1.652 million decrease in Market and Contracted Purchases forecast for 2024 is a  
5                               result of reduced volume when compared to 2023 Projected. Market and Contracted  
6                               Purchases for 2023 Projected include fixed price contracted purchases, year to date real-  
7                               time market purchases and forecast purchases in November and December 2023 at  
8                               forward market rates. Market purchases included in the 2024 Forecast include fixed price  
9                               contracted purchases, as well as forecast wholesale market purchases at current forward  
10                              market rates to cover energy requirements in January, February, November and  
11                              December, and capacity shortfalls in June and July 2024. Forecast real-time market  
12                              purchases for Rate Schedule 37 load are also included. As discussed above in the BC  
13                              Hydro PPA variance explanation, there may be opportunities for additional real time  
14                              market purchases using the flexibility of the PPA purchases.” [footnote omitted]

15           7.1           To what extent does Rate Schedule 37 encompass the costs related to associated  
16                              market purchases?

17                       7.1.1           Please clarify whether any portion of these costs is distributed among  
18                              other customers.

19  
20    **Response:**

21    FBC understands this question to be inquiring as to the extent to which RS 37 recovers the costs  
22    associated with the market purchases used to supply RS 37 load.

23    RS 37 has been designed to flow any market purchases used for maintenance and standby  
24    service through to the customer; therefore, all such costs are fully recovered.

25    RS 37<sup>2</sup> hourly stand-by energy charges are calculated as: [(Stand-by Energy x (1+ loss rate %))  
26    x (Mid-C + 0.0040)] x 1.10, where:

- 27                       • Mid-C is the Hourly Powerdex Mid-Columbia (Mid-C) per kWh price;  
28                       • Loss rate is per FBC Rate Schedule 109;  
29                       • Hourly transmission charges from the Mid-C hub to the border are \$0.0040 per kWh; and  
30                       • Administrative charges of 10 percent.

31    FBC uses its discretion as to which resource(s) it will use to supply RS 37 load on the system on  
32    a case-by-case basis.

33    FBC notes that RS 37 was approved as a rate that falls outside of the typical embedded-cost  
34    framework. Because the actual rate and revenue are market driven, and these energy sales may

<sup>2</sup> [fortisbcelectrictariff.pdf \(windows.net\)](https://www.fortisbc.ca/~/media/fortisbc/~/media/2023/08/2023-Annual-Review-for-2024-Rates/2023-Annual-Review-for-2024-Rates-Application-Response-to-RCIA-IR-1.pdf), page R-37.3.



FortisBC Inc. (FBC or the Company) Annual Review for 2024 Rates (Application)	Submission Date: September 26, 2023
Response to the Residential Consumer Intervener Association (RCIA) Information Request (IR) No. 1	Page 14

- 1 be made at rates below the fully embedded costs resulting from the Cost of Service Allocation
- 2 (COSA) studies, FBC treats the revenues as an offset to the revenue requirements and allocates
- 3 them to all customers to compensate for the use of the system which is paid for by all customers.
- 4 Other customers are better off having the standby sales because even at a reduced rate, the
- 5 sales are contributing to the fixed costs of the system.
- 6

1   **8.0   Reference   Exhibit B-2, Page 40**  
 2                                   **Section 4.8 – Wheeling Expense**

3           FBC presents the following table:

**Table 4-5: Wheeling Expense (\$ millions)**

Line No.	Description	Approved 2023	Projected 2023	Forecast 2024
1	Wheeling Nomination (MW Months)			
2	Okanagan Point of Interconnection	2,670	2,670	2,595
3	Creston	420	420	450
4				
5	Wheeling Expense			
6	Okanagan Point of Interconnection	\$ 5.555	5.786	5.813
7	Creston	0.570	0.593	0.658
8	Other	0.863	0.914	0.854
9	<b>Total Wheeling Expense</b>	<b>\$ 6.987</b>	<b>7.294</b>	<b>7.324</b>

4  
 5           8.1   Please explain why the Okanagan Point of Interconnection and Creston Projected  
 6                                   2023 costs are higher than Approved 2023 costs since the volumes have not  
 7                                   changed.

