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November 5, 2024

Movement of United Professionals
c/o Allevato Quail & Roy, Barristers and Solicitors
405-510 West Hastings St.
Vancouver, BC
V6B 1L8

Attention: Jim Quail

Dear Jim Quail:

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 Movement of United Professionals (MoveUP) Information
Request (IR) No. 2

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 MoveUP 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

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: November 5, 2024
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1.0 TOPIC: ANNUAL REVIEWS

Reference: Exhibit B-4 BCUC IR 10.3

10.3 In the event that FortisBC's proposed Annual Review scoping is implemented, please explain whether FortisBC would nevertheless monitor the out-of-scope items and propose to scope them back in to any Annual Review where a significant variance or change has occurred that might warrant further analysis in that Annual Review.

Response:

Confirmed. If approved, FortisBC would continue to monitor out-of-scope items and propose to scope them back in if a significant variance or change arose.

And Reference: Exhibit B-4 Response to BCUC IR 10.4:

FortisBC also notes that it will already be reporting on energy transition activities through the Annual Review process, including through the following:

- The energy transition informational indicators proposed for FEI;
- Flow-through O&M and capital forecasts related to Clean Growth Initiatives for both FEI and FBC; and
- The Clean Growth Innovation Fund for FEI.

And Reference: Exhibit B-7 Response to BCOAPO IR 7.10

FortisBC confirms that the BCUC and interveners would still have the opportunity to examine the impacts of the energy transition and the drivers of forecast rate increases through the Annual Review process. Managing rate impacts has been, and will continue to be, a component of the Annual Review process, and topics related to the energy transition are expected to continue to be examined during the Annual Review process.

Request:

1.1 Where it appears that a significant change in government policy (for example, arising from a change in the province's governing party) or other major development has a material impact on the underpinnings of FBC's or FEI's rate plan, is this a concern that could be raised in an Annual Review? Please explain FortisBC's position on this question in the context of its evidence about the high degree of uncertainty besetting the utilities' operating environments.

1.1.1 To what extent is the duration of the rate plan relevant to FortisBC's response to this issue? That is, would a longer term increase the necessity of a mechanism to reopen the plan prior to its nominal expiry?

1 **Response:**

2 FortisBC does not foresee a situation within the proposed three-year term of the Rate Framework
3 where a development would occur, government policy or otherwise, which would have a “material
4 impact on the underpinnings” of the Rate Framework such that the Rate Framework would need
5 to be changed or abandoned. Even if a change in the governing party occurs during the term of
6 the Rate Framework, the impacts to the annual rate-setting process are unlikely to be significant
7 enough that the Rate Framework would need to be re-opened or re-examined. Regardless of
8 developments that might occur in the external environment, FEI and FBC will still need to establish
9 rates annually, and these rates will continue to be based on a combination of annual forecasts
10 and formula-driven components of the revenue requirement.

11 As stated in the response to BCOAPO IR1 7.10 (and included in the preamble to this question),
12 the Annual Review process will continue to provide the opportunity for the BCUC and interveners
13 to ask questions regarding how the energy transition and other external developments are
14 impacting rates.

15 To the extent that interveners have concerns about scope or other issues pertaining to the
16 approved Rate Framework, FortisBC expects that the same regulatory processes and procedures
17 that have previously existed will continue to be available to the interveners, and that such
18 concerns or issues would be adjudicated by the BCUC in consideration of the evidence and/or
19 submissions provided by the Companies and interveners at that time.

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23 1.2 If a concern of this nature could not be raised in an Annual Review, in FortisBC’s
24 view through what process would an intervener be able to raise it during the
25 currency of the rate plan?
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27 **Response:**

28 Please refer to the response to MoveUP IR2 1.1.
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32 1.3 What procedure does FortisBC envisage would be available where an intervener
33 considers that an issue that comes to light in the course of an Annual Review
34 proceeding should be added to its scope, or that developments have changed the
35 materiality of an excluded issue, warranting its inclusion?
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37 **Response:**

38 Please refer to the response to MoveUP IR2 1.1.

1 **2.0 TOPIC: 2024 BASE O&M – STAFF VACANCIES**

2 **Reference: Exhibit B-10 Response to ICG IR 7.3 Tables 1 and 2**

3 **Table 1: FBC's 2024 YTD Number of Positions and Vacancies by Department**

Department Name	2024 YTD (July)	Vacancy YTD (July)
Generation	96	3
Operations	177	8
Customer Service	44	9
Energy Management	12	3
Communications & External Relations	8	0
Power Supply	7	1
Information Systems	43	5
Engineering & PM	94	5
Operations Support	41	3
Facilities	4	0
Environment Health & Safety	11	1
Finance & Regulatory Services	17	4
Human Resources	9	1
Governance	3	0
Corporate	3	0
Total	569	43

