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## Electronic Filing

British Columbia Utilities Commission  
Suite 410, 900 Howe Street  
Vancouver, BC V6Z 2N3

**Attention: Patrick Wruck, Commission Secretary**

Dear Sirs/Mesdames:

**Re: FortisBC Inc. - Electric Vehicle (EV) Direct Current Fast Charge (DCFC) Energy-Based Rate Application**

We enclose for filing in the above proceeding the Reply Submission of FortisBC Inc., dated May 7, 2024.

Yours truly,

**FASKEN MARTINEAU DuMOULIN LLP**



Christopher Bystrom\*  
\*Law Corporation

Encl.

cc (email only): Registered Interveners



**BRITISH COLUMBIA UTILITIES COMMISSION  
IN THE MATTER OF THE UTILITIES COMMISSION ACT,  
R.S.B.C. 1996, CHAPTER 473**

**AND**

**FORTISBC INC.  
ELECTRIC VEHICLE DIRECT CURRENT FAST CHARGING  
ENERGY-BASED RATE**

**REPLY SUBMISSION  
OF  
FORTISBC INC.**

**May 7, 2024**

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## PART ONE: INTRODUCTION

1. Of the five interveners who filed final arguments in this proceeding, three support FBC's proposed energy-based rate for its EV charging stations:

- (a) Residential Consumers Intervener Association (RCIA) supports FBC's move to energy-based rates and does not object to FBC's proposed rate, while making recommendations related to monitoring and reporting.<sup>1</sup>
- (b) BC Sustainable Energy Association and Vancouver Electric Vehicle Association (BCSEA-VEVA) supports approval of FBC's proposed energy-based rate and idling charge, while supporting accessibility improvements at FBC's stations.<sup>2</sup>
- (c) Flintoff supports FBC's proposed energy-based rate, with proposed changes to increase the idling charge, support for conversion to NACS connectors, and other recommendations.<sup>3</sup>

2. The remaining two interveners, British Columbia Old Age Pensioners *et al.* (BCOAPO) and Commercial Energy Consumers of BC (CEC), propose an energy-based rate that is higher than proposed by FBC, based on a number of arguments that FBC submits should be rejected.

3. FBC replies to the intervener arguments below, generally following the structure of its Final Argument. FBC has sought to address the main thrust of intervener submissions. Silence in response to any particular intervener statement should not be interpreted as agreement.

## PART TWO: PROPOSED ENERGY BASED RATE IS JUST AND REASONABLE

4. In this part, FBC responds to intervener submissions regarding its proposed energy-based rate.

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<sup>1</sup> RCIA Final Argument, p. 5.

<sup>2</sup> BCSEA-VEVA Final Argument para. 5.

<sup>3</sup> Flintoff Final Argument. While Flintoff states that he supports approval of an energy-based rate of \$0.42 per kWh (FBC's original proposal before its Evidentiary Update), he does not indicate that this is a change from what FBC has proposed and therefore FBC does not take Flintoff to be opposed to its updated proposal of \$0.39 per kWh.

**A. FBC HAS USED REASONABLE ASSUMPTIONS BASED ON THE BEST INFORMATION AVAILABLE**

5. CEC argues that FBC selected “cost of service inputs to ensure an outcome for the rate” and suggested that FBC has manipulated the cost of service inputs such that its proposed rate does not fully recover its cost of service.<sup>4</sup> The CEC’s characterization of FBC’s method is not accurate and must be rejected. FBC’s proposed rate recovers all of its forecast costs of providing EV DCFC charging service over the levelization period. FBC designed its energy-based rate in alignment with the BCUC’s rate design principle identified in Decision and Order G-341-21, which explicitly requires that the cost-based rate be checked against market rates. Consistent with this BCUC guidance, FBC has ensured that its proposed rate supports the competitive market and does not price FBC out of the market, to the detriment of its customers. However, in doing so, FBC has in all cases used reasonable assumptions based on the best available information and ensured that its rate is cost based and recovers all forecast costs over the levelization period. FBC’s assumptions are based on actual data and expert third-party opinion on the growth rate of EVs in its service territory. FBC defends the particular assumptions challenged by the CEC in the sections below.

6. CEC submits that the rate must be based on the “most” reasonable and “most” reliable data.<sup>5</sup> While FBC submits that it has indeed based its rate on the “most reasonable” assumptions available, CEC’s characterization of the legal standard is plainly inconsistent with the well-known “just and reasonable” standard in the *Utilities Commission Act* and the BCUC’s Decisions.<sup>6</sup> This is important because overstating the standard can lead to legal error, and an unreasonable demand for certainty in assumptions that is often not possible in rate design and forecasting. FBC has addressed the inevitable uncertainty in assumptions over the 10-year period by proposing ongoing monitoring and reporting on its EV charging rate, which FBC submits its reasonable and appropriate.

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<sup>4</sup> CEC Final Argument, p. 6, paras. 49 and 54.

<sup>5</sup> CEC Final Argument, p. 7, para. 59.

<sup>6</sup> FBC Final Argument, para. 27.

**B. PROPOSED ENERGY-BASED RATE SUPPORTS A COMPETITIVE MARKET**

7. In the subsections below, FBC responds to the particular points made by CEC and BCOAPO related to FBC's proposed rate in comparison to rates of other service providers.

