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

Attention: Ms. Sara Hardgrave, Acting Commission Secretary

Dear Sirs/Mesdames:

Re: FortisBC Energy Inc. - Annual Review for 2023 Delivery Rates - Reply Submission

In accordance with the regulatory timetable in the above proceeding, we enclose for filing the Reply Argument of FortisBC Energy Inc., dated November 3, 2022.

Yours truly,

FASKEN MARTINEAU DuMOULIN LLP

[Original signed by]

Christopher Bystrom*
*Law Corporation

CRB/NR
Encl.

BRITISH COLUMBIA UTILITIES COMMISSION

IN THE MATTER OF THE UTILITIES COMMISSION ACT, R.S.B.C. 1996, CHAPTER 473

AND

FORTISBC ENERGY INC.

ANNUAL REVIEW FOR 2023 DELIVERY RATES

REPLY SUBMISSION

OF

FORTISBC ENERGY INC.

November 3, 2022

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PART ONE: INTRODUCTION AND OVERVIEW

1. This is the annual review for the fourth year of the 2020 to 2024 Multi-Year Rate Plan (MRP) approved by British Columbia Utilities Commission (BCUC) Order G-165-20, issued on June 20, 2020. In its Annual Review for 2023 Delivery Rates (Application) filed on July 29, 2022,[1] FortisBC Energy Inc. (FEI) is seeking approval of 2023 delivery rates, on an interim basis pending the BCUC's determination of FEI's 2023 demand-side management (DSM) expenditures and cost of capital. FEI's approvals sought are set out in the Application, as amended in the Evidentiary Update.[2] FEI submits that it has presented its 2023 revenue requirements in a clear and transparent manner and, through its responses to information requests (IRs) and discussion at the Workshop, has responded to the questions raised by the BCUC and interveners in this proceeding. In this Reply Submission, FEI seeks to respond further to the comments of interveners in their final submissions.

2. On September 21, 2022, FEI responded to IRs from the BCUC and interveners, including 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 (BCOAPO), the BC Sustainable Energy Association (BCSEA), the Commercial Energy Consumers Association of BC (CEC), the Canadian Office and Professional Employees Union, Local 378 (known as Movement of United Professionals or MoveUP) and the Residential Consumer Intervener Association (RCIA). A workshop was held on October 14, 2022 (Workshop), and FEI's presentation materials and the transcript of the Workshop were placed on the record in the proceeding.[3] FEI filed responses to three undertakings from the Workshop on October 19, 2022.[4] On October 24, 2022, FEI filed an evidentiary update to the Application with respect to items affecting FEI's revenue requirement,

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1 Exhibit B-2, Application.

2 Exhibit B-13, Appendix C.

3 Exhibit B-11; Workshop Transcript, Online: https://docs.bcuc.com/Documents/Transcripts/2022/DOC_68315_2022-10-14-Workshop-Transcript-Volume1.pdf.

4 Exhibit B-12.

including the incorporation of the Fort Nelson Service Area (FEFN) into delivery rates, as approved pursuant to the FEFN Common Rates Decision and Order G-278-22. FEI submits that it has justified its approvals sought, and the Application should be approved as filed.

3. BCOAPO, BCSEA, CEC, MoveUP and RCIA filed final arguments. The submissions of interveners show broad support for FEI's Application. MoveUP states that "FEI has demonstrated that the Commission should grant the relief that it seeks".[5] BCSEA supports FEI's proposed interim delivery rate increase for 2023 delivery rates.[6] BCOAPO submits that the BCUC should grant the approvals sought subject to its comments regarding FEI's 2023 and 2024 sustainment capital expenditures, the proposed Kelowna Space Project and the Clean Growth Innovation Fund.[7] CEC generally finds the Application to be well-supported, but proposes a number of adjustments.[8] RCIA recommends that the BCUC approve recovery of the proposed revenue requirement and rate increase, but proposes changes to the proposed 2023 and 2024 sustainment capital budgets and the reallocation of the penalties levied by FEI on its meter reading provider.[9]

4. In the remainder of this Reply Submission, FEI responds to the submissions of interveners, making the following points:

- The approval of interim delivery rates, to be effective January 1, 2023, is required to allow for the implementation of the BCUC's Decisions on the 2023 DSM Expenditures Plan and Generic Cost of Capital (GCOC) proceedings.
- FEI's calculation and treatment of the formula elements of the MRP, including the inflation factor (I-Factor) and growth factor, are consistent with the MRP Decision and changes to the MRP are out of the scope of this proceeding.
- FEI's forecast of commercial demand continues to produce accurate results.
- FEI's method for forecasting Late Payment Charges has been adjusted to account for impacts of the COVID-19 pandemic and is reasonable.

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[5] MoveUP Final Argument, p. 2.

[6] BCSEA Final Argument, p. 15.

[7] BCOAPO Final Argument, pp. 11-12.

[8] CEC Final Argument, paras. 1-31.

[9] RCIA Final Argument, p. 26.

- FEI's proposed level of 2023 and 2024 sustainment and other capital is reasonable and well-supported. In particular, the Kelowna Space Project is a cost-effective solution to FEI's space constraints and the related capital expenditures are reasonable.

- FEI's Gibsons Capacity Upgrade (GCU) Project is cost-effective and in the public interest, and the capital expenditures for the project should be accepted under section 44.2 of the *Utilities Commission Act* (UCA).

- FEI's proposed three-year amortization period for the GCU Project Preliminary Stage Development Costs deferral account is just and reasonable.

- Collection of the Clean Growth Innovation Fund rider should continue in accordance with the MRP Decision.

- FEI has yet to determine whether exogenous treatment of flooding damage costs is warranted.

- FEI's SQI performance is indicative of a high level of service quality.

PART TWO: REPLY TO BCUC REQUESTS AND INTERVENER COMMENTS

A. INTERIM RATES ARE REQUIRED TO IMPLEMENT BCUC DECISIONS ON DEMAND-SIDE MANAGEMENT AND COST OF CAPITAL EFFECTIVE JANUARY 1, 2023

(a) Response to BCUC Panel Questions

5. The BCUC issued a letter on October 31, 2022, requesting that FEI address the following specific matters as part of its reply submission, with supporting rationale and applicable statutory references:[10]

> 1. Whether there are legal, regulatory or practical impediments, if any, to the BCUC approving permanent 2023 rates for FEI based on the evidence and evidentiary update filed in this proceeding, pending the resolution of ongoing BCUC proceedings involving FEI; and
>
> 2. If the BCUC approves interim 2023 rates as applied for by FEI:
>
>   a. Which, if any, of the related approvals sought by FEI in this proceeding should be approved on an interim basis and/or deferred; and

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[10] Exhibit A-7.

b. Which of the related approvals sought by FEI should be approved on a permanent basis?

There Are Two Impediments to Approving Permanent Rates

6. In response to the first question from the Panel, all of FEI's requests and forecast revenue requirements in this proceeding can be approved on a permanent basis, subject to two factors:

(a) FEI's proposed delivery rates for 2023 include the impact of its 2023 DSM expenditure schedule, which is currently before the BCUC for review and acceptance. Specifically, FEI has proposed in its 2023 DSM application to include $60 million in the Demand-Side Management rate base deferral account. The revenue requirement impacts from the proposed $60 million addition to this account are included in FEI's proposed 2023 delivery rates.

(b) FEI's proposed delivery rates for 2023 include FEI's current cost of capital, which is being reviewed and considered by the BCUC in the GCOC proceeding.

7. These circumstances present an impediment to permanent rates for two legal reasons.

8. First, pursuant to section 44.2(2) of the UCA, the BCUC may not approve permanent rates for the purpose of recovering DSM expenditures unless the DSM expenditures have been the subject of an accepted DSM expenditure schedule:

> (2) The commission may not consent under section 61 (2) to an amendment to or a rescission of a schedule filed under section 61 (1) to the extent that the amendment or the rescission is for the purpose of recovering expenditures referred to in subsection (1) (a) of this section, unless
>
> (a) the expenditure is the subject of a schedule filed and accepted under this section, or
>
> (b) the amendment or rescission is for the purpose of setting an interim rate.

9. Pursuant to the above section of the UCA, as FEI's proposed 2023 delivery rates incorporate the impact of FEI's 2023 DSM expenditures, the BCUC must accept FEI's 2023 DSM expenditure schedule before it may approve FEI's 2023 delivery rates on a permanent basis. Since a BCUC decision on FEI's 2023 DSM expenditure schedule is not expected before the end of the year, FEI has proposed that its 2023 delivery rates be approved on an interim basis only.

10. Second, it is well established by the Courts that retroactive ratemaking is not permissible. For example, in *ATCO Gas & Pipelines Ltd v Alberta (Energy & Utilities Board)*, the Supreme Court of Canada states: "It is well established throughout the various provinces that utilities boards do not have the authority to retroactively change rates…"[11] The two common exceptions to retroactive ratemaking are the use of interim rates and deferral accounts.

11. As a result, if the BCUC Panel in this Annual Review were to make FEI's delivery rates permanent effective January 1, 2023, then any change to FEI's delivery rates resulting from the BCUC's decision on the GCOC proceeding could not be implemented back to January 1, 2023.[12] The evidence on the fair return for FEI is currently being considered and, based on the regulatory schedule for the GCOC proceeding, a decision is expected in 2023. Once the fair return has been determined by the BCUC, it must be implemented and FEI submits that the appropriate implementation date would be as of January 1, 2023.

