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July 4, 2025

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

Attention: Robert Hobbs

Dear Robert Hobbs:

Re: FortisBC Inc. (FBC)

2025 Cost of Service Allocation (COSA) and Revenue Rebalancing (Application)

Response to the Industrial Customers Group (ICG) Information Request (IR) No. 2

On February 14, 2025, FBC filed the Application referenced above. In accordance with the amended regulatory timetable established in BCUC Order G-127-25 for the review of the Application, FBC respectfully submits the attached response to ICG IR No. 2.

FBC has filed a portion of the responses to ICG IR 6.1 and 6.2 on a confidential basis as identified in those responses and have provided redacted versions for the public record of 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

1 Reference: Exhibit B-5, BCUC IR 1.1 and BCUC IR 1.2

"The RS 37 revenue is therefore dispersed to all rate classes as compensation for use of the system required to serve the customer load that is normally self-supplied."

"RS 38 revenues are therefore reasonably allocated to the other customer classes as an offset to system costs, providing a benefit to those customers."

1.1 Please confirm that there are no incremental costs to meet RS 37 or RS 38 loads? If not confirmed, please identify such costs in the COSA?

Response:

There are incremental costs associated with providing service to RS 37 and RS 38 customers and both rates contain charges that are intended to recover those costs. RS 37 contains both a Notification Fee and an Administrative Premium. RS 38 contains an Hourly Service Adder in consideration of those costs. These charges are included in the forecast revenues for the rates; however, these costs are not significant and are not accounted for separately in the COSA model.

For clarity, the costs referred to in the preamble to this IR are system costs associated with the existing infrastructure. RS 37 and RS 38 were not developed through a COSA process and the load is therefore not reflected in the COSA and does not attract cost allocation and contribute to the embedded cost of the system.

1.2 Please comment on whether "the customer load that is normally self-supplied" is self-supplied because self-generation customers are denied RS 31 service for the portion of their load met by RS 37?

Response:

Customers with self-generation are not denied RS 31 service for the portion of load that is self-supplied. These customers choose to meet load with self-generation rather than embedded-cost service on an approved tariff rate, presumably because it is cost effective to do so.

The only instance in which self-generating customers are unable to access RS 31 service is in accordance with Order G-48-09, which resulted in FBC self-generating customers being prevented from purchasing power at regulated embedded cost rates and simultaneously selling an equivalent amount of power into available domestic and export markets. In Order G-188-11, the BCUC directed FBC to file an application for a stand-by rate to manage service to customers that normally supply some portion of load through self-generation.

1.3 Please comment on whether customers taking RS 37 or RS 38 service have options to meet load other than RS 37 or RS 38 service.

Response:

Both RS 37 and RS 38 are optional rates. For RS 37, as noted in the response to ICG IR2 1.2, a self-generating customer that would normally be served on RS 31 cannot meet load with RS 31 service while selling the output of its generation. As a practical matter, if a customer wishes to install self-generation, it must be used first to serve load, and any excess power can be sold to a third party. RS 37 is intended only to supply power to replace that which is normally self-generated in the event of a maintenance or unplanned interruption.

For RS 38, customers may or may not have available options to meet load depending on the capacity available on the system at the desired location. Where capacity is available, or where the customer is willing to fund required upgrades to make capacity available, RS 31 would be an option. However, the customer could still choose RS 38 service.

If no system capacity is available and the customer does not wish to fund necessary upgrades, RS 38 may be the only option.

2 Reference: Exhibit B-5, BCUC IR 2.2 and BCUC IR 2.4

"While the purposes of RS 37 and RS 38 differ, as do the details of the rates themselves, the benefits provided to other ratepayers through the additional revenues derived from the rates are essentially the same, warranting consistent treatment with the COSA."

"… it is not the nature of the benefits provided by the rates that determines the treatment of the RS 37 and RS 38 revenues as an offset to the revenue requirement within the COSA."

2.1 Please provide and explain the differences in eligibility criteria between RS 31, RS 37 and RS 38?

Response:

Service of the above noted rates is available to customers under the conditions described in the Tariff as reproduced below.

The differences in the eligibility criteria for the rates reflect the different nature of the services provided.