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5 **Table 2: FEI's 2024 YTD Number of Positions and Vacancies by Department**

Department Name	2024 YTD (July)	Vacancy YTD (July)
Operations and LNG	749	80
Customer Service	233	27
Energy Solutions & External Relations	246	37
Energy Supply & Resource Dev	16	7
Core Market Administration	19	1
Information Systems	131	13
Engineering Services & PM	264	37
Operations Support	164	14
Facilities	21	0
Environment Health & Safety	38	6
Finance & Regulatory Services	44	5
Human Resources	63	1
Governance	4	0
Corporate	1	0
Total	1,993	228

Request:

2.1 Please confirm that Tables 1 and 2 indicate an overall FBC vacancy rate of approximately 7.5% and FEI's at approximately 11%.

Response:

Not confirmed. The calculations in the question are incorrect.

The vacancy rate for FBC and FEI should be calculated by dividing the vacancies by the total number of positions, and not the actual number of positions filled.

A corrected calculation of the vacancy rate is included in the table below.

Vacancy Rate (YTD) Relative to Total Number of Positions

Company	July YTD Total Number of Positions Filled (A)	July YTD Total Number of Positions (B)	Total YTD Vacancies (C) = (B) - (A)	Total YTD Vacancy Rate (D) = (C) / (B)
FEI	1,993	2,221	228	10.3%
FBC	569	612	43	7.0%

2.2 Please confirm that the Customer Service staffing as between FBC and FEI operates as a single integrated workforce in a single MoveUP bargaining unit, which the BC Labour Relations Board has declared to be employed by a single "common employer" comprised of both utilities together. If not confirmed please explain.

Response:

FEI and FBC jointly operate as a consolidated work unit in support of the Companies' Customer Service operations, and the Companies continue to jointly serve their Customer Service operations as an integrated unit.

While employees in the MoveUP Customer Service bargaining unit may be supporting both gas and electric work, each employee is identified as either an FEI or FBC employee, and any use of gas employees to perform electric work, and vice versa, is appropriately accounted for in accordance with the shared services policy. FEI and FBC employees have been apportioned in the tables according to this identification, regardless of whether they perform work for the other utility.

For Customer Service, identifying each employee as FEI or FBC and treating each utility independently for the purposes of forecasting and hiring recognizes the differences in call volume patterns, overall staffing, and weather events that impact FBC and FEI uniquely and gives rise to differences in their daily operations and staffing needs.

2.3 Please confirm that individual Customer Service employees regularly perform tasks for both FBC and FEI in the normal course of their duties. If not confirmed please explain.

Response:

Customer Service employees who are trained on both FBC and FEI processes will perform work for either company during the normal course of their duties which varies based on job classification and location.

Please also refer to the response to MoveUP IR2 2.2.

2.4 Please describe how this workforce is apportioned in these tables as between the two utilities.

Response:

Please refer to the response to MoveUP IR2 2.2.

2.5 Please confirm that Table 1 indicates that for 2024 YTD (July) at FBC, Customer Service had 9 vacancies among 44 positions (approximately 20% of departmental positions) and that Table 2 indicates that at FEI, Customer Service had 27 vacancies among 233 positions (approximately 12%).

Response:

Not confirmed. The information in the question is incorrect.

FortisBC provides the correct information in the table below.

Vacancy Rate (YTD) Relative to Total Number of Positions (Customer Service)

Company	July YTD Total Number of Positions Filled (A)	July YTD Total Number of Positions (B)	Total YTD Vacancies (C) = (B) - (A)	Total YTD Vacancy Rates (D) = (C) / (B)
FEI	233	260	27	10.4%
FBC	44	53	9	17.0%

FortisBC notes that the positions and vacancies in Tables 1 and 2 in the preamble represent a snapshot in time and are expected to vary throughout the year and during the proposed Rate Framework term. In Customer Service, FEI and FBC hire groups of employees at one time, rather than hiring in response to each vacancy as they occur, providing efficiencies with hiring, onboarding, and training.

2.6 Please explain how FortisBC has calculated these figures to produce significantly different vacancy rates as between FBC and FEI, in view of the integrated workforce serving both utilities.

Response:

Please refer to the response to MoveUP IR2 2.2.