12. If, as expected, the GCOC panel directs a change in the cost of capital effective January 1, 2023, FEI will need to incorporate the impact of that change and adjust 2023 rates accordingly. Barring the deferral account approach, this requires rates to be set on an interim basis now, so that permanent rates can reflect the 2023 impact of any decision in the future.[13]

13. The alternative to interim rates is to approve a deferral account to capture the impacts of the GCOC decision. This approach would have negative impacts in that the balance in the deferral account would not be able to be recovered until 2024 at the earliest, which would delay recovery by the utility and have rate implications for customers in 2024. As Ms. Roy explained at the Workshop:[14]

> In my view at least, making rates permanent January 1, 2023 is somewhat binding the hands of the Commission panel in the cost of capital proceeding, because if they make the determination that the rates -- that FEI's fair rate of return should

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11 *ATCO Gas & Pipelines Ltd v Alberta (Energy & Utilities Board)*, 2006 SCC 4 at para. 71. Online: https://www.canlii.org/en/ca/scc/doc/2006/2006scc4/2006scc4.pdf.

12 Unless the BCUC were to approve a deferral account to capture these impacts, as discussed further below.

13 Workshop Transcript, p. 20, l. 16 to p. 21, l. 1 (Walsh).

14 Workshop Transcript, p. 29, l. 21 to p. 30, l. 3 and p. 30, ll. 9-11 (Roy).

> be effective January 1, 2023, there's no longer any way to actually implement that. So that would mean that it couldn't start being collected until 2024. […]
>
> So you might have two years' worth of ROE [return on investment] impacts in one year then, which may not be best for (inaudible) [customers].

As noted by Ms. Roy, with a deferral account approach, the impact of any change in the cost of capital could not be recovered in 2023, and would need to be recovered beginning in 2024.

14. As FEI explained in the Workshop, the approval of interim delivery rates preserves the most "optionality" for the BCUC for implementing permanent rates following its GCOC decision.[15] Ms. Walsh explained:

> …the 2023 permanent rate [sic] delivery rates decision hinges on the timing of the GCOC decision. We don't know at this time when the GCOC decision will be issued. And the timing of the decision, as well as the quantum of any impact, will factor into FEI's proposal for implementing permanent 2023 delivery rates.
>
> So, maintain[ing] the interim 2023 delivery rates until the GCOC decision is issued provides us with the most optionality at that time to propose how to implement permanent rates. There is no need to determine the appropriate option at this time that would be to be reviewed by the GCOC panel, but there are essentially three options available for implementing permanent rates and these would be assessed subsequent to the GCOC decision being issued.
>
> Two of the options would be either a retroactive billing adjustment or a forward looking billing adjustment. And the third option is a deferral account approach. The selection of the most appropriate option would be largely dependent on the timing of the GCOC decision and any change in permanent rates compared to interim rates. We could implement any of these options, but the best option can be properly assessed once the GCOC decision is known.

15. Preserving the options noted above is an important benefit. Notably, a retroactive billing adjustment is the only option that allows 2023 delivery rates to be accurately corrected for a change in the cost of capital. The ability to implement a retroactive billing adjustment back to January 1, 2023 requires rates to be set on an interim basis.

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[15] MoveUP Final Argument, p. 4; Exhibit B-11, Workshop Presentation, slide 13; Workshop Transcript, p. 28, ll. 9-26, p. 29, ll. 1-8 (Walsh).

16. Therefore, the most practical and beneficial approach to addressing the current circumstances, where there are outstanding BCUC decisions that will impact rates, is to make rates interim. FEI emphasizes that making FEI's 2023 delivery rates interim does not impact the substance of the decision to be made by the BCUC on FEI's 2023 DSM expenditure schedule application or the GCOC proceeding, but preserves the ability for the decisions in those proceedings to be implemented back to January 1, 2023. Further, making rates interim also provides the most options for implementing the BCUC's GCOC decision.

The Only Approval Sought that is Interim would be the Delivery Rates Themselves

17. In response to the second question from the Panel, FEI's approvals sought set out in Section 1.2 of the Application as updated[16] and in its Revised Draft Order included as Appendix C of the Evidentiary Update,[17] reflect FEI's interim rate request.

18. The only approval sought that is on an interim basis is the actual proposed delivery rates themselves. This is reflected in the wording of the approval sought in item 1 of Section 1.2 of the Application and item 1 of the Revised Draft Order.[18] Interim delivery rates are only required for the reasons explained above. For clarity, but for the potential impact of the outstanding decisions in the 2023 DSM Expenditure Plan and GCOC proceedings, FEI would be seeking permanent delivery rates.

19. All other approvals sought are sought on a permanent basis, as they are not dependent in any way on the GCOC or DSM decisions or any other decision of the BCUC, and the decision of the BCUC in this proceeding will have considered and resolved all matters except those two matters – the cost of capital and the DSM amount for 2023. For example, if FEI's proposed $60 million in rate base DSM expenditures are accepted, and there is either no change to FEI's cost of capital, or the change is not effective in 2023, then the interim rates approved in this

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16 Exhibit B-13, Evidentiary Update, p. 1.

17 Exhibit B-13, Appendix C.

18 Exhibit B-13, Appendix C.

proceeding will be the same as permanent rates, and there will be no adjustment to customers' bills.

20. There is no requirement to defer any approvals sought.

(b) CEC's Submissions on Interim Delivery Rates Would Lead the BCUC into Legal Error

21. BCSEA, MoveUP and RCIA support FEI's proposal to set interim delivery rates pending decisions in the GCOC and 2023 DSM Expenditures Plan proceedings. However, CEC recommends that the BCUC approve FEI's 2023 delivery rates on a *permanent* basis, citing concern about the potential for retroactive increases to delivery rates.[19] The CEC submits that the BCUC give "significant weight to the aggregate potential for bill impacts increases for customers".[20] CEC's submissions are improper and would lead the BCUC Panel into legal error, and should not be given weight.

22. First, CEC's concerns about rate impacts from the GCOC proceeding are improper and would lead the BCUC into legal error. As required by the *Utilities Commission Act* and as confirmed by the Supreme Court of Canada,[21] a public utility's fair return cannot be judged based on the rate impacts associated with it. As explained in the BCUC's 2016 Cost of Capital Decision, under the Fair Return Standard, rates must reflect a Fair Return (that meets the three standards of comparable investment, financial integrity and capital attractiveness standards), and not the rate impacts associated with meeting that standard:[22]

> The Panel has not considered rate impacts that result from the revenue required to yield the fair return. The Panel recognizes that once a revenue requirement that has been established consistent with the Fair Return Standard and the regulatory compact, an assessment is required to determine not only that the rates give the utility the opportunity to realize its revenue requirements but also to ensure the rates that are set are structured so that they are consistent with the UCA

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19 CEC Final Argument, paras. 223-224.

20 CEC Final Argument, p. 9.

21 *Northwestern Utilities v. City of Edmonton* [1929] S.C.R. 186.

22 Please refer to the response to RCIA IR1 17.1 from the GCOC proceeding (filed as Exhibit B-10 in this proceeding); see also Decision and Order G-129-16, dated August 10, 2016, p. 4. Online: https://www.ordersdecisions.bcuc.com/bcuc/decisions/en/169142/1/document.do.

> requirement that they must not be "unjust" or "unreasonable" by being "more than a fair and reasonable charge for the service of the nature and quality provided by the utility.

Consistent with the BCUC determination above, the BCUC may not consider the rate impacts that result from the revenue required to yield the fair return of the utility. Just as the BCUC panel in the GCOC proceeding cannot consider the rate impacts, neither can this Panel consider the rate impact from that proceeding in setting rates in the annual review.

23. Second, the CEC's proposal appears, in effect, to be an effort to tie the hands of the GCOC panel so that it cannot implement its decision as of January 1, 2023. FEI submits that this is improper and that the GCOC panel should be enabled to implement its decision as of January 1, 2023. As discussed above, based on the regulatory schedule for the GCOC proceeding, FEI submits that the appropriate implementation date would be January 1, 2023.

24. Third, as discussed above in response to the BCUC's requests, FEI's 2023 delivery rates need to be set on an interim basis because FEI's proposed rates are based on FEI's proposed 2023 DSM expenditure schedule application. Pursuant to section 44.2(2) of the UCA, FEI's proposed 2023 DSM expenditure schedule needs to be accepted before rates can be approved on a permanent basis.

25. FEI submits that CEC's submissions should be given no weight. FEI's proposal to set 2023 delivery rates on an interim basis is required to allow the BCUC to implement the results from the 2023 DSM and GCOC proceedings and preserves the most options for doing so.

B. FEI HAS CORRECTLY CALCULATED THE FORMULA ELEMENTS OF THE MRP

(a) FEI's Calculation of the Inflation Factor Is Consistent with the MRP Decision and Has Been Addressed in Previous Annual Reviews

26. The CEC acknowledges that FEI's calculation of the I-Factor is consistent with the approved methodology, but reiterates its position from last year's annual review that the I-Factor

should be reviewed and set on the basis of a 7-year average.[23] The BCUC rejected the CEC's position as part of the Annual Review for 2022 Delivery Rates decision, as follows:[24]

> The Panel is satisfied that the methodology for calculating the I-Factor should remain as approved in the MRP Decision and therefore rejects the CEC's recommendation of adjusting the I-Factor to 2.5 percent. In our view, the CEC has not provided sufficient evidence or justification for using a 7-year average to calculate the I-Factor rather than a longer or shorter period. We are not persuaded that there is an evidentiary basis for changing the methodology as approved in the MRP Decision and as noted by FEI, this would be "cherry picking" individual components of the MRP.

27. The Panel's reasoning in last year's annual review proceeding remains applicable this year. The CEC has provided no further evidence or justification for a 7-year average. FEI remains subject to inflationary forces[25] and the I-Factor has been reasonably set based on the latest data from Statistics Canada that remains a valid and objective measure of the economy-wide inflation in BC and has been approved by the BCUC for the term of the MRP.[26]

28. Further, the BCUC has confirmed that revisiting the terms of the MRP is not within the scope of annual reviews. Citing the MRP Decision, the BCUC stated in FortisBC Inc.'s (FBC) 2020-2021 Annual Review decision:[27]

> The purpose of the Annual Review is not to unravel or revisit the MRP Decision, rather, as the BCUC stated in that decision, the 'Annual Review process is designed to provide the BCUC, interveners and interested parties the opportunity to review the performance of [FBC] over the prior year.

