

30 March 2021

VIA E-FILING

Patrick Wruck
Commission Secretary
BC Utilities Commission
6th Floor 900 Howe Street
Vancouver, BC V6Z 2N3



Reply to: Leigha Worth
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Ph: 604-687-3034
Our File: 7311.310

Dear Mr. Wruck,

**Re: FortisBC Inc. (FBC) Rate Design and Rates for Electric Vehicle Direct Current Fast Charging Service Application ~ Project No. 1598940
BCOAPO et al. Final Argument**

Please be advised that we submit the following on behalf of our clients in this matter, the more than one hundred thousand members and clients served by the following community-based organizations: the British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Council of Senior Citizens' Organizations of BC, Disability Alliance BC, and the Tenant Resource and Advisory Centre, known collectively in this process as "BCOAPO et al."

Enclosed please find the BCOAPO's Supplemental Final Argument with respect to the above noted Application.

If you have any questions, please do not hesitate to contact the undersigned.

Sincerely,
BC PUBLIC INTEREST ADVOCACY CENTRE

Original on file signed by:

Leigha Worth
Executive Director | General Counsel

encl.

**BRITISH COLUMBIA OLD AGE PENSIONERS' ORGANIZATION, ACTIVE SUPPORT
AGAINST POVERTY, COUNCIL OF SENIOR CITIZENS' ORGANIZATIONS
OF BC, DISABILITY ALLIANCE BC, AND THE TENANT
RESOURCE AND ADVISORY CENTRE ("BCOAPO")**

**FortisBC Inc. "FBC" Rate Design and Rates for Electric Vehicle Direct Current Fast
Charging Service Application ~ Project No. 1598940**

BCOAPO et al. Final Argument

30 March 2021

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INTRODUCTION

Section 18 of the *Clean Energy Act* requires that the BCUC allow public utilities (such as FortisBC Inc.) to collect sufficient revenue to recover the costs incurred for implementing prescribed undertakings. Prescribed undertakings are projects, programs, contracts or expenditures prescribed for the purpose of reducing greenhouse gas emissions in British Columbia.

The *Greenhouse Gas Reduction Regulation (GGRR)* issued under the Clean Energy Act sets out various classes of prescribed undertakings. On June 22, 2020, the GGRR was amended¹ to include eligible electric vehicle charging stations as a “prescribed undertaking”. Specifically, the amendment defined an “eligible charging station” as meaning a fast charging station² that:

- (a) is available for use 24 hours a day by any member of the public,*
- (b) does not require users to be members of a charging network, and*
- (c) is capable of charging electric vehicles of more than one make.*

Section 5(2) of the amended GGRR addressed the matter of eligible electric vehicle charging stations as a prescribed undertaking as follows:

A public utility’s undertaking that is in a class defined as follows is a prescribed undertaking for the purposes of section 18 of the Act:

- (a) the public utility constructs and operates, or purchases and operates, an eligible charging station;*
- (b) the public utility reasonably expects, on the date the public utility decides to construct or purchase an eligible charging station, that
 - (i) the station will come into operation by December 31, 2025, and*
 - (ii) if the station will be located in a limited municipality, the number of eligible charging sites in the municipality on the date the station will come into operation will not exceed the site limit for the municipality on that date;**
- (c) if an eligible charging station comes into operation on or after January 1, 2022, the station uses or is configured to use the Open Charge Point Protocol.*

On December 22, 2017, FortisBC Inc. filed an Application with the BCUC for approval of Rate Design and Rates for Electric Vehicle (EV) Direct Current Fast Charging (DCFC) Service and Tariff Rate Schedule 96 (Original Application) pursuant to sections 59 to 61 and 90 of the *Utilities Commission Act (UCA)*. On January 12, 2018, the BCUC issued Order G-9-18 that approved Rate Schedule 96 as set out in the Original Application on an interim basis and adjourned the regulatory process until further notice³.

On September 30, 2020, FBC filed a revised and updated application (Revised Application), seeking BCUC approval of the following⁴:

¹ Exhibit B-5, Appendix A

² The amendment also defines a “fast charging station” as “a fixed device capable of charging an electric vehicle using a direct current”

³ On the same date, the BCUC established an inquiry (Inquiry) into the regulation of EV charging service in British Columbia. On June 24, 2019, the BCUC issued the final report on the Inquiry. In that report, the Panel reviewed the role of the non-exempt public utility’s participation in the EV charging market, and made recommendations to the Provincial Government concerning the regulatory framework for these non-exempt public utilities

⁴ Exhibit B-5, page 1

- i. Final approval of RS 96 – Electric Vehicle Charging, which includes a \$0.27 per minute EV charging rate for service at FBC-owned DCFC 50 kW stations and a \$0.54 per minute EV charging rate for service at FBC-owned DCFC 100 kW stations;
- ii. Approval that RS 96 shall not be subject to general rate increases, unless otherwise directed by the BCUC;
- iii. Approval for FBC’s proposed straight line 10 percent depreciation rate for FBC-owned EV DCFC stations; and
- iv. Approval to include the assets associated with the EV DCFC stations, and related revenues and expenses, in FBC’s regulated accounts.

As a result of the information request process a number of corrections and revisions were made to the derivation of the proposed rates. In its Final Argument⁵ FortisBC has requested approval for a \$0.26 per minute EV charging rate for service at FBC-owned DCFC 50 kW stations and a \$0.54 per minute EV charging rate for service at FBC-owned DCFC 100 kW stations.

In its Final Argument⁶, FortisBC has also requested approval to dispose of its DCFC EV charging station in New Denver and its DCFC EV charging station in Nakusp to BC Hydro.

Through various Orders⁷ the BCUC established a regulatory timetable for the review of FortisBC’s Application that included two rounds of information requests and written final submissions. In a letter dated February 21, 2021 the BCUC also requested that, in their final arguments, parties address the legal interpretations of a number of specific sections of the Clean Energy Act and the *GGRR*.

Set out below are BCOAPO’s final submissions regarding FortisBC’s Application and the legal interpretations requested by the BCUC.

LEGAL INTERPRETATIONS REQUESTED BY BCUC

BCOAPO agrees with Mr. Bystrom that the leading case on statutory interpretation in Canada is indeed *Rizzo & Rizzo Shoes Ltd. (RE)*, [1998] 1 S.C.R. 27 (hereinafter “Rizzo”) with many of the concepts found in Driedger’s *Construction of Statutes* (2nd ed. 1983) embraced in not only *Rizzo* but numerous other cases and academic texts.⁸ So, it is with this and the provisions of the *Interpretation Act*, RSC 1985, c I-21 in mind that we offer the following responses to the questions posed by this Panel in its letter of February 24, 2021.

