

Industrial Customers Group (“ICG”)
Information Request No. 2

FortisBC Inc.
2017 Cost of Service Analysis and Rate Design Application – Project No. 1598939

1.0 Reference: Exhibit B-1, page 91

“The Special Provisions for each rate contain language allowing discounts to be provided under certain conditions.”

1.1 Please fill out the below table to provide information on transmission access discounts granted by FBC in 2017.

	# of Customers to Receive Discounts in 2017	# of Transactions to Receive Discounts in 2017	\$ Value of Discounts Granted in 2017
RS 101 Long Term			
RS 101 Short Term			
RS 102			
Total			

1.2 Please comment on whether the three principal requirements, which are identified in response to ICG IR 1.10.1, that apply to discounts for Ancillary Services are relevant to determinations of “discounts to be provided under certain conditions”?

2.0 Reference: Exhibit B-1, Appendix I-1, Appendix C

2.1 Please comment on whether the above reference (Exhibit B-1, Appendix I-1, Appendix C) to Rate Schedule 101 is to the same rate schedule as identified as RS101 in the current proceeding?

2.2 Please comment on whether in scenario 3, as identified in BCUC IR 1.62.1, BC Hydro would be required to utilize Network Integration Transmission Service to serve their Network Load?

2.3 Please comment on whether the above reference to BC Hydro’s Native Load Customers (Exhibit B-1, Appendix I-1, Appendix C) is to the same customers that would be the customers to be served if BC Hydro utilized Network Integration Transmission Service to serve the Network Load?

3.0 Reference: Exhibit B-1, Appendix I-3, Recital E

3.1 Please provide WKP’s response to the Commission’s information request

referenced in Recital “E” of Order G-12-99.

4.0 Reference: Exhibit B-2, COSA Model, working spreadsheet, “Revenues” Tab, cells C5:L5

4.1 Row 5 of the “Revenues” tab in the working spreadsheet identifies nine types of customers. This tab also provides estimated revenues from each type of customer. The types of customers are:

- Residential
- Small Commercial 20
- Commercial 21/22
- Large Commercial Primary 30/32
- Large Commercial Transmission 31
- Lighting
- Irrigation
- Wholesale Primary 40
- Wholesale Transmission 41

Which of these categories includes the revenue that would be received by FBC due to the proposed changes to RS 101 and RS 102?

5.0 Reference: Exhibit B-2, COSA Model, working spreadsheet, “Rev Req” Tab, Cell D246

5.1 Cell D246 of the “Rev Req” tab identifies \$1,179,000 as Transmission Access Revenue. This amount is netted off the revenue requirement for transmission services. Is this FBC’s estimate of the total revenue that would be received by FBC from RS 101 and RS 102?

5.2 Does it include revenue under any other tariffs?

5.3 If this amount is not FBC’s estimate of the total revenue that would be received from RS 101 and RS 102, please provide FBC’s estimate of the total revenue that would be received by FBC based on the proposed new versions of RS 101 and RS 102, and the revenue that would be received by FBC under the current RS 101 and RS 102 (i.e. if the changes are not approved).

5.4 Please identify where the revenue that would be received by FBC based on the proposed changes to RS 101 and RS 102 is shown in the COSA model.

5.5 In FBC’s view, is the proposed rate design expected to result in appropriate revenue recovery by FBC, or is it expected to result in over-recovery of transmission revenues? Please base this response on the forecast rates in the COSA, and FBC’s current transmission access customers.

5.6 Please explain FBC’s proposed treatment of variances between forecast and actual RS 101 and RS102 revenues?

6.0 Reference: Exhibit B-8, BCUC IR 1.20.1

“While the cited Commission decisions note that future rebalancing need not take place unless the R/C ratios again fall outside of the accepted range of reasonableness, they are silent on what the future target of the rebalancing should be in the case where such an excursion outside the range of reasonableness comes to pass. FBC does not view it as an equitable or logical outcome to move only two classes to unity while leaving other classes untouched.”

