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September 6, 2024

British Columbia Municipal Electrical Utilities
c/o Nelson Hydro
101-310 Ward Street
Nelson, BC
V1L 5S4

Attention: Scott Spencer

Dear Scott Spencer:

Re: FortisBC Energy Inc. (FEI) and FortisBC Inc. (FBC) (collectively FortisBC)
Application for Approval of a Rate Setting Framework for 2025 through 2027
(Application)
Response to the British Columbia Municipal Electrical Utilities (BCMEU)
Information Request (IR) No. 1

On April 8, 2024, FortisBC filed the Application referenced above. In accordance with the regulatory timetable established in BCUC Order G-165-24 for the review of the Application, FortisBC respectfully submits the attached response to BCMEU IR No. 1.

If further information is required, please contact the undersigned.

Sincerely,

on behalf of FORTISBC

Original signed:

Sarah Walsh

Attachments

cc (email only): Commission Secretary
Registered Interveners

LOAD FORECAST

1. Reference: Exhibit A-4, BCUC Staff Information Request 1.22.7

1.1 What information was utilized to create the Wholesale Customer component of the load forecast relied on by FortisBC Utilities (“FBC”) to support the Rate Framework Application?

1.2 Has FBC made any adjustments to its load forecasts from prior filings to recognize energy transition impacts on its Wholesale Customers given the Wholesale Customers analogous roles to FBC as electric utility service providers. If so, what scenarios were run with what impacts on FBC’s Rate Framework?

1.3 If not, does FBC anticipate based on current awareness of the impact of the energy transition that Wholesale Customer loads may vary in any material way to forecast during the term of the Rate Framework? If so, how will the Rate Framework results be impacted?

Response:

FBC presumes that BCMEU is referring to BCUC IR1 27.2 in the preamble, as there is no BCUC IR1 22.7 in Exhibit A-4 of this proceeding. Additionally, FBC notes that it is not seeking approval of rates for any year of the Rate Framework term as part of this Application; therefore, there is no specific load forecast being presented in the Application for rate-setting purposes.

Section C4.2.2 of the Application discusses FBC’s load forecasting methods. As stated on page C-145, FBC considers that the existing forecasting methods continue to be appropriate for the three-year term of the Rate Framework. The Wholesale customer forecasting method is described in detail in Section 3.3 of Appendix C4-2 to the Application and is based on load surveys completed by the individual Wholesale customers. This approach recognizes that in the near to medium term, the Wholesale customers themselves are best able to forecast their own load growth based on their knowledge of their customer mix, load behaviors, development projects with associated load requirements, etc.

Please refer to the response to BCUC IR1 27.2 for a discussion of FBC’s forecast methods for short-term rate-setting, including why the short-term rate-setting forecasts are not based on assumptions of drivers such as government or climate policies or the pace of any energy transition-related activities that may develop.

Please also refer to the response to BCUC IR1 27.4 for an explanation of the difference between scenario forecasts for long-term planning purposes and forecasts for short-term (e.g., one year) rate-setting purposes.

FortisBC Energy Inc. (FEI) and FortisBC Inc. (FBC) (collectively FortisBC or the Companies) Application for Approval of a Rate Setting Framework for 2025 through 2027 (Application)	Submission Date: September 6, 2024
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2. Reference: Exhibit B-1, Page C-190 “Indicative Rates”

2.1 FBC has typically provided 3-year rate forecasts to assist ratepayers in supporting the concept of multi-year rate plans and the potential efficiencies and savings associated with such plans. FBC has provided a forecast of 5.3% for 2025, the first year of the Rate Frameworks Period. Please provide a rate forecast for FBC for the latter two years of the Rate Framework 2026 and 2027.

Response:

Please refer to the response to BCOAPO IR1 8.3.

3. Consultation

3.1 Please detail the consultations which were undertaken by, FBC or the FortisBC Utilities, with the Wholesale Customers which were relied on to inform the Rate Framework Application.

Response:

As summarized in Section B2.4 of the Application, FortisBC engaged in discussion with interveners as the content for this Application was being conceived and then developed. This took the form of initial informal one-on-one conversations in April 2023 and then a full workshop on November 20, 2023. These consultations included representatives from the BCMEU.

The initial discussion with the BCMEU occurred on April 20, 2023, and included general counsel from the BCMEU and representatives from Nelson Hydro, City of Nelson, and the City of Penticton. Representatives from the City of Grand Folks and the District of Summerland were also invited to this meeting but declined. Participants in this meeting were asked generally about what they felt worked well with the Current MRP and what they felt should be focused on for the next rate plan. Key themes of feedback related to the rate plan that emerged from this meeting included the following:

- BCMEU representatives stated that they appreciated having less regulatory process under the current rate plan format compared to a cost-of-service model, while still having Annual Reviews to enable dialog;
- Some representatives raised a concern over the earning sharing mechanism being too advantageous to the Company; and
- Affordability and reliability were highlighted as key considerations for the next rate plan.

For the November 20, 2023 workshop, FortisBC reached out to BCMEU general counsel to inquire as to whom to invite from BCMEU and was told to invite the representatives from City of Penticton and City of Nelson. Both attended the workshop virtually. Material used by FortisBC to facilitate the discussion at this workshop and the feedback provided is included in Appendix B2-3 of the Application. Feedback from the BCMEU representatives at this workshop was primarily in the area of the Reliability SQLs. This feedback is captured in Appendix B2-3.