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23 CEC Final Submission, paras. 56 and 60-61.

24 Decision and Order G-366-21, dated December 10, 2021, p. 9. Online: https://docs.bcuc.com/Documents/Other/2021/DOC_65096_G-366-21-FEI-Annual-Review-2022Rates-Decision.pdf.

25 Exhibit B-3, BCUC IR1 3.1.

26 Exhibit B-3, BCUC IR1 3.3.

27 Decision and Order G-42-21, dated February 12, 2021, p. 14. Online: https://docs.bcuc.com/Documents/Other/2021/DOC_60995_Decision-with-Order-G-42-21-FBC-2020-2021-AnnualReview.pdf; see also MRP Decision, p. 165.

29. In the 2022 Annual Review for Delivery Rates decision, the BCUC confirmed this approach:[28]

> The MRP does not contemplate such adjustments to individual components of the MRP, and as pointed out by FEI, the MRP is designed with an off-ramp where egregious results would trigger a full review of the MRP. In the Panel's view, once an MRP is approved it should be given the opportunity to work as intended and should not be adjusted due to annual fluctuations in certain individual components of the plan.

30. As noted in the above quote, the MRP includes an off-ramp based on variances from FEI's allowed return on equity (ROE). The off-ramp has not been triggered. Indeed, FEI's actual ROE after-sharing has been very close to FEI's allowed ROE of 8.75 percent (i.e., 8.81 percent in 2020 and 8.76 percent in 2021). Furthermore, FEI has no expectation that the off-ramp will be triggered over the remaining term of the MRP due to inflationary factors.[29]

31. FEI therefore submits that the methodology for calculating the I-Factor should remain as approved.

(b) Calculation of the Growth Factor Is Consistent with the MRP Decision

32. CEC submits that "in a declining trend of gross customer additions, the MRP formula at 75% results in over-calculation of O&M costs given the two-year lag in customer growth and customer count true ups."[30] Contrary to the CEC's statement, there is no "over-calculation" of O&M costs. FEI makes three points in reply.

33. First, FEI has calculated the growth factor for both its formula O&M and formula Growth Capital in accordance with the approved MRP and consistent with past years.[31] CEC does not dispute this.

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[28] Decision and Order G-366-21, p. 9.

[29] Exhibit B-3, BCUC IR1 3.1.

[30] CEC Final Argument, para. 74.

[31] Exhibit B-2, Application, pp. 14-15.

34. Second, CEC confuses the calculation of the growth factors. As explained in Section 2.3 of the Application, the growth factor calculation for formula O&M and Growth Capital are different. To determine formula O&M, the BCUC approved a growth factor based on a forecast of <u>average customers</u> with a 75 percent modifier. To determine formula Growth Capital, the BCUC approved a growth factor based on a forecast of <u>gross customer additions</u>.[32] Thus, a "declining trend in gross customer additions" has no impact on the calculation of FEI's formula O&M.

35. Third, FEI's forecast of average customers and gross customer additions is reasonable. For example, FEI's forecast for 2023 gross customer additions of 16,000 is in line with FEI's projections for 2022 and is reasonable.[33] CEC states that it has reviewed the evidence and is satisfied with the calculation.[34]

36. Fourth, any variances between forecast and actual average customers or gross customer additions will be trued up in subsequent annual reviews.[35] For example, for the purposes of Growth Capital, the forecast 2022 gross customer additions will be trued up to actual gross customers additions when setting 2024 delivery rates.[36]

(c) Formula O&M Savings Are Subject to Earnings Sharing, Not Cost of Service Regulation

37. RCIA requests vacancy rate assumptions in the next annual review, citing the CEC's position in the MRP proceeding to the effect that O&M savings have not been appropriate.[37] In reply, the CEC's submissions in the MRP proceeding were considered and rejected by the BCUC when it issued the MRP Decision,[38] and should not be continually revisited during the annual

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32 Exhibit B-2, Application, p. 13.

33 Exhibit B-2, Application, pp. 14-15.

34 CEC Final Argument, p. 13, para. 76.

35 Exhibit B-2, Application, Section 2.3.

36 Exhibit B-2, Application, p. 15.

37 RCIA Final Argument, pp. 17-18.

38 MRP Decision, June 22, 2020, p. 14: "The Panel is persuaded that the Current PBR Plans were successful and both ratepayers and the Utilities benefited. … Interveners who commented specifically on the success of the Current PBR Plans have mixed views. While some interveners expressed support for the results achieved, the CEC and BCOAPO have raised concerns with FEI and FBC consistently achieving ROE earnings in excess of allowed levels and question whether the formulas have been too generous. The Panel disagrees noting that FortisBC points out the achieved ROE was lower over the Current PBR Plan period than under recent COS frameworks."

review process. Under the approved MRP, FEI's formula O&M is not set on a cost of service basis, but on a formula, where the Base O&M was set and is escalated according to the approved formula. As approved by the MRP Decision, any difference between actual and formula O&M is subject to earnings sharing. It defeats the purpose of the MRP, and the O&M formula in particular, if FEI must justify its formula O&M costs as if it were under cost of service regulation. Furthermore, consistent with the BCUC determinations described in Part Two, Section B(a) above, the annual review is not the forum for revisiting the terms of the MRP, but instead to evaluate FEI's past performance and set rates for the coming year.[39] Therefore, FEI submits that RCIA's request should not be granted.

C. COMMERCIAL DEMAND FORECAST CONTINUES TO PRODUCE ACCURATE RESULTS

38. CEC suggests that FEI should continue to seek refinements to its commercial demand forecast.[40] In reply, FEI's forecast methods were recently reviewed and adopted as part of a multi-year study filed with the 2020-2024 MRP Application.[41] Further, FEI's forecast results have been reasonably accurate as reported in Appendix A2 of the Application.

D. FEI'S METHOD FOR FORECASTING LATE PAYMENT CHARGES HAS BEEN ADJUSTED TO ACCOUNT FOR IMPACTS OF THE COVID-19 PANDEMIC AND IS REASONABLE

39. CEC recommends that the BCUC direct FEI to forecast Late Payment Charges based on "anticipated customer bill changes," instead of 2021 Actual and 2022 Projected numbers as FEI has proposed.[42] However, FEI has already adjusted its method to forecast Late Payment Charges in a manner that avoids under-forecasting resulting from the anomalous impact of the COVID-19 pandemic and other factors. FEI explained:[43]

> FEI has adjusted its forecasting method for Late Payment Charges in this Application to exclude the impact of 2020 on the 2023 Forecast and to incorporate

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[39] See e.g., Decision and Order G-366-21, p. 9.

[40] CEC Final Argument, para. 101.

[41] Please refer to Exhibit B-2, Application, Appendix A3 for a detailed description of FEI's demand forecast methods, which are consistent with the recommendations in the FEI Forecasting Method Study filed as Appendix B2 in FortisBC's 2020-2024 MRP Application.

[42] CEC Final Argument, para. 140.

[43] Exhibit B-3, BCUC IR1 7.2; see also Exhibit B-2, Application, pp. 35-36.

> more recent results by factoring in the 2022 Projected Late Payment Charges. Historically, FEI has forecast Late Payment Charges based on the average of the most recent three years of actual Late Payment Charges earned. In recognition that this approach would likely result in an under-forecasting of Late Payment Charges for 2023, FEI determined that it would be more appropriate to calculate the 2023 Forecast using the average of the 2021 Actual and the 2022 Projected Late Payment Charges. This results in a forecast increase in Late Payment Charges of $0.660 million compared to 2022 Approved.

As such, FEI has already factored in the increase in late payment charges anticipated for 2023.

40. FEI further submits that it is unclear how FEI is to forecast Late Payment Charges based on "anticipated customer bill changes" as CEC suggests. There is no exploration of this forecasting method on the record in this proceeding and CEC has not reasonably demonstrated how this forecast is to be done, or why it would result in a more reasonable forecast than FEI's.

41. FEI submits that its forecast for 2023 is reasonably based on the latest information available and should be accepted for the purpose of setting 2023 delivery rates.

E. FEI'S PROPOSED LEVEL OF 2023 AND 2024 SUSTAINMENT AND OTHER CAPITAL IS REASONABLE AND WELL-SUPPORTED

(a) FEI Has Justified its Updated Level of Sustainment Capital for 2023 and 2024

42. BCOAPO submits that the BCUC should "deny FEI's requested increases in 2023 and 2024 Sustainment Capital Expenditures as they undermine the purpose and incentives of the MRP" and that "FEI has not provided quantitative evidence of the causes of the increases and is unable to quantify the impact of inflationary pressures in the Application."[44] FEI submits that BCOAPO's position is based on a misunderstanding of the nature of FEI's request for a level of sustainment capital for 2023 and 2024 and that FEI has reasonably justified its request.

43. First, FEI currently has no approved level of sustainment capital for 2023 and 2024. Therefore, contrary to BCOAPO, FEI is not asking for an *increase*, but rather, for a level of sustainment capital for the remainder of the MRP term. FEI compared its updated forecast to the

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[44] BCOAPO Final Argument, p. 7.

original forecast as a reference point only. The original forecast was not approved by the BCUC in the MRP Decision as it recognized that reliance on a five-year forecast would be "fraught with challenges to reliability" and would contain "inherent uncertainties" when facing an evolving operating environment.[45] Therefore, the BCUC directed FEI to apply for its sustainment capital for 2023 and 2024 in this proceeding.[46] As such, FEI's proposed level of sustainment capital is fully consistent with the MRP Decision. Moreover, given the BCUC's rejection of FEI's original level of sustainment capital for 2023 and 2024, it would be a surprising result if the BCUC were to approve it now, three years later.