**(a) CEC's New Energy-Based Rates Are Not on the Record**

8. CEC files new evidence in its argument that is not on the record in this proceeding regarding energy-based rates recently implemented by Electrify Canada and Parkland Fuels (Chevron).<sup>7</sup> The issue is further complicated by the fact that CEC presents incomplete information on these rates. FBC submits that this information should not be considered by the BCUC as it was not filed on the evidentiary record. However, if the BCUC were to consider it, then the BCUC should also consider FBC's submissions in the following paragraphs.

9. CEC states that Electrify Canada offers a rate of \$0.70/kWh in FBC's service territory.<sup>8</sup> However, if the BCUC is to consider Electrify Canada's energy-based rates, then it should take into account the following:

- Electrify Canada's rates are either \$0.60/kWh or \$0.70/kWh across Canada;
- Electrify Canada offers chargers up to 350 kW (much higher than FBC's 100 kW stations); and
- Electrify Canada offers a discount of approximately 20 percent to Pass+ members which requires a \$7 monthly fee.<sup>9</sup>

With an approximate 20 percent discount, Electrify Canada's \$0.70/kWh rate is reduced to \$0.56/kWh, for a service which includes 350 kW stations.

10. CEC states that the Parkland Fuels (Chevron) Journie Reward App shows rates in Kelowna of \$0.45/kWh.<sup>10</sup> If the BCUC considers this information, then it should also consider that the

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<sup>7</sup> CEC Final Argument, pp. 23 to 24.

<sup>8</sup> CEC Final Argument, p. 9, para. 73, p. 23, para. 178.

<sup>9</sup> <https://www.electrify-canada.ca/pricing/> The 20 percent discount to Pass+ members is similar to the discount offered by Electrify Canada for its time-based rates, as presented in Table 4-2 of the Application.

<sup>10</sup> CEC Final Argument, p. 24, para. 183.

Journie Reward App offers a \$5 in-store credit “with the first pay-as-you-go charge and with every 100 kWh of energy delivered”, which is equivalent to a 5 cents per kWh discount.<sup>11</sup> This makes Parkland Fuels’ (Chevron’s) rate \$0.40/kWh, which is similar to FBC’s proposed \$0.39/kWh.

**(b) FBC Is Not A Price Leader**

11. CEC submits that FBC is likely in a price-leader position<sup>12</sup> and therefore that not all market participants are good comparators, as some “could be undertaking losses in response to trying to meet BC Hydro or FBC rates” and others could be avoiding entering the market altogether.<sup>13</sup> FBC submits that there is no evidence to back up CEC’s position, which should be rejected. FBC could not be in a price leader position as its current time-based rate for 50 kW stations is comparable to the time-based rates that were in place, while FBC’s 100 kW rate is the most expensive in BC.<sup>14</sup> Moreover, FBC could not be a price leader as FBC is continuing to offer time-based rates during this regulatory process while others have already switched to energy-based rates. The evidence also shows that there is a healthy market for EV charging services in FBC’s territory, including well-known service providers such as Parkland Fuels (Chevron), Petro Canada, Shell, Electrify Canada, and Tesla. As such, FBC submits that all the service providers are relevant comparators when assessing FBC’s proposed rate.

**(c) BC Hydro’s Rates Are a Key Comparator**

12. CEC does not accept the relevance of comparing to BC Hydro’s rate.<sup>15</sup> However, FBC submits that BC Hydro’s rate is arguably the most relevant comparator for FBC’s proposed energy-based rates. While BC Hydro is a Crown corporation, BC Hydro’s EV charging rates were set in the same policy context, under the same legislation, by the same regulator, and on the same levelized cost of service basis as FBC’s proposed rates. While BC Hydro’s service area includes BC’s largest city of Vancouver, it also includes many other regions across BC, including

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<sup>11</sup> <https://journie.ca/en-CA/FAQ#ev>

<sup>12</sup> CEC Final Argument, p. 25, para. 187.

<sup>13</sup> CEC Final Argument, p. 22, para. 175.

<sup>14</sup> Exhibit B-1, Application, pp. 8-9.

<sup>15</sup> CEC Final Argument, p. 22, para. 174.

more rural areas and regions directly adjacent to FBC's service area, such as West Kelowna. Given the proximity of the service area, the similar service offering, and the fact that BC Hydro is a regulated public utility, BC Hydro's rates are a key comparator for FBC's proposed rate.

**(d) Lower Mainland Rates Are a Relevant Reference Point**

13. CEC submits that the BCUC should not incorporate Lower Mainland EV charging rates in any assessment of FBC's rates.<sup>16</sup> FBC submits that rates in BC, including in the Lower Mainland, have relevance and are helpful reference points when assessing FBC's rates. Notably, the Lower Mainland encompasses not only the Greater Vancouver urban area, but rural valley areas which are not unlike areas in FBC's service territory. Moreover, cities in FBC's service territory, such as Kelowna, are bigger than cities in the Lower Mainland, such as Langley. FBC also notes that BC Hydro's rates apply not only in the Lower Mainland, but in the rest of its service territory across the Province.

