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September 16, 2019

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

Attention: Mr. Patrick Wruck, Commission Secretary and Manager, Regulatory Support

Dear Mr. Wruck:

Re: FortisBC Energy Inc. and FortisBC Inc. (collectively FortisBC)
Project No. 1598996
Application for Approval of a Multi-Year Rate Plan (MRP) for 2020 through 2024 (Application)
Errata dated September 16, 2019

On March 11, 2019, FortisBC filed the Application referenced above. On September 16, 2019, FortisBC submitted its responses to Information Requests (IRs) No. 2 in which it identified a number of corrections required to the Application (Exhibit B-1).

FortisBC hereby submits this Errata filing reflecting the corrections required to Exhibit B-1 which are also noted in the responses to BCUC IRs 2.206.1.1 and 2.252.1.

These corrections do not result in any impacts to framework or recommendations contained in the Application.

For ease of identification and reference of the revisions made in this Errata filing, FortisBC has provided all revised pages from Volume 1 (Application). The following lists the revised pages:

Description	Revised Pages
Application, Section C9.4	Pages C-173 and C-174
Application, Section D4.5	Page D-40

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC ENERGY INC.
FORTISBC INC.

Original signed:

Doug Slater

Attachments

cc (email only): Registered Parties

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Table C9-1: FEI Indicative 2020 Delivery Rate Change

Particulars	Revenue Requirement \$ millions
PBR/MRP Plans	
Resetting Rate Base	2.0
Resetting Base O&M	(0.7)
Subtotal	1.3
Studies	
Depreciation Study	3.5
Shared Services Study	(0.3)
Corporate Services Study	0.3
Cash Working Capital - Lead-Lag Study	(0.1)
Subtotal	3.4
Projected Revenue Requirements	
Customer Growth and Volume - Margin	3.4
LMIPSU - Coquitlam and Burnaby portions	32.2
Rate Base Growth	7.2
Net O&M	4.2
Deferral Accounts	(0.6)
Other	(8.3)
Subtotal	38.2
Total	42.8
Margin @ Existing Rates	810.4
Approximate Delivery Rate Change	5.3%

2

3 As noted above, the 5.3 percent delivery rate change in Table C9-1 is indicative only. The
4 overall rates in 2020 includes the delivery rate, as well as commodity and storage and transport
5 rates. All else equal, the overall rate (the annual bill) increase that results from the delivery rate
6 increase is 2.6 percent or \$1.75 per month for the average residential customer. Further, taking
7 into account the proposed Innovation Fund rider of \$0.40 monthly per customer, the overall bill
8 impact to the average residential customer is approximately \$2.15 per month.

9

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Table C9-2: FBC Indicative 2020 Rate Change

Particulars	Revenue Requirement \$ millions
PBR/MRP Plans	
Resetting Rate Base	0.6
Resetting Base O&M	0.9
Subtotal	1.5
Studies	
Depreciation Study	2.2
Shared Services Study	0.3
Corporate Services Study	(0.3)
Cash Working Capital - Lead-Lag Study	0.1
Subtotal	2.3
Projected Revenue Requirements	
Net Margin (Revenue less Power Supply)	1.9
Corra Linn Spillway Gates/UBO Refurbishment	1.6
Rate Base Growth	3.4
Net O&M	0.4
Deferral Accounts	4.1
Other	(3.3)
Subtotal	11.0
Total	14.9
Margin @ Existing Rates	373.3
Approximate Rate Change	4.0%

2

3 As noted above, the rate change in Table C9-2 is indicative only. The 4.0 percent rate increase
4 is equal to approximately \$4.75 per month for the average residential customer. Further, taking
5 into account the proposed Innovation Fund rider of \$0.30 monthly per customer, the overall bill
6 impact to the average residential customer is approximately \$5.05 per month.

4.5 TIMESHEET APPROACH VS. COST DRIVER APPROACH

Table D4-3 below outlines the extent of the 2018 Actual O&M Shared Services between FEI and FBC under the Cost Driver Approach in comparison to that under the existing Timesheet Approach.

Table D4-3: 2018 Actual O&M Shared Services – Cost Driver Approach vs Timesheet Approach

(millions)	O&M Actual Timesheet Approach	O&M Actual Cost Driver Approach	Allocations as per Timesheet Approach	Allocations as per Cost Driver Based	Difference in Approaches
FEI	271.55	271.21	1.38	1.04	0.34
FBC	57.36	57.70	(1.38)	(1.04)	(0.34)
Total	328.91	328.91	0.00	0.00	0.00

Deleted: 276.17

Deleted: 333.87

The “O&M Actual Timesheet Approach” column contains the total 2018 O&M actuals for FEI and FBC including cross charges under the existing Timesheet Approach. Refer to Table D4-1 above for a summary of the Timesheet Approach.

Using a Cost Driver Approach (the “O&M Actual Cost Driver Approach” column) results in a similar net allocation for shared O&M services between FEI and FBC. Using 2018 actuals, allocations under a Cost Driver Approach are \$1.04 million net to FEI compared to \$1.38 million net to FEI under a Timesheet Approach, for a difference of \$0.34 million.

4.6 CONCLUSION

FortisBC recommends adopting the Cost Driver Approach. The Cost Driver Approach is simpler to understand, easier to administer and more efficient, and more stable over time, requiring only annual updating with a broader review of the shared services model undertaken on a periodic basis.

As shown in Table D4-3 above, the change in approach would have a minimal impact on FEI’s and FBC’s O&M costs. However, as part of the transition to a Cost Driver Approach in this Proposed MRP, an adjustment is required to the Base O&M of FEI and FBC to recognize the difference in the overall allocation from the current Timesheet Approach to the Cost Driver Approach. Based on the 2018 actual O&M expenditures, the adjustment required would be an increase to FBC’s Base O&M of \$0.338 million with an equivalent offsetting reduction to FEI’s Base O&M of \$0.338 million.