2.7 Please explain why FBC's Customer Services is experiencing an apparently anomalously high vacancy rate.

Response:

The FBC Customer Service vacancy rate was high in July 2024, but FBC does not consider this to be an anomalously high vacancy rate. The vacancy rate in Customer Service varies due to factors such as the timing of planned hiring blocks, employee movement and promotions, or attrition. Please also refer to the response to MoveUP IR2 2.5.

2.8 Are there other departmental tallies shown in the tables that reflect similarly weighted integrated staffing apportionments yet indicate diverse proportional outcomes as between FBC and FEI? If so please explain.

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2 **Response:**

3 The number of filled positions and vacancies reported in Tables 1 and 2 of the response to ICG
4 IR1 7.3 are not necessarily dependent on the level of integration between FEI and FBC, and are
5 not representative of the sharing of common staff between FEI and FBC. Many different factors
6 influence vacancies for each utility, including the specific nature of each vacancy and the timing
7 of filling the vacancies. Certain vacancies may only apply to FEI or FBC as they may not be shared
8 positions and may only apply to specific departments that are unique to each utility.

9 As a result, the departmental tallies shown in the tables may differ depending on the level of
10 integration in a specific department. Certain departments with common objectives, processes or
11 required skills may see a higher level of integration as compared to other departments that may
12 be more unique to either FEI or FBC.

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**3.0 TOPIC: SERVICE QUALITY INDICATORS – ALL INJURY FREQUENCY RATE
– POTENTIAL NEW SAFETY INDICATOR**

Reference: Exhibit B-11 MoveUP IR 9.2

9.2 When and how does FortisBC plan to initiate these discussions with interveners?

Response:

FortisBC anticipates that as part of the process in 2027 to assess whether the proposed Rate Framework should be extended (and if so, what components of the Rate Framework should be adjusted), FortisBC would engage with interveners and BCUC staff on the potential new leading indicator for safety. Additionally, FortisBC is open to engaging with interveners on leading and lagging safety indicators during the term of the Rate Framework. This could be done formally through the Annual Reviews (i.e., through IRs and at the Workshops) and/or informally based on the interest of intervener groups.

Request:

3.0 When and how does FortisBC intend to receive input on these issues from and on behalf of its affected workforce?

Response:

As FortisBC progresses in its development of a potential leading safety indicator, FortisBC will assess when and how it would seek input, as applicable, from the workforce.

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4.0 TOPIC: GROWTH CAPITAL - COST OF CONTRACTORS

Reference: Exhibit B-9 Response to CEC IR 7.1

The previous agreements with contractors for FEI's mains and services installations were signed in January 2019 for a three-year term with two options to renew for two years each. However, in 2022, the contractors were unwilling to renew, citing rapidly rising costs in their operating environment due to the global inflationary pressures. When the previous agreements were signed in January 2019, the significant inflationary pressures that began in 2021 were unanticipated (which, as discussed above, FEI also experienced) and happened to coincide with the end of the three-year agreement term. With the end of these agreements, FEI engaged in a competitive bidding process for new contractors, with new contracts ultimately being signed in 2022 with a two and a half-year term. Despite this competitive bidding process, these new agreements have higher rates than the previous agreements that also included annual adjustments for inflation and fuel costs.

Request:

4.1 On what basis does FortisBC decide whether to engage contractors rather than employees to perform tasks and undertake projects?

4.1.2 What if any processes does FortisBC use to revisit decisions of this nature?

4.1.3 Has FortisBC considered increasing its reliance on employees in view of the escalating cost of contracted work? Why or why not?

Response:

With respect to utilizing contractors for mains and services installations as referenced in the preamble to this question, FEI considers engaging contractors to manage potential variations in normal workloads. For example, FEI uses contractors to support short-term projects and in response to fluctuating workloads. Internal staffing levels for this type of work are maintained at a relatively consistent baseline level to support workloads throughout the year as customer demand fluctuates. When work volumes increase substantially (as seen with the gross customer additions from 2018 to 2022) and in the busiest construction months, FEI uses contractors to respond to increased work volumes. These resources are eliminated in periods or years of decreased work volumes. For example, in regions where colder winter weather slows homebuilding and construction activities (resulting in associated reduced new customer connections), internal staff would perform this work without needing to rely on contractors. Similarly, as customer additions have been lower than previous years in 2024, FEI has eliminated contractor construction crews and is increasing its reliance on internal resources.

FEI is not currently considering increasing its reliance on internal employees for construction work because of the possibility of future fluctuations in work volumes.