8  
 9           **Response:**

10           The 2023 Projected Okanagan Point of Interconnection and Creston costs are higher than 2023  
 11           Approved as a result of FBC utilizing an updated BC-CPI inflation rate which impacts rates and  
 12           therefore the costs.

13  
 14

15  
 16           8.2   Are "Other" costs shown in table 4-5 solely related to use of 71 Line?

17                           8.2.1   If not, please list and explain all "Other" costs.

18  
 19           **Response:**

20           The "Other" costs in Table 4-5 include the use of 71 Line as well as the BC Hydro OATT Wheeling  
 21           and Emergency Wheeling.

22



FortisBC Inc. (FBC or the Company) Annual Review for 2024 Rates (Application)	Submission Date: September 26, 2023
Response to the Residential Consumer Intervener Association (RCIA) Information Request (IR) No. 1	Page 16

1    **CHAPTER 5: OTHER REVENUE**

2    **9.0    Reference    Exhibit B-2, Page 43**

3                            **Section 5.3 – Contract Revenue**

4            FBC states:

5                    “FBC performs work under contract to third parties at the Waneta and Brilliant  
6                    hydroelectric generating facilities. This third-party work, and the associated management  
7                    fees earned, fluctuates from year to year based on customer requirements, which include  
8                    routine and non routine work planned at the start of the customer’s fiscal year.”

9                    9.1    Do changes in the revenues earned from the O&M contracts at these facilities  
10                    impact the cost of the associated energy and capacity purchases?

11                    9.1.1    If yes, please quantify the relationship. For example, does an additional  
12                    contract dollar earned result in a \$0.50 power purchase cost increase or  
13                    a \$1.50 cost increase?

14                    9.1.2    If no, please explain why not.

15

16    **Response:**

17    FBC purchases power from Brilliant, but not from Waneta. Therefore, increased revenues earned  
18    from the Waneta contract do not impact the associated energy and capacity purchases FBC  
19    makes.

20    The Waneta Expansion contract, which FBC does purchase capacity from, is different from  
21    Waneta. The Waneta Expansion is operated and managed through FBC’s non-regulated affiliate,  
22    FortisBC Pacific Holdings Inc. (FPHI). For the purposes of this response, FBC will assume the  
23    question refers to the Brilliant and Waneta Expansion.

24    With respect to Brilliant, the revenues earned from the third-party contract result in either O&M or  
25    capital costs at Brilliant, which are billed back to FBC and included in power purchase costs.

26                    • For O&M costs at Brilliant, there is no mark-up charged back to FBC on this work, so an  
27                    additional \$1.00 in contract revenue at FBC results in an additional \$1.00 in power  
28                    purchase cost.

29                    • For capital costs at Brilliant, the amounts are charged back to FBC over a 30-year period  
30                    with an embedded financing rate, so an additional \$1.00 in contract revenue at FBC results  
31                    in approximately an additional \$0.07 in annual power purchase cost, assuming a 5 percent  
32                    financing rate, for 30 years.

33    With respect to Waneta Expansion, revenues are earned in FPHI; therefore, changes in revenue  
34    charged to Waneta Expansion do not directly impact FBC’s cost of capacity purchases from  
35    Waneta Expansion, since the structure of the Waneta Expansion Capacity Purchase Agreement



FortisBC Inc. (FBC or the Company) Annual Review for 2024 Rates (Application)	Submission Date: September 26, 2023
Response to the Residential Consumer Intervener Association (RCIA) Information Request (IR) No. 1	Page 17

- 1 (WAX CAPA) does not include changes in operating costs at Waneta Expansion from contract
- 2 revenue charged by FPHI.
- 3

FortisBC Inc. (FBC or the Company) Annual Review for 2024 Rates (Application)	Submission Date: September 26, 2023
Response to the Residential Consumer Intervener Association (RCIA) Information Request (IR) No. 1	Page 18