44. Second, FEI's level of sustainment capital is supported by FEI's evidence in the Application, IR responses, and the Workshop. FEI has described the general cost pressures influencing its sustainment capital, which includes inflation, but has also provided a breakdown of its sustainment capital projects and programs, with additional detail on those projects over $2 million.[47] BCOAPO does not provide any argument as to why of the identified projects, which are largely comprised of reliability and integrity improvements, are not reasonable or should not proceed as proposed.

45. Third, the fact that FEI's sustainment capital is increasing due to inflation is supported by the report prepared by Wood Mackenzie Supply Chain Consulting[48] and is consistent with the global issues causing rising inflation. FEI has also reasonably explained why it cannot isolate the exact amount of inflation in its projects. FEI continually manages a portfolio of approximately 1,500 to 2,000 active sustainment capital projects at various stages of the project lifecycle (from initial development through to project closing).[49] As such, the multiple factors driving 2023 and 2024 sustainment capital expenditures, including inflation, impact FEI's specific projects and

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[45] MRP Decision, p. 131.

[46] MRP Decision, p. 131.

[47] Exhibit B-3, BCUC IR1 14.1; Exhibit B-2, Application, pp. 57-62 and Appendices C-2 and C-3; Workshop Transcript, pp. 51-67.

[48] Exhibit B-2, Application, Appendix C1.

[49] Exhibit B-3, BCUC IR1 14.1.

programs differently and, due to the large number of individual projects which FEI undertakes annually, it is not possible for FEI to isolate the impact of inflation.[50] FEI explains:[51]

> The 2023 and 2024 Updated Forecasts, which include individual projects single-year and multi-year projects) as well as ongoing programs, 1 were developed using the most recent pricing that is available to FEI, such as current contractor pricing or recent bid pricing for similar work. The prices received for projects vary depending on the scope and project category. Additionally, while the prices include consideration of current inflationary pressures, FEI does not have visibility into the extent that inflationary pressures have impacted the overall pricing. For instance, the contractor hourly rates or the recent bid pricings would not normally have a separate line item for inflationary pressures. Inflationary pressure is also not tracked separately for projects that are currently in execution. For example, project managers are required to submit change controls throughout the execution stage of individual projects such that the most recent information is available for the purpose of forecasting future costs; however, these change controls are not categorized for inflation. [Emphasis added]

46. In summary, FEI has reasonably justified its requested level of sustainment capital for 2023 and 2024 and submits that it should be approved as filed.

(b) FEI's Has Appropriately Prioritized Capital Spending, Including the Deferral of Projects

47. RCIA submits that FEI does not appear to have actively sought to defer sustainment capital spending.[52] Contrary to RCIA's submission, FEI has been clear that it has deferred capital spending where reasonable to do so.

48. In the Application, FEI explained that it had reprioritized or deferred projects with flexible timing to accommodate increased capital demands, but that its sustainment and other capital forecast consisted of projects that could not be deferred.[53] As shown in Table 2 of the response to BCUC IR1 14.1, FEI deferred five projects[54] and cancelled one project with capital expenditures

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50 Exhibit B-3, BCUC IR1 14.1.

51 Exhibit B-3, BCUC IR1 14.1.

52 RCIA Final Argument, p. 14.

53 Exhibit B-2, Application, p. 62.

54 These projects include: V1 Compressor Unit 1, 2 & 3 Engine Overhaul; 240 St & 102 Ave Station - Insufficient Capacity; SI - 1850m x 168 IPST McLeod; SI - 1300m x 323 IPST Riverside; NW Kamloops Secondary Supply.

over $2 million.[55] For example, with respect to three projects in the Maple Ridge area, Ms. Coldham explained:[56]

> They were initially -- in the original MRP forecast they were seen as things that were needed in the 2024 time frame, so they would have contributed to the original forecast of 22 million.
>
> We've spent a lot of time looking for a more cost effective solution for this capacity shortfall in this area. And we've -- we're working through some alternatives and we've deferred that spending, so that's responsible for a good component of the decrease in 2024 from 22 down to 17 million.

49. As noted above, there are, nonetheless, circumstances where FEI cannot defer projects including, in particular, where third party infrastructure project proponents govern the timeline of relocation work. For 2023, FEI is forecast to spend approximately $9.7 million on third-party driven alteration projects – a significant increase from historic trends.[57]

50. At the Workshop, Ms. Coldham also explained that one of FEI's overall mitigation measures in response to increased forecast expenditures was to defer projects or portions of projects: [58]

> We have been successful in implementing a number of mitigation strategies in 2022 and will continue to implement these strategies in 2023 and beyond. These mitigation strategies have included reprioritizing projects or components of a project, for example, final paving, that could be safely rescheduled to 2023 to accommodate other project costs increases that could not be deferred. While we have delayed some work with flexible timing to accommodate the increased capital demands in the first three years of the MRP term, this has only mitigated part of the capital pressures due to the magnitude of these pressures.
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> …
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> Some of the inflationary pressures have been mitigated by reprioritizing those projects that have flexible timelines. These projects are still required to be completed; however, we do have some flexibility on the timelines which allows us

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55 See e.g., the Air Cooler Upgrade at Tilbury LNG project where FEI determined that the capacity of the current cooling system was adequate: Exhibit B-2, Application, Appendix C2, p. 3.

56 Workshop Transcript, p. 59, l. 26 to p. 60, ll. 1-5 (Coldham).

57 Workshop Transcript, p. 57, ll. 3-5 (Coldham).

58 Workshop Transcript, p. 53, ll. 5-17 and p. 56, ll. 13-21 (Coldham).

> to reprioritize some of these. On the other hand, we do have a number of projects that cannot be -- or that do not have flexible timelines and are required in a certain timeframe.

51. Ultimately, FEI's proposed level of sustainment and other capital expenditures is the result of FEI's capital planning process that prioritizes projects based on risk and defers lower value projects or portions of projects where reasonable to do. Put simply, FEI prioritized projects that provide the greater value, or greater risk reduction, over projects that provide a lesser value or lesser risk reduction.[59] FEI has explained the reasons for the increases compared to the original forecast, and provided concrete examples of deferral where possible. RCIA has provided no basis on which to dispute FEI's evidence.

(c) Penticton Second Supply Project Addresses an Unacceptable Reliability Risk

52. RCIA recommends that FEI defer the Penticton Second Supply project on the basis that it has already been deferred and should be deferred again until there is more certainty with the Okanagan Capacity Upgrade (OCU) project.[60] However, as explained at the Workshop, the Penticton Second Supply is a valuable and required project, which FEI was initially required to delay due to the difficulties in finding a location for the associated station.[61] Now that the difficulties finding a location have been overcome, it should proceed.

53. The Penticton Second Supply project is a reliability project which includes the installation of a second source of supply for the Penticton area to ensure reliable service to customers.[62] RCIA's position that it is acceptable to defer this project on the basis that Penticton has been served for decades through the existing single supply is without merit. As RCIA recognizes, Penticton's population has grown considerably.[63] Deferring the project would only prolong the risk of a large gas service disruption caused by an emergency at the existing station or along the

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59 Exhibit B-4, RCIA IR1 5.1.

60 RCIA Final Argument, pp. 14-15.

61 Workshop Transcript, p. 61, ll. 18-22 (Coldham).

62 Exhibit B-2, Application, Appendix C2, p. 6.

63 Workshop Transcript, p. 63, ll. 9-12 (Ryall).

gas main that supplies gas to the north end of the city.[64] A potential gas service disruption affecting approximately 11,350 customers, potentially during the coldest days of the year, would be unacceptable.

54. The importance of ensuring redundancy to support continued service to customers in the Penticton area was echoed by Ms. Worth on behalf of BCOAPO during the Workshop:[65]

> Because redundancy and that sort of protection, especially in areas where there is more significant temperature drops than perhaps we normally see here in the Lower Mainland, is important to our clients.

55. With respect to the OCU project, it is distinct from the Penticton Second Supply project and has a separate driver, namely, to increase gas capacity in the Okanagan (primarily in the Kelowna area) by strengthening the flow of gas into the Interior Transmission System (ITS).[66] FEI explained why the Penticton Second Supply project should not be delayed due to the OCU project:[67]

> The timing of the OCU project is uncertain at this point in time. Meanwhile, the reliability issue in the Penticton area hasn't changed. That station is -- or that municipality is still being served by a single station that is required to be reliable at all times. In a lot of our other urban areas, we have multiple stations that can support and backfeed each other in times of upset to one station. So it is an entirely separate driver for the two projects.
>
> …
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> So we can take that into account for the location of the station. But because the driver of this project is primarily discrete from the OCU and the reliability concern hasn't changed, we don't feel that it's appropriate to wait until the OCU project has certainty on its timeline.

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64 Exhibit B-4, RCIA IR1 13.1.

65 Workshop Transcript, p. 67, ll. 1-6 (Worth).

66 Exhibit B-4, RCIA IR1 13.1; see also Workshop Transcript, p. 61, ll. 3-5 (Coldham).

67 Workshop Transcript, p. 61, ll. 8-17 (Coldham).

56. Ultimately, RCIA's proposal would impose unacceptable reliability risks on FEI's customers and is not a prudent approach. FEI has considered the alternatives and proposed the most cost-effective and prudent approach to maintain reliable service to customers.

