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British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC, V6Z 2N3
Attn: Marija Tresoglavic, Acting Commission Secretary

By Web Posting

Dear Madam:

Re: FortisBC Inc. (FBC) Annual Review for 2020 and 2021 Delivery Rates
BCSEA Final Submission

This is the final submission of the intervener B.C. Sustainable Energy Association pursuant to the regulatory timetable established by Order G-287-20.[1]

1. Background

The present proceeding concerns FBC's application[2] for approval of 2020 and 2021 delivery rates and annual review under the Multi-Year Rate Plan (MRP) for 2020 through 2024.[3] FBC revised its 2020 and 2021 revenue requirements in a Second Evidentiary Update on October 28, 2020.[4] FBC seeks approval of general rate increases of 1.0 percent for 2020 and 4.36 percent for 2021.

By Order G-303-19 dated November 28, 2019, the BCUC approved a 1.0 percent general rate increase for FBC for 2020, on an interim and refundable basis, effective January 1, 2020, pending the MRP Decision and FBC filing its annual review materials to set permanent rates for 2020.[5] By Order G-298-20 dated November 24, 2020, the BCUC denied an application by FBC to make permanent the 1.0 percent general rate increase for 2020, thereby leaving in place the interim 1.0 percent increase for 2020. In addition, the BCUC did approve FBC's application for a 4.36 percent general rate increase, on an interim and refundable basis, effective January 1, 2021.

BCSEA's interests in this proceeding are as a non-profit public interest energy policy organization, and as a representative of its members' interests as ratepayers of FEI. BCSEA is a registered charity and a non-profit association of citizens, professionals and practitioners committed to promoting the understanding, development and adoption of sustainable energy, energy efficiency and energy conservation in British Columbia. BCSEA supports the province's transition to a lower-carbon economy. BCSEA has participated fully in this proceeding.

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[1] Exhibit A-7.
[2] Exhibit B-2.
[3] FBC's 2020-2024 MRP was approved by Decision and Order G-165-20.
[4] Exhibit B-14.
[5] https://www.ordersdecisions.bcuc.com/bcuc/orders/en/item/453569/index.do

2. Annual Review

One of the purposes of this proceeding is to conduct the MRP annual review. During this proceeding, BCSEA made information requests to FBC on a variety of topics of particular interest to BCSEA.

Regarding the impact of the COVID-19 pandemic on FBC's demand-side management (DSM) spending and savings, FBC says DSM spending and energy savings year-to-date (YTD) are tracking at approximately 80 percent of planned. FBC says in light of the pandemic challenges it adjusted and enhanced its DSM measures and expects to achieve 90 percent of planned DSM spending in 2020.[6] BCSEA is satisfied with FBC's response.

Regarding FBC's public EV fast-charging stations, FBC confirmed that neither the associated revenues nor costs, O&M or capital, are included in the revenue requirements.[7] During the October 21, 2020 workshop, FBC confirmed that it has asked for recovery of these (net) revenues and costs to be addressed in the BCUC's recently-resumed proceeding regarding FBC's Rate Design and Rates for EV DCFC Service Application.[8] BCSEA is satisfied with that response. BCSEA is an intervener in that proceeding, jointly with the Vancouver Electric Vehicle Association (VEVA).

Regarding FortisBC's Corporate and Sustainability Report, FBC responded to BCSEA's IRs seeking clarification of FBC's contribution to the figures reported for FortisBC as a whole. FBC acknowledged a declining trend in community event attendance and 'number of communities invested in' between 2017 and 2019. FBC attributed this to focusing on "expending increased effort over fewer events," and to a 2019 reduction of $45 thousand in the C&EM (Conservation & Energy Management) budget apportioned to these events and investments.[9] Not surprisingly, FBC sees the COVID-19 pandemic reducing FBC's community activities in 2020 and 2021:

> "FBC expects to see a decrease in community event attendance during 2020 and 2021 due to the COVID-19 pandemic and reflecting the high number of events that FBC has cancelled to date. FBC will continue to seek opportunities to attend virtual events and open houses; however, it is not possible to predict when event attendance will be able to return to pre-pandemic levels."[10]

BCSEA supports FBC's involvement in the communities in its service territory. BCSEA looks forward to FBC's community activities resuming after the pandemic.