14. CEC speculates that Tesla's rates are lower in the Lower Mainland "in part because the higher density urban areas have more EVs and higher utilization rates"<sup>17</sup> and "it is known that Tesla collects a portion of its charging costs in its vehicle price".<sup>18</sup> CEC cites no evidence for these propositions and there is no evidence on the record to support them. Moreover, other than for regulated utilities who must file applications such as the present one, there is no reliable way to know exactly how other service providers set their EV charging rates. While it is theoretically possible that Tesla seeks to recover a portion of its charging costs in vehicles sales, large corporations like Parkland Fuels (Chevron), Shell, and Petro Canada also have large businesses which they can use to assist their EV charging business. FBC submits that CEC's comments are mere speculation and should be disregarded.

15. Despite arguing that rates from outside of FBC's service territory should not be considered, CEC nonetheless relies on EV charging rates in the United States as a comparator.<sup>19</sup>

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<sup>16</sup> CEC Final Argument, p. 23, para. 180.

<sup>17</sup> CEC Final Argument, p. 23, para. 179

<sup>18</sup> CEC Final Argument, p. 22, para. 174.

<sup>19</sup> CEC Final Argument, p. 24, para. 185.



While EV charging rates in FBC's service territory are key comparators, FBC submits that the BCUC can consider all the available data and should not strictly rule out comparators based on speculative analysis.

**(e) BCOAPO Speculation About Future Rates Should be Disregarded**

16. BCOAPO speculates that FBC's proposed rate could possibly undercut other providers if their rates increase in the future.<sup>20</sup> Aside from BC Hydro's rate, there is no evidence available on whether the rates of other service providers will increase or decrease or remain unchanged. EV charging is a relatively new market, and rates could move up or down or stay the same for a number of reasons which cannot be predicted. Therefore, BCOAPO's assumption that they will continually increase is speculative. As discussed below under the heading of monitoring and reporting, FBC will monitor the rates of other service providers and consider this in its reports to the BCUC on its charging service.

**C. FBC'S LEVELIZATION PERIOD IS REASONABLE**

17. FBC's levelized rate is set to recover FBC's forecast cost of service over the 10-year period from 2024 to 2033, which FBC submits is reasonable and appropriate as set out in paragraphs 29 to 31 of its Final Argument. FBC responds below to BCOAPO's and CEC's submissions opposing the 10-year period.

**(a) FBC Has Appropriately Checked Its Proposed Rate Against the Competitive Market**

18. CEC and BCOAPO argue that it is improper for FBC to adjust the levelization period considering rates from other service providers. For example, BCOAPO claims that adopting a 10-year levelization period results in an "artificial" cost-based rate.<sup>21</sup> However, FBC has forecast its full cost of service based on reasonable assumptions and the best information available. FBC then reasonably and appropriately compared the resulting rate to the competitive market. Ignoring market prices could lead to bad outcomes: either a rate that is too low such that it undercuts the market, or too high such that it negatively impacts station utilization. FBC's approach has guarded

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<sup>20</sup> BCOAPO Final Argument, p. 17.

<sup>21</sup> BCOAPO Final Argument, p. 7.

against this, and results in a rate that is both cost-based and supportive of the competitive market, consistent with the direction from the BCUC in Decision and Order G-341-21.<sup>22</sup>

19. In opposing a 10-year period, CEC submits that “FBC, and the Commission, should acknowledge that the evidence based on the appropriate service life indicates a higher cost of service than what FBC has portrayed”.<sup>23</sup> This is misguided. FBC has accurately portrayed all of its costs over both a 7-year and 10-year period. The fact that a 7-year period results in a higher rate does not mean that the 10-year period rate does not equally recover FBC’s cost of service. Rather, with a 10-year period, FBC’s costs are spread over a longer period and there is increased revenue from the higher utilization in the later years, which results in an overall lower levelized rate.

20. If FBC were to use a 7-year levelization period as CEC suggests, FBC’s energy-based rate would increase to \$0.61/kWh, which results in a significant risk of reduced or no utilization.<sup>24</sup> CEC’s position that this risk should simply be ignored because it is “not well documented”<sup>25</sup> is without merit. If FBC’s rate was set at \$0.61/kWh, a lower rate would be available from all other charging stations in and or adjacent to FBC’s service area, which in many cases also offer higher power stations.<sup>26</sup> This could only have a negative affect on station utilization and therefore the cost recovery of FBC’s stations. FBC submits that such a high rate unnecessarily risks reducing station utilization with negative rate impacts to FBC’s non-EV customers, who would bear the EV station costs if not recovered by EV charging customers.

**(a) Levelization Period Cannot, and Need Not, Match End of Life of Stations**

21. BCOAPO submits that the end of the levelization period should align with the end of life of the EV DCFC stations and “should extend no further than 2032”, which FBC notes is only one

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<sup>22</sup> Page 16 of Decision and Order G-341-21.

<sup>23</sup> CEC Final Argument, p. 11, para. 91.

<sup>24</sup> Exhibit B-4, BCUC IR1 3.1.

<sup>25</sup> CEC Final Argument, p. 10, para. 10.

<sup>26</sup> Even if Electrify Canda’s energy-based rate is considered, the 20 percent discount offered by Electrify Canada brings its rate to \$0.56/kWh, as discussed above.

year less than its proposal.<sup>27</sup> FBC submits that BCOAPO's position is not grounded in sound principles and should be rejected.

22. First, there is no principled reason why the end of the levelization period needs to align with the end of life of the stations. Rather, to align with the Bonbright principle of fairness, the key is that the rates must be set to recover FBC's forecast costs over the levelization period (whatever that period may be). In other words, there is no need to match the levelization period to the timing of any particular costs, which can only be forecast in any case.

