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October 19, 2022

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

Attention: Ms. Sara Hardgrave, Acting Commission Secretary

Dear Ms. Hardgrave:

**Re: FortisBC Energy Inc. (FEI)
Annual Review for 2023 Delivery Rates (Application)
Response to Workshop Undertakings**

On July 29, 2022, FEI filed the Application referenced above. In accordance with the regulatory timetable established in the British Columbia Utilities Commission Order G-240-22 for the review of the Application, FEI respectfully files the attached response to the undertakings from the Workshop held on October 14, 2022.

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC ENERGY INC.

Original signed:

Diane Roy

Attachments

cc (email only): Registered Parties

**FortisBC Energy Inc. (FEI or the Company)
Annual Review for 2023 Delivery Rates Application**

UNDERTAKING No. 1

HEARING DATE: Workshop, October 14, 2022

TRANSCRIPT

REFERENCE: Volume 1, page 47, lines 12 to 26; page 177, lines 10 to 12

REQUESTOR: Mr. Ryall, RCIA

WITNESS: Mr. Wong

QUESTION: Provide the historical rates of vacancy for the past 5 years.

RESPONSE:

Please refer to Table 1 below which provides the estimated vacancy rates from 2018 to 2021 and year-to-date August 2022 for FEI. Vacancy rates are influenced by labour market conditions (i.e., attrition and recruitment) and the total actual staffing requirements.

Table 1: Labour Vacancy Rates from 2018 to 2021 and August 2022 YTD

	2018	2019	2020	2021	2022 Aug YTD
Vacancy rate	4%	6%	7%	7%	8%

FortisBC Energy Inc. (FEI or the Company)
Annual Review for 2023 Delivery Rates Application

UNDERTAKING No. 2

HEARING DATE: Workshop, October 14, 2022

**TRANSCRIPT
REFERENCE:** Volume 1, page 177, lines 12 to 16

REQUESTOR: Mr. Ryall, RCIA

WITNESS: Ms. Coldham

QUESTION: How does the table in response to BCUC IR1 31.7 relate to the safety margins in BCUC IR1 32.1 and how are the safety margins calculated.

RESPONSE:

The table in the response to BCUC IR1 31.7 was prepared based on the most recent demand forecast available in 2022 for the Gibsons District Station, whereas the safety margins provided in the response to BCUC IR1 32.1 were calculated based on the 2019 demand forecast. As a result, the safety margin values, the timeline reference to 2037, and the tank volumes presented in the response BCUC IR1 32.1 were inconsistent with the values provided in the table in the response to BCUC IR1 31.7.

With the 2019 demand forecast, FEI modelled that by 2037 the peak day CNG send out volume through the day would be 5,135 standard m³. FEI estimated that three tanks would be installed with a total storage capacity of 5,835 standard m³ (i.e., 3 x 1,945 m³ tanks). The excess storage tank requirement relative to the send out requirements is:

$$5,835 / 5,135 = 1.136 \text{ (approximately a 14 percent safety margin)}$$

This was rounded up to 15 percent in the response to BCUC IR1 32.1. The 90 percent value provided in the response to BCUC IR1 32.1 was calculated in the same manner based on a peak day send out volume of 2,047 standard m³ and the presence of two CNG tanks with a storage capacity of 3,890 standard m³ (i.e., 2 x 1,945 m³ tanks).

The current peak demand forecast is projecting that growth in demand will peak in 2031 and then remain relatively flat through the remainder of the forecast period. The 2019 peak demand forecast projected higher demand and continued increases in demand throughout the forecast period.

Given the above-described inconsistency, FEI has re-calculated the safety margin using the most current peak demand forecast. FEI currently estimates that a peak day CNG send out of approximately 1,190 standard m³ would be required by 2031 and, therefore, that one 1,945 m³ CNG tank would be sufficient to supplement the peak demand requirements throughout the forecast period. This provides a safety margin of 63 percent more on-site storage than is required on a peak day.

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UNDERTAKING No. 2

As indicated in the responses to the BCUC IR1 31 and 32 series, there is a current capacity shortfall in the community of Gibsons that needs to be addressed by the GCU project. Based on the latest demand forecast, FEI is not projecting the need for additional CNG storage in the 20-year forecast; however, this could change if future demand forecasts change. During detailed design, FEI will validate the estimated CNG storage vessel sizing based on the current demand and 20-year forecasts. FEI does not expect that any changes to CNG storage vessel sizing will exceed the P10 and P90 bounds of the AACE Class 3 estimate.

FortisBC Energy Inc. (FEI or the Company)
Annual Review for 2023 Delivery Rates Application

UNDERTAKING No. 3

HEARING DATE: Workshop, October 14, 2022

TRANSCRIPT

REFERENCE: Volume 1, page 175, lines 1-15; page 176, lines 16-19; page 177, lines 17-18

REQUESTOR: Ms. Mis, BCOAPO

WITNESS: Mr. Wolfe

QUESTION: Provide gross customer additions actual to date.

RESPONSE:

The actual gross customer additions year-to-date to the end of September 2022 are 12,181. As stated in Section 2.3 of the Application, FEI's 2023 Forecast gross customer additions are based on 2022 Projected, which is 16,000. Based on the actual gross customer additions year-to-date, FEI is on track to reach the 2022 Projected gross customer additions of 16,000.

FEI notes that its load forecast is based on net customer additions, not gross customer additions. As was explained during the Workshop, the tables provided in response to BCOAPO IR1 1.1 and the explanations provided in the BCOAPO IR1 1 series are regarding FEI's average net customer additions, which include customers being added to the system as well as leaving the system¹.

For clarity, the forecast for gross customer additions is used for the purposes of determining the 2023 Formula growth capital, with the calculations shown in Table 7-9 of the Application; whereas the forecast of net customer additions is used as part of FEI's overall 2023 demand forecast as provided in Section 3 of the Application. FEI also notes, as shown in Table 12-4 of the Application and approved as part of the MRP Decision, variances in delivery revenue due to customer count are captured in the Flow-through deferral account and are recovered from or returned to customers in subsequent years.

¹ T1: pp. 175-176.