Regarding FortisBC's Clean Growth Pathway to 2050 (which includes "tripling...investment in energy efficiency in the built environment and developing innovative energy projects in BC's

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[6] Exhibit B-5, BCSEA 1.1.
[7] Pursuant to Order G-9-18: Exhibit B-5, BCSEA 4.1.
[8] FortisBC Inc. Rate Design and Rates for Electric Vehicle Direct Current Fast Charging Service Application ~ Project No. 1598940, https://www.bcuc.com/ApplicationView.aspx?ApplicationId=611.
[9] Exhibit B-5, BCSEA 7.2.
[10] *Ibid.*

communities”[11]) and 30BY30 target (to reduce customers’ GHG emissions by 30% by 2030), FBC confirmed that these policies apply to FBC (electric). FBC noted that investment in EV charging infrastructure contributes towards FortisBC’s targets.[12] BCSEA considers that FBC’s responses were forthcoming and informative.

Regarding evaluation of the MRP, in BCSEA’s view it is too early in the 2020–2024 MRP period to provide meaningful comment.

3. Rates for 2020

BCSEA supports FBC’s request that the existing interim delivery rate increase for 2020 (1.0 percent over 2019) be made permanent.

While the revised 2020 revenue requirement would equate to a general rate increase of 0.81 percent from 2019 rates, FBC proposes a 1.0 percent increase for 2020, with the resulting revenue surplus of $0.683 million[13] put into the 2018-2019 Revenue Surplus deferral account and applied against 2021 revenue requirements. BCSEA supports that proposal. BCSEA agrees with FBC that setting the permanent rate increase for 2020 at 0.81 percent would be “neither appropriate nor practical.”[14] Adjusting the 2020 rate to a 0.81 percent increase would entail a bill refund in the first customer bill after a BCUC decision is issued on the Application, and a slightly higher rate increase for 2021. BCSEA agrees with FBC that this would increase FBC’s administrative costs and potentially create customer confusion.[15] BCSEA adds that confirming a 1.0 percent increase for 2020 and applying the revenue surplus to reduce the 2021 rate increase does not offend the intergenerational equity principle, because it does not involve future ratepayers paying for service received by past ratepayers.

4. Rates for 2021

BCSEA supports FBC’s request for a permanent rate increase of 4.36 percent for 2021 over 2020 (assuming a permanent increase of 1.0 percent for 2020). This corresponds to a 2021 revenue deficiency of $16.196 million.[16]

BCSEA has examined FBC’s explanation of why it maintained the 2021 year-end residential customer count (forecast), rather re-running the regression using the higher-than-expected January to June 2020 actual values.[17] BCSEA agrees that FBC’s approach is appropriate. As FBC states:

> “FBC maintained its 2021 year-end residential customer count because at this time there is insufficient information to conclude that the variation in monthly additions in 2020 is evidence of any sustained trend or step change in customer

[11] Clean Growth Pathway to 2050, page 3: https://www.cdn.fortisbc.com/libraries/docs/default-source/about-us-documents/clean-growth-pathway-brochure.pdf?sfvrsn=1a4b811f_2
[12] Exhibit B-5, BCSEA 1.8.1.
[13] Exhibit B-14, Second Evidentiary Update, p.3.
[14] Exhibit B-21, CEC 1.26.1.
[15] *Ibid.*
[16] Exhibit B-14, Table 2, p.4; Exhibit B-20, BCSEA 2.9.1 (waterfall graph).
[17] Exhibit B-18, BCUC 2.38.1 and 2.38.4.