23. Second, it is not possible to match the end of the levelization period to the end of life of all the EV DCFC stations because FBC installed its stations over a five-year period. Specifically, FBC installed its oldest stations in 2018 and its newest stations at the end of 2022, meaning that they are expected to be replaced from 2028 to 2032.<sup>28</sup> Thus, neither a levelized period of 7 years (to 2030) nor a levelized period of 9 years (to 2032) would align with the end of life of all the stations. Moreover, as with all capital assets, some stations may need to be replaced sooner, and some may last longer, than expected. Thus, whatever the levelized period, there is likely to be stations replacement over that time period.

24. FBC submits that the key is that all forecast costs over the levelization period be accounted for in the proposed rate, which is what FBC has done.

**(b) Uncertainty Is Addressed by Monitoring and Reporting**

25. CEC recommends a 7-to-8-year period<sup>29</sup> based on its view that FBC's forecasts will not reflect its cost of service due to uncertainty and increasing costs.<sup>30</sup> CEC's concerns regarding uncertainty and the potential for rising costs is not a reasonable basis to restrict the levelization period.

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<sup>27</sup> BCOAPO Final Argument, pp. 6-7.

<sup>28</sup> Exhibit B-7, CEC IR1 4.1.

<sup>29</sup> CEC Final Argument, p. 11, para. 89.

<sup>30</sup> CEC Final Argument, p. 9, para. 75 to p. 10, para. 80.

26. First, there is no evidence that the costs of EV charging will inevitably increase beyond what FBC has forecast, which does account for inflation. FBC's stations are constructed and in service, so their costs are known. These are relatively small assets that are relatively easy to install, so the cost of replacements is limited. Further, it is not possible to know how EV charging technology will develop and whether it will be more or less expensive in real terms in the future. For instance, new technology could become cheaper due to technological advancement, economies of scale, cheaper materials, or other unforeseeable reasons. CEC's various claims to the contrary are only speculation and have no support in evidence.

27. Second, to address the inevitable uncertainty in its forecast costs over the 10-year levelization period, including the costs of replacements, FBC has proposed to monitor its EV charging service, provide updates on actual and forecast costs as part of its annual reviews or revenue requirements applications, and propose adjustments as needed over the levelization period.<sup>31</sup> Further, if FBC determines that existing stations should be replaced with higher power stations due to technological advances or other reasons, FBC will include the changes as part of its annual review or revenue requirement applications and will assess whether the levelized rate needs to be changed at that time, subject to BCUC review and approval.<sup>32</sup> This is the approach that has been used and accepted by the BCUC for FBC's time-based rates, and FBC submits that it continues to be reasonable and appropriate.

**(c) Under and Over Recovery in a Given Year is the Nature of a Levelized Rate**

28. CEC submits that having the rate result in a deficiency for several years is unreasonable.<sup>33</sup> However, a necessary feature of levelized rates is that they are designed to be in an initial deficiency position; this is why they are a useful tool for setting rates for new services where utilization is initially low and grows over time. Thus, in Decision and Order G-67-24, the BCUC dismissed the CEC's concerns which were also expressed in that proceeding (page 20):

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<sup>31</sup> Exhibit B-1, Application, Section 4.2; Exhibit B-9, RCIA IR1 7.1.

<sup>32</sup> Exhibit B-6, BCSEA-VEVA IR1 13.1.

<sup>33</sup> CEC Final Argument, p. 10, para. 85.

Although BCOAPO and the CEC are concerned that the proposed levelized rate structure creates potential risks for ratepayers because the Proposed Rates under-recover during the first eight years of the 10-year rate modeling period, we accept BC Hydro's observation that under-recovery of current costs in the early years and over recovery in the final years is an intended outcome of the levelized rate structure. We agree with BC Hydro's submission that it is reasonable for a new service offered in a competitive market, such as the public EV charging service, to take a few years to achieve full cost recovery.

**D. COMMON RATE FOR 50 KW AND 100 KW STATIONS IS MOST REASONABLE**

29. BCOAPO agrees that a common rate is reasonable at this point in time, but submits that this could change in the future as battery technology improves and more EVs are able to use the 100 kW stations.<sup>34</sup> FBC submits that it is speculative at this time to consider the impact of future battery technology on the utilization of FBC's stations. The potential impact of future technology improvements is more reasonably addressed through FBC's proposed monitoring and reporting of its EV charging rate.

**E. FBC'S STATION UTILIZATION FORECAST IS REASONABLE**

**(a) High Growth Scenario Produces a Reasonable Growth Rate**

30. CEC recommends that the BCUC assume Dunsky's High Growth scenario, claiming that FBC chose the Medium Growth scenario "to suit its proposed outcome".<sup>35</sup> FBC considers the use of the High Growth scenario to be reasonable<sup>36</sup> and that the policy announcements highlighted by CEC are consistent with the High Growth scenario.<sup>37</sup> Therefore, FBC is not opposed to the use of the High Growth scenario in setting its energy-based rate.

31. However, CEC has misinterpreted FBC's reasoning for adopting the Medium Growth scenario. Contrary to CEC, FBC did not choose the Medium Growth scenario *because* the rate impact differential was small or *because* of the resulting rate. Rather, as FBC stated, FBC

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<sup>34</sup> BCOAPO Final Argument, p. 20.

<sup>35</sup> CEC Final Argument, p. 13, para. 103.