BCUC Question 1: “Eligible Charging Site” Definition

1. Section 5(1) of the *GGRR* defines an “eligible charging site” as a site where one or more eligible charging stations are located; “limited municipality” as a municipality with a population of 9,000 or more; and “site limit” as the number calculated by dividing the municipality population by 9,000 and rounding the quotient up to the nearest whole number.

How should a “site” be interpreted for the purposes of determining a “site limit” within a “limited municipality”? For example, should there be any considerations regarding geographic location, location size, or number of fast charging stations for a “site”?

⁵ Page 24

⁶ Page 3

⁷ BCUC Orders G-183-20; G-254-20; G-33-21 and G-58-21

⁸ As discussed in FBC’s Final Argument, paragraphs 8-10

Can multiple electric vehicle (EV) charging service providers operate their fast charging stations under the same “site”?

In our view, this question is asking for parties to this process to offer views on factors that might possibly be relevant to a definition of “site” and, more specifically, factors that could be used to limit – or define – the applicability of the relevant regulations and legislation to certain EV charging operations. And, while we agree that any number of considerations, including perhaps those listed in the question itself, could reasonably be factors to be considered when determining whether an eligible charging station satisfies the necessary conditions to be a prescribed undertaking, there is nothing in the context, the plain wording or common sense interpretation of its wording that would, in the context of either the *Clean Energy Act* (“CEA”) or the *Greenhouse Gas Reduction Regulation* (“GRR”), their objectives, or government’s intention in enacting them that could reasonably be seen to support the idea that “site” in the context proposed should be rigidly limited or defined by location size, or number of fast charging stations for a “site”.

We note the *GRR* has no provision, either specific or general, regarding location size, the maximum or minimum number of fast charging stations for each “site”, nor any factors regarding ownership of those stations. We submit to this Panel that the factors listed in its questions, in addition to any number of others, are instead factors for consideration in the full context of the facts when a party or parties assert prescribed undertaking status for any new electric vehicle charging station or when there is a material change to an existing one.

With respect to geographic location, the *GRR* only requires it to be located within a “limited municipality”. Specifically, section 5(2)(b)(ii) of the *GRR* states the following:

5(2)(b)(ii) if the station will be located in a limited municipality, the number of eligible charging sites in the municipality on the date the station will come into operation will not exceed the site limit for the municipality on that date

[Emphasis added]

The only explicit requirement in section 5(2)(b)(ii) of the *GRR*, cited above, is that “the number of eligible charging sites in the municipality on the date the station will come into operation will not exceed the site limit”. Based on the ordinary meaning of this provision, the “site limit” simply defines the means of calculating the maximum number of eligible charging sites in any limited municipality, irrespective of the location size and a number of fast charging stations.

In our submission, the *GRR* has no specific or contextual restrictions against multiple EV charging service providers operating their fast charging stations under the same “site” but it is, a factor that the Commission could consider were one or both owners to claim prescribed undertaking status.

BCUC Question 2: The Date the Public Utility Decides to Construct or Purchase an Eligible Charging Station

2. Section 5(2)(b) of the *GRR* states that an eligible charging station is a prescribed undertaking if “the public utility reasonably expects, on the date the public utility decides to construct or purchase an eligible charging station, that (i) the station will come into operation by December 31, 2025, and (ii) if the station will be located in a limited municipality, the number of eligible charging sites in the municipality on the date the station will come into operation will not exceed the site limit for the municipality on that date.”

- a. **How should “on the date the public utility decides to construct or purchase an eligible charging station” be interpreted? What information should be used to determine when that date was? Should the utility be required to also determine the site where the eligible charging station will be located by that date?**

BCOAPO agrees with FBC that determination of the date on which the public utility decides to construct or purchase an eligible charging station should be based on the evidence of a specific case.⁹ The BCUC may assess various information which proves the date the public utility made the decision, and specific evidence can vary depending on each utility’s internal policies and procedures. For example, FBC “considers ‘the date the public utility decides to construct or purchase an eligible charging station’ to be the date in which it enters into a financial commitment to purchase, construct or install the required charging station infrastructure for the eligible charging station”.¹⁰ BC Hydro considers “the date the public utility decides to construct or purchase an eligible charging station” to be the date when the expenditures associated with the construction or purchase of the eligible charging station are internally approved via an Expenditure Authorization Request (EAR).¹¹

Section 5(2)(b) of the GRR does not explicitly require determining the site where the eligible charging station will be located on the date the public utility decides to construct/purchase an eligible charging station. However, in BCOAPO’s view, if the utility decided to construct/purchase the station, then the utility should know where it is going to be located. As such, the decision on the location of the site, would be relevant for the determination of the date on which the public utility decides to construct/purchase an eligible charging station. Additionally, it is possible that if the station will be located in a limited municipality, there could be evidence regarding an agreement between a municipality and a utility regarding a specific location of the site.

- b. **Considering that there may be circumstances where it may not be known if an eligible charging station has met the criteria to be a prescribed undertaking until the station comes into operation, should the BCUC make a determination, on a forecast basis, of whether an eligible charging station is a prescribed undertaking? What are the advantages and disadvantages to the utility and its ratepayers of the BCUC making such a determination on a forecast basis?**

Overall, BCOAPO agrees with FBC’s position on this issue.¹² Interpretation of section 5(2)(b) of the RRGG allows the BCUC to make a determination, on a forecast basis.

BCUC Question 3: Retrospective Application of Section 5 of GRR

3. The GRR was amended on June 22, 2020 to include EV charging stations as a prescribed undertaking. FBC submits that section 18 of the CEA and section 5 of the GRR have a “retrospective” effect, “as they require the recovery of the costs of all charging stations that

⁹ FBC Final Argument, page 7, para 18

¹⁰ FBC Final Argument, page 7, para 19

¹¹ BC Hydro F2022 RRA, Exhibit B-4, BCUC IR1.5.6.2

¹² FBC Final Argument, pages 8 - 10

come into operation by December 31, 2025, which by definition includes stations in operation prior to June 22, 2020.”

- a. Does section 5 of the GRR include fast charging stations that came into operation prior to June 22, 2020 as a prescribed undertaking on a retrospective basis? Why or why not?**

BCOAPO’s interpretation of the situation and the question before us makes a clear distinction between the inclusion of fast charging stations that came into operation prior to June 22, 2022 in section 5 of the GRR’s definition of a prescribed undertaking and the potential of the BCUC setting the utility’s rates in its next Annual Review to recover costs associated with those stations incurred between 2018 and June 22, 2020. In our submission an affirmative response to the first – the actual question posed - does not render the live issue associated with the second moot.

In our submission, the combined effect of section 18 of the CEA, section 5 of the GRR and the authorities dealing with the issue of retrospective effects cited in FBC’s argument are such that, from FBC’s perspective, there is no taking away or negative impact on tangible rights the utility previously enjoyed.¹³ In fact, the opposite is, by design, true: the GRR creates a very real benefit for parties like FBC. So, based on an analysis of the wording, context, purpose and common-sense interpretations of the applicable statute and regulations, as well as the common law, we agree with FBC that its pre-June 22, 2020 stations are prescribed undertakings.

