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September 16, 2016

Via Email
Ms. Laurel Ross
Acting Commission Secretary
British Columbia Utilities Commission
Sixth Floor, 900 Howe Street, Box
250 Vancouver, BC V6Z 2N3

Dear Ms. Ross:

Re: Fortis BC Inc. 2017 DSM Expenditures

Please find enclosed the ICG Information Request No. 1 in the proceeding established by Order G-135-16 dated August 16, 2016 to review the Application filed by FortisBC Inc for review of the 2017 DSM Expenditures.

Yours truly,

(original signed)

Robert Hobbs

cc Registered Participants

1 Reference: Exhibit B-1, p. 13

> **"As required by the 2015-16 DSM Plan decision (Directive 5), the Company reviewed the 8% discount rate (DR) used in the 2012 LTRP and recent DSM filings, and has updated it to use a 6% DR in the current filing."**

1.1 Please explain why FBC decided to change the discount rate from 8% to 6%. Please identify the discount rates used in the economic analysis of FBC's 5 most recent 5 CPCN applications, and 5 most recent electricity purchase contracts (where a discount rate was used in the economic analysis) .

2 Reference: Exhibit B-1, Appendix A, page A9

> **"New in 2016 was the offer of subsidized facility-wide energy efficiency assessments and detailed feasibility studies to qualifying industrial customers. The Industrial budget increase is partly to fund such energy efficiency assessments in 2017. Also the Industrial incentive rate has been increased to a nominal $0.15 per kWh saved by qualifying projects."**

2.1 Please provide details regarding the type of energy efficiency assessments referred to above, and any communications to industrial customers regarding this "new offer" in 2016?

2.2 Please provide details regarding the funding available to customers from the offer related to energy efficiency assessments, including the percentage of the total cost of such assessments "subsidized" by FBC and the maximum amount of available funding, if any?

2.3 Please confirm that BC Hydro pays 75% of a customer's study costs upon completion rising to 100% if sufficient measures are implemented within 18 months?

2.4 Please also provide a comparison of BC Hydro and FBC funding criteria for energy efficiency assessments, and explain any differences?

2.5 Please provide the total number of, and the percent of, industrial customers that have completed an energy efficiency assessment? Also, please provide the totalized 2015 and 2016 (YTD) energy consumption for the group of industrial customers for which energy efficiency assessments have been performed and compare this to the total energy consumption for all industrial customers, and for comparison purposes, the total energy consumption of the other rate classes.

2.6 Please comment on whether FBC has partnered with FEU to co-fund dual-fuel studies to further improve the value to qualified customers?

2.7 Please provide the previous Industrial incentive rate that was increased to a nominal $0.15 per kWh and the effective date of the increase?

2.8 Please provide a comparison of the Industrial incentive rates of BC Hydro and FBC?

2.9 Please provide any documents filed with the Commission and any approvals granted by the Commission relevant to the "new offer" to fund energy efficiency assessments and to increase to the Industrial incentive rate?

2.10 Please confirm that FBC expects that the increase to the Industrial incentive rate will increase the take-up rate so as to acquire available resources sooner?

2.11 Please identify the number of qualified Certified Energy Managers (CEMs) a) employed and b) contracted by FBC? Please describe the process by which FBC vets and accepts contract CEM resources.

2.12 Please provide details and any relevant documents regarding how FBC qualifies projects for the increase to the $0.15 per kWh? Is the increase to the Industrial incentive rate available to all customers in that rate class, including pulp producers?

2.13 Please confirm that the BC Hydro nominal incentive rate paid was approximately three times higher than the previous FBC nominal incentive rate?

2.14 Please compare the current BC Hydro nominal incentive rate with the current FBC nominal incentive rate?

2.15 Please confirm that in response to an information request in the 2015-2016 DSM expenditures review that FBC said it was willing to consult with the industrial customer class regarding program measures that reduce the amount of electricity supplied to them by FBC.

2.16 Please provide details of all such consultations that have occurred in the past year, including consultations regarding the increase to the Industrial incentive rate?

3 Reference: Exhibit B-1, Appendix B, p. 2, Table 1-1

3.1 Please explain the difference in the 2015 approve plan savings and the 2015 actual savings for the industrial sector, given actual spend exceeds the approved spend?