<sup>36</sup> Exhibit B-7, CEC IR1 6.1.

<sup>37</sup> CEC Final Argument, para. 105. However, the CEC's reference in para. 106 to a higher percentage of EV sales in 2023 (which is not on the record in this proceeding) compared to 2022 is not particularly relevant, as the Dunsky Report is used to establish the growth rate, not the base level of utilization.

considered that both the Medium and High Growth scenarios were reasonable, and chose the Medium Growth scenario as it is a more conservative forecast, i.e., it makes less aggressive assumptions about the growth of EVs.<sup>38</sup> In choosing the Medium Growth scenario, FBC considered the difference in rate impact between the Medium and High Growth scenarios and the resulting rate in comparison to the competitive market.<sup>39</sup> Contrary to CEC, FBC did not conclude that the resulting rates would be “unacceptably low”;<sup>40</sup> rather, FBC simply observed that the rate differential was low and that the rates using the High Growth scenario would be notably lower than the Charge Quest offering.<sup>41</sup> Considering these factors, FBC did not change the choice of the Medium Growth scenario.

**(b) BCOAPO’s Concerns Regarding Station Utilization Are Misplaced**

32. BCOAPO has three concerns with FBC’s forecast utilization rate. FBC submits that BCOAPO’s concerns are misplaced and should be rejected.

33. BCOAPO’s first concern is that FBC used a forecast of the annual increase in EV sales based on the Dunsky Report, instead of a forecast of EV registrations, for the purpose of forecasting growth in station utilization.<sup>42</sup> First, both EV registrations and EV sales are a reasonable measure of the number of EVs, and both can be reasonably linked to station utilization; BCOAPO fails to establish otherwise. Second, FBC does not have a forecast of EV registrations; access to up-to-date EV registration data from ICBC that is specific to FBC’s service area is limited.<sup>43</sup> Third, BCOAPO’s recommendation makes no difference to the utilization rate. BCOAPO’s position is that FBC should have used: (i) the actual number of EV registrations as the base; and (ii) Dunsky’s Medium Growth scenario of EV sales to determine additional registrations.<sup>44</sup> This would not change FBC’s forecast utilization rate because a forecast of EV sales or EV registrations is not a

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<sup>38</sup> Exhibit B-7, CEC IR1 6.1.

<sup>39</sup> Exhibit B-7, CEC IR1 6.1.

<sup>40</sup> CEC Final Argument, p. 13, para. 101.

<sup>41</sup> Exhibit B-7, CEC IR1 6.2.

<sup>42</sup> BCOAPO Final Argument, p. 8.

<sup>43</sup> Exhibit B-5, BCOAPO IR1 11.1.

<sup>44</sup> BCOAPO Final Argument, p. 9.

direct input to the station utilization rate; rather, FBC's forecast of station utilization is based on the historical charging minutes in each station escalated by the growth rates of EV sales. In other words, the input is the growth rate which is applied to FBC's actual station utilization. FBC used the Medium Growth scenario of EV sales in the Dunsky Report to generate that growth rate, because it was the best information available,<sup>45</sup> which is consistent with what BCOAPO recommends in point (ii) noted above. BCOAPO's concern about using EV registrations versus EV sales as the base has no impact on the station utilization forecast, as that is not an input into the forecast.

34. In the second paragraph on page 10 of its Final Argument, BCOAPO appears to suggest a different approach of using current year EV sales divided by the previous year's EV registrations. However, BCOAPO's calculation is only a ratio between two unrelated numbers, not a growth rate. A growth rate is calculated by taking the difference between the current year's EV sales and the previous year's sales and dividing by the previous year's EV sales. A growth rate can also be calculated using the difference between the current year's EV registrations and previous year's EV registrations, divided by the previous year's EV registrations. However, you cannot mix EV sales and EV registrations in the same calculation.

35. BCOAPO's second concern is that it claims it is unrealistic to assume FBC's share of the total DCFC charging station usage in its service territory will stay the same; however, BCOAPO concludes that there is no evidence on which to recommend an adjustment.<sup>46</sup> FBC maintains that it is reasonable to assume that FBC's market share will remain similar to the current level.<sup>47</sup> There are already a number of other service providers in FBC's service territory, so competition with other service providers is embedded in the actual utilization numbers used by FBC in its rate calculation. Further, growth in charging stations will encourage and be accompanied by growth in EV adoption, which will benefit all service providers. In any case, FBC agrees that there is no evidence on which to estimate how the potential for growth in other service providers' stations

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<sup>45</sup> Exhibit B-5, BCOAPO IR1 11.1.

<sup>46</sup> BCOAPO Final Argument p. 11.

<sup>47</sup> Exhibit B-5, BCOAPO IR1 14.1.

could potentially impact FBC's station utilization. Any uncertainty in this regard is best addressed through FBC's ongoing monitoring and reporting on its EV station charging rate.

36. Finally, BCOAPO argues that FBC's 54 percent maximum utilization rate is too high as it assumes continuous use for 12 hours a day, compared to BC Hydro's rate of 30 percent.<sup>48</sup> FBC submits that BCOAPO's position ignores the actual data. FBC's maximum utilization rate is based on FBC's actual historical data which shows there is consistent use of its stations between 8 am and 7 pm. Given this actual historical data of FBC's actual stations, the realistic maximum for these hours is 100 percent utilization (less the time required to switch-over vehicles).<sup>49</sup> The data on the actual use of FBC's stations similarly shows that the overnight hours will have very little utilization regardless of growth in EVs, likely due to factors such as safety concerns about charging in the middle of the night. The alternative of simply adopting BC Hydro's utilization rate, which BCOAPO appears to suggest, would not be reasonable. BC Hydro's stations may have different utilization patterns for various reasons which have not been examined in this proceeding.