The fly in the ointment comes when the effect of this regulation is considered from a ratepayer point of view because, while the average ratepayer is far more likely to be agnostic about the designation of an EV charging station, they are far less likely to be sanguine about the possibility of a precedent being set that might allow utilities to recover costs associated with past activities in their going forward rates. However, because this application does not seek to deal with FBC’s EV charging station/prescribed undertaking 2018 to 2020 costs and revenues, we see no need to argue an academic point of precedent relevant only to an application not yet on the books.

- b. In the case of a station that needed to be upgraded to meet the criteria to be a prescribed undertaking, what portion of the total capital cost of the upgraded station should be allowed into a public utility’s rate base? For instance, would this be the entire cost of the upgraded station less accumulated depreciation, or only the incremental investment portion for the upgrade? Please provide reasons in support.**

Because this question is hypothetical, BCOAPO will provide a brief answer. In our submission, only those incremental costs associated with the upgrade should be allowed into the utility’s rate base – it would be fundamentally unfair to allow an operation that existed previously in a format that did not qualify for prescribed undertaking status to then be fully added to rate base when the utility has incurred only the cost of the upgrade.

¹³ FBC Final Argument, pp. 12-13 referring to authorities *Chesterman Farm Equipment Inc. v CNH Canada Ltd.*, 2016 ONSC 698, at para. 99; *Gustavson Drilling (1964) Ltd. v. Minister of National Revenue*, [1977] 1 SCR 271, at pp. 279-284; and E.g., Driedger, *Construction of Statutes*, 2nd Edition: “A retrospective statute, on the other hand, changes the law only for the future, but it looks to the past and attaches new prejudicial consequences to a completed transaction.” As cited in *British Columbia Hydro and Power Authority v. British Columbia (Environmental Appeal Board)*, 2003 BCCA 436, at p. 57

BCUC Question 4: Recovery of Costs Incurred with respect to the Prescribed Undertaking

4. Section 18(2) of the CEA provides that the BCUC “must set rates that allow the public utility to collect sufficient revenue in each fiscal year to enable it to recover its costs incurred with respect to the prescribed undertaking.” Section 18(3) of the CEA also provides that the BCUC “must not exercise a power under the Utilities Commission Act in a way that would directly or indirectly prevent a public utility... from carrying out a prescribed undertaking.”

Should all cost components of an eligible charging station be eligible for recovery under the GRR (for example, paving costs, lighting installation and maintenance costs, washroom facilities, wheelchair accessible ramps)? Why or why not? If reasonable limits on cost recovery are required, how should they be determined and why?

BCOAPO submits that in deciding whether certain costs components of an eligible charging station can be recovered, the BCUC should assess whether the cost incurred with respect of a prescribed undertaking¹⁴, as well as whether the cost are reasonable and prudently incurred.

FORTISBC’S EV DCFC STATIONS

Eligibility Per GRR Section 5

FortisBC is requesting approval of its proposed rates for Electric Vehicle Direct Current Fast Charging (EV DCFC) service on the basis that the DCFC stations to which they apply are prescribed undertakings under Section 18 of the *Clean Energy Act* and Section 5 of the *GRR*.

FortisBC currently has 23 DCFC stations (at 16 sites) in operation and has plans to construct and operate a further 17 stations (at 7 sites). Included in the 16 currently owned stations are stations in New Denver and Nakusp which are to be transferred to BC Hydro prior to March 31, 2021 in exchange for FortisBC assuming ownership and operation of equivalent existing BC Hydro stations/sites in Keremeos and Princeton¹⁵.

FortisBC contends that all of its DCFC stations fall within the class of prescribed undertakings set out in Section 5 of the *GRR*¹⁶.

DEFINITION OF AN ELIGIBLE CHARGING STATION

Under Section 5(1) of the *GRR* an “eligible charging station” means a fast charging station that:

- (a) is available for use 24 hours a day by any member of the public,
- (b) does not require users to be members of a charging network, and
- (c) is capable of charging electric vehicles of more than one make.

In its Application and responses to information requests FortisBC has confirmed that all its DCFC stations will be available for use 24 hours a day by any member of the public, without any

¹⁴ FBC Final Argument, page 18, para 54

¹⁵ Exhibit B-5, pages 8 and 10-11 and Exhibit B-7, BCUC 1.1

¹⁶ Exhibit B-5, page 7

requirement for users to be members of a charging network. The Company has also noted that its stations currently support roaming for Flo, Chargepoint, BC Hydro, Electric Circuit, and eCharge network members¹⁷.

FortisBC has further confirmed that all of its stations will be equipped with connectors supporting both CHAdeMO and Combined Charging System (CCS) connectors capable of charging electric vehicles of more than one make¹⁸.

In BCOAPO's view FortisBC's EV DCFC stations meet the definition of an "eligible charging station" per Section 5(1) of the *GRR*.

PRESCRIBED UNDERTAKING REQUIREMENTS

Under Section 5(2) of the *GRR*, a public utility's undertaking that is in a class defined as follows is a prescribed undertaking for the purposes of section 18 of the Act:

- (a) the public utility constructs and operates, or purchases and operates, an eligible charging station;
- (b) the public utility reasonably expects, on the date the public utility decides to construct or purchase an eligible charging station, that
 - (i) the station will come into operation by December 31, 2025, and
 - (ii) if the station will be located in a limited municipality, the number of eligible charging sites in the municipality on the date the station will come into operation will not exceed the site limit for the municipality on that date;
- (c) if an eligible charging station comes into operation on or after January 1, 2022, the station uses or is configured to use the Open Charge Point Protocol.

FortisBC has confirmed that it will own the DCFC stations. FortisBC has also indicated that, while it has contracted with FLO Services Inc. (FLO) to provide station status monitoring, remote diagnostics and upgrades, data storage, and payment processing, collection and accounting services, FortisBC performs a number of operating and maintenance activities and also provides oversight of the services provided by FLO¹⁹.

Section 5(2)(a) of the *GRR* requires that the public utility construct and operate or purchase and operate an eligible charging station in order for it to be considered a prescribed undertaking. In those instances where the public utility is not solely responsible for the operation of the station it will be necessary for the BCUC to carefully consider whether the public utility's role in the operation of the station is sufficient for it to be considered as "operating" the station. In the case of the EV DCFC stations owned by FortisBC, FortisBC has direct responsibility for a number of the operational aspects and has oversight over the services it has contracted to be provided by FLO.

