



November 3, 2020

British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC V6Z 2N3

Attention: Ms. Marija Tresoglavic, Acting Commission Secretary

filed online

Dear Ms. Tresoglavic:

**Re: FortisBC Energy Inc. (FEI)
Project No. 1599120
Annual Review for 2020 and 2021 Delivery Rates (Application)**

OVERVIEW

This is the final argument of the Movement of United Professionals (MoveUP) in this proceeding. It comes at a tumultuous moment: the “second wave” of the COVID-19 pandemic is now underway in North America and much of the world. The autumn surge of sickness has already overtaken the spring’s first wave and is projected to become much worse over the coming months. The summer’s brief, uneven economic rebound with the “flattening” of the first wave (how the jargon of epidemiology has found its way into everyday discourse!) is visibly losing momentum. There is significant potential for a second phase of economic recession which may be deeper than the first, echoing the course of the disease.

Canada seems a haven of political and social peace and harmony, in comparison with the violent cleavages rending American society to our south. Today they go to the polls while the world holds its breath and hopes for a peaceful transition of power.

There are no effective medical treatments for the disease. The best available preventives are still the classic behavioural responses that people developed over many years of

experience with plague and contagion: distancing, isolating the sick, wearing masks and other protective clothing, and close attention to cleanliness. Huge resources are devoted to a global effort to develop effective cures and vaccines. Obviously a great deal rests on the success of those efforts; but even if they yield the results we are all hoping for, it will be many, many months before the products of medical science and the pharmaceutical industry will reach the public on a sufficient scale that we can see the beginning of the end of the pandemic.

While the future is never really foreseeable, it is becoming trite to say that ours is a time of exceptional risk and uncertainty.

We know that this, too, shall pass. But there are widely diverging visions of whatever “new normal” will eventually emerge from the 2020-21 crisis. The climate crisis continues to accelerate, and governments and academic experts identify both a necessity and an opportunity to accelerate the global response to climate change in the emergent economy. Few expect global oil prices to reach and maintain earlier levels, and “peak oil” may be behind closer at hand than most had previously expected. Everything remains in motion: we should not expect a breathing space to sit back and contemplate the world when the coronavirus threat recedes.

This exceptional scenario of crisis and recovery is the context of the current FortisBC MRP cycle. We know that the world will look substantially different at the end of the 2020-2024 term than it did when the regime was designed. Let us hope that FEI and its regulator can adapt to the challenges and transformations that are underway and pending.

What this means for the current FEI annual review, above all, is that any forecasts and conclusions we might produce now are of necessity provisional. No-one can predict or even really imagine what the provincial economy will look like by the time of the second FEI MRP annual review. For practical purposes, the consequence in these proceedings is that the best we can do is apply assumptions that appear reasonable for the time being and make the necessary determinations in the knowledge that it will be a year, at least, before we have much real sense of the impact of the health and economic crises on FEI, its customers, and the energy sector in which it operates.

THE FEI MRP AND COVID-19: THE FIRST YEAR

In the early phase of the pandemic – the period captured in the evidentiary record of these proceedings – we have seen diverging impacts of the crisis among FEI’s customer classes. Perhaps most notably, the commercial load has declined while the residential load has increased. This mirrors the impact of the first wave on work and economic activity. In-person retail shopping took a serious hit, and service industries like restaurants, personal, fitness and health services, live entertainment, and tourism were devastated. On the other hand, many employees were re-deployed to work from home, increasing household energy consumption, and activities like meal preparation shifted from cafes and restaurants to home kitchens.

FEI forecasts a downturn in residential customer additions and load in 2021¹. On the other hand, it expects its commercial load to flatten next year.² In its residential load forecast, FEI relies on the Conference Board of Canada's housing starts forecast; all of the economic forecasts relied upon in this year's annual review were produced early in the pandemic, and their optimistic outlooks for the rate of recovery from the pandemic and economic downturn are now looking unrealistic.³

Industrial loads, on the other hand, have increased in 2020 and are forecast to increase further in 2021.⁴

But time will tell, and in the meanwhile the application is of necessity based on the data that was available to it.