3.2 Please provide the Benefit/Cost ratio on a Total Resource Cost basis together with aggregate "Savings" and "Cost" for the five year period from 2011 to 2015 for each sector?

3.3 Please confirm that the Benefit/Cost ratio on a Total Resource Cost basis as shown in reasons accompanying Order G-186-14 at p. 25 is 5.7 for 2015, and the comparable ratio for 2015 as shown in the 2015 DSM Annual Report is 2.2. If confirmed, please provide in an excel model the calculation of the benefit/cost ratios referred to above?

3.4 Please explain the key drivers of any trends in the Benefit/Cost ratios provided in the previous information request?

4 Reference: Exhibit B-1, Appendix B, p. 5, Table 1-2; and Order G-186-14

> **"… the Commission Panel directs FBC to include in its next DSM Annual Report a review and discussion of whether opportunities exist in expanding DSM funding to 2013 approved levels for industrial customers while continuing to obtain cost-effective energy savings." (emphasis in original)**

4.1 Please explain why the above quoted direction is not included in the 2015 Annual Report, in particular why it is not included in Table 1-2?

4.2 Please comment on whether FBC has complied with the above quoted direction? If not, please explain why FBC has not complied with this direction?

5 Reference: Exhibit B-1, Appendix C, pp. 8-9

> **"These values have been updated since then in the Amended F2012 to F2014 Revenue Requirements Application Updated DSM Plan,8 the following assumptions were listed:**

- **Bulk transmission capacity: $0 per kW-year ($ F2011) based on BC Hydro estimate because there are no bulk transmission capacity investments expected to be deferred by the Updated DSM Plan.**
- **Regional transmission and substation capacity: $11 per kW-year ($ F2011) based on BC Hydro estimate of the cost of the regional and substation capacity costs avoided by the Updated DSM Plan.**
- **Distribution capacity: $1 per kW-year ($ F2011), based on BC Hydro estimates of the distribution capacity cost avoided by the updated DSM Plan."**

5.1 Please explain why the values FBC used for deferred capital expenditures are so different from the above numbers used by BC Hydro, and describe the differences between the two utilities that support such different values.

5.2 Please provide the forecast and actual load growth numbers, separated by customer class for both FBC and BC Hydro for 2014, 2015 and 2016.

5.3 Please describe the effect or absence of load growth on the value chosen for deferred capital expenditures used in the evaluation of the benefits of DSM.

5.4 Please describe the effect of lower distribution deferred capital expenditure values on the relative DSM benefits associated with residential, commercial and industrial programs.

6 Reference: Exhibit B-1, Appendix A, page A-16, Table A6-1

6.1 Please recalculate Table A6-1 using BC Hydro's values for deferred capital expenditures of $11/kW-yr for transmission and $1/kW-yr for distribution. Please provide the details of the specific calculations as an attachment in a spreadsheet format.

7 Reference: Exhibit B-1, Appendix B, pp. 1-2, Table A-1 (Appendix A to FBC 2015 DSM Annual Report)

> **"Table 1-1 provides an overview of FBC's 2015 energy savings, expenditures and TRC cost- effectiveness test results for all DSM programs, by program, sector and at the portfolio level. The Company achieved an overall portfolio TRC of 2.0 on DSM expenditures of $3.5 million and electricity savings totalling 12.6 GWh. The Company's spending levels were less than the approved levels for the reasons set out in Section 1.2 below. In accordance with British Columbia's Demand-Side Measures Regulation, additional detail, including results for the following cost effectiveness test calculations, are provided for the overall portfolio and each Program Area in Appendix A, Table A-1: TRC, Utility Cost Test (UCT), and the Ratepayer Impact Measure (RIM). "**

7.1 Please recalculate Table A-1 using BC Hydro's values for deferred capital expenditures of $11/kW-yr for transmission and $1/kW-yr for distribution. Please provide the details of the specific calculations as an attachment in a spreadsheet format.

8 Reference: Exhibit B-1, Appendix B, p. 16

"FBC commercial and industrial Technical Advisors increased the number of site visits with industrial customers to promote the overall program."

8.1 Please identify the number of industrial Technical Advisors employed by FBC, and the number of site visits with industrial customers in 2014, 2015 and 2016.