¹⁷ Exhibit B-5, page 8 and Exhibit B-8-1, BCOAPO 4.1 & 4.2

¹⁸ Exhibit B-5, page 8 and Exhibit B-8-1, BCOAPO.5.1

¹⁹ Exhibit B-5, page 8; Exhibit B-8-1, BCOAPO 3.3.2 and Exhibit B-7, BCUC 10.1

In BCOAPO's submission, FortisBC can be considered as owning (i.e., having constructed/purchased) and also operating these stations for purposes of Section 5(2)(a) of the *GGRR*.

FortisBC notes that of the 16 EV DCRC charging sites currently in operation, four are in a "limited municipality": three are located in Kelowna and one is located in Nelson. In neither case does the total number of existing and planned sites exceed the "site limit" per section 5(2)(b)(ii) of the *GGRR*²⁰.

At the time of the Application, FortisBC expected to own and operate a site in the limited municipality of Penticton beginning October 1, 2020 with another site planned for deployment in Penticton in 2021²¹. FortisBC subsequently confirmed that on October 1, 2020 it completed the transaction for the first station in Penticton and currently owns and operates this site²². FBC has also confirmed that it still plans to proceed with a second station or site in Penticton but has not yet made any financial commitment. FortisBC has indicated that will only proceed with the second station or site if it would meet the requirements of Section 5 of the *GGRR*, including section 5(2), at the time FBC decides to construct or purchase the eligible charging station²³.

FortisBC's currently expects all of its planned charging stations will be operational before December 31, 2025²⁴. Indeed, they are all expected to be operational by Q2 2021²⁵, more than four years prior to December 31, 2025. FortisBC has also indicated²⁶ that it has not identified any obstacles that could reasonably delay FBC's planned stations from coming into operation by January 1, 2022. As a result, BCOAPO views that there is little likelihood that the planned stations will not be operational before December 31, 2025. Based on this information, BCOAPO agrees with FortisBC²⁷ that it is not necessary to prove the date FBC made the decision to construct/purchase the EV DCFC charging stations for purposes of section 5(2)(b)(i) of the *GGRR*.

Indeed, in BCOAPO's view, there only two related issues that could arise with respect to the EV DCFC stations and section 5(2)(b) of the *GGRR*. The first is if FortisBC were to include costs and revenues for the second Penticton station in its F2022 rates but then subsequently cancel its plans to construct/purchase a second station in Penticton. Given that the second station is expected to be operational by Q2 2021, such an event is unlikely. However, this issue can be addressed as part of the Annual Review of F2022 rates should the status of the station still be unclear.

The other issue is if the second Penticton station²⁸ or either of two stations being transferred from BC Hydro became operational prior to December 31, 2025 but, for some reason, failed to meet

²⁰ Exhibit B-7, page 9

²¹ Exhibit B-7, page 9

²² Exhibit B-8-1, BCOAPO 6.6

²³ Exhibit B-8-1, BCOAPO 6.7

²⁴ Exhibit B-7, BCUC 3.8.1

²⁵ Exhibit B-5, pages 10-11 and Exhibit B-9, BCSEA 1.10

²⁶ Exhibit B-7, BCUC 4.1

²⁷ Exhibit B-7, BCUC 3.8.1

²⁸ One way this could occur would be if, at the time FortisBC formally makes the decision to construct/purchase the second site, Penticton has already reached its "site limit"

the criteria as a prescribed undertaking. FortisBC has indicated²⁹ that in such a situation it would remedy the situation by bringing the station within the requirements of the *GRR*, exclude the station from rate base, or otherwise seek approval or direction from the BCUC in its Annual Review.

Section 5(2)(c) of the *GRR* requires that eligible EV charging stations coming into operation on or after January 1, 2022 to use or be configured to use the Open Charge Point Protocol (OCPP) in order for them to be considered a prescribed undertaking. FortisBC notes that, while all of its planned EV charging stations are expected to come into operation prior to January 1, 2022, FBC's vendor AddEnergie is committed to achieving OCPP compliance by mid-2021 for all stations owned and operated by FBC³⁰. Furthermore, FortisBC has indicated that it is not aware of any obstacles that could reasonably delay AddEnergie from achieving OCPP compliance by January 1, 2022³¹.

In BCOAPO's view it is reasonable, for purposes of the current Application, to consider all of FortisBC's 40 existing and planned EV DCFC stations as meeting the criteria for a prescribed undertaking. Indeed, there appear to be only three stations that are not already operational³² (the second planned station for Penticton and the two stations (Keremeos and Princeton) being transferred from BC Hydro) where there is any potential for the stations to not be eligible. In all three cases the likelihood of this occurring appears to be small, and the implications can be dealt with in FortisBC's Annual Review process should such an event occur.

Disposal of the New Denver and Nakusp Stations to BC Hydro

In the Application FortisBC noted its plan to transfer site ownership and operation of the DCFC stations in New Denver and Nakusp to BC Hydro prior to March 31, 2021. In exchange, FBC would assume ownership and operation of equivalent existing BC Hydro sites in Keremeos and Princeton³³. In response to information requests FortisBC confirmed that it will not affect the transfer until BCUC approval to do so is received³⁴.

In response to information requests FortisBC also explains that:

- FBC and BC Hydro are working to exchange these sites as it is generally more efficient for each utility to operate stations located in closer proximity to the areas served by the utility operating the station³⁵.
- FBC intends to physically transfer only the charging stations themselves between the sites (i.e. uninstall stations at existing sites and reinstall at new site). All other equipment will remain as installed at the existing sites with ownership transferred to FBC/BCH as part of the transaction³⁶.

²⁹ Exhibit B-16, BCUC 18.2 and 18.3

³⁰ Exhibit B-5, page 9

³¹ Exhibit B-7, BCUC 4.2

³² Exhibit B-7, BCUC 1.1

³³ Exhibit B-5, page 10

³⁴ Exhibit B-16, BCUC 23.1

³⁵ Exhibit B-7, BCUC 17.2

³⁶ Exhibit B-7, BCUC 17.1

- The parties are endeavoring to complete this transaction on a “like-for-like” basis such that no additional compensation is required from either party. To this end, BC Hydro will be responsible for the costs to increase the available capacity of the Keremeos and Princeton sites to allow for the future installation of a second station in recognition of the capacity already installed and paid for by FBC for the New Denver and Nakusp sites³⁷.
- FBC expects to enter into new land-use agreements (no-cost licenses of occupation) with the host municipalities as part of the transfer of sites from BC Hydro to FBC. FBC does not anticipate any rate impacts nor any impact to how FBC operates its stations³⁸.
- FBC plans to add the stations in Keremeos and Princeton to its rate base at FBC’s net book value of the stations in Nakusp and New Denver³⁹.

Based on the foregoing information, BCOAPO has no issues with FortisBC request for approval to dispose of its DCFC EV charging station in New Denver and its DCFC EV charging station in Nakusp to BC Hydro.