37. Finally, BCOAPO suggests that increased charging speeds could increase the energy dispensed at stations that are forecast to meet the maximum utilization rate. BCOAPO makes no recommendations in this regard, but notes that this could offset BCOAPO's concerns with the maximum utilization rate.<sup>50</sup> FBC submits that it would be speculative at this time to attempt to embed in the forecast an estimate of increasing charging speeds that may develop in new EVs and how this would impact station utilization. FBC submits that these types of factors are best addressed through FBC's ongoing monitoring and reporting on its EV charging rates.

#### **F. COST OF ENERGY FORECAST IS BASED ON BEST AVAILABLE INFORMATION**

38. CEC submits that FBC should use the best information available for its cost of energy forecast.<sup>51</sup> FBC has in fact used the best available information and therefore assumed a 4 percent

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<sup>48</sup> BCOAPO Final Argument, p. 11.

<sup>49</sup> Exhibit B-4, BCUC IR1 4.1 and 4.2.

<sup>50</sup> BCOAPO Final Argument, p. 13.

<sup>51</sup> CEC Final Argument, p. 16, para. 125.



increase in rates. The table from the response to BCUC IR1 5.3 is reproduced below. As shown in the table, 4 percent aligns with FBC’s rate increases over the past four years.

**Table 1: Rate Changes from FBC Annual Reviews (2021 to 2024)**

	2021	2022	2023	2024
BCUC Order	G-42-21	G-374-21	G-382-22	G-340-23
Annual Approved Rate Increase (%)	4.36%	3.47%	3.98%	6.74%

39. CEC submits that 4 percent “appears to be overly conservative” and there is uncertainty over the levelization period.<sup>52</sup> However, CEC provides no evidence or reasoning as to why 4 percent is overly conservative, especially given the four years of rate increase data shown above. While there is of course uncertainty over the levelization period, FBC has based its assumption on the best and most recent information. Uncertainty can be addressed through ongoing monitoring and reporting.

**G. TREATMENT OF HISTORICAL ANNUAL SURPLUSES/DEFICITS (2018-2023) IS REASONABLE**

40. BCOAPO argues that the 2018-2023 deficit should be higher because only carbon credit revenue attributed to FBC’s EV DCFC stations should be included.<sup>53</sup> However, FBC’s approach to including all carbon credit revenue in its EV charging service rate calculation has been FBC’s approach since Decision and Order G-341-21, which approved the rate design of the time-based rate, with carbon credits monetized. As described in the Application, pursuant to Order G-341-21, the monetized value of the carbon credits related to EV stations that FBC earns under the BC-LCFS is recorded in Other Revenue and is subject to flow-through treatment, and an estimate of \$200 per credit was included for FBC’s 50 kW and 100 kW stations, which was close to the average market price in 2019 and 2020 when the time-based rates were developed.<sup>54</sup> FBC considers it reasonable to attribute this revenue to FBC’s EV DCFC charging station program generally, and this approach has been reflected in FBC’s Annual Review materials since Decision and Order G-341-21. Further, from 2022 forward, FBC’s carbon credit revenue is only from its own charging

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<sup>52</sup> CEC Final Argument, p. 16, para. 124.

<sup>53</sup> BCOAPO Final Argument, p. 15.

<sup>54</sup> Exhibit B-1, Application, p. 27.

stations, which makes this an historical issue only.<sup>55</sup> FBC submits that it is reasonable to continue the existing approved treatment and attribute all historical carbon credit revenue to FBC's EV DCFC charging station program.

41. BCOAPO alleges that FBC calculated the cumulative surplus/deficit by simply adding the surplus/deficit for each of the years 2018 to 2023, and therefore that historical surpluses/deficits need to be adjusted to be evaluated on a present value basis.<sup>56</sup> This is not accurate. First, the sum of the surplus/deficit in each year is the actual balance at the opening of 2024. Second, FBC's present value calculation, provided in Appendix E-3, Schedule 4 of Exhibit B-1-1, shows that the cumulative surplus/deficiency on Line 2 is included in the present value calculation on Line 5, which is used to develop the EV charging rates. As such, BCOAPO's suggestion that the cumulative surplus/deficit needs to be further adjusted is incorrect and would result in an inaccurate calculation.

#### **H. NACS-EQUIPPED EVS CAN UTILIZE FBC'S EV CHARGING STATIONS**

42. Flintoff recommends that the BCUC direct a timeline for FBC to convert to NACS connectors, citing challenges and barriers for NACS-equipped EVs.<sup>57</sup> FBC submits that this recommendation should be rejected. NACS-equipped EVs are able to use FBC's EV charging stations with CCS or CHAdeMO adapters.<sup>58</sup> While more convenient not to have to use an adaptor, there is no evidence at this time that NACS-equipped EVs will experience significant challenges or barriers to charging their vehicles at FBC's stations. Given that the transition to NACS connectors is only now beginning, and there will be a significant number of CCS or CHAdeMO-equipped EVs, as well as NACS-equipped EVs, on the road for many years, adaptors will be generally required. Accordingly, FBC does not consider that the cost to convert to NACS connectors can be justified at this time.