1    **CHAPTER 7: RATE BASE**

2    **10.0 Reference Exhibit B-2, Page 55**

3                    **Section 7.2.1 – Contract Revenue**

4            FBC states:

5            “The FBC notes that, pursuant to Order G-135-23, FBC is directed to file a CPCN  
6            application for the Fruitvale Substation Project prior to the start of construction. This  
7            project was included in the approved regular capital expenditure forecasts for 2023 and  
8            2024. As the Fruitvale Substation Project now requires a CPCN, FBC has removed the  
9            capital expenditures from the 2023 Approved, 2023 Projected, and 2024 Forecast regular  
10           capital amounts shown in Tables 7-1 and 7-2 (forecast regular capital of \$1.087 million in  
11           2023 and \$7.021 million in 2024). These expenditures will now be treated in the same  
12           manner as FBC’s other CPCN and Major Project capital expenditures. Please refer to  
13           Section 7.3 for further detail.”

14           FBC also states:

15           “The level of forecast capital expenditures approved for 2024 by Orders G-382-2233 and  
16           G-87-2334 is shown in Table 7-2 below. As discussed above, following Order G-135-23,  
17           FBC removed the 2023 Approved, 2023 Projected and 2024 Forecast sustainment capital  
18           expenditures related to the Fruitvale Substation Project; therefore, the amounts shown in  
19           Table 7-2 exclude the Fruitvale Substation Project expenditures.” [Table 7-2 not presented  
20           in preamble]

21           RCIA Preamble:

22           RCIA notes in the preamble above that the 2023 Approved, 2023 Projected, and 2024  
23           Forecast regular capital amounts of \$1.087M and \$7.021M have been removed.

24           10.1    Please indicate if the anticipated cost of the Fruitvale Substation Project has now  
25           changed given that it now requires a CPCN.

26                    10.1.1    If yes, please provide the anticipated cost changes and the reasons for  
27                    them.

28  
29    **Response:**

30    FBC is currently in the process of preparing the CPCN application for the Fruitvale Substation  
31    Project, including the updated cost estimate, and is unable to advise at this time whether the  
32    anticipated cost has changed. FBC plans to file the CPCN application before the end of 2023.

33

FortisBC Inc. (FBC or the Company) Annual Review for 2024 Rates (Application)	Submission Date: September 26, 2023
Response to the Residential Consumer Intervener Association (RCIA) Information Request (IR) No. 1	Page 19

1    **11.0 Reference Exhibit B-2, Page 57**

2                                    **Section 7.3 – Major Projects Capital Expenditures**

3                    FBC states:

4                    “The KBTA project was approved by Order C-4-20 and involves the installation of a third  
5                    terminal transformer at the F.A. Lee Terminal Station, including the reconfiguration of the  
6                    138 kV bus into an industry standard ring bus configuration. The project is expected to  
7                    complete in 2023 with an estimated final cost of \$23.287 million, inclusive of AFUDC and  
8                    cost of removal. A total of \$19.941 million (plus \$0.577 million of removal costs) were  
9                    included in FBC’s rate base on January 1, 2023, with the remaining \$2.769 million  
10                    expected to enter FBC’s rate base on January 1, 2024.”

11                    11.1    What work is associated with the remaining \$2.769 million capitalization?

12

13    **Response:**

14    The work associated with the remaining \$2.769 million includes completion of the fourth and final  
15    138 kV transmission line scope, reconfiguring the T3 & T4 transformer 138 kV ring bus, and the  
16    installation of four 138 kV circuit breakers.

17

FortisBC Inc. (FBC or the Company) Annual Review for 2024 Rates (Application)	Submission Date: September 26, 2023
Response to the Residential Consumer Intervener Association (RCIA) Information Request (IR) No. 1	Page 20

1    **12.0 Reference Exhibit B-2, Page 57**

2                                    **Section 7.3 – Major Projects Capital Expenditures**

3                    FBC states:

4                    “The Corra Linn Dam Spillway Gates Replacement Project was approved by Order C-1-  
5                    17 and involves the replacement of 14 spillway gates and upgrades to the associated  
6                    infrastructure. As explained in FBC’s Reconsideration Application to the Decision and  
7                    Order G-382-22 for the Annual Review for 2023 Rates, which was approved by Order G-  
8                    87-23, the replacement of all spillway gates was complete in 2022 and the costs were  
9                    included in FBC’s rate base between 2018 and 2023, with the remaining close-out  
10                    activities delayed to 2023. The close-out activities, including lighting, outstanding claims,  
11                    and clean-up, are estimated to be approximately \$2.731 million and are expected to be  
12                    complete in 2023; therefore, the costs are forecast to enter FBC’s rate base on January  
13                    1, 2024. The final project cost is expected to be \$80.835 million, inclusive of AFUDC and  
14                    removal costs.”