FORTISBC’s PROPOSED REGULATORY TREATMENT OF “ELIGIBLE” EV DCFC STATIONS

In accordance with BCUC Order G-9-18, FortisBC currently tracks and accounts for all costs associated with EV charging stations and excludes them from rate base. As result, forecast costs (and revenues) associated with EV charging stations were not included in FortisBC’s Annual Review for 2020 and 2021 rates⁴⁰.

As part of the current Application FortisBC is requesting to include the assets associated with the EV charging stations, and related revenues and expenses, in FBC’s regulated accounts⁴¹. In response to information requests FortisBC has confirmed that the existing stations would be added to its rate base on the actual date the Revised Application is approved by the BCUC. FortisBC considers this to be appropriate as the approval date represents the date that the BCUC will have confirmed that the existing stations are eligible to be added to rate base, pursuant to section 18 of the *Clean Energy Act* thereby over riding the BCUC’s previous directive⁴² that these costs be excluded from rate base. FBC intends to account for the costs and revenues associated with the EV stations when setting rates for the test year starting in 2022⁴³.

BCOAPO has no issues with FortisBC’s proposal to include the going forward costs (and revenues) associated with eligible EV charging stations in its regulated account as of the approval date of the current Application or with the proposed treatment of the costs and revenues in setting rate for the years 2022 and after.

In its Decision regarding FortisBC’s Multi-Year Rate Plan, the BCUC stated⁴⁴:

³⁷ Exhibit B-7, BCUC 17.5.1 & BCUC 17.1 and Exhibit B-17, BCOAPO 23.1

³⁸ Exhibit B-16, BCUC 23.4

³⁹ Exhibit B-8-1, BCOAPO 1.6 and Exhibit B-7, BCUC 17.3

⁴⁰ Exhibit B-5, page 23

⁴¹ Exhibit B-5, page 1

⁴² Order G-9-18

⁴³ Exhibit B-7, BCUC 15.1.2

⁴⁴ Orders G-165-20 and G-166-20, page 73

“Subject to approval by the BCUC for inclusion of FBC’s EV charging stations in rate base, the Panel approves FBC’s request to forecast costs associated with EV charging stations and to record the related forecast cost of service variances in the Flow-through deferral account. The Panel also approves flow-through treatment for revenues related to EV Charging stations”.

As a result, following the approval date of the current Application, the costs and revenues associated with EV charging stations will be subject to flow-through treatment⁴⁵.

As noted above, FortisBC was directed to separately track and account for the costs and revenues associated with EV charging stations pending BCUC approval to include them in rate base. As of December 31, 2020, overall revenues recorded by FortisBC have exceeded costs by \$74 M⁴⁶. FBC plans to propose a method to refund/recover actual costs (less revenues) associated prior to their inclusion in rates base with its EV charging stations in its Annual Review process for setting 2022 rates⁴⁷.

FORTISBC’S PROPOSED EV DCFC RATE DESIGN AND RATES

In the Revised Application FBC proposed two rates: a time-based rate of \$0.26 per minute at FBC’s 50 kW DCFC stations, and a rate of \$0.54 per minute at FBC’s 100 kW stations. These rates would not be subject to general rate increases, unless otherwise directed by the BCUC⁴⁸.

The proposed rates are based on a cost of service analysis where the 50 kW rate recovers FBC’s cost of service on a 13-year levelized basis and the 100 kW rate recovers FBC’s cost of service on a 10-year levelized basis. The difference in the time periods used is that the 50 kW rate includes the 2018–2020 EV expenditures undertaken to date by FBC⁴⁹.

The determination of the proposed rates involves assumptions regarding the EV station usage over the next 10 years (i.e., number of charging events per year, electricity use per charging event and ancillary station electricity use), assumptions regarding the forecast cost of owning and operating the charging stations/sites and decisions regarding the design of the EV station charging rates.

EV Station Usage

CHARGING EVENT MINUTES

In order for FortisBC to develop a time-based rate (i.e., \$/minute), it is necessary for FortisBC to forecast the minutes of station usage for its 50 kW and 100 kW charging stations for each year included in the cost of service analysis. FortisBC has done so by:

- i. Forecasting the annual increase in new EV registrations in FortisBC’s service territory:
The number of new EV registration for each forecast year is based on the percentage EV sales targets from the Province’s Zero Emissions Vehicles Act and a forecast of

⁴⁵ Exhibit B-5, pages 22-23

⁴⁶ Exhibit B-7, BCUC 15.2

⁴⁷ Exhibit B-7, BCUC 15.2.1

⁴⁸ Exhibit B-16, BCUC 20.6 and Attachment 20.6C

⁴⁹ Exhibit B-5, page 12

- overall light vehicle sales each year. These results are then combined with the number of actual EV registrations in 2019 to determine the year over year increases⁵⁰.
- ii. Establishing a baseline for the initial number of charging events per year: For purposes of the cost of service analysis FortisBC uses the 2019 value of 0.7 charging events per station per day⁵¹.
 - iii. Assuming the annual increase in charging events matches the increase in EV registrations: This assumption is applied through most of the 10-year period. However, the increase in projected charging events per station per day gradually “slows down” as they approach/reach a maximum of 12 events per day and 16 events per day for the 50 kW and 100 kW stations respectively⁵².
 - iv. Establishing the average number of minutes per charging event: Based on the actual use of its 50 kW charging stations FortisBC estimates this to be approximately 30 minutes⁵³. For its 100 kW charging stations, FortisBC estimates the charging time per event would drop from 30 minutes to 17.5 minutes⁵⁴.

BCOAPO has no issues with the overall approach used by FortisBC to forecast the minutes of station usage for purposes of its cost of service analysis. However, BCOAPO does note that there is significant historical variation in both the minutes used per charging event and the number of charging events per day across FortisBC’s existing EV sites/stations.

In terms of minutes used per charging event, while the overall average for the 2018 to 2020 period is roughly 30 minutes, the minimum annual average for a site over the same period is 22.9 minutes while the maximum annual average is 60.3 minutes⁵⁵. Similarly, in terms of the number of charging events per day, while the 2019 overall average is 0.7 the 2019 averages across the various sites⁵⁶ range from 0.1 per day to 1.1 per day⁵⁷.

In BCOAPO’s view these variations are significant such that the performance to the proposed rate and its ability to reasonably recover the costs associated with EV stations will need to be monitored closely.

ELECTRICITY USAGE

Electricity usage at EV charging sites consists of the electricity required by the EV charging stations themselves as well as electricity use related to ancillary station equipment and display lighting⁵⁸.

⁵⁰ Exhibit B-7, BCUC 8.4 and Exhibit B-17, BCOAPO 31.1

⁵¹ Exhibit B-5, page 13 and Exhibit B-17, BCOAPO 31.2.1.