(d) KELOWNA SPACE PROJECT IS A COST-EFFECTIVE SOLUTION TO SIGNIFICANT SPACE DEMANDS

57. BCOAPO states that FEI should have commenced the Kelowna Space Project earlier and included it in the MRP, or waited until such a time when the project could be more thoroughly tested.[68] FEI submits that BCOAPO's submissions are misguided and do not propose any solution to address the underlying need for the project; namely the "significant demand being placed on our office, warehouse, and yard spaces, which requires resolution."[69]

58. First, FEI has explained why the project was not described in the MRP Application. In short, the office space issues had only just been identified and there was no project yet to describe.[70]

59. Second, FEI has proceeded with the project appropriately using its approved facilities capital budget and has included project costs in its forecast facilities capital for 2023 and 2024.[71] Further, as explained during the Workshop by Ms. Richardson, FortisBC considered multiple options to address the space constraints, and has proposed a "creative solution" with the lowest capital project cost.[72] Due to its relatively low cost, the Kelowna Space Project does not trigger the need for a CPCN application: the cost of the project is $13.930 million, approximately $10.996 million of which is allocated to FEI based on employee count.[73] FEI has also explained the project in detail, including the short-term measures FortisBC has undertaken to address the space

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[68] BCOAPO Final Argument, p. 11.

[69] Workshop Transcript, p. 85, ll. 1-2 (Richardson).

[70] Exhibit B-2, Application, pp. 64-65; Exhibit B-7, BCOAPO IR1 10.1.

[71] Exhibit B-2, Application, p. 64.

[72] Workshop Transcript, p. 83, ll. 21-22 and p. 89, ll. 7-12 (Richardson).

[73] Exhibit B-3, BCUC IR1 18.3.

constraints (which are now exhausted),[74] and presented on this project as part of the Workshop.[75]

60. In summary, FortisBC's solution to its space constraints is innovative and cost-effective, and FEI has reasonably proceeded with the Kelowna Space Project.

F. GIBSONS CAPACITY PROJECT PROVIDES A PRUDENT LONG-TERM SOLUTION

61. RCIA recognizes that the Gibsons Capacity Upgrade (GCU) Project is an "innovative, non-pipe solution" to the capacity shortfall in the community of Gibsons and supports the installation of the proposed compressed natural gas (CNG) peak shaving station due to its "substantially lower cost" than the other alternatives considered.[76] Nonetheless, RCIA considers that the GCU Project should be deferred in favour of the continued use of CNG trailering.[77] FEI submits that RCIA's recommendation that the GCU Project be deferred is not prudent and should be rejected.

62. RCIA suggests, without identifying any supporting evidence on the record, that purchasing a CNG trailer to address the capacity shortfall in the Gibsons area would resolve the logistical complexity associated with its proposed solution.[78] However, RCIA's proposal is based on the incorrect assumption that purchasing a CNG trailer will resolve the underlying cause of this complexity. As FEI explained in its evidence, the principle difficulty with continued use of a CNG trailer is that there are currently no CNG stations on the Sunshine Coast and, as such, FEI must arrange marine transport (via barge) to deliver filled CNG trailers.[79] Whether FEI contracts for or purchases a CNG trailer, it must still plan around and deliver the filled trailer to the Sunshine Coast, a relatively remote community,[80] which creates a number of challenges that would be resolved by the GCU Project.

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74 Exhibit B-3, BCUC IR1 18.2.

75 Workshop Transcript, pp. 84-91.

76 RCIA Final Argument, p. 9; please also refer to Exhibit B-3, BCUC IR1 34.1 which describes the change in project scope from the MRP filing.

77 RCIA Final Argument, p. 9.

78 RCIA Final Argument, pp. 9-10.

79 Exhibit B-3, BCUC IR1 33.3.

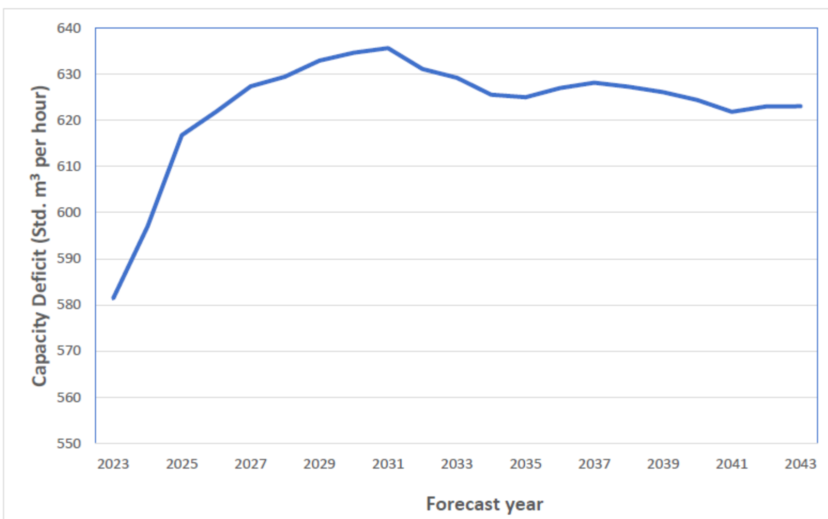
80 Workshop Transcript, p. 74, ll. 7-12 (Coldham).

63. As RCIA acknowledges, FEI will need to refill the CNG trailer when it is sufficiently depleted. In this circumstance, RCIA proposes that FEI purchase or contract a second CNG trailer to be used.[81] Aside from the additional capital costs associated with a second CNG trailer,[82] this proposal would further increase the need to arrange for barging during the winter period when extreme weather is most likely to disrupt marine transport to the Sunshine Coast.

64. RCIA's submission that all these challenges "appear manageable" is not substantiated by any evidence in this proceeding.[83]

65. FEI must find a longer-term solution to the supply deficit at Gibsons other than relying on barging CNG trailers on an ever-increasing basis. As shown in the figure below, the supply deficit in the community of Gibsons is forecast to steeply increase until 2031.

Figure 1: Forecast Capacity Deficit for Gibsons in Absence of GCU Project



66. Under FEI's proposal, it will already take 2.5 years to procure, construct and implement the GCU Project.[84] Given the increasing supply deficits in Gibsons, this is already an extended period for FEI to manage the logistical complexities associated with CNG trailering. FEI estimates

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81 RCIA Final Argument, p. 10.

82 Costs for mobilizing/demobilizing the trailer, a pressure reduction system to inject the CNG into the system, and a compressor to allow FEI to refill the trailer for the duration of the winter season are approximately $882 thousand in 2022 dollars: Exhibit B-5, CEC IR1 18.3.

83 RCIA Final Argument, p. 26.

84 Exhibit B-2, Application, Appendix C3, p. 20.

that approximately 681 customers would be disrupted in an extreme cold weather event.[85] FEI has identified an innovative and cost-effective solution to providing reliable supply to these customers. In contrast, RCIA's proposal imposes avoidable and unnecessary reliability risk on the residents of Gibsons during peak periods.

67. In the alternative, RCIA proposes that FEI only install one CNG storage vessel based on the updated load forecast for Gibsons from 2022. Based on this updated load forecast, RCIA relies on FEI's calculation that one 1,945 m^3 CNG tank would be sufficient to supplement the peak demand requirements throughout the 20-year forecast period.[86] However, FEI has already committed to validating the estimated CNG storage vessel sizing during the detailed design phase and, in any event, FEI has stated that it does not expect that any changes to CNG storage vessel sizing will exceed the P10 and P90 bounds of the AACE Class 3 estimate.[87] RCIA's proposal that FEI rely on a CNG trailer on an emergency basis, should a single tank not provide sufficient additional capacity, undermines the project objective and should be rejected at this stage.

68. In summary, FEI has considered the alternatives and proposed the most cost-effective and prudent approach to addressing the capacity shortfall in the community of Gibsons. FEI submits that the capital expenditures on the GCU Project are in the public interest and the BCUC should accept them pursuant to section 44.2 of the UCA.

G. THREE-YEAR AMORTIZATION OF THE GCU PROJECT PRELIMINARY STAGE DEVELOPMENT COSTS DEFERRAL ACCOUNT IS JUST AND REASONABLE

69. The CEC recommends that the BCUC delay approval of the amortization period for the GCU Project Preliminary Stage Development Costs deferral account to a future proceeding where the expected service life of the GCU Project can be assessed and an amortization period reviewed based on the project's success.[88] FEI submits that a delay in approving the amortization period is unnecessary.

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85 Workshop Transcript, p. 69, ll. 24-26 (Coldham).

86 RCIA Final Argument, pp. 10-11.

87 Exhibit B-12, Undertaking No. 2.

88 CEC Final Argument, para. 207.

70. A three-year amortization period is appropriate as it is consistent with the recovery period of other similar preliminary stage development cost deferrals, serves to mitigate the rate impact to customers, and aligns with the three-year construction period of the project.[89] As shown in the table in response to BCUC IR1 20.2, amortization periods longer than three years do not result in any material rate mitigation[90]; therefore, amortizing the deferral account balance over the service life of the GCU Project, as CEC appears to suggest, is not warranted. FEI also submits that the "success" of the GCU Project is not in doubt, and is not a relevant factor when considering the appropriate amortization period.

H. CONTINUATION OF THE CLEAN GROWTH INNOVATION FUND RIDER CONTINUES TO BE IN THE PUBLIC INTEREST

71. BCOAPO recommends that the BCUC suspend the basic charge fixed rate rider which funds the Clean Growth Innovation Fund (CGIF) and opposes increased CGIF spending in 2023 and 2024.[91] FEI respectfully opposes these recommendations.

72. First, the CGIF and the rate rider were approved as part of the MRP Decision as being in the public interest. The BCUC recognized the importance of innovation efforts, as follows:[92]

> …FEI needs to step up its innovation efforts in order to meet the ambitious targets pertaining to renewable gas outlined in the CleanBC Plan. As already noted, the focus on decarbonization and electrification increases FEI's risk profile as a gas utility. Greater innovation efforts are needed within FEI if natural gas is to remain a viable fuel in the long term in light of those climate objectives. FEI has explained that existing gaps in its innovation funding remain unfilled, which its Innovation Fund is designed to address.