15                    12.1    What was the forecast cost when the Corra Linn Dam Spillway Gates Replacement  
16                    Project was approved?

17  
18    **Response:**

19                    The forecast cost included in the Corra Linn Dam Spillway Gates Replacement Project CPCN  
20                    application, which was estimated in accordance with AACE International recommended practice  
21                    69R-18 at a Class 3 level of definition, was \$62.694 million. Subsequent to approval of the CPCN  
22                    and in accordance with Directive 2 of Order C-1-17, FBC filed the Contract Finalization Report  
23                    with the BCUC, which provided the revised Class 1 cost estimate to execute the Project of  
24                    \$66.844 million.

25                    Within the Contract Finalization Report, FBC explained that there were four material risks which  
26                    FBC will hold throughout the project: Concealed Conditions (side guides, sill beams and pier nose  
27                    sealing surface), Pier Nose (rail), Travel Components on Gantry #1, and Project Used Equipment.  
28                    As the project progressed most of these risks materialized, resulting in approximately \$15.6  
29                    million dollars in change orders being issued to the contractor.

30

FortisBC Inc. (FBC or the Company) Annual Review for 2024 Rates (Application)	Submission Date: September 26, 2023
Response to the Residential Consumer Intervener Association (RCIA) Information Request (IR) No. 1	Page 21

1   **13.0   Reference   Exhibit B-2, Page 57 & 58**

2                               **Section 7.3 – Major Projects Capital Expenditures**

3               FBC states:

4               “The Fruitvale Substation Project was included as part of FBC’s regular capital forecasts  
5               for 2023 and 2024 in the Annual Review for 2023 Rates (forecast regular capital of \$1.087  
6               million in 2023 and \$7.021 million in 2024). FBC’s 2023 and 2024 regular capital forecasts  
7               were approved as part of the BCUC’s Decision and Order G-382-22. However, following  
8               a complaint regarding the location of the proposed substation in Fruitvale, the BCUC  
9               issued Order G-135-23 on June 9, 2023, directing FBC to file an application for a CPCN  
10              related to the proposed Fruitvale Substation Project. As discussed in Section 7.2, FBC  
11              has removed the 2023 and 2024 capital expenditures related to the Fruitvale Substation  
12              Project from regular capital, as the expenditures will now be treated in the same manner  
13              as FBC’s other CPCN and Major Project capital expenditures. FBC expects to file an  
14              application for a CPCN for the Fruitvale Substation Project before the end of 2023.”

15              13.1   Is the forecast cost expected to increase relative to the original amounts included  
16              in regular capital (i.e., \$1.087M + \$7.021M)?

17                        13.1.1   If yes, what are the drivers for the increase?  
18

19    **Response:**

20    Please refer to the response to RCIA IR1 10.1.

21

FortisBC Inc. (FBC or the Company) Annual Review for 2024 Rates (Application)	Submission Date: September 26, 2023
Response to the Residential Consumer Intervener Association (RCIA) Information Request (IR) No. 1	Page 22

