



**Diane Roy**  
Vice President, 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: (604)576-7349  
Cell: (604) 908-2790  
Fax: (604) 576-7074  
[www.fortisbc.com](http://www.fortisbc.com)

March 4, 2021

British Columbia Utilities Commission  
Suite 410, 900 Howe Street  
Vancouver, B.C.  
V6Z 2N3

Attention: Mr. Patrick Wruck, Commission Secretary

Dear Mr. Wruck:

**Re: FortisBC Energy Inc. (FEI)**

**Project No. 1599152**

**Application for a Certificate of Public Convenience and Necessity for the Okanagan Capacity Upgrade (OCU) Project (Application)**

**Response to the British Columbia Utilities Commission (BCUC) CONFIDENTIAL Information Request (IR) No. 1, Questions 1.1 and 3.1 - Filed Non-Confidentially**

---

On November 16, 2020, FEI filed the Application referenced above. On December 16, 2020 in accordance with the Regulatory Timetable set out in Order G-335-20, the BCUC issued BCUC Confidential IR No. 1 (Exhibit A-4). FEI confirms that the responses to BCUC Confidential IR No. 1, 1.1 and 3.1 are not confidential, and are being filed publicly for the record. FEI hereby attaches the responses to BCUC Confidential IR No. 1, 1.1 and 3.1 on a non-confidential basis.

If further information is required, please contact the undersigned.

Sincerely,

**FORTISBC ENERGY INC.**

***Original signed:***

Diane Roy

Attachments

cc (Email only): Registered Interveners



FortisBC Energy Inc. (FEI or the Company) Application for a CPCN for the Okanagan Capacity Upgrade (OCU) Project (Application)	Submission Date: March 4, 2021
Response to British Columbia Utilities Commission (BCUC) CONFIDENTIAL Information Request (IR) No. 1 – Filed Non-Confidentially	Page 1

1 **A. PROJECT DESCRIPTION**

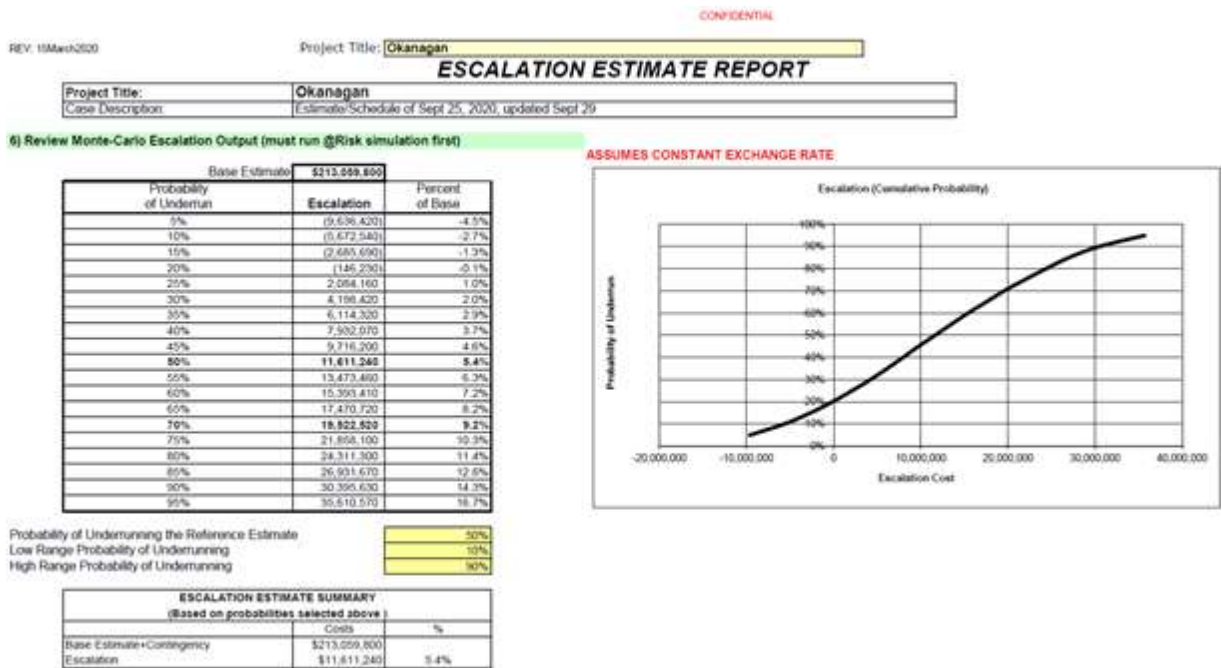
2 **1.0 Reference: PROJECT DESCRIPTION**

3 **Exhibit B-1-2 (Updated Application), Section 5.10.4.6, p. 92; Exhibit**  
 4 **B-1-1, Confidential Appendix C-3**

5 **Escalation Estimate**

6 On page 92 of the Updated Application, Fortis BC Energy Inc. (FEI) states, “FEI will fund  
 7 escalation at \$11.6 million which corresponds to the P50 level of confidence.”