> additions that would warrant varying from FBC's forecast method for deriving the 2021 year-end customer count...
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> Moreover, even if one were inclined to believe that the 2021 customer count should be higher, there is insufficient information and no proven forecast method on which to forecast a new 2021 year-end customer count."

BCSEA asked FBC why the January to June 2020 actual residential customer count increase (824) was so much higher than the projected increase (471). FBC said it did not have any insight into this phenomenon, however it noted that large monthly forecast variances are common.[18] BCSEA asked whether the increase could be a step change rather than a random fluctuation. BCSEA accepts FBC's response, as follows:

> "As large monthly forecast variances are common, at this time FBC believes that the increase is reflective of a fluctuation in the timing of customer additions in 2020. There is also insufficient data to conclude that the variance is a sustained trend or a step change. If there is a sustained trend or step change, this will be reflected in future BC STATS forecasts and, in turn, FBC's future demand forecasts."[19]

In the Second Evidentiary Update, FBC reduced the 2021 forecast power supply cost by approximately $2 million because under the Power Purchase Agreement (between FBC and BC Hydro) FBC has taken more PPA than planned in the 2020/2021 contract year, thereby reducing the amount of PPA that FBC is obligated to take later in the contract year.[20] BCSEA asked if FBC's obligation to take PPA power arises from a nomination by FBC. BCSEA is satisfied with FBC's explanation, as follows:

> "Yes, the obligation to take PPA power is a direct result of an annual nomination submitted by FBC. The current PPA contract year (2020/21) spans October 1, 2020 through September 30, 2021. FBC submitted its PPA nomination for the current contract year on June 30, 2020. Under the PPA agreement with BC Hydro, FBC must take or pay for 75 percent of the nominated amount. By taking more PPA energy at the beginning of the contract year, FBC is obligated to take less PPA later in the contract year. In this case, using more PPA energy than expected during October creates the potential for FBC to take less PPA and more market power when wholesale prices are lower, such as during freshet."[21]

5. Deferral Accounts

FBC seeks approval of the creation of rate base deferral accounts for four regulatory proceedings: the Annual Reviews during the MRP term, with balances to be amortized in the following year; FBC's 2021 Long-Term Electric Resource Plan; FBC's 2020 Cost of Service Analysis filing; and Participation in BCUC-Initiated Inquiries, with balances to be amortized in

[18] Exhibit B-20, BCSEA 2.11.1.
[19] Exhibit B-20, BCSEA 2.11.2.
[20] Exhibit B-14, Second Evidentiary Update, p.2.
[21] Exhibit B-20, BCSEA 2.12.1.

the following year.[22] In addition, FBC seeks approval of the creation of rate base deferral accounts for the 2021 triennial Mandatory Reliability Standards audit, and for costs related to the Indigenous Relations Agreement (Huth Substation).[23] BCSEA considers that these proposed deferral accounts conform with the Commission's historical and approved practice, and supports approval.

BCSEA supports FBC's request to "add the $0.683 million revenue surplus in 2020 to the 2018-2019 Revenue Surplus deferral account and draw down the full surplus balance of $5.420 million in 2021, bringing the account balance to zero."[24]

BCSEA supports FBC's request to rename the 2020 RRA deferral account to the 2020-2024 MRP Application deferral account, and amortize it over a five-year period beginning January 1, 2020.[25]

6. Demand-Side Management

No approvals regarding DSM are sought in the current proceeding. FBC is operating under a 2019-2022 Demand-Side Management expenditure schedule accepted by the Commission by Decision and Order G-47-19 dated March 4, 2019.[26]

As noted above, BCSEA is satisfied with FBC's responses regarding the impact of the COVID-19 pandemic on FBC's DSM spending and savings. BCSEA commends FBC for steering the DSM portfolio through the difficult pandemic period.