⁵² Exhibit B-17, BCOAPO 31.2.2

⁵³ Exhibit B-5, page 13

⁵⁴ Exhibit B-7, BCUC 8.1.1

⁵⁵ Exhibit B-17, BCOAPO 36.3.3

⁵⁶ It is noted that while the response to BCOAPO 36.3.2 make reference to the number of charging events per day per site the average for 2019 (0.7) reconcile with the average number of events per day per station as noted in Exhibit B-5, page 13.

⁵⁷ Exhibit B-17, BCOAPO 36.3.2

⁵⁸ Exhibit B-8-1, BCOAPO 11.2

The total annual electricity use for each of the years 2020 through to 2030 is determined by adding the electricity used in charging events and the electricity used by the ancillary equipment. The electricity used in charging events is calculated by multiplying the projected number of charging events per year by the average electricity used per event (20 kWh⁵⁹), as established by the 2018-2020 data. The annual electricity used by the ancillary equipment is calculated by taking the average daily electricity use of the ancillary equipment (as established by the 2018-2020 data), then multiplying by 365.25 days and by the number of stations in each year⁶⁰.

BCOAPO notes that, while FortisBC states the assumed electricity usage of 20 kWh per charging event is based on historical use, the actual average use per charging event was 15 kWh in 2018, 17 kWh in 2019 and 19 kWh in 2020. However, the average use per event at FortisBC's individual sites has varied over the three year from a high of 31 kWh to a low of 12 kWh⁶¹. As result, BCOAPO considers the 20 kWh value to be reasonable for purposes of the cost of service and rate design analysis.

However, FortisBC has acknowledged that, depending on the state-of-charge of the battery, as well as a number of other factors, an EV may receive differing amounts of energy in two different charging sessions of the same duration⁶². This means that there is no one-to-one correlation between the minutes a charging event last and the kWh used. In VECC's view, when this fact is combined with the significant variations that have been observed in both the number of minutes per charging event and the kWh used per charging event, it creates uncertainty as to whether the resulting rates will actually recover the future costs associated with EV stations and highlights the need to carefully monitor the continuing ability of FBC's proposed rates to do so.

Cost of Service Analysis Inputs

ELECTRICITY COSTS

The cost of electricity is determined using FortisBC's RS21 rate for 2021⁶³ and escalating it by 3.5% per annum for the years 2022-2024 and 2% per annum thereafter, consistent with the forecast rate of inflation⁶⁴. In its responses to the information⁶⁵ requests FortisBC has provided the supporting details with respect to its calculation of electricity costs.

For purposes of escalating the 2021 RS 21 rates FortisBC has used the indicative rate increases for 2022-2024 as provided in its Annual Review of 2020 and 2021 Rates. However, there is no forecast available for the years after 2024 and FortisBC has used the forecast rate of inflation (2%/annum) as it has no information that indicates that rate increases will continue to exceed inflation after 2024⁶⁶. BCOAPO accepts that, in the absence of any information regarding future

⁵⁹ Exhibit B-5, page 13

⁶⁰ Exhibit B-17, BCOAPO 37.4 and 37.4.1

⁶¹ Exhibit B-17, BCOAPO 36.3.5

⁶² Exhibit B-7, BCUC 7.8

⁶³ The initial Application was based on the requested 2021 rate increase of 6.37%. However, the cost of service analysis was subsequently revised (Exhibit B-16, BCUC 20.5 & 20.6) to reflect the approved 2021 increase of 4.36%.

⁶⁴ Exhibit B-5, page 13 and Exhibit B-8-1, BCOAPO 13.1

⁶⁵ Exhibit B-8-1, BCOAPO 19.1, 19.2 and 19.3

⁶⁶ Exhibit B-10, CEC 9.1

rate increases beyond 2024, assuming subsequent rate increases will match inflation is as reasonable an assumption as any.

However, it is noted that, for the period of 2021-2030, the cost of electricity makes up 29 percent of the total cost of service for the 100 kW charging stations and 18 percent of the total cost of service for the 50 kW charging stations⁶⁷. BCOAPO submits that it will be necessary to monitor the effectiveness of the proposed rates in recovering FortisBC's costs over the next 10 years and, if FortisBC's annual rate increases depart materially from those assumed in the cost of service analysis, for the BCUC to adjust the rates for EV DCFC charging service accordingly.

CAPITAL EXPENDITURES AND RATE BASE

The cost of service analysis incorporates both FortisBC's gross capital expenditures to date on EV charging stations of \$3.48 M as well as the \$1.69 M in planned capital spending for 2021. It also incorporates some \$2.97 M in CIAC from numerous contributing partners as well as the repayment of the contribution for NRCAN once the projects become profitable⁶⁸. Finally, given that the EV charging stations are assumed to have a service life of ten years and for the 50 kW stations the rates analysis covers a 13-year period additional capital spending is included in the later years (starting in 2028) in recognition of the fact that it is unlikely that the stations constructed in 2018, 2019 and 2020 would be able to continue to provide service without cost through to 2030⁶⁹.

BCOAPO notes that the sustain capital spending included for the years 2028-2030 is \$158,000 which represents less than 5% of the initial total gross capital expenditure on the stations installed over 2018-2020⁷⁰. BCOAPO has concerns that this level of spending is too low particularly given that elsewhere in the information request responses FortisBC has stated that⁷¹:

“FBC believes it is reasonable to assume the charging stations will be worth zero after ten years due to both technology obsolesce as well as equipment degradation and reduced reliability. FBC does not believe it reasonable to assume the stations could be sold to another party for continued operation, but rather would simply be scrapped.”

The overall effect of this assumption is that overall gross capital in-service declines from \$4.5 M in 2024 to \$2.8 M in 2030 as result of plant retirements in the later years exceeding capital additions.

In BCOAPO's view a more reasonable assumption would have been to assume capital additions in the later years sufficient to offset the plant retirements. However, BCOAPO notes that the impact of this change is not likely to be that material given that it only impacts the last few years of the analysis.

⁶⁷ Exhibit B-17, BCOAPO 28.2

⁶⁸ Exhibit B-5, page 15

⁶⁹ Exhibit B-10, CEC 17.1

⁷⁰ \$158,000 per Exhibit B-10, CEC 17.1 vs. \$3.48 total gross capital expenditures per Exhibit B-5, page 15

⁷¹ Exhibit B-7, BCUC 11.2.1

FortisBC has indicated that it will review the DCFC Program performance as part of its Annual Review under the MRP and that this review will include updated annual forecasts for the EV Program⁷². It is not clear to BCOAPO whether by “updated annual forecasts” FortisBC means updated forecasts for just the test year or for the entire period though to 2030 used in the cost of service analysis. Given the concerns noted regarding the assumptions used regarding usage assumptions, future electricity rate increases and future capital spending needs, BCOAPO submits that updated forecasts provided for purposes of the Annual Reviews should address the entire cost of service analysis period to 2030.

DEPRECIATION

FortisBC is requesting approval to use straight line depreciation for the EV charging stations, at a 10 percent depreciation rate, based on a service life of ten years⁷³.