RS 31	AVAILABLE: In all areas served by FortisBC for supply at 60 hertz, three phase with a nominal potential of 60,000 volts or higher as available. APPLICABLE: Applicable to industrial Customers with loads of 5,000 kVA or more, subject to written agreement.
RS 37	• Stand-by Service is a Back-Up and Maintenance Service intended to provide the Customer with a firm supply of electric power and energy when the Customer's generating facilities are not in operation or are operating at less than full rated capability. • Stand-by Service is available only to those Customers that normally supply all or some portion of load from self-generation and is strictly for the continued operation of Customer facilities at times when the Customer owned generation is unavailable. • Stand-by Service cannot be used by the Customer in the fulfillment of any power sales obligation. • Stand-by Service in only available to a Customer contracted to receive service under Rate Schedule 31.
RS 38	Interruptible Service is available throughout FortisBC's electric service area to Customers whose entire load at one point of interconnection would normally be eligible for service on Rate Schedule 30 – Large Commercial Service – Primary, or Rate Schedule 31 – Large Commercial Service – Transmission, subject to: a. a review by FortisBC of each customer request for suitability and technical viability; b. written agreement; and c. in cases where the Interruptible Customer chooses to have only a portion of its total load served under this Rate Schedule, the portion of the customer's load that is to be served under this Rate Schedule is sufficient in size to itself qualify for service on either Rate Schedule 30 – Large Commercial Service – Primary, or Rate Schedule 31 – Large Commercial Service – Transmission. d. Electricity is available under this Rate Schedule on a pilot basis only until July 31, 2028

2.2 Please comment on whether the terms and conditions of RS 37 and RS 38 and the source of the "additional revenues" are relevant to how the revenues are dispersed?

Response:

The terms and conditions under which the rates are offered, which include the Availability and Applicability criteria as well as the Special Conditions contained in the Tariff and the individual written agreements with the customers, all describe and are determinative of the nature of the service provided.

As described in the response to BCUC IR1 2.2, it is the nature of the rates (as opposed to the nature of the benefits) that is key. The RS 37 and RS 38 rates are non-embedded-cost, market-based rates developed outside of the COSA process, which makes treating the revenues as an offset to the overall revenue requirement appropriate. RS 37 and RS 38 were not developed with the intention of recovering embedded costs that are already recovered through existing rates.

The terms and conditions and the source of the RS 37 and RS 38 revenues are relevant to the treatment of the revenues in the COSA only because they reflect the original development and intent of the rates.

3 Reference: Exhibit B-5, BCUC IR 3.3.1, Table 1

3.1 Please provide the R/C ratios for all rate classes, assuming RS 37 and RS 38 are not separate rate classes and RS 37 and RS 38 revenues are dispersed to the RS 31 rate class?

Response:

FBC interprets this question to be a scenario where the result would be an overall reduction in revenue without the separate RS 37 or RS 38 service.

As noted in the response to BCOAPO IR1 3.1, FBC considers it unlikely that a customer would choose to replace self-generated power with RS 31 service because the demand levels set during the generation outage would set a ratcheting monthly Demand Charge that would persist for the following 11 months. In this case, the customer would self-curtail and there would be no additional revenue to allocate to RS 31 and some reduction in the overall power-supply costs related to providing standby service.

In the case of RS 38, not offering the interruptible rate would not lead to an increase in RS 31 service since the customer would not have access to RS 31 above its current RS 31 contract, as there is insufficient firm system capacity available.

Given these factors, in the absence of RS 37 and RS 38 service, there would be no additional RS 31 revenue to disperse. Simply removing the revenues produces the following revenue to cost ratios as provided by EES Consulting.

Customer Class	Default Rate Schedule	Revenue to Cost Ratio
Residential	RS 01	99.4%
Small Commercial	RS 20	107.5%
Commercial	RS 21/22	102.5%
Large Commercial Primary	RS 30/32	100.9%
Large Commercial Transmission	RS 31	105.8%
Lighting	RS 50	99.2%
Irrigation	RS 60	77.2%
Wholesale Primary	RS 40	94.1%
Whole Transmission	RS 41	98.6%

4 Reference: Exhibit B-7, ICG IR 8.2

"EES did not consider 15-minute or 30-minute demand for the analysis. It is likely that using 15 minute demand would provide similar results to using hourly demand, but this was not part of the analysis."

4.1 Please identify and explain factors that might be relevant to the selection of the demand window, for example, the choice of a 15-minute or 30-minute demand window?

Response:

The following response has been provided by EES Consulting:

Typical factors that might be relevant to the selection of the demand window include the following:

- if the customer pays rates on a certain type of demand;
- if the demand interval is available for all rate classes for class contribution comparison; and
- if the utility pays for power supply demand, at what interval.

Here, hourly intervals for demand are the most available for all rate classes and the most common interval in power supply markets.

The choice between hourly, 15-minute, and 30-minute demand can only impact the within-hour variability. Hourly demand sums the four 15-minute intervals, which results in an average hourly demand across the four intervals. A 15-minute demand or 30-minute demand takes the higher 15-minute and 30-minute interval and multiplies it by two or four to get a higher value for the hourly demand.

An hourly demand is appropriate for the FBC COSA, but for all classes the choice of a 15-minute or 30-minute demand would increase all demands over the current hourly (average) demand. If this were applied evenly across all rate classes, it would slightly improve the accuracy of factors by making a level shift. However, this would only be done where all classes have that same interval available.

