

REQUESTOR NAME: **BCOAPO *et al.***

INFORMATION REQUEST ROUND NO: **2**

TO: **FortisBC Energy Inc.**

DATE: **May 24, 2017**

APPLICATION NAME: **FortisBC Energy Inc. – 2016 Rate Design Application**

1.0 FEI’s Cost Allocation Methodology, Elenchus Analysis of FEI’s Allocation Methods
Reference: Exhibit A2-2, Section 4.3.4, pages 17-18

1.1 In the above reference Elenchus explains that it *“accepts FEI’s explanation of the reasons for using CP as an allocator instead of NCP and that even if the data would be available, the results would be unchanged.”* What due diligence did Elenchus undertake which would support the conclusion that the difference in allocation methodology has an immaterial difference on the COSA outcomes?

1.2 In Elenchus’ experience with other utilities, how often would these two different allocation methodologies have an immaterial difference on the respective utilities’ COSA outcomes?

1.3 What method of allocation is used by ATCO, Enbridge Gas Distribution (Enbridge) and Union Gas Limited (Union)?

2.0 FEI’s Cost Allocation Methodology, MT. Hayes LNG Storage
Reference: Exhibit A2-2, Section 4.1.3, page 10

2.1 Elenchus notes that classification of the Mt. Hayes LNG Storage facility to transmission is unusual. How is storage allocated by the three comparators (ATCO, Enbridge and Union)?

2.2 What customer classes are most affected by the classification methodology used by FEI as compared to the comparator utilities using more traditional storage classification methodologies?

3.0 FEI's Cost Allocation Methodology, Natural Gas for Transportation Customers
Reference: Exhibit A2-2, Section 4.5.7, page 21

3.1 Please comment on the similarity and differences of FEI's allocation of natural gas for transportation customers (NGV/NGT) with that employed by ATCO, Enbridge and Union.

4.0 FEI's Cost Allocation Methodology, Elenchus Analysis of Assumptions and Adjustments
Reference: Exhibit A2-2, Section 4.5.10, page 22

4.1 Elenchus notes that the 10 year horizon used by FEI in its COSA study to reflect the impact of the Tilbury Expansion project is not consistent with standard practice. What adjustments are Elenchus recommending FEI undertake?

4.2 Directionally, what would be the impacts of making the suggested changes?

5.0 FEI's Cost Allocation Methodology, Elenchus Analysis of FEI Ratios
Reference: Exhibit A2-2, Section 6.1.1, pages 28-29

5.1 At the above reference Elenchus states that it *"agrees with how FEI has calculated the revenue to cost ratios and margin to cost ratios results and agrees that no adjustment to rate classes' cost responsibility is required at this stage based on the R:C ratio range of reasonableness."* Please explain the basis for this statement. In particular, please explain if the regulators of the comparator utilities have policies with respect to R/C adjustments.