Meanwhile, other uncertainties abound, including the potential impact of municipal measures to curtail the combustion of greenhouse gases within their boundaries. Vancouver City Council has adopted a climate emergency policy mandating zero emissions from space and water heating systems in all new or retrofitted buildings starting in 2025, which was discussed on the record of the MRP proceedings. Precisely how this will be implemented and whether it will prove a harbinger of developments in other communities remain to be seen, but it could have a marked impact on FEI's customer growth and load over the coming years, and is likely to be felt during the current MRP cycle.

Responsive strategies like the Clean Growth Initiative⁵ are underway and can be expected to mitigate the impact of climate policy on FEI. MoveUP strongly supports the CGI, is an active participant in the External Advisory Committee, and encourages more interveners to join in; but clearly more will be needed, and that need is more likely to intensify than to abate over the balance of the MRP term – especially if “greener economy” strategies for recovery prevail.

Prospects are uncertain and the utility and its regulator must be capable of jettisoning some customary ways of thinking and operating if we find ourselves in a time of profound transformation. “Business-as-usual” approaches premised on incremental growth along established trajectories, premised on the narrow application of a “regulatory compact” formulated for a different era, would fail to meet the emerging needs of the company, its workforce, its customers and our communities.

Turning more inward, FortisBC has applied the measures and adopted the strategies mandated by our public health authorities. In terms of safeguarding the workforce and maintaining the service delivery, these are summarized in the evidence of Michelle Carman at pages 53 to 60 of the Workshop transcript. A large proportion of the workforce is

¹ Exhibit B-2 p. 17

² Exhibit B-2 p. 18

³ Exhibit B-7 attachment 2.3; discussed in the Workshop at Transcript pages 50 to 52

⁴ Exhibit B-2 p. 22

⁵ Discussed in Exhibit B-2 pages 48 and 49; Exhibit B-5, responses to BCSEA IRs 5.1 through 6.2; Exhibit B-9 pages 38 through 43

deployed from home at any given time, and measures for distancing and disinfection have been implemented at workplaces. Management and the union developed effective protocols for communication and trouble-shooting early in the pandemic that have gone a long way to ease the impact on customers as well as employees.⁶

It is remarkable that the SQIs related to direct service provision to customers have held steady or even improved marginally despite all of the potential for matters to go sideways: for example, the August YTD Telephone Service Factor showed improvement 2.3%, and Average Speed of Answer actually improved from 71% in 2019 to 76%. The Average Speed of Answer nudged up by only 2 seconds. [Exhibit B-9, Workshop Presentation, p. 46]. This is a testament to the diligence of FEI's workforce in ensuring that the services they provide to the public, so essential at all times, did not suffer despite the unanticipated, sudden reorganization of work processes.

Operationally, FEI reports that it has set out on the strategy it projected in the MRP proceedings:

FEI will continue to pursue productivity improvements as it seeks to manage its business needs within the challenges described above. While such potential productivity improvements may lead to cost reductions, FEI's focus will be on efficient allocation of resources within the business and "doing more with what we have". FEI believes this approach to productivity represents an appropriate balancing of the ongoing need to manage costs and mitigate customer rate pressure, while providing resources to support growth and the challenges being faced, and maintaining service levels.⁷

. . . .

As noted above, FEI anticipates relatively minor formulaic O&M savings in 2020.⁸

The 2020 Formula O&M is \$261.798 million, a 3.2 percent increase from the 2019 Base O&M, primarily from the re-setting of base O&M in the MRP proceedings.⁹ The current health and economic crises will make "doing more with what we have" an increasingly challenging objective. However, as we have noted, the utility's success in maintaining service levels as measured in the SQIs shows that, so far at least, it has broadly met that challenge.

CONCLUSION

MoveUP submits that the current annual review and the determinations that will come out of it are in the nature of "markers" at this juncture of the extraordinary uncertainties of our times. We submit that FEI has appropriately justified the orders sought in the application, based on the evidence available.

⁶ Discussed in the Workshop at Transcript pages 67 to 68

⁷ Exhibit B-2 page 1

⁸ Exhibit B-2 page 2

⁹ Exhibit B-2 page 33

The Annual Review for 2021 and 2022 Delivery Rates will be more telling. We all have a difficult time ahead of us. May everyone take good care and be well.

All of which is respectfully submitted.

Yours very truly,

ALLEVATO QUAIL & ROY

A handwritten signature in blue ink, appearing to read "Jim Quail", written in a cursive style.

per **Jim Quail**
Barrister & Solicitor