8 FEI provides an escalation report in Confidential Appendix C-3 to the Updated  
 9 Application, which contains “Validation Estimating’s escalation methodology and results.”  
 10 Page 5 of Confidential Appendix C-3 shows a summary of the escalation estimate and  
 11 the Monte Carlo analysis, as follows:



12

13 1.1 Please clarify whether the escalation report in Confidential Appendix C-3 was  
 14 prepared by Validation Estimating or FEI. To the extent possible, please file your  
 15 response in a non-confidential manner.

17 **Response:**

18 The response to this question is not confidential and has, therefore, been filed publicly.

19 The Validation Estimating Escalation Report found in Confidential Appendix C-3 was prepared  
 20 by Validation Estimating LLC.

1    **3.0    Reference:    PROJECT COST ESTIMATE**  
2                                    **Exhibit B-1-2, Section 6.3.2, p. 96; Exhibit B-1-1, Confidential**  
3                                    **Appendix E-2, Schedule 9**  
4                                    **Application and Preliminary Stage Development Costs**

5                    On page 96 of the Updated Application, FEI states:

6                    FEI is seeking BCUC approval under Sections 59-61 of the UCA for deferral  
7                    treatment of the Application and Preliminary Stage Development costs.

8                    ...

9                    Table 6-3 below shows the December 31, 2020 net-of-tax balance for the  
10                    Application costs and the Preliminary Stage Development costs is forecast to be  
11                    a credit of \$795 thousand.

**Table 6-3: Forecast Application Costs and Preliminary Stage Development Costs (\$000s)**

Particulars	Application Costs	Preliminary Stage Development Costs	Total
Pre-tax Costs	\$400	\$902	\$1,302
Income Tax Recovery:			
Costs held in deferral account <sup>34</sup>	\$(108)	\$(244)	\$(352)
Capitalized Costs <sup>35</sup>		\$(1,682)	\$(1,682)
Total Tax Offset	\$(108)	\$(1,926)	\$(2,034)
Financing, WACC after tax	\$10	\$(73)	\$(63)
<b>Total</b>	<b>\$302</b>	<b>\$(1,097)</b>	<b>\$(795)</b>

12  
13                    The following is a BCUC staff extract from Schedule 9 of Confidential Appendix E-2 to  
14                    the Updated Application, showing the 2021 closing balance of the non-rate base deferral  
15                    account of \$795,000:

Line	Particulars	Reference	2019	2020	2021	2022
28	<b>Summary - Deferred Charge - Non Rate Base</b>					
29	Opening Balance	Previous Year, Line 36	-	400	(995)	(795)
30	Opening Balance, Adjustment	Opening balance transfer to rate base	-	-	-	795
31	Gross Additions		902	60	340	-
32	Tax		(502)	(1,439)	(92)	-
33	AFUDC		1	(16)	(48)	-
34	Net Additions	Sum of Lines 31 through 33	400	(1,395)	200	-
35	Amortization Expense		-	-	-	-
36	Closing Balance	Lines 29 + 30 + 34 + + 35	400	(995)	(795)	-

16  
17                    3.1            Please explain whether there is a typographical error on page 96 in that Table 6-  
18                    3 shows the December 31, 2021 net-of-tax balance is forecast to be a credit of



FortisBC Energy Inc. (FEI or the Company) Application for a CPCN for the Okanagan Capacity Upgrade (OCU) Project (Application)	Submission Date: March 4, 2021
Response to British Columbia Utilities Commission (BCUC) CONFIDENTIAL Information Request (IR) No. 1 – <b>Filed Non-Confidentially</b>	Page 3

1                   \$795,000, rather than at “December 31, 2020.” To the extent possible, please file  
2                   your response in a non-confidential manner.

3

4    **Response:**

5    The response to this question is not confidential and has, therefore, been filed publicly.

6    FEI confirms there is a typographical error on Page 96, Line 13. Line 13 should read as follows,  
7    “Table 6-3 below shows the December 31, **2021** ...”.