1 **14.0 Reference Exhibit B-2, Page 58**

2 **Section 7.4 – 2024 Plant Additions**

3 FBC presents the following table:

**Table 7-4: Reconciliation of 2024 Capital Expenditures to Plant Additions (\$ millions)<sup>38</sup>**

Line No.	Description	Forecast 2024	Reference
1	Forecast Capital Expenditures	\$ 93.433	Section 11, Schedule 5, Line 2
2	Flow-Through Capital Expenditures	0.500	Section 11, Schedule 5, Line 3
3	Total Gross Regular Capital Expenditures	<u>93.933</u>	Sum of Lines 1 and 2
4			
5	Capitalized Overhead	11.148	Section 11, Schedule 5, Line 16
6	AFUDC	0.241	Section 11, Schedule 5, Line 17
7	Change in Work in Progress	-	Section 11, Schedule 5, Line 19
8	Total Regular Additions to Plant	<u>105.322</u>	Sum of Lines 3 through 7
9			
10	<u>Special Projects and CPCN</u>		
11	Capital Expenditures	-	Section 11, Schedule 5, Line 22
12	AFUDC	0.001	Section 11, Schedule 5, Line 23
13	Change in Work in Progress	5.499	Section 11, Schedule 5, Line 25
14	Total Special Projects and CPCN Additions to Plant	<u>5.500</u>	Sum of Lines 11 through 13
15			
16	Total Plant Additions	<u>\$ 110.822</u>	Line 8 + Line 14

4

5 14.1 Please list and explain which projects are included in Line 13 of Table 7-4 "Change  
6 in Work in Progress" and provide the Work in Progress value for each of these  
7 projects.

8

9 **Response:**

10 The projects included in Line 13 of Table 7-4 "Change in Work in Progress" are listed in the table  
11 below:

<b>Special Projects and CPCN</b>	<b>Work in Progress (\$ millions)</b>	
Corra Linn Dam Spillway Gates Replacement	\$	2.730
Kelowna Bulk Transformer Addition		2.769
<b>Change in Work in Progress</b>	<b>\$</b>	<b>5.499</b>

12

13 Expenditures for these projects are all anticipated to be incurred prior to December 31, 2023, with  
14 amounts being placed in-service January 1, 2024; therefore, the forecast ending 2024 Work in  
15 Progress balance is zero.

16

FortisBC Inc. (FBC or the Company) Annual Review for 2024 Rates (Application)	Submission Date: September 26, 2023
Response to the Residential Consumer Intervener Association (RCIA) Information Request (IR) No. 1	Page 23

1    **15.0 Reference Exhibit B-2, Page 59**

2                                    **Section 7.6 – Deferred Charges**

3                    FBC states:

4                    “The 2024 debit balance is driven largely by the balance in the Demand Side Management  
5                    (DSM) deferral account of \$44.063 million.”

6                    15.1 Please explain why the Demand Side Management deferral account is treated as  
7                    a benefit matching account.

8

9    **Response:**

10 The Demand Side Management deferral account is treated as a benefits matching account as it  
11 serves to match the benefits received by customers to the costs recovered from customers as a  
12 result of the DSM program.

13



FortisBC Inc. (FBC or the Company) Annual Review for 2024 Rates (Application)	Submission Date: September 26, 2023
Response to the Residential Consumer Intervener Association (RCIA) Information Request (IR) No. 1	Page 24

1    **16.0 Reference Exhibit B-2, Page 70**

2                                    **Section 7.7 – Working Capital**

3            FBC states:

4            “Other working capital includes customer (DSM) loans, employee loans and withholdings,  
5            and inventory of materials and supplies. 2024 amounts are forecast based on 2022 Actual  
6            levels.”

7            16.1 Please explain the purpose of “employee loans” and what they entail.

8

9    **Response:**

10 Employee loans include interest free loans offered to employees for the purposes of purchasing  
11 shares of Fortis Inc. Loans are re-paid within 12 months of the loan being issued.

12



FortisBC Inc. (FBC or the Company) Annual Review for 2024 Rates (Application)	Submission Date: September 26, 2023
Response to the Residential Consumer Intervener Association (RCIA) Information Request (IR) No. 1	Page 25