It would not be appropriate to treat classes with 15-minute demand on a 15-minute demand basis and treat other classes on an hourly basis. This would be to the detriment of the more accurately metered class.

4.2 Can EES consider the selection of the demand window and recommend a demand window, assuming the use of a 30-minute demand by BC Hydro? Can EES identify

"relevant factors" that might support the use of different demand windows by BC Hydro and FortisBC?

Response:

The following response has been provided by EES Consulting:

EES would only recommend a demand window that was readily available for all classes. As an example, if both BC Hydro and FBC had 30-minute demand available for all rate classes and billed on 30-minute demand, then it might be more appropriate to use 30-minute demand instead of hourly demand. EES considers it unlikely on an overall basis, given the number of other assumptions and data, that such a change to the demand window would have a large impact on the COSA results. However, the change would most likely impact large customers with proportionately higher demands.

5 Reference: Exhibit B-5, BCUC IR 1.1 and Exhibit B-7, ICG IR 9.1

"In contrast to RS 31, RS 37 was not developed through a COSA process and RS 37 load is not reflected in the COSA and therefore does not attract cost allocation and contribute to the embedded cost of the system."

"If the revenues were directly assigned to the Large Commercial Transmission customer class without an increase in directly assigned costs for standby service to RS 31, the R/C ratio for RS 31 would change from 105.3 percent to 117.6 percent. However, it is likely there would be a matching increase in directly assigned costs and the impact negligible to the class."

5.1 Please confirm that there would be no costs to be directly assigned, assuming there are no incremental system costs of either RS 37 or RS 38?

Response:

Not confirmed. While there may be no incremental system costs associated with providing RS 37 and RS 38 service, if the RS 37 revenues were all allocated to RS 31, then it would be appropriate to also directly allocate any associated power supply related costs to RS 31.

5.2 Please confirm that all current revenues from RS 37 are from one customer? Please comment on whether system costs have already been directly assigned to the one customer?

Response:

FBC confirms that it currently has one RS 37 customer. As there are no incremental system costs related to RS 37, no system costs have been directly assigned to that customer in the 2025 COSA.

6 Reference: Exhibit B-7, ICG IR 3.2

"It is unclear over what time period or circumstance leading to a potential change in load factor is being referenced by the question."

6.1 Please provide the load factor for the referenced RS 38 customer for the last 3 years, including those years the load was not being served by RS 38.

Response:

FBC requests that a portion of this response be filed on a confidential basis and be held confidential by the BCUC in perpetuity, pursuant to Section 18 of the BCUC's Rules of Practice and Procedure regarding confidential documents as set out in Order G-296-24. The information contains confidential and private customer information for which FBC does not have the authority or permission to disclose and may negatively impact customers if it were publicly disclosed. Given the private nature of the information, FBC submits that only the BCUC should have access to the unredacted confidential version. FBC has provided a redacted version for the public record.

The requested load factor data for the referenced RS 38 customer is provided below. FBC notes that the load factor has been consistent from 2022 to 2024, with only a 0.3 percent difference between years.

	Average Monthly Load Factor
2024	[redacted]
2023	[redacted]
2022	[redacted]

6.2 Please provide the load factors for RS 31 and RS 38 separately, and also the composite load factor when combined.

Response:

FBC requests that a portion of this response be filed on a confidential basis and be held confidential by the BCUC in perpetuity, pursuant to Section 18 of the BCUC's Rules of Practice and Procedure regarding confidential documents as set out in Order G-296-24. The information contains confidential and private customer information for which FBC does not have the authority or permission to disclose and may negatively impact customers if it were publicly disclosed. Given the private nature of the information, FBC submits that only the BCUC should have access to the unredacted confidential version. FBC has provided a redacted version for the public record.

1 The requested load factors are provided below.

RS 38	RS 31	RS 31 without RS 38
[redacted]	[redacted]	82.6%

2

7 Reference: Exhibit B-1-1, Appendix A to EES FBC 2025 Cost of Service Study, Schedule 4.1

7.1 The 2022 rate base for "EV Stations, Kiosks & Charger Connectors" is shown as $5,281,000. Please provide a breakdown of this rate base, showing separately the number and cost of stand-alone EV charging stations accessible by the public for each year from 2021 to 2024.

Response:

Please refer to Table 1 below for the breakdown of the 2022 ending balance of $5.281 million for the asset class of "EV Stations, Kiosks & Charger Connectors" as well as the additions up to 2024 for FBC's EV charging stations accessible by the public.[1] Table 1 also includes the number of FBC's EV charging stations accessible by the public each year from 2021 to 2024.