7. Service Quality Indicators

The MRP Decision and Order G-165-20[27] requires FBC to report on its performance according to approved Service Quality Indicators (SQIs). This generally continues the SQI framework established under the 2014-2019 PBR Plan. The difference is that the SAIDI and SAIFI reported results are based on the annual results under the MRP, instead of a three-year rolling average as under the PBR.[28] As discussed below, FBC seeks approval of new single-year Benchmarks and Thresholds for SAIDI and SAIFI under the 2020-2024 MRP.

Table 13-1 of the Application provides the Approved SQIs, Benchmarks and Actual Performance for June 2020 year-to-date.[29] Results for 2018, 2019 and August 2020 YTD are shown in the Workshop Presentation.[30]

[22] Exhibit B-2, section 7.1.1, New Deferral Accounts.
[23] *Ibid.*
[24] Exhibit B-2, section 12.4.4.1; Exhibit B-14, page 3; Appendix B, Amended Draft Order, pdf p.73.
[25] Exhibit B-2, p.3.
[26] https://www.ordersdecisions.bcuc.com/bcuc/decisions/en/item/364350/index.do.
[27] https://www.ordersdecisions.bcuc.com/bcuc/decisions/en/item/481438/index.do.
[28] T1:93, lines 6-8.
[29] And see: Exhibit B-13, FBC Workshop Presentation, pdf p.36, *et. seq.*
[30] Exhibit B-13, pdf p.36.

The 2018, 2019 and August 2020 YTD results are equal to or better than the benchmark for the four Customer SQIs: First Contact Resolution, Billing Index, Meter Reading Accuracy, and Telephone Service Factor (Non-Emergency).[31]

For the composite Customer Satisfaction informational indicator, the 2018, 2019 and August 2020 YTD results are 8.3, 8.7 and 8.4, respectively. BCSEA accepts FBC's evidence that the variations between 2019 YTD and 2020 YTD in the results for the five measures that make up the overall customer satisfaction score are statistically insignificant.[32] FBC explains:

> "The Customer Satisfaction Index survey tracks and identifies long-term trends in customer attitudes. It does not determine why there are small shifts in scores from one iteration to the next. However, if trends in customer attitudes sustain over a longer time frame, the factors influencing the trends may be identified and investigated."[33]

For the Average Speed of Answer informational indicator, the results for 2018, 2019 and August 2020 YTD are 49 sec., 49 sec., and 48 sec., respectively.[34] No adverse trend is observed.

For the Emergency Response Time safety SQI, the 2018, 2019 and August 2020 YTD results are 94%, 92% and 92%, respectively.[35] These results are above the Threshold of 90.6% for each of the three time periods. However, the 2019 and August 2020 YTD results are below the Benchmark of 93%.[36] Table 13-2 in the Application shows historical ERT results for 2014 to 2019 and June 2020 YTD. BCSEA agrees with FBC's observation as follows:

> "While the results have been relatively consistent, variables such as the location and severity of outage and the number of trouble calls contribute to the observed volatility in the annual performance for this metric."[37]

For the All Injury Frequency Rate safety SQI, the 2018, 2019 and August 2020 YTD results are 1.28, 1.05 and 0.78, respectively.[38] These are all better than the Benchmark of 1.64, and show a desirable declining trend.

Regarding the SAIDI (System Average Interruption Duration Index) and the SAIFI (System Average Interruption Frequency Index) reliability SQIs, FBC seeks approval of new single-year Benchmarks and Thresholds under the 2020-2024 MRP, as noted above. The underlying reason for the change is that the improved accuracy in outage reporting associated with the implementation of the Outage Management System (OMS) increased the SAIDI results from 2017 through 2019. This is shown in Table 2 of the July 2020 MRP Compliance Filing.[39]

[31] Exhibit B-13, pdf p.36.
[32] Exhibit B-6, BCUC 1.25.1.
[33] *Ibid.*
[34] Exhibit B-13, pdf p.36.
[35] Exhibit B-13, pdf p.37.
[36] *Ibid.*
[37] Exhibit B-2, pdf p.157.
[38] Exhibit B-13, pdf p.37.
[39] Exhibit A2-1, FortisBC 2020-2024 MRP compliance filing dated July 20, 2020 (MRP Compliance Filing).