1    **APPENDIX A2:        LOAD FORECAST TABLES**

2    **17.0    Reference        Exhibit B-2, Page 2**

3                                **Section 2.2 – Net Load (MWh)**

4                                FBC presents the following table:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>Historic Loads</b>													
2013	337,728	297,641	276,667	237,842	233,199	219,696	268,867	254,751	225,078	247,419	279,078	343,897	3,221,865
2014	329,517	279,546	279,656	235,365	226,070	226,002	263,980	251,199	214,732	238,897	276,987	343,940	3,165,892
2015	330,474	288,500	275,700	232,842	232,855	230,716	265,292	256,237	218,219	239,080	275,925	327,535	3,173,373
2016	328,972	283,576	269,823	248,799	231,696	226,952	265,539	259,978	219,469	247,136	300,036	320,866	3,202,843
2017	330,163	272,433	282,574	244,425	232,665	233,492	276,339	266,935	229,621	246,479	296,394	323,921	3,235,440
2018	338,459	284,446	281,783	245,037	253,552	238,619	283,364	273,179	216,362	244,085	277,755	337,598	3,274,238
2019	336,960	269,648	290,510	242,633	248,852	239,769	273,123	270,359	242,250	269,764	288,203	335,853	3,307,924
2020	345,128	301,193	280,588	230,312	224,658	231,093	283,880	279,297	242,295	262,137	303,482	338,771	3,322,834
2021	344,200	308,531	294,270	255,141	238,455	245,309	288,355	272,273	237,823	263,831	304,896	340,091	3,393,175
2022	356,904	312,144	300,781	255,512	242,069	254,001	291,969	285,142	246,240	260,155	307,481	357,859	3,470,257
<b>Before-Savings</b>													
2023S	356,862	312,701	297,618	256,528	249,790	259,327	294,420	285,377	251,055	269,568	314,129	355,218	3,502,592
2024F	358,989	314,632	299,533	258,433	251,695	261,304	296,522	287,433	253,266	271,513	316,120	357,317	3,526,758
<b>After-Savings</b>													
2023S	354,461	310,320	295,296	254,283	247,626	257,215	292,330	283,261	248,891	267,317	311,807	352,855	3,475,662
2024F	354,202	309,899	294,931	253,996	247,433	257,156	292,429	283,302	249,053	267,146	311,631	352,765	3,473,943

5

6                                17.1    Please confirm if Net Load is gross load net of system losses.

7                                17.1.1    If not, please clarify the relationship between Gross Load and Net Load.

8

9    **Response:**

10   Confirmed.

11

1 **18.0 Reference Exhibit B-2, Page 11**

2 **Section 6.2 – Load Variance, Normalized/Historic Actual To Forecast**

3 FBC presents the following table:

Energy (GWh)	2017	2018	2019	2020	2021	2022
<b>Historic</b>						
Residential	1,320.5	1,312.6	1,266.1	1,346.8	1,330.3	1,320.4
Commercial	920.4	922.0	933.9	917.2	971.4	969.1
Wholesale	574.1	584.7	566.0	569.5	565.8	575.5
Industrial	362.6	402.7	494.9	441.2	472.3	558.5
Lighting	15.9	13.2	11.0	10.8	9.7	9.3
Irrigation	41.9	39.0	36.0	37.3	43.6	37.6
Net	3,235.4	3,274.2	3,307.9	3,322.8	3,393.2	3,470.3
Gross	3,517.7	3,559.4	3,594.8	3,610.8	3,692.8	3,784.8
<b>Forecast</b>						
Residential	1,353.0	1,280.0	1,349.3	1,325.6	1,255.4	1,283.2
Commercial	879.4	912.0	935.2	901.7	952.3	945.5
Wholesale	587.3	586.0	594.0	567.5	583.5	559.5
Industrial	407.0	379.0	385.0	453.0	536.7	470.4
Lighting	14.4	15.0	13.0	10.6	9.9	10.3
Irrigation	40.3	41.0	42.0	35.3	35.8	37.1
Net	3,282.2	3,213.0	3,318.5	3,293.7	3,373.7	3,306.0
Gross	3,559.0	3,485.0	3,602.0	3,602.0	3,664.0	3,591.0
<b>Variance (GWh)</b>						
Residential	(32.5)	32.6	(83.2)	21.3	74.9	37.1
Commercial	41.0	10.0	(1.3)	15.5	19.1	23.6
Wholesale	(13.2)	(1.3)	(28.0)	2.0	(17.7)	16.0
Industrial	(44.4)	23.7	109.9	(11.8)	(64.3)	88.1
Lighting	1.5	(1.8)	(2.0)	0.2	(0.3)	(1.0)
Irrigation	1.7	(2.0)	(6.0)	2.0	7.8	0.5
Net	(46.8)	61.2	(10.6)	29.2	19.5	164.3
Gross	(41.3)	74.4	(7.2)	8.8	28.9	193.9
<b>Variance (%)</b>						
Residential	-2.5%	2.5%	-6.6%	1.6%	5.6%	2.8%
Commercial	4.4%	1.1%	-0.1%	1.7%	2.0%	2.4%
Wholesale	-2.3%	-0.2%	-5.0%	0.4%	-3.1%	2.8%
Industrial	-12.3%	5.9%	22.2%	-2.7%	-13.6%	15.8%
Lighting	9.4%	-13.4%	-17.8%	2.1%	-2.8%	-10.7%
Irrigation	3.9%	-5.2%	-16.7%	5.3%	17.9%	1.3%
Net	-1.4%	1.9%	-0.3%	0.9%	0.6%	4.7%
Gross	-1.2%	2.1%	-0.2%	0.2%	0.8%	5.1%