Moreover, FEI submits that the need for the CGIF is even greater than it was at the time of the MRP Decision. The impacts of climate change have become more apparent, and provincial policy is moving towards a compliance approach to GHG reductions for natural gas utilities. FEI submits

89 Exhibit B-2, Application, p. 77.

90 Exhibit B-3, BCUC IR1 20.2.

91 BCOAPO Final Argument, pp. 8 and 9.

92 MRP Decision, p. 155.

that the need for it to step up its innovation efforts is only increasing and that the basis for the BCUC's initial approval of the CGIF remains sound and in the public interest.

73. Second, the amount of interest in the innovation space is increasing,[93] as is the need for CGIF spending during the remainder to the MRP term.[94] This is due to the increased number of projects and increasing technology readiness levels.[95] As Mr. Warren explained:[96]

> And what we're seeing, unsurprisingly and happily, is that the projects that we're being asked to sponsor are moving further and further up the TRL [technology readiness level] scale, which is exactly what we want, of course. But that does also mean that the amount of funding required for those projects is also increasing because the amount of funding, you know, necessary to actually field test things is bigger than it is to do at a bench scale. …
>
> If the expenditures keep increasing the way we're currently seeing this trend, I suggest that we would want to keep the rate rider similar to what it has been so far, so that we can fund these projects that are really quite important to the future of the utility.

Cutting off spending now would undermine the efforts of the CGIF to date and would hold back projects at the time when funding is needed most – at the time when projects are closest to resulting in commercially feasible products that can benefit customers and the future of the utility.[97]

74. Third, as approved by the BCUC in the MRP Decision, any unspent CGIF funding will ultimately be returned to customers with interest.[98]

75. Finally, as discussed in Part Two, SectionBC above, the BCUC has confirmed that revisiting the terms of the MRP is not within the scope of the annual reviews. FEI submits that the CGIF

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[93] Workshop Transcript, p. 96, ll. 22-26 to p. 98, ll. 1-9 and p. 98, ll. 22 to p. 99, ll. 3 (Warren).

[94] Exhibit B-5, CEC IR1 21.1.

[95] As Mr. Warren explained at the Workshop (p. 97, ll. 19-26): "TRL 1 projects are low on the commercial readiness scale as they're usually just theoretical, theoretical technologies, paper-based technologies. And then as you move up the TRL level, obviously move up the thermometer, you know, you get into bench testing, you get into piloting. And eventually at TRL 9 you're really getting into field testing of commercial scale projects."

[96] Workshop Transcript, p. 98, ll. 1-9 and p. 102, ll. 24-26 to p. 103, ll. 1-3 (Warren).

[97] Workshop Transcript, p. 103, ll. 4-8 (Warren).

[98] Workshop Transcript, p. 101, ll. 4-6 (Warren).

should be permitted to proceed as approved, so that it may achieve the objectives that were determined to be in the public interest in the MRP Decision and remain valid today.

I. FEI HAS YET TO DETERMINE WHETHER EXOGENOUS TREATMENT OF FLOODING DAMAGE COSTS IS WARRANTED

76. CEC recommends that the BCUC "approve FEI's undertaking not to claim an exogenous factor adjustment for the flooding damage repair and restoration."[99] CEC mischaracterized FEI's evidence in this regard. To be clear, FEI has not yet determined whether it will seek exogenous factor treatment for flooding damage. Rather, FEI has stated that it is waiting for the results of the settlement of insurance recoveries before determining whether exogenous factor treatment applies.[100] FEI will determine if exogenous factor treatment is warranted and will file for approval of exogenous factor treatment, if applicable, in a future rate filing. For example, if the insurance claim decision occurs in 2023, depending on the timing, FEI may be able to include the costs as part of the 2023 Projected balance of the Flow-through deferral account during the 2024 Annual Review in which case, if exogenous factor treatment was approved, they would be recovered from customers in 2024 delivery rates.[101]

J. SERVICE QUALITY INDICATOR PERFORMANCE INDICATES A HIGH LEVEL OF OVERALL SERVICE QUALITY

77. In the subsections below, FEI responds to the comments from interveners on FEI's performance related to the meter reading accuracy, telephone service factor (non-emergency) and public contacts with gas lines SQIs, in addition to the average speed of answer (ASA) information indicator.

(a) Meter Reading Accuracy Performance Impacted by Factors Beyond the Utility's Control

78. Based on FEI's meter reading accuracy performance, RCIA argues that a financial penalty should be levied against FEI in the quantum of the penalties paid by Olameter to FEI, totalling

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[99] CEC Final Argument, para. 251.

[100] Exhibit B-2, Application, p. 151.

[101] Exhibit B-3, BCUC IR1 30.5.

$440,000.[102] FEI submits that RCIA has not followed the guidance of the BCUC for interpreting SQI performance, and that FEI's meter reading performance does not warrant a financial penalty.

Process for Interpreting SQI Performance

79. In reply to RCIA's stated lack of understanding with how to apply the factors to assess SQI performance and its submission that the actions or inactions of FEI are not a criterion in evaluating whether there should be a financial penalty,[103] FEI sets out below the description of the process set out by the BCUC in its past decisions regarding interpreting SQI performance.

80. The process for interpreting SQI performance was the product of a consensus recommendation in 2014 approved by Order G-14-15, dated February 4, 2015. The consensus recommendation indicates that performance below the threshold is not sufficient in itself to determine if there is a serious degradation of service:[104]

> Based on how the Parties have established the thresholds and performance ranges, the Parties do not consider performance inferior to a threshold to necessarily
>
> - represent a "serious degradation of service", or
> - warrant adverse financial consequences for FortisBC
>
> but rather they consider that this circumstance warrants examination at an Annual Review to determine whether further action is warranted. However, performance inferior to a threshold is a factor the Commission may consider in determining whether there has been a "serious degradation of service" and whether adverse financial consequences for FortisBC are warranted.

81. The Consensus Recommendation then provides guidelines/criteria for determining financial consequences:[105]

> Determinations of any financial consequences will be made based on whether there has been a serious degradation of service and having regard to the other

102 RCIA Final Argument, p. 23.

103 RCIA Final Argument, p. 23.

104 Order G-14-15, Appendix A, p. 5.

105 Order G-14-15, Appendix A, p. 6.

> factors identified by the Commission in the following passage from the Decision: "When assessing the magnitude of any reduction in each Company's share of the incentive earnings, the Commission will take into account the following factors:
>
> - Any economic gain made by each Company in allowing service levels to deteriorate;
> - The impact on the delivery of safe, reliable and adequate service;
> - Whether the impact is seen to be transitory or of a sustained nature; and
> - Whether each Company has taken measures to ameliorate the deterioration in service.

82. In its Decision accompanying Order G-107-15, the BCUC discussed how to follow the consensus recommendation, including guidance for future annual reviews (at pages 18-19 and 21-22):[106]

> In determining whether financial consequences are in order, the Panel interprets the Consensus Recommendation as asking two fundamental questions: Has a serious degradation of service occurred? To what extent are the performance results attributable to the actions or inactions of the Company?
>
> The answer to whether a serious degradation has occurred is largely guided by key points set out in the Consensus Recommendation:
>
> - SQI performance below threshold does not necessarily mean that a serious degradation of service has occurred, but is a factor to consider in that determination.
> - Two of the four "other factors" noted are also relevant to a determination of whether or not any degradation of service is "serious":
>   - The impact on the delivery of safe, reliable and adequate service; and
>   - Whether the impact is seen to be transitory or of a sustained nature.

[106] Decision and Order G-107-15, dated June 23, 2015. Online: https://docs.bcuc.com/Documents/Proceedings/2015/DOC_43935_G-107-2015_FBC-AnnualReview2015RatesDecision.pdf.

In determining the extent to which the performance results are attributable to the actions or inactions of the Company, the remaining two "other factors" need to be considered:

- Any economic gain made by each Company in allowing service levels to deteriorate; and

- Whether each Company has taken measures to ameliorate the deterioration in service.

…

Future Annual Reviews

Looking to the next and subsequent annual reviews, the Panel provides the following comments and guidelines with regard to any determination of financial consequences arising out of one or more SQIs falling below threshold.

1. Imposition of financial consequences is dependent on two conditions being true: that a serious degradation of service has occurred; and that the performance results are attributable to the actions or inactions of the Company.

2. As to a finding of serious degradation of service, each particular situation will be decided in its unique context, looking at the severity, frequency and duration of the below-threshold results.

3. As to a finding of whether the performance results are attributable to the actions or inactions of the Company, this will only be required if there has first been a determination of serious degradation of service. Further, the Panel does not see the only determination options being that the performance results are either fully attributable or not at all – a determination of partial/shared attribution is entirely possible.

4. The Panel also notes that one of the design principles of the PBR regime is to give the Company greater latitude to allocate its resources generally as it sees fit within certain parameters, without extensive oversight and scrutiny within the annual review process. However, in cases where FBC chooses to argue that performance results are not attributable to the actions or inactions of the Company, a fulsome and complete review of relevant Company decisions and actions may be required to arrive at a determination.

83. The BCUC also provided direction in its Decision accompanying Order G-44-16 that in each annual review the BCUC will review actual SQI results from the prior year:[107]

> The Panel finds that the most appropriate timing for determining if a serious degradation of service has occurred and if a financial penalty is warranted is during the following year's annual filing. **FortisBC Inc. is directed to address its 2015 service quality and/or penalties in its next Annual Review filing, anticipated in the summer or fall of 2016.** Going forward, it is anticipated that this same timing will be used to make final determinations on questions of serious degradation of service and financial penalties for subsequent years covered by the Performance Based Ratemaking regime. The Panel agrees with FBC that this lag provides for a more complete evidentiary record on which to make the necessary determinations. Further, as compared to a transition to midyear SQIs, this approach provides a more elegant and effective solution to the problem contemplated in the Reasons to Order G-202-15.