For SAIDI, FBC proposes a single-year Threshold of 4.52 and a Benchmark of 3.22. For SAIFI, FBC proposes a single-year Threshold of 2.19 and a Benchmark of 1.57.[40] FBC explained the rationale for these proposed figures in its responses to BCUC IRs 1.26.1 to 1.26.8. The topic was also discussed in the October 21, 2020 Workshop.[41] BCSEA accepts FBC's position that the proposed SAIDI and SAIFI benchmarks and thresholds are consistent with previous BCUC directions and were developed following an approach similar to that used in the prior PBR. BCSEA does not oppose approval of the proposed SAIDI and SAIFI benchmarks and thresholds for the 2020-2024 MRP.

Regarding the August 2020 YTD results, the SAIDI result of 3.17 is better than both the proposed Threshold of 4.52 and the proposed Benchmark of 3.22. The SAIFI result of 1.63 is better that the proposed Threshold of 2.19 and slightly worse than the proposed Benchmark of 1.57. These results compare favourably to the 2017 and 2018 results, and do not indicate a degradation of the quality of service, in BCSEA's view.

For the Generator Forced Outage informational indicator, the results for 2018, 2019 and August 2020 YTD are 0.4%, 0.1% and 1.7%, respectively.[42] These are within the historical range shown in Figure 13-13.[43]

For the Interconnection Utilization informational indicator,[44] the results for 2018, 2019 and August 2020 YTD are 99.96%, 99.98% and 99.92%, respectively.[45] This was discussed in the October 21, 2020 Workshop.[46]

In summary, BCSEA concurs with FBC that the results of the SQIs and informational indicators indicate that the Company's overall performance meets service quality requirements.

8. Playmor Substation Upgrade Project

Pursuant to section 44.2(3) of the UCA, FBC seeks acceptance of a capital expenditure schedule regarding the Playmor Substation Upgrade Project. The Project is to rebuild the Playmor substation in South Slocan, BC on an expanded station footprint in order to increase station capacity. FBC says the Upgrade is driven by new customer requests received after the preparation of the MRP capital plan. The forecast cost is $10.922 million.[47]

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[40] Exhibit B-13, pdf p.37.
[41] T1:95 to T1:110.
[42] Exhibit B-13, pdf p.37.
[43] Exhibit B-2, pdf p.165.
[44] "Interconnection utilization, an informational indicator, is a measurement of the time that an interconnection point was available and providing service to the municipal wholesale customers, the city of Penticton, the city of Summerland, city of Grand Forks, and city of Nelson." T1:101, lines 1-6.
[45] Exhibit B-13, pdf p.37.
[46] T1:101 to 102.
[47] Exhibit B-2, p.50.

The Playmor capital expenditure schedule was presented and discussed at length in the October 21, 2020 Workshop.[48] BCSEA is satisfied that Project is needed to support growth and improve reliability, that alternatives were properly considered, and that the Project plan is reasonable.

Specifically, BCSEA accepts FBC's explanation that while demand side response theoretically has the potential to defer the capacity constraint, the full rebuild of the Playmor substation is recommended to go ahead at this time because of deficiencies in the equipment condition at the substation.[49]

9. Conclusion

BCSEA supports FBC's proposed permanent delivery rate increases of 1.0 percent for 2020 and 4.36 percent for 2021. BCSEA's positions regarding FBC's additional requests are set out in the text above.

Yours truly,

William J. Andrews

Barrister & Solicitor

[48] Exhibit B-13, pp.47-59; T1:110 to 133.
[49] T1:117, line 24 to T1:121, line 22; and Exhibit B-13, p.54.