In its information request responses FortisBC notes that a 10-year depreciation rate has been adopted or used by others in the industry⁷⁴. BCOAPO has no issues with the FortisBC’s use of a 10-year depreciation rate.

The capital spending included in the cost of service analysis consists not only of the cost of the EV charging stations but also the costs that are typically incurred by customers seeking new metered service⁷⁵. For purposes of the cost of service analysis FortisBC has used composite depreciation rates for its 50 kW and 100 KW stations reflective of all the capital additions⁷⁶. BCOAPO has no issues with the calculation of the depreciation expense included in the cost of service analysis.

FORTISBC O&M COSTS

FortisBC’s O&M costs⁷⁷ include costs for maintenance, travel, repairs outside of warranty, and network management expenses⁷⁸ including half of a full-time equivalent (FTE) employee. Also included is an annual \$750 charge per station from FLO related to the cellular modem rental and telecommunication back-haul services for the DCFC stations⁷⁹. For purposes of the cost of service analysis, FortisBC assumes that O&M costs increase 2.309% in 2020 and 3.793% in 2021 as set out in the Annual Review for 2020 and 2021 rates. For subsequent years O&M costs are assumed to increase at inflation (2%/annum)⁸⁰.

BCOAPO notes that in the October 2020 Evidentiary Update to FortisBC’s 2020 & 2021 Annual Review filing the net inflation factor for 2021 was revised to 3.668% and subsequently accepted

⁷² Exhibit B-7, BCUC 6.8.1

⁷³ Exhibit B-5, page 16

⁷⁴ Exhibit B-7, BCUC 11.1

⁷⁵ Exhibit B-8-1, BCOAPO 18.2 and 18.3.2

⁷⁶ Exhibit B-5, Appendix E, page 2

⁷⁷ Exhibit B-5, page 16

⁷⁸ Exhibit B-7, BCUC 10.1

⁷⁹ Exhibit B-8-1, BCOAPO 15.1

⁸⁰ Exhibit B-5, page 13

by the BCUC⁸¹. However, adjusting the cost of service analysis so as to incorporate the approved net inflation factor for 2021 is unlikely to have a material impact on the overall rate calculation.

The other issues explored by BCOAPO in its information requests⁸² were whether FortisBC had incorporated an appropriate allowance for Administrative and General (A&G) costs and Corporate allocations in its cost of service analysis. In this regard BCOAPO's focus was on the A&G costs that would be attributable to the O&M costs that FortisBC has identified as being directly associated with the EV DCFC charging stations⁸³. In its responses FortisBC contends that some of the O&M costs it has included could be viewed as A&G costs and that overall the revenue from RS 96 will be sufficient to recover the cost of service including any A&G costs, over and above those included in the RS 21 recovery, that may otherwise be allocated during a COSA⁸⁴.

In BCOAPO's view there is insufficient evidence to support this conclusion. However, BCOAPO accepts that an appropriate assessment can only be made as part of FortisBC's next COSA. As a result, BCOAPO accepts FortisBC's O&M costs for purposes of the current Application.

CARBON CREDIT REVENUE

FBC's DCFC stations will allow FBC to monetize carbon credits as a supplier of low carbon fuels⁸⁵. For the purposes of the cost of service analysis FortisBC has included (as an offset to costs) revenues from the sale of carbon credits based on \$200/credit. The \$200 aligns with the penalty fuel suppliers who are in a debit position, meaning that the carbon intensity of the fuel they supplied exceeds the limit mandated by the RLCFRR during the reporting period, must pay⁸⁶. FortisBC also notes that the \$200 is less than the average price per credit since Q4 2019⁸⁷.

BCOAPO notes that, as of information request responses, FortisBC has not actually sold any carbon credits⁸⁸ and that while the average price since Q4 2019 has exceeded \$200 the prices paid have ranged from \$32.50/credit to \$330.45/credit⁸⁹. As a result, while \$200 may be a reasonable estimate there is considerable uncertainty as to what the actual value FortisBC will receive for its carbon credits. BCOAPO submits that this uncertainty further supports need for regularly reviewing the effectiveness of the proposed EV DCFC charging rate to recover costs as part of the FortisBC's Annual Review.

EARNED RETURN

FBC included in the cost of service analysis an earned return based on its approved equity thickness and return on equity of 40 percent and 9.15 percent, respectively. FBC also used its

⁸¹ Order G-42-21, page 14

⁸² Exhibit B-8-1, BCOAPO 15.5 &15.6 and Exhibit B-17, 38.2

⁸³ BCOAPO acknowledges that by using the RS 21 rates to determine the electricity costs, A&G costs associated with the provision electricity service to the charging stations has already been accounted for.

⁸⁴ Exhibit B-17, BCOAPO 38.2

⁸⁵ Exhibit B-5, page 13

⁸⁶ Exhibit B-5, pages 14 and 17

⁸⁷ Exhibit B-7, BCUC 9.1

⁸⁸ Exhibit B-8-1, BCOAPO 14.1

⁸⁹ Exhibit B-7, BCUC 9.1

long term and short-term debt ratios and rates, which are embedded in FBC's 2020 and 2021 Annual Review, which were subsequently approved by the BCUC⁹⁰.

BCOAPO has no issues with the Earned Return that FortisBC has included in its cost of service analysis.

FLO TRANSACTION FEES

A transaction fee of 15 percent for global management services is charged by FLO and is added to the calculated EV rate before the transaction fee⁹¹. This transaction fees covers the cost of service provided by FLO for station status monitoring, remote diagnostics and upgrades, data storage, and payment processing, collection and accounting services⁹². In response to information requests FortisBC has outlined the process by which FLO was selected to provide global management services⁹³.

BCOAPO has no issues with the FLO Transaction Fee FortisBC has included in its cost of service analysis.

However, BCOAPO notes that FBC has separate global management service agreements with FLO for individual stations and that FBC is discussing renegotiation of the existing transaction fee as part of the renewal of FLO's global management services agreements for the individual stations, the first of which are up for renewal in 2021⁹⁴. BCOAPO expects that the implications of any changes in the transaction fee on the overall cost of service and the continuing suitability of the rates for EV DCFC charging service will be addressed in FortisBC's Annual Reviews.

TAXES

Included in the cost of service analysis are provisions for income taxes based on currently enacted tax rates and CCA allowances as well as a 1% tax on EV charging revenues in lieu of property taxes⁹⁵.

BCOAPO has no issues with FortisBC's inclusion of these provisions in the cost of service analysis.

EV Station Rate Design

FortisBC rate derivation involves determining the levelized 10-year rate (13 years in the case of the 50 kW stations) which results in the present value of the forecasted revenues equalling the present value of the forecasted costs for EV DCF charging service⁹⁶. Using this approach results in a rate that remains constant over the analysis period (i.e., though to 2030).