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<sup>55</sup> Exhibit B-5, BCOAPO IR1 6.2.

<sup>56</sup> BCOAPO Final Argument, p. 15.

<sup>57</sup> Flintoff Final Argument, pp. 2-3.

<sup>58</sup> Exhibit B-4, BCUC IR1 7.1.

43. Further, FBC's current plan regarding NACS connectors is reasonable. Namely, as FLO has indicated that they do not plan to support NACS connector retrofits for the type of FLO chargers deployed by FBC to date, FBC plans to introduce NACS connectors at the time of DCFC station replacement, or when installing new charging stations in the future. Further, if retrofits become available, FBC will consider making retrofits at that time, utilizing the capital expenditures built into the forecast cost of service.<sup>59</sup> FBC will also be monitoring its EV charging service and can respond to customer demand as it develops.

**I. FBC HAS ACCOUNTED FOR GENERAL RATE INCREASES IN ITS COST OF SERVICE**

44. CEC submits that FBC's energy-based rate should be subject to general rate increases, stating that "excluding real costs" results in rates that are too low.<sup>60</sup> BCOAPO submits that the BCUC should approve a "fixed percentage annual increase that would be applied going forward for a fixed period of time."<sup>61</sup> FBC submits that these approaches should be rejected.

45. First, FBC's proposed rate is a cost-of-service rate that includes a forecast of annual rate increases to the RS 21 charges in the calculation of the energy-based rate. Contrary to CEC's submissions, FBC has not excluded any costs from its forecast cost of service over the levelization period.

46. Second, FBC's proposed approach of not subjecting its EV charging rate to general rate increases, but instead building in a forecast of such increases, was approved in Decision and Order G-34-21 for FBC's time-based rates, where the BCUC explicitly rejected similar arguments from interveners.<sup>62</sup> FBC is simply seeking to continue this approved approach.

47. Third, the currently approved approach has a number of benefits, including being practical and easy to understand and providing EV customers with stability in their EV charging costs, which supports government policy to encourage EV adoption.

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<sup>59</sup> Exhibit B-4, BCUC IR1 7.1.

<sup>60</sup> CEC Final Argument, p. 6, paras. 46-47.

<sup>61</sup> BCOAPO Final Argument, p. 19.

<sup>62</sup> Decision and Order G-324-21, at page 19, as quoted on page 18 of FBC's Final Submission.

48. Fourth, CEC's proposal would not address CEC's list of concerns regarding uncertainty. It would simply result in the embedded increases to RS 21 being excluded from the forecast cost of service and instead applied each year, which would cause less rate stability and more uncertainty for EV drivers.

49. Lastly, if – despite the reasoning above – either CEC's or BCOAPO's proposals were accepted, the embedded annual rate increases of 4 percent would need to be removed from FBC's forecast cost of service to avoid double counting of rate increases. Removing the embedded rate increase would lower the proposed rate.<sup>63</sup> FBC submits that the approach of embedding that increase in a levelized rate is a superior approach for the reasons set out in the paragraph above.

50. FBC submits that the BCUC should not accept BCOAPO's calculated rates and estimates<sup>64</sup> as they have not been tested on the record in this proceeding.

51. With respect to BCOAPO's proposal to have a fixed percentage increase rather than FBC's actual rate increase, FBC sees little merit in this approach. If the rate increases are to be fixed, then it is more beneficial to incorporate them into the forecast cost of service. If they are not incorporated, then it only makes sense to apply FBC's approved rate increases each year.

#### **J. FBC WILL MONITOR AND REPORT ON ITS EV CHARGING RATE**

52. As indicated in its Application and Final Submissions, FBC will monitor its energy-based rate and continue to provide updates to its RS 96 EV DCFC service as part of its annual review or revenue requirement applications. If FBC determines the energy-based rate needs to be adjusted prior to the end of the 10-year levelization period, FBC will propose the changes as part of its rate-setting processes.<sup>65</sup> FBC has indicated that it “may consider TOU rates or other alternatives in the future if it determines that such options would help to improve the efficient use of its stations.”<sup>66</sup>

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<sup>63</sup> The calculation of the impact of removing the embedded rate increase is not on the record.

<sup>64</sup> BCOAPO Final Argument, p. 19 and Appendices.

<sup>65</sup> Exhibit B-1, Application, Section 4.2.

<sup>66</sup> Exhibit B-9, RCIA IR1 2.2.

53. BCOAPO recommends that FBC's regular reporting as to the performance of its EV DCFC service should: (i) identify any future known changes that would impact the revenue or costs in subsequent years; (ii) include a report on the comparative energy rates currently being charged by competitive EV DCFC service providers; and (iii) clearly indicate whether or not FBC considers it necessary to make any adjustments to its EV DCFC service rate and provide an explanation as to the basis for its conclusion.<sup>67</sup> FBC considers this to be aligned with its proposed monitoring and reporting proposal.

54. RCIA supports FBC's commitment to monitor and report on its energy-based rate, and supports in particular exploration of alternative rate designs, monitoring of carbon credit prices, and rate adjustments where needed.<sup>68</sup> FBC submits that its proposed monitoring and reporting satisfies RCIA's concerns, as it includes consideration of alternative rate designs if this emerges in the market,<sup>69</sup> monitoring of carbon credit revenue, and rate adjustments if needed.