4

5 18.1 Please explain why the Forecast 2022 Net and Gross Variance (%) values are

6 significantly higher compared to previous years, while also acknowledging that the

7 years affected by COVID exhibit relatively stable patterns?

8

9 **Response:**

10 The bulk of the 2022 net and gross load variance was due to a new large industrial customer

11 having significantly higher loads than was anticipated based on the results of the industrial

12 customer survey. If the variance from this customer is removed, the net and gross load variances

13 would be approximately 2 percent and 2.6 percent, respectively.



FortisBC Inc. (FBC or the Company) Annual Review for 2024 Rates (Application)	Submission Date: September 26, 2023
Response to the Residential Consumer Intervener Association (RCIA) Information Request (IR) No. 1	Page 27

1 FBC considers the industrial survey to be the most appropriate tool for creating the industrial  
2 forecast because each industrial customer is best able to forecast their future loads. In the case  
3 of large customers in new industrial sectors, there can be initial challenges to accurately  
4 forecasting future loads. FBC key account managers do and will continue to work with all industrial  
5 customers to help them better predict future requirements.

6 The remainder of the variance in 2022 net and gross load is due to residential, commercial, and  
7 wholesale loads that were higher than anticipated. As discussed in the response to RCIA IR1 3.1,  
8 FBC is not able to further identify the drivers of the demand variances for these loads since  
9 demand variations from year to year are influenced by many factors such as, but not limited to,  
10 employment trends, inflation and interest rates, GDP and other market factors which cannot be  
11 isolated and quantified from the metered load data that FBC receives.

12

FortisBC Inc. (FBC or the Company) Annual Review for 2024 Rates (Application)	Submission Date: September 26, 2023
Response to the Residential Consumer Intervener Association (RCIA) Information Request (IR) No. 1	Page 28

1    **19.0 Reference Exhibit B-2, Page 55**

2                                    **Section 6.5 – Winter Peak, Actual To Forecast**

3                    FBC presents the following table:

<b>Winter Peak (MW)</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Actual Peak	725.0	777.0	835.0
Forecast	737.0	748.0	716.5
Variance	(12.0)	29.0	118.5
Variance (%)	-2%	4%	17%

4                    *Note: The peaks reflected in this table are the actual seasonal peaks are not normalized.*

5                    19.1 Please explain why the Variance (%) for 2022 is high relative to previous years.

6

7    **Response:**

8    The higher 2022 winter peak variance was the result of a cold winter peak in 2022 that was  
 9    significantly colder than other peaks in the data used to develop the forecast.

10    The forecast peak is the average of 10 escalated peak values, using the most recent annual data  
 11    available when the forecast was developed. Figure 1 below provides the 10-year escalated peak  
 12    value from 2011 to 2020, and the 2022 Approved and Actual peak. The average of the historic  
 13    peaks from 2011 to 2020, escalated to 2022, and after 1.9 MW was deducted for DSM, was 716.5  
 14    MW, which is shown as the green line for 2022. Since the actual recorded winter peak in 2022  
 15    was 835 MW, which is the highest over the 10-year period, the resulting variance is 17 percent.