84. Thus, while 2022 year-to-date information is something the BCUC can consider, it should be recognized that the year is not yet complete, and 2022 actual results will be evaluated in the next annual review.

85. In the remainder of this submission, FEI follows this guidance to interpreting its meter reading performance.

There Has Been No Serious Degradation of Service

86. FEI submits that its Meter Reading Accuracy performance of 88 percent in 2021, which is lower than the threshold of 92 percent, does not amount to a serious degradation of service. In assessing whether a degradation in service is "serious" the BCUC stated that "each particular situation will be decided in its unique context, looking at the severity, frequency and duration of the below-threshold results" and identified the following specific factors to be considered:

(a) The impact on the delivery of safe, reliable and adequate service; and

(b) Whether the impact is seen to be transitory or of a sustained nature.

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[107] Decision and Order G-44-16, dated April 1, 2018. Online: https://www.ordersdecisions.bcuc.com/bcuc/orders/en/143220/1/document.do.

87. With respect to factor (a), RCIA considers FEI's 2021 performance to be inadequate as customers expect a reading of their meter each billing period.[108] FEI submits that a more fulsome consideration of the situation and overall service quality demonstrates that the service quality remains adequate.

88. First, FEI has taken a number of steps to mitigate any potential impact to customers of missed meter readings. The consequence of missed meter reading is that a customer's bill is estimated rather than read. FEI has mitigated potential service quality implications as a result of a higher volume of estimated meter readings by taking a number of actions, such as the following:[109]

- Proactively contacting customers with multiple estimates in a row to determine if a customer-provided read is possible to support the estimation;
- Proactively reaching out to customers with meters that have been identified as hard to access to arrange for a special read and to work with the customer for future access to the meter; and,
- Where a customer has received a higher than expected bill, either as a result of the estimated consumption or any true-up once the actual read is available, FEI worked with the customer on a one-on-one basis, providing flexible payment arrangements where appropriate.

89. Second, FEI has not seen any indications that its meter reading challenges have had a measurable impact on overall customer satisfaction and service quality. For example, the informational Customer Satisfaction Index SQI (which measures customers overall satisfaction with the Company) remained the same as 2020, with only a minor decrease in the accuracy of meter reading component to 8.4 in 2021 from 8.5 in 2020.[110] In addition, the Billing Index SQI has remained better than the benchmark, indicating that any challenges to the Billing Index as a result of meter reading inputs have not materialized to date and billing metrics have remained aligned with customer expectations.[111]

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108 RCIA Final Argument, p. 21.

109 Exhibit B-4, RCIA IR1 9.4.

110 Exhibit B-2, Application, pp. 175-176.

111 Exhibit B-2, Application, pp. 170-171.

90. With respect to factor (b), FEI's Meter Reading Accuracy SQI results remain transitory in nature. As shown in Table 13-9 of the Application, FEI's performance for this metric was consistently above both the benchmark and threshold between 2014 and 2019.

Table 13-9: Historical Meter Reading Accuracy Results

Description	2014	2015	2016	2017	2018	2019	2020	2021	June 2022 YTD
Annual Results	97.0%	97.5%	96.9%	96.2%	95.4%	95.2%	89.2%	88.0%	86.3%
Benchmark	95.0%								
Threshold	92.0%								

FEI's 2021 performance is due to the continued challenges associated with the COVID-19 pandemic which, as shown above, coincides with a decline in performance of this SQI in 2020, and also extreme weather events that have impeded access to premises to undertake meter reading.[112]

91. The BCUC has recognized the challenges associated with the COVID-19 pandemic in its decision as part of FEI's 2022 Annual Review, stating: "Based on the evidence in this proceeding, the Panel is satisfied that the lower than threshold Meter Reading Accuracy results were primarily attributable to the safety protocols introduced in response to the COVID-19 pandemic".[113] Moreover, the BCUC explicitly anticipated this impact of the COVID-19 pandemic and relieved utilities from the meter reading obligations in their tariff terms and conditions. In BCUC Letter L-20-20, dated March 31, 2020, the BCUC stated:

> The BCUC recognizes that this Pandemic greatly impacts utilities and utility customers across British Columbia as many businesses and individuals adjust to working from home, social distancing, and self-isolation. Given these difficult circumstances, the BCUC understands that utilities may not be able to conduct in-person meter reading for all customers at this time due to safety and operational concerns. As such, any public utilities regulated by the British Columbia Utilities Commission (BCUC) that are unable to estimate billings within their endorsed tariff Terms and Conditions are granted relief from meter reading, when

112 Exhibit B-2, Application, pp. 171-173.

113 Decision and Order G-366-21, , p. 23..

> necessary, for the duration of the State of Emergency in the Province of British Columbia and while social distancing practices remain in place. In place of meter readings, when necessary, energy consumption may be estimated from best available sources and evidence for billing purposes. When the next actual meter reading is completed, customers' bills must then be adjusted for the difference between estimated and actual use over the interval between meter readings.

92. While the impacts of the COVID-19 pandemic evolved in 2021 as compared to 2020, the associated challenges persisted. Despite restrictions gradually lifting over the year, the impact of the COVID-19 pandemic did not end with the lifting of restrictions, but continued as several COVID-19 variants emerged and infections continued. Physical distancing protocols remained in place and meter readers were required to self-isolate when experiencing symptoms. Consequently, Olameter continued to experience staffing challenges throughout the remainder of 2021.

93. As Mr. Mangat explained at the Workshop, meter reading cannot be undertaken remotely and involves interaction with others:[114]

> … it may be helpful to consider that manual meter reading is not something that can be completed remotely. As such, to the extent that the meter readers may otherwise feel capable of work, to the extent they're experiencing any symptoms, they may not be permitted to access FortisBC muster stations, and in compliance with public health regulations, will be required to stay at home. …
>
> Olameter has [also] developed its own measures and protocols to support the continued safety of their employees during the pandemic. And FortisBC's understanding is that part of those protocols include exercising caution and erring on the side of no contact when accessing meters beyond gates, in common spaces, and in small spaces.

94. In addition to the challenges above, FEI's meter reading efforts were significantly impacted by multiple extreme weather events that occurred in 2021, including the active wildfire season, the heat dome, and the flooding that led to evacuations of several communities.[115] As FEI explained in the response to RCIA IR1 9.5, the extreme weather events that occurred in the latter part of 2021 had a severe impact on affected communities and made it unsafe to access

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[114] Workshop Transcript, p. 142, ll. 15-20 and p. 142, ll. 22-26 to p. 143, ll. 1-2 (Mangat).

[115] Exhibit B-2, Application, p. 172.

meters. In particular, the most affected communities issued local states of emergency and evacuation orders due to the severe damage sustained to key infrastructure, community services, utilities, water and sewer systems, bridges, roadways and key transportation routes as well as businesses and homes.[116]

95. FEI's 2022 year-to-date performance as of August (of 87 percent),[117] while still below the threshold and benchmark, has improved significantly – both in terms of the number of meters read (compared to those scheduled) and the consistency of monthly performance.[118] As Mr. Mangat explained at the Workshop, the Omicron COVID-19 variant and overall labour shortages (which have hampered Olameter's ability to hire and retain staff) continue to cause challenges for this SQI in 2022. Despite these transitory challenges, which affecting certain sectors of the economy more than others, FEI submits that this metric is heading in the right direction and is expected to improve over the remainder of 2022.[119]

96. In summary, FEI has experienced a rare coalescence of transitory factors brought on by global events, including a pandemic and increasingly extreme climate change-driven weather events, which are beyond the utility's control. While FEI has continued to experience challenges in 2022, performance is improving. Overall, given consideration to all the circumstances, including FEI's mitigation measures and other indicators of service quality, there has not been a serious degradation of service.

The Decline in Performance Cannot Be Attributed to the Action or Inaction of FEI

97. In assessing whether the performance of the Meter Reading Accuracy SQI is attributable to FEI's actions or inactions, the BCUC identified the following factors to be considered:

(a) Any economic gain made by each Company in allowing service levels to deteriorate; and

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116 Exhibit B-4, RCIA IR1 9.5.

117 Exhibit B-11, Workshop Presentation, slide 61.

118 Exhibit B-2, Application, pp. 172-173.

119 Exhibit B-2, Application, pp. 172-173; Workshop Transcript, p. 148, ll. 11-18 and p. 149, ll. 4-11 (Mangat).

(b) Whether each Company has taken measures to ameliorate the deterioration in service.

98. With respect to factor (a), RCIA contends that FEI received an economic gain from the receipt of penalties levied against its contractor Olameter for its meter reading performance.[120] RCIA's interpretation is not reasonable as these penalties are not an "economic gain" to FEI by *allowing* service levels to deteriorate. To the contrary, these penalties are a contractual remedy intended to ensure Olameter is incentivized to return performance to above the benchmark and threshold, consistent with prior years. Indeed, the levying of penalties against Olameter is consistent with the BCUC's decision in the 2022 Annual Review proceeding in that the Panel expected FEI to pursue "any legal remedies where it is appropriate to do so."[121] Consistent with how other O&M variances are accounted for under the earnings sharing mechanism, these penalty amounts (which take the form of a credit) are shared equally between customers and FEI.[122]

99. Furthermore, as outlined above, the 2021 Meter Reading Accuracy results are attributable to events outside of FEI's control, including the COVID-19 pandemic and extreme weather conditions. Both played a role in the staffing challenges faced by Olameter,[123] and are not a result of FEI allowing service to deteriorate.