⁹⁰ Order G-42-21

⁹¹ Exhibit B-5, page 15

⁹² Exhibit B-7, BCUC 10.1 and Exhibit B-12, Flintoff 3.3

⁹³ Exhibit B-7, BCUC 10.3

⁹⁴ Exhibit B-7, BCUC 10.3.1

⁹⁵ Exhibit B-5, page 17

⁹⁶ Exhibit B-5, Appendix E

The after-tax weighted average discount rates for years 2018 and 2019 are based on the capital structures approved in FBC's Annual Review for 2018 Rates and FBC's Annual Review for 2019 Rates, respectively. For 2020 and 2021 FBC used an after-tax weighted average discount rate derived from the capital structures for 2020 and 2021 as applied for in FBC's Annual Review for 2020 and 2021 Rates. A discount rate equal to its 2021 after tax weighted average cost of capital (5.76%) is used for the years 2022 and beyond⁹⁷.

USE OF A LEVELIZED (CONSTANT) RATE

FortisBC acknowledges that an EV DCFC charging rate which escalated at either the rate of inflation or in line with FortisBC's general rate increase would be lower in the initial years than its proposed (levelized) rate. However, FortisBC's proposal to use a levelized rate is based on its view that the rate stability and certainty of a levelized rate would benefit users of EV charging stations more than an escalating rate⁹⁸.

The one potential advantage of an "escalating" rate is that if the actual costs associated with EV DCFC charging stations differs from the forecast costs used in the cost of service analysis then an escalating rate may serve to ensure that the rates are still aligned costs over time. The key proviso being that the "escalator" used would have to be representative of the annual increase in the cost of EV DCFC charging stations.

In this regard FortisBC has expressed the view that there is no one-to-one connection between increases in the cost of service of EV DCFC stations and FBC's general rate increase⁹⁹. As a result, it is FortisBC's view that an annual rate increase for EV DCFC stations based on escalating overall utility costs is unlikely to be a good proxy for EV charging infrastructure costs which are materially different in nature¹⁰⁰.

BCOAPO agrees that there is not a one-to-one connection between the annual increases in the cost of service for EV DCFC charging stations and FortisBC's annual general rate increase. However, there is some linkage as a major portion of the cost for EV DCFC charging stations is based on FortisBC's RS 21 rate¹⁰¹. As result, it is BCOAPO's view that an EV DCFC charging station rate that was linked to FortisBC's annual general rate increase is likely to result in rate that, over time, actually track costs more closely that FortisBC's proposed levelized rate.

However, BCOAPO acknowledges there are benefits to a constant rate and can accept FortisBC's levelized rate approach provided there is: i) continued monitoring of the effectiveness of the rate (e.g. its alignment with actual and updated forecast costs) and ii) a clear acknowledgement (by both FortisBC and the BCUC) that the rate would need to be reviewed and potentially revised if it was no longer reasonably aligned with expected costs.

⁹⁷ Exhibit B-5, page 18 & Appendix E, page and Exhibit B-7, BCUC 13.1

⁹⁸ Exhibit B-17, BCOAPO 28.1.2 and Exhibit B-20, Flintoff 1.1

⁹⁹ Exhibit B-17, BCOAPO 28.2.1

¹⁰⁰ Exhibit B-7, BCUC 6.3.1

¹⁰¹ Exhibit B-17, BCOAPO 28.2

PERFORMANCE MONITORING

In its information request responses¹⁰² and Final Argument¹⁰³, FortisBC has committed to reviewing the performance of the EV DCFC charging station rate as part of its Annual Review under the MRP.

In addition, FortisBC has indicated it would initiate a review of the rate under the following circumstances¹⁰⁴:

- If there were any material deviations from forecast revenues from existing stations;
- If there were any material deviations in the cost of new stations as compared to existing stations; or
- A new rate structure is identified that is preferable to the current RS 96 structure and that is technically possible to implement and legally permissible (e.g. rates based partly on charging speed or kWh).

In subsequent information request responses FortisBC indicated that:

- i. It would consider a “material deviation” to be a deviation in underlying costs or revenues which would cause the levelized RS 96 rate to change by more than 10 percent¹⁰⁵.
- ii. It would also initiate a review if there were any material deviations (from forecast) in the costs for existing stations¹⁰⁶.

In terms of monitoring performance as part of the Annual Review, FortisBC has stated¹⁰⁷:

“FBC’s Annual Review will include updated annual forecasts for the EV Program. In this review, the BCUC and interveners can inquire into any aspect of the program, including comparative station usage, demand and consumption statistics, and revenue and cost figures as well as customer feedback and site buildout. The criteria against which each measure would be evaluated would be the forecast values included in the Revised Application.”

What is not immediately clear to BCOAPO is whether the “updated annual forecasts” that will be provided as part of each Annual Review are just those for the test year being considered in the Annual Review or for the balance of the 10-year period used in current cost of service analysis. In BCOAPO’s view the “forecasts” provided must address the balance of the 10-year period used in the cost of service analysis. In support of this perspective, BCOAPO notes:

- FortisBC has made it clear that the proposed rates for EV DCFC charging service have not been designed so as to recover costs in the year they are incurred but rather designed such that “over the life of the assets, the levelized rates as proposed in the Revised Application will balance costs and revenues”¹⁰⁸.

¹⁰² Exhibit B-7, BCUC 6.7 & 6.8; Exhibit B-8-1, BCOAPO 22.1 and Exhibit B-16, BCUC 20/7

¹⁰³ Page 32

¹⁰⁴ Exhibit B-7, BCUC 6.9

¹⁰⁵ Exhibit B-17, BCOAPO 30.1

¹⁰⁶ Exhibit B-17, BCOAPO 30.2

¹⁰⁷ Exhibit B-7, BCUC 6.8.1

¹⁰⁸ Exhibit B-7, BCUC 6.6

- FortisBC has also stated that “the review of the program should be considered over the 10-year term rather than on a year by year basis”¹⁰⁹.

As a result, BCOAPO submits that in order to the Annual Review to consider the continued appropriateness of the EV DCFC charging rates it must include both the costs and revenues to date as well as those forecast for the balance of the ten-year term. Such information will also allow other parties to make submissions and the BCUC to determine whether a formal review of the rate should be initiated rather than leaving the decision entirely up to FortisBC. Any BCUC approval of FortisBC’s proposed rate should include direction to provide such forecasts as part of the Annual Review process.

CONCLUSION

So, relying on the above, BCOAPO recommends to this Panel that it accept FBC’s application, subject to the recommendations made in this Final Submission.

ALL OF WHICH IS RESPECTFULLY SUBMITTED:

Original on file signed by

Leigha Worth
Executive Director | General Counsel

Original on file signed by

Irina Mis
Staff Lawyer

¹⁰⁹ Exhibit B-8-1, BCOAPO 22.3