



Doug Slater
Director, Regulatory Affairs

Gas Regulatory Affairs Correspondence
Email: gas.regulatory.affairs@fortisbc.com

Electric Regulatory Affairs Correspondence
Email: electricity.regulatory.affairs@fortisbc.com

FortisBC
16705 Fraser Highway
Surrey, B.C. V4N 0E8
Tel: (778) 578-3874
Cell: (778) 214-3842
Fax: (604) 576-7074
Email: doug.slater@fortisbc.com
www.fortisbc.com

June 2, 2020

British Columbia Public Interest Advocacy Centre
Suite 803 470 Granville Street
Vancouver, B.C.
V6C 1V5

Attention: Ms. Leigha Worth, Executive Director

Dear Ms. Worth:

Re: FortisBC Energy Inc. (FEI)

Project No. 1599033

Revelstoke Propane Portfolio Amalgamation Application (the Application)

Response to the British Columbia Public Interest Advocacy Centre representing the British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, and the Tenant Resource and Advisory Centre *et al.* (BCOAPO) Information Request (IR) No. 3 on Rebuttal Evidence

On July 18, 2019, FEI filed the Application referenced above. In accordance with the Regulatory Timetable established by the British Columbia Utilities Commission Order G-105-20 for the review of the Application, FEI respectfully submits the attached response to BCOAPO IR No. 3 on Rebuttal Evidence.

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC ENERGY INC.

Original signed:

Doug Slater

Attachments

cc (email only): Commission Secretary
Registered Parties



FortisBC Energy Inc. (FEI or the Company) Revelstoke Propane Portfolio Cost Amalgamation Application (the Application)	Submission Date: June 2, 2020
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1 **21.0 Reference: Exhibit B-15, FEI Rebuttal Evidence, Q3/A3**

2 21.1 Does FEI maintain that, in a given geographical location and over time, there is
3 no significant correlation between Heating Degree Days (HDDs) and Natural Gas
4 Demand?
5

6 **Response:**

7 Please refer to the response to BCUC IR3 23.3.
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11 21.2 Does FEI deny that many gas distributors use HDDs to forecast annual gas
12 demand?
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14 **Response:**

15 FEI is not aware of whether HDDs are used by other gas distributors to forecast annual gas
16 demand. If they are used, they should not be used as the only input to forecast demand.
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20 21.3 Does FEI use HDDs as an input for forecasting annual demand for residential
21 customers?
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23 **Response:**

24 No. FEI does not use HDDs as an input for any forecasting activity, including forecasting
25 annual demand for residential customers. Nor does FEI use HDDs as an input for any annual
26 demand forecasts. FEI forecasts annual demand on a weather normalized basis, and uses
27 temperature to normalize historical actual data prior to using it to forecast future normalized
28 demand. This normalization function is specific to each region and rate class to accommodate
29 different sensitivities to temperature for customers in each region and rate schedule.
30
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32
33 21.4 Does FEI use HDDs as an input in any of its forecasting activities? If so, please
34 specify which forecasts and provide the relevant forecasting formulas showing
35 how HDDs are used.



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Response:

Please refer to the response to BCOAPO IR3 21.3.

21.5 Does FEI maintain that using 10-year average values for 54 cities in their service area as per Figure 2 is a meaningful basis upon which it can deny that there is usually found a strong correlation between HDDs and gas demands in any given area – especially when aggregating 10-year average results over geographically (and demographically) disparate areas? If so, please explain in detail how its chosen approach is better than one using HDDs for its service areas.

Response:

As demonstrated by FEI’s actual historical data shown in Figure 2 of FEI’s Rebuttal Evidence, there is a weak correlation of UPC per HDD between different cities and/or regions. FEI notes that there is likely a better correlation between UPC and HDDs within each individual city, but the correlation across cities is weak. Accordingly, FEI maintains that Mr. Suchy’s use of UPC per HDD across different cities to predict Revelstoke’s UPC is flawed.

As discussed in the response to BCOAPO IR3 21.3, FEI uses temperature (not HDD) to normalize historical UPC for the purpose of forecasting demand. Further, the normalization is completed individually for each region, not across different regions.

21.6 Would FEI agree that West Vancouver, Vancouver, and Victoria appear to be outliers as per Figure 2.

Response:

FEI does not agree. Please refer to the response to BCUC IR3 23.3.2 which explains that, using the Grubbs’ Test for outliers, only West Vancouver is a statistical outlier within the dataset provided in Figure 2 of FEI’s Rebuttal Evidence. Vancouver and Victoria are not statistical outliers.



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1 21.7 Does FEI maintain that if they regressed annual residential load against HDDs in
2 a particular region over a period of time, the results would demonstrate weak or
3 insignificant correlation between the two variables?
4

5 **Response:**

6 Please refer to the response to BCUC IR3 23.3. FEI agrees annual residential UPC in any
7 given city viewed on its own would have better correlation with HDDs; however, this is a
8 different analysis that neither Mr. Suchy nor FEI has performed in evidence. Please also refer
9 to the response to BCUC IR3 23.5, which discusses why FEI is not able to predict if the average
10 UPC per HDD of any city would or would not regress over time toward the mean shown on
11 Figure 2 of FEI's rebuttal evidence.