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November 5, 2024

BC Sustainable Energy Association  
c/o William J. Andrews, Barrister & Solicitor  
70 Talbot Street  
Guelph, ON  
N1G 2E9

Attention: William J. Andrews

Dear William J. Andrews:

**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 BC Sustainable Energy Association (BCSEA) Information**  
**Request (IR) No. 2**

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On April 8, 2024, FortisBC filed the Application referenced above. In accordance with the amended regulatory timetable established in BCUC Order G-255-24 for the review of the Application, FortisBC respectfully submits the attached response to BCSEA IR No. 2.

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

**1.0 Topic: Natural Gas Lobbying**

**Reference:** [Exhibit B-8](#), FortisBC Utilities Response to [BCSEA IR1 1.1](#),  
pdf pp.2-3

In its explanation of the proposed Rate Framework in response to BCSEA IR1 1.1, the utilities state in part:

“As part of this Application, FortisBC is proposing to rebase formula O&M, formula Growth capital (FEI), and regular forecast Sustainment and Other capital (and Growth capital for FBC). Therefore, consistent with cost-of-service ratemaking, O&M and capital expenditures can be scrutinized as part of this Application.”  
[underline added]

BCSEA has been asked by an activist (a) how much FortisBC Energy Inc. spends on lobbying municipalities in opposition to prohibitions on new buildings using gas, and (b) whether, and, if so, to what extent, FEI funds groups that speak in favour of natural gas service at municipal meetings in the Province, such as Voice For Energy and BC Coalition for Affordable Dependable Energy Choices.

1.1 Please provide a table showing how much FEI has spent or budgets to spend in the rebasing year (understood to be 2023) for (a) staff costs for lobbying municipalities in opposition to limitations on new buildings using gas, and (b) funding to groups that speak in favour of natural gas service at municipal meetings in the Province, such as Voice For Energy and BC Coalition for Affordable Dependable Energy Choices.

**Response:**

FEI regularly engages with the 135 local governments and 58 First Nations it serves across British Columbia to support the delivery of safe, reliable and cost-effective service and an orderly energy transition for its customers. FEI’s communication and engagement includes discussion of energy policy and the impacts that various policy decisions may have on FEI’s customers; however, FEI does not track and is not able to quantify its communication and engagement costs by topic area. Tracking costs by topic area would not be practical because FEI’s communication and engagement with local governments and Indigenous communities includes discussion of numerous issues besides energy policy, including FEI’s operating agreements with the community, operating issues, O&M work, capital projects, conservation efforts, community investment, etc. FEI does track its time spent meeting with local governments or Indigenous communities regarding capital projects as these costs need to be attributed to the particular capital project.

FEI has not made any payments to any organization for the purpose of speaking in favour of natural gas service at a municipal meeting and is not a member of Voices for Energy or the BC Coalition for Affordable Dependable Energy. However, FEI is a member of a number of organizations across its service territory which may express the views of their membership in

1 public forums from time to time, including at municipal council meetings. This includes groups  
2 such as the Greater Vancouver Board of Trade, the Surrey Board of Trade, the Canadian Gas  
3 Association, and the BC Chamber of Commerce.

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6  
7 1.2 Please clarify how FEI characterizes (or would characterize) each type of spending  
8 in terms of “O&M,” “Growth Capital,” etc., and indicate if the type of spending is  
9 within formulaic or cost-of-service revenue requirement categories. If necessary,  
10 please assume for this response that the amounts are material in size.

11  
12 **Response:**

13 Costs incurred for communication and engagement with local governments as well as Indigenous  
14 communities are part of FEI’s (and FBC’s) formula O&M, except for work specifically related to  
15 capital projects (e.g., meetings or consultation specifically for a proposed or ongoing capital  
16 project). Depending on the capital project, these costs could be tracked under Growth,  
17 Sustainment, or Major Capital / CPCN projects.

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21 1.3 Please compare whether and how the BCUC and proceeding participants would  
22 have access to information on FEI’s spending, assuming it was in material  
23 amounts, in each of the two categories (staff lobbying of municipalities, and funds  
24 to third-party lobbying groups) under the proposed Rate Framework and under a  
25 cost-of-service rate making approach.

26  
27 **Response:**

28 Please refer to the response to BCSEA IR2 1.1, which explains that FEI is not able to split its  
29 communication and engagement costs by topic area and that FEI has not made any payments to  
30 any organization for the purpose of speaking in favour of natural gas service at a municipal  
31 meeting. However, FEI has provided its historical O&M from 2019 to 2023 by activity in Appendix  
32 C2-1 and C2-2, as well as by department in Appendix C2-3 to this Application for BCUC and  
33 intervener review.

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1    **2.0    Topic:            FEI Service Quality Indicators, Energy Transition**

2            **Reference:    [Exhibit B-8](#), FortisBC Utilities Response to [BCSEA IR1](#) 3.1, pdf p.9**

3            FEI says it “would consider including an informational indicator related to the GHG  
4            Reduction Standard once the standard is established.”

5            2.1        Please describe the regulatory process under which FEI would seek approval of  
6                    an information Service Quality Indicator related to the GHG Reduction Standard  
7                    once the standard is established.

8  
9            **Response:**

10          Because the Province has not provided FEI with any details on its plans for the GHG Reduction  
11          Standard (including the timing of implementation, FEI’s obligations, enabling regulation, penalties,  
12          compliance pathways, etc.), FEI is not able to determine what regulatory process would be  
13          appropriate or if an informational indicator would be appropriate at this time. However,  
14          hypothetically, if the GHG Reduction Standard implementation were to be implemented in 2027,  
15          and an informational indicator were appropriate, FEI may consider including such an informational  
16          indicator as part of its next Rate Framework application or as part of a future Annual Review.

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