55. Flintoff submits that if FBC is in a deficiency position that may not be recoverable during the levelized period, then FBC must submit a revised rate application.<sup>70</sup> FBC submits that its proposed monitoring and reporting addresses the substance of Flintoff's point, with the caveat that future recoverability will have to be assessed in context and does not mean that FBC must change the rate in any year there is a deficiency. FBC may similarly assess whether its rate should be adjusted downwards if it is in a surplus position. FBC also submits that it should not necessarily be required to submit an application, but could address any rate changes in the context of its annual reviews or revenue requirements application if appropriate.

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<sup>67</sup> BCOAPO Final Argument, p. 24.

<sup>68</sup> RCIA Final Argument, pp. 5-7. FBC notes that it disagrees with RCIA's submission (on page 6) that FBC has not provided a strong rationale for its carbon credit price path. As RCIA submits that this can be addressed through monitoring and reporting, FBC has not replied further.

<sup>69</sup> Exhibit B-9, RCIA IR1 2.2.

<sup>70</sup> Flintoff Final Argument, p. 4, point 6.

**K. PREMATURE TO CONSIDER RATES AT END OF LEVELIZED PERIOD**

56. Flintoff submits that if there is a deficiency position at the end of the levelized period, then it should be recovered in a new rate set at the end of the levelized period.<sup>71</sup> FBC submits that it is premature to prescribe how new rates will be set at the end of the levelization period. This is a matter that should be addressed by the BCUC Panel responsible for setting the EV charging rates at the end of the levelization period.

**L. FBC WILL ASSESS ANY NEW ACCESSIBILITY STANDARDS**

57. BCSEA-VEVA submit that “FBC must, at a minimum, comply with any new accessibility guidelines or standards that arise during the proposed 10-year levelization period.”<sup>72</sup> FBC is sensitive to the need to make its stations accessible and has taken reasonable steps to do so. If any new accessibility guidelines or standards arise, FBC will consider the application of such guidelines or standards to its EV charging stations and the potential costs and benefits of complying. FBC will request BCUC approval of any significant improvement work or additional accessibility upgrades that FBC concludes are needed as part of its annual reviews or revenue requirements applications.

**PART THREE: PROPOSED IDLING CHARGE IS JUST AND REASONABLE**

58. FBC submits that the BCUC should reject Flintoff’s proposal for a \$0.40 per minute idling charge “that doubles every half-hour after the 5 minute grace period<sup>73</sup> with the risk of towing after 2 hours.”<sup>74</sup> This proposal is out of step with current idling charges in place in BC, including the idling charge that the BCUC approved for BC Hydro.<sup>75</sup> While an idling charge is a prudent step to ensure congestion does not develop as EV use increases, there is as of yet no evidence of congestion at FBC’s stations.<sup>76</sup> Nor is there any evidence that a \$0.40 per minute idling charge

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<sup>71</sup> Flintoff Final Argument, p. 4, point 6.

<sup>72</sup> BCSEA-VEVA Final Argument, para. 27.

<sup>73</sup> Flintoff also appears to suggest a 10-minute grace period, at page 4, point 3 of his Final Argument.

<sup>74</sup> Flintoff Final Argument, p. 3.

<sup>75</sup> Exhibit B-1, Application, p. 15.

<sup>76</sup> Exhibit B-1, Application, p. 33.

would be ineffective, as Flintoff appears to presume. FBC submits that its proposed idling charge is reasonable and that adjustments can be made in the future if it proves to be ineffective.

#### **PART FOUR: APPLICATION COST DEFERRAL ACCOUNT IS JUST AND REASONABLE**

59. CEC submits that the regulatory proceeding costs should be recovered in the EV charging rates,<sup>77</sup> and Flintoff similarly submits that the costs of this regulatory proceeding should be recovered by EV customers only, as “only a small percentage of FBC’s customer base owns EVs.”<sup>78</sup> FBC submits that this approach should be rejected for the reasons explained in paragraph 64 of its Final Submission. The CEC’s and Flintoff’s approach would be a unique treatment of regulatory proceeding costs, and explicitly counter to the BCUC-approved approach to FBC’s past proceeding costs to set EV charging rates. There is nothing unique to this proceeding that could justify a change in treatment of these costs. All of FBC’s customers have an interest in this proceeding and it is just and reasonable for the costs of this proceeding to be treated like all other regulatory proceeding costs and recovered from FBC’s non-EV customers through the amortization of the RS 96 Energy Based Rate Application Cost deferral account.

#### **PART FIVE: CONCLUSION**

60. FBC submits that the intervener submissions from BCSEA-VEVA, Flintoff and RCIA demonstrate substantial support for its Application. CEC’s and BCOAPO’s submissions opposing FBC’s proposed rate are not substantiated by the evidence in this proceeding and should be

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<sup>77</sup> CEC Final Argument, p. 17.

<sup>78</sup> Flintoff Final Argument, p. 4.

rejected. Therefore, FBC respectfully requests that the BCUC approve FBC's proposed energy-based rate and other approvals sought as set out in its Evidentiary Update to the Application.

61. ALL OF WHICH IS RESPECTFULLY SUBMITTED

Dated:

May 7, 2024



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Chris Bystrom  
Counsel for FortisBC Inc.