100. With respect to factor (b), FEI has actively sought to ameliorate its 2021 performance by providing additional support to Olameter. These efforts are acknowledged by RCIA.[124] In particular, FEI identified two new actions: (1) supporting the technical roll out of new handheld meter reading devices, which are expected to provide efficiency gains for meter readers; and (2) providing Olameter with two additional muster locations in Chilliwack and Albion to reduce commute times for readers and provide efficiencies in meter reading.[125] As noted above, FEI has

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[120] RCIA Final Argument, p. 20.

[121] Decision and Order G-366-21, p. 23.

[122] Exhibit B-4, RCIA IR1 9.2.

[123] Exhibit B-4, RCIA IR1 9.1.

[124] RCIA Final Argument, p. 22.

[125] Exhibit B-4, RCIA IR1 9.4.

also levied penalties against Olameter to incentivize it to return performance to above the benchmark and threshold.

101. As discussed above, FEI has also taken steps to mitigate any potential service quality implications as a result of a higher volume of estimated meter readings, including by proactively working with customers in a number of ways.[126]

102. In summary, the 2021 performance of this SQI cannot be attributed to the actions or inactions of FEI. FEI has taken all reasonable efforts to address challenges outside of its control with service provided by a third-party. These efforts have ensured overall customer satisfaction remains high. FEI submits that a financial penalty is not warranted.

(b) Responsiveness to Customer Needs SQIs for 2021 Remain Within Acceptable Bounds

103. MoveUP considers FEI's Telephone Service Factor (Non-Emergency) (TSF Non-Emergency) SQI and the ASA informational indicator performance in 2022 to be "inadequate".[127] FEI disagrees for the reasons below.

104. First, this proceeding assesses FEI's 2021 SQI results. As discussed above, the BCUC determined that, in each annual review, it would evaluate FEI's actual SQI performance from the previous year, so that the full year results are available for review. In 2021, FEI met the TSF Non-Emergency benchmark of 70 percent.[128] The ASA is an informational indicator only and, as such, does not have a benchmark or threshold. FEI's 2021 ASA performance improved from 2020 by seven seconds (to 65 seconds).[129]

105. Second, consistent with the above, the BCUC will evaluate FEI's 2022 service quality indicator performance in the Annual Review for 2024 Delivery Rates, at which point the utility's actual 2022 results will be known. Without a full year of actual results, it is too early to assess FEI's performance. In particular, a given month's performance will be offset by variations in other

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[126] Exhibit B-4, RCIA IR1 9.4.

[127] MoveUP Final Argument, p. 5.

[128] Exhibit B-2, Application, p. 173.

[129] Exhibit B-2, Application, p. 176.

months, resulting in annual performance that improves from the year-to-date results provided in the Application and updated in the Workshop. For example, between June and August 2022, FEI's ASA performance improved from 104 seconds to 92 seconds.[130] Similarly, FEI's TSF Non-Emergency SQI performance has improved during the same period from 61 to 63 percent. FEI expects performance to further improve for both SQIs by year-end[131] as demonstrated by the overall improvement shown between January and August 2022:

SQI	January	February	March	April	May	June	July	August
TSF (%)	37%	48%	58%	63%	83%	79%	66%	76%
ASA (seconds)	228	189	75	67	25	29	59	33

In particular, while various factors may always impact performance results, FEI also expects the ASA to perform at historical levels in the 60 seconds range for subsequent years.[132]

106. Third, MoveUP's submission that the "principal culprit" for FEI's 2022 TSF Non-Emergency and ASA performance-to-date is "exceptionally high levels of resignations and difficulty recruiting and retaining staff" mischaracterizes and oversimplifies FEI's evidence in this proceeding. As described in the Application, several challenging circumstances occurred in the first quarter of 2022 which impacted FEI's TSF Non-Emergency and ASA performance, including: (1) higher than normal attrition levels being experienced in the contact centre coupled with rate increases; (2) colder weather; and (3) meter reading estimates, all of which resulted in approximately 160 percent more high bill inquiries in the first quarter of 2022 than the average of the preceding four years.[133] Despite these challenges, FEI's customers continued to identify a high level of quality service received, as supported by its 2022 year-to-date First Contact Resolution and Customer Service Index results that are at the benchmark and within the normal range, respectively.[134]

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130 Exhibit B-11, Workshop Presentation, slide 61; Exhibit B-2, Application, pp. 176-177.

131 Workshop Transcript, p. 139, l. 23 to p. 140, l. 3 (Wong).

132 Exhibit B-5, CEC IR1 27.5.

133 Exhibit B-2, Application, pp. 173-174.

134 Exhibit B-5, CEC IR1 27.5.

107. In response to MoveUP's speculation on the reasons for higher attrition,[135] FEI has limited information on the specific reasons why employees leave their job; however, for those who completed exit interviews, the primary reason cited was family and/or personal change in circumstances.[136] In addition, as Mr. Mangat noted, attrition is a factor impacting many companies in the last two years due to labour market conditions.[137] This is illustrated, for example, by the attrition experienced by FEI's meter reading service provider, Olameter.[138] FEI is taking a number of actions to improve recruitment and retention of Customer Service employees. This includes using an external recruitment agency, making improvements to the recruitment process, and improving retention through different forms of employee recognition and taking feedback from employees themselves.[139]

108. Fourth, as FEI explained in the response to CEC IR1 27.5, FEI has taken steps to improve performance.[140] For example, in response to higher than normal attrition in the second half of 2021, FEI made adjustments to the timing of new hire classes and the onboarding and training of new employees, continued promotion of self-service options for customers and a heightened focus on First Contact Resolution and overall service quality by maintaining coaching and development time for employees and managers.[141]

109. Finally, FEI submits that MoveUP's submissions on the structure of employee bargaining units are more appropriate for the BC Labour Relations Board rather than the BCUC.

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135 MoveUP Final Argument, p. 6.

136 Exhibit B-5, CEC IR1 27.1.

137 Workshop Transcript, p. 154, ll. 3-5 (Mangat)

138 Workshop Transcript, p. 153, ll. 14-26 (Mangat).

139 Exhibit B-6, MoveUP IR1 3.10.

140 Exhibit B-5, CEC IR1 27.5.

141 Exhibit B-6, MoveUP IR1 3.11.

(c) Public Contacts with Gas Lines SQI Remains Above Benchmark

110. FEI's performance with respect to Public Contacts with Gas Lines in 2021 and 2022 year-to-date performance continues to be better than the benchmark approved by the BCUC for this SQI.[142]

111. RCIA submits that FEI should strive to achieve performance in line with the Canadian Gas Association (CGA) average and requests that FEI be directed by the BCUC to provide further information on why FEI experiences more gas line damage per 1,000 locates compared to other Canadian provinces.[143] In reply, the benchmark and threshold for this SQI has been set by the BCUC for the MRP term, and FEI's performance continues to be better than the benchmark. FEI submits that the annual reviews should not be used to explore new benchmarks for SQIs part way through the MRP term. This undermines the regulatory efficiencies expected from the MRP, and the balance of the MRP approved by the BCUC in the MRP Decision.

112. Furthermore, RCIA has not established why FEI should reasonably be expected to achieve performance in line with the CGA average. As Mr. Chernikhowsky explained during the Workshop, FEI has investigated this topic and there is no simple explanation of the difference in FEI's line hits compared to other provinces:[144]

> This is a tough nut to crack, I'll say British Columbia, that we face both as FortisBC and as utility operators provincially. At FortisBC we're very much driven by the amount of construction activity, first of all, what's happening. Especially in the Lower Mainland where you can see there's a great deal of construction going on. That's the first aspect.
>
> …
>
> In terms of the difference between other provinces, that is something that we've continually looked at. Alberta has a lower rate of damages, for example. The observation I would make is that the awareness of underground infrastructure in Alberta is higher than in British Columbia. There's a lot of pipelines in Alberta,

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142 Exhibit B-2, Application, p. 165.

143 RCIA Final Argument, p. 25.

144 Workshop Transcript, p. 163, ll. 17-26 and p. 164, ll. 6-14 (Chernikhowsky).

> frankly. I don't think the same level of awareness exists in British Columbia, but that is something that we continually are working on.

113. As further discussed by Mr. Chernikhowsky, FEI has taken actions to prevent pipeline hits including by educating the public about the need to call before you dig:[145]

> In terms of direct responses, in 2018, I believe it was, we hired four damage prevention investigators that have also been working throughout the province. They focus on individual damagers, find the root causes and work with BC Safety Authority to help prevent future recurrences. So we are definitely taking actions to prevent it.
>
> …
>
> You'll see it in our advertising, we're continually advertising for dig before you -- or call before you dig. So there is that aspect.
>
> …
>
> And that is something, again, that we're continually working, both at FortisBC and at BC 1 Call to grow the awareness of that organization that, yes, it's a free call, please call us before you conduct any ground disturbance.

114. For the purpose of this annual review, FEI's performance remains better than the benchmark set for this SQI. FEI submits that RCIA's recommendations are better raised when SQIs are considered again for any subsequent MRP.

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[145] Workshop Transcript, p. 163, ll. 25-26 to p. 164, ll. 1-5, p. 164, ll. 15-17 and p. 165, ll. 24-26 to p. 166, ll. 1-2 (Chernikhowsky).

PART THREE: CONCLUSION

115. The final submissions of interveners broadly support FEI's Application, reflecting a constructive information-sharing process undertaken through IRs and the Workshop. FEI submits that its approvals sought are just and reasonable and should be approved as filed.

116. ALL OF WHICH IS RESPECTFULLY SUBMITTED

Dated:	November 3, 2022	***[original signed by Chris Bystrom]***
		Chris Bystrom Counsel for FortisBC Energy Inc.
Dated:	November 3, 2022	***[original signed by Niall Rand]***
		Niall Rand Counsel for FortisBC Energy Inc.