16    FBC notes that the 2022 winter peak occurred on December 22, 2022, which was approaching  
 17    record levels in some areas. As the 2022 winter peak was significantly larger than the peaks  
 18    recorded in previous years, the 2022 variance is expected to be larger.

1 **Figure 1: 20211 to 2020 Escalated Winter Peaks and 2022 Approved and 2022 Actual Winter Peaks**



2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12

19.2 Please revise the table presented in Section 6.5 to reflect normalized winter peak numbers.

**Response:**

The revised table is presented below.

Winter Peak (MW)	2020	2021	2022
Actual Peak	730.8	684.8	734.3
Forecast	737.0	748.0	716.5
Variance	(6.2)	(63.2)	17.8
Variance (%)	-1%	-8%	2%

FortisBC Inc. (FBC or the Company) Annual Review for 2024 Rates (Application)	Submission Date: September 26, 2023
Response to the Residential Consumer Intervener Association (RCIA) Information Request (IR) No. 1	Page 30

1    **APPENDIX A3:       LOAD FORECAST METHODS**

2    **20.0   Reference    Exhibit B-2, Page 2**

3                           **Section 1.2 – Load Forecast**

4           FBC states:

5                   “FBC forecasts energy requirements by customer class based on weather normalized  
6                   historical loads. These are referred to as the “before-savings” loads. DSM savings that are  
7                   incremental to those embedded in historical loads (up to and including 2022) are also  
8                   forecast for each customer class and subtracted from the before-savings loads to arrive  
9                   at the “after-savings” loads.” [footnote omitted]

10           20.1   Please discuss in what ways FBC has sought to enhance the accuracy and  
11                   reliability of its forecasting techniques relative to its previous rate review  
12                   application?

13  
14    **Response:**

15    An area where FBC has worked to improve its forecast in recent years is its engagement with  
16    Wholesale customers. In preparation for both the Annual Review for 2023 Rates and the current  
17    Application, FBC held workshops with interested municipalities to discuss forecasting for the  
18    upcoming year. Additionally, FBC’s key account managers work with industrial customers to  
19    ensure that response rates for the surveys continue to be high and to understand the basis for  
20    customers’ forecasts.

21    However, FBC does not seek to enhance the accuracy and reliability of its forecasting techniques  
22    in advance of each of its rate applications. This process requires extensive analysis of different  
23    methods and the compilation of multiple years of data to compare the accuracy of any new method  
24    to FBC’s existing methods. At this time, FBC considers its forecasting methods to produce  
25    reasonably accurate results for the purposes of setting rates for the upcoming year. Over the most  
26    recent six years, as shown in Table 6.2 in Appendix A2, the average variance of the aggregate  
27    gross load forecast is low at 1.1 percent. Variability in actual and forecast results are normal and  
28    expected, which is why FBC is approved to record all load variances in the Flow-through deferral  
29    account.

30    Before considering any changes to any methods, the current performance needs to be carefully  
31    considered. Changes to methods should only be considered when the average aggregate load  
32    forecast variance is high, which it is not. If changes are made without considering current forecast  
33    performance, then the change may actually cause performance to decline and variances to  
34    increase.

35    Changing methods can be both costly and time consuming. New methods need to be precisely  
36    described and objective. They need to be tested first with historic data and then for at least five  
37    years with new data. The results need to be recorded and carefully compared to existing methods.  
38    An update should only be considered if a new method is shown to be materially superior to the



FortisBC Inc. (FBC or the Company) Annual Review for 2024 Rates (Application)	Submission Date: September 26, 2023
Response to the Residential Consumer Intervener Association (RCIA) Information Request (IR) No. 1	Page 31

1 current method. However, as pointed out above, the average variance in the gross load over the  
2 last six years is approximately 1.1 percent; thus, the room for improvement that could be offered  
3 by a new method is limited and would not be effective considering the time and effort.

4  
5

6

7 20.2 How does FBC assess the effectiveness of its forecasting strategies and what  
8 steps are taken to identify areas for improvement?

9

10 **Response:**

11 Please refer the response to RCIA IR1 20.1.

12