Table 1: Capital Additions Recorded in the "EV Stations, Kiosks & Charger Connectors" Asset Class Related to FBC's Public DCFC Stations from 2021 to 2024 ($ millions)

	2018	2019	2020	2021	2022	2023	2024
Gross Plant in Service, Beginning	-	0.599	1.871	2.944	4.433	5.281	5.745
Additions	0.599	1.272	1.073	1.489	1.019	0.464	(0.007)
Retirements	-	-	-	-	(0.172)	-	-
Gross Plant in Service, Ending	0.599	1.871	2.944	4.433	5.281	5.745	5.738
EV DCFC Stations Available to Public (at year-end)	**5**	**11**	**28**	**40**	**42**	**42**	**42**

Pursuant to Order G-215-21, FBC was approved to dispose of and transfer the stations in New Denver and Nakusp to BC Hydro. This was completed in 2022, resulting in the retirements to the asset class shown in Table 1 above.[2] FBC also notes that the credit of approximately $7 thousand in 2024 was related to a reversed accrual from 2023.

7.2 Please provide the revenue from stand-alone EV charging stations accessible by the public for each year from 2021 to 2024, and provide a revenue forecast for the next 5 years.

[1] All assets up to the end of 2022 were related to FBC's owned EV direct current fast charging (DCFC) stations accessible by the public. However, starting in 2023, assets related to FBC's fleet charging stations installed at its office facilities are recorded in the same asset class of "EV Stations, Kiosks & Charger Connectors". These stations are not accessible to the public, thus they are not included as part of Table 1. The capital additions in 2023 and 2024 for FBC's own fleet charging stations were approximately $71 thousand and $168 thousand, respectively.

[2] FBC added four new DCFC stations and removed/transferred two DCFC stations in 2022, thus resulting in a net increase of two EV DCFC stations from 2021 to 2022.

Response:

Please refer to Table 1 below for the actual revenues from 2021 to 2024 and forecast revenues from 2025 to 2029 for FBC's EV DCFC service under Rate Schedule (RS) 96.

Table 1: RS 96 Actual and Forecast Revenue from 2021 to 2029 ($ millions)

	Actual 2021	Actual 2022	Actual 2023	Actual 2024	Projected 2025	Forecast 2026	Forecast 2027	Forecast 2028	Forecast 2029
RS 96 Revenue, excl. 15% fee	0.060	0.116	0.173	0.240	0.327	0.480	0.688	1.032	1.354

FBC notes the following:

- As approved by Order G-176-24, FBC implemented an energy-based rate of $0.39 per kWh on a permanent basis on August 1, 2024. As such, all actual/forecast revenues after August 1, 2024 are based on the new energy-based rate. Prior to the implementation of the energy-based rate, the charging rates were time-based at $0.26 per minute and $0.54 per minute for FBC's 50 kW and 100 kW stations, respectively, as approved by Order G-350-21.
- The revenues shown in Table 1 above do not include the 15 percent transaction fee to FBC's EV DCFC vendor.
- The forecasts from 2025 to 2029 are based on the growth rates as presented in FBC's EV Energy-Based DCFC Service Rate Design and Rates Application, dated December 22, 2023, and approved by Order G-176-24.
- The forecast from 2026 to 2029 includes the incremental revenue from six new 100 kW stations expected to be in service in 2026.

7.3 For the existing fleet of stand-alone EV charging stations accessible by the public, please provide the maintenance and repair costs for each year from 2021 to 2024, and provide a maintenance and repair cost forecast for the next 5 years.

Response:

FBC interprets this question as requesting the total O&M costs of FBC's owned EV DCFC stations from 2021 to 2024 and forecast to 2029 as opposed to only the maintenance and repair costs. FBC's total O&M for its EV DCFC stations includes maintenance and repair costs, network management fees, inspection fees, FBC labour costs, and third-party utilities costs (i.e., for stations in Grand Forks, Nelson, and Penticton). Please refer to Table 1 below for the actual total O&M for FBC's owned EV DCFC stations from 2021 to 2024 and the projected/forecast O&M from 2025 to 2029.

Table 1: FBC EV DCFC Actual and Forecast O&M from 2021 to 2029 ($ millions)

	Actual 2021	Actual 2022	Actual 2023	Actual 2024	Projected 2025	Forecast 2026	Forecast 2027	Forecast 2028	Forecast 2029
FBC EV DCFC O&M Costs	0.101	0.213	0.204	0.232	0.365	0.361	0.399	0.453	0.527

The 2025 Projected and 2026 Forecast O&M are estimated based on current actual costs of maintenance and repair costs, network management and inspection fees, and FBC labour and third-party utilities costs. For 2027 to 2029, FBC assumed an annual inflation escalation of 2 percent for forecast O&M, except for third-party utilities costs. FBC forecasts third-party utilities costs based on the expected load growth from the EV DCFC stations located at Grand Forks, Nelson, and Penticton, as well as the most recent rate increases from these individual third-party utilities.