

REQUESTOR NAME: **BCOAPO et al.**
INFORMATION REQUEST ROUND NO: **1**
TO: **FortisBC Energy Inc. (FEI)**
DATE: **August 29, 2017**
PROJECT NO: **1598919**
APPLICATION NAME: **FEI Annual Review of 2018
Delivery Rates**

- 1.0 Reference: Exhibit B-2, Section 1, page 5 (PDF page 15), regarding integrity digs**
- 1.1 Please provide a copy of the CSA Z662-15 standard, along with the date the standard came into effect.
 - 1.2 Please provide the new defect assessment criterion for dents, and an explanation of source and reason for the new criterion.
 - 1.3 Please fully explain when FEI began in-line inspection (ILI) related to magnetic flux leakage, and why it is required.
 - 1.4 Please provide an analysis showing the number of integrity digs related to (i) CSA Z662, (ii) new defect assessment criterion for dents, (iii) In Line Inspections (ILI), and (iv) other, for the years 2010-2016 actual and forecast for 2017 and 2018.
- 2.0 Reference: Exhibit B-2, Section 1, page 6 (PDF page 16), regarding cyber security**
- 2.1 Please fully explain whether cyber security was considered as a part of the business case for each IT or IT-related (Smart Grid, Distributed Automation, etc) project.
 - 2.1.1 If it was, please fully explain why there are now additional incremental costs.
 - 2.1.2 If it was not, please fully explain why it was not.
- 3.0 Reference: Exhibit B-2, Section 1.4.3n Starting at PDF page 17 regarding Major Initiatives.**
- 3.1 For each major initiative, please provide a detailed analysis of the cost of implementing each initiative and a comparison to the purported benefits.

4.0 Reference: Exhibit B-2, page 12 of Section 1, PDF page 22, related to Capital Expenditures

- 4.1 At lines 16-18, FEI refers to a risk profile. Please provide the FEI risk analysis that relates to identifying the risk profile for each capital project.
- 4.2 At lines 22, FEI refers to Budget Constraints. Please fully explain how budget constraints impact capital expenditures.
- 4.3 Please provide a detailed analysis of all projects that have been deferred or delayed, the reason for the deferral and the impact on system reliability, service quality or reliability.

5.0 Reference: Exhibit B-2, page 14 of Section 1, PDF page 24, related to Capital Expenditures

- 5.1 On page 14, FEI discusses its dead band adjustment. Please provide the detailed working papers in support of the deadband adjustment.
- 5.2 FEI refers to a 17.74% adjustment based on a two year average. Please fully explain why the cumulative variance of 13.57% as reported in Table 1-4 is not used.

6.0 Reference: Exhibit B-2, page 15 of Section 1, PDF page 25, related to Capital Expenditures

- 6.1 FEI discusses the realization of earnings. Please provide the actual earnings and ROE for FEI from 2013-2016.

7.0 Reference: Exhibit B-2, page 37 of Section 3, PDF page 47, related to Industrial Demand

- 7.1 Please confirm that the prior forecasts in Figure 3-11 were derived using the same survey method as used in this proceeding. If confirmed, please provide the results of each of the 2016 and 2017 prior forecasts. If not confirmed, please fully explain.
- 7.2 Please provide the referenced survey questions and responses. If actual customer data is deemed confidential, please provide the survey results in a form that masks actual customer information.

8.0 Reference: Exhibit B-2, page 52 of Section 6, PDF page 62, related to Industrial Demand

- 8.1 FEI discusses allocations from Fortis Inc. Please provide a detailed analysis of all costs allocated from Fortis Inc to FEI, and between FEI and

any affiliate, for each year from 2013-2016 and forecast for 2017 and 2018.

- 8.2 Please provide a detailed analysis in support of the forecast increase of five percent in insurance, rather than I-X

9.0 Reference: Exhibit B-2, page 59 of Section 7, PDF page 69, related to Regular Capital Expenditures Forecast Outside the Formula.

- 9.1 Please provide the actual and forecast Capital Expenditures Forecast Outside the Formula for each year of the PBR term, with explanations of variances. In the response please provide the forecast and actual costs on a project by project basis.
- 9.2 Please fully explain how the forecasts are trued up to actual results for Capital Expenditures Forecast Outside the Formula.

10.0 Reference: Exhibit B-2, page 85 of Section 10, PDF page 95, related to Projected Earnings Sharing

- 10.1 Please provide the calculation of line 31, Dead Band Adjustment.
- 10.2 On line 31 of Table 10-2, FEI includes dead band adjustments for 2016 and 2017, not for 2014 and 2015. Please confirm that Capital Expenditures for 2014 and 2015 were below the dead band threshold. If not confirmed, please fully explain.
- 10.3 Please provide an updated Table 10-2 with the variance to the dead band for 2014 and 2015 included to account for the fact that 2014 and 2015 capital expenditures were within the dead band.