6.1 Please explain whether there were rate classes with RC Ratios between 95 percent and 105 percent in the 2009 COSA process? If so, were these rate classes also adjusted to reflect equitable or logical treatment? If not, why not, and why was this equitable in 2009 but not now?

7.0 Reference: Exhibit B-8, BCUC IR 1.62.1 and BCUC IR 1.63.5

The current situation is not analogous to the circumstances envisioned in Order G-12-99, since only FBC is providing wheeling services.

7.1 Assuming scenario 3, as identified in BCUC 1.62.1, was envisioned/contemplated in Order G-12-99, would it then be more appropriate for FBC to seek a reconsideration and variance of Order G-12-99, instead of seeking a clarification of Order G-12-99?

8.0 Reference: Exhibit B-8, BCUC IR 1.63.5

“... it is less likely that if a retail or wholesale customer of FBC decided to use the wheeling tariff to meet its load that there would be a corresponding reduction of PPA usage (the revenue shift), as envisioned in Order G-12-99.”

8.1 Please comment on whether FBC’s or BCHydro’s evaluations of supply alternatives are being affected by the current use of RS101 and RS102?

8.2 Please identify where in Order G-12-99 it is envisioned that if a retail or wholesale customer of FBC decided to use the wheeling tariff to meet its load

9.0 Reference: Exhibit B-8, BCUC IR 1.64.3

9.1 Please explain whether “the resulting revenues of ... approximately \$3.5 million, \$3.54 million and \$3.64 million” would be incremental revenues to FBC with no incremental costs to FBC? Please provide the detailed calculation of the same amounts and explain increases over the 2017 forecast for such revenue used in the COSA? that there would be a corresponding reduction of PPA usage?

10.0 Reference: Exhibit B-8, BCUC IR 1.73.1

- 10.1 Please explain whether FBC's calculation of system losses is consistent with BC Hydro's methodology described in the following document:
<https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/regulatory-planning-documents/transmission-planning/transmission-system-studies-guide.pdf>
- 10.2 Please provide the actual calculations for FBC's derived values of losses.
- 10.3 Please provide a reference for FBC's use "industry data" for the assumed value of 1.5 percent for transformer losses.
- 10.4 Please provide examples of any other utilities using FBC's methodology to determine system losses.

11.0 Reference: Exhibit B-15, ICG IR 1.3.1

- 11.1 Please provide a summary table that shows Gross Plant, CIAC, accumulated depreciation and net plant on an annual basis since 2008. Please show an example calculation how the gross plant and net plant values are calculated from year to year.

12.0 Reference: Exhibit B-15, ICG IR 1.4.1

“The revenues associated with RS 37 are related to service from generation and transmission facilities. The revenues are intended to compensate all customers for use of the fixed system, and are allocated to all customers that contribute to the fixed costs of the utility. If the COSA was changed to allocate the revenues only on the basis of the generation and transmission rate base, the RC ratio for the RS 31 class would change from 107.0 percent to 107.2 percent. This difference would not have resulted in a change to the proposed rates for RS 31. The proposed rebalancing would move the RC ratio from 104.7 percent to 104.9 percent and the proposed RC ratios would still be within the 95 to 105 range of reasonableness.”

- 12.1 Please explain how RS 37 is related to any service from generation when all RS 37 energy is assigned a value from Mid-C, including transmission charges?
- 12.2 The transmission charges for RS 37 energy include an amount for transmission from Mid-C to the border. Will FBC's proposed changes to RS 101 and RS 102 create any transmission charges from the border to the customer?
- 12.3 Please provide the revised COSA model spreadsheet that yields the RC ratio of 104.9 percent reference in the response and identify where any changes were made.

13.0 Reference: Exhibit B-15, ICG IR 1.5.1

“The split is based on the equivalent purchases under RS 3808 and so both the amounts of demand and energy, as well as the RS 3808 rates would impact the result. The Waneta Expansion project was added since the 2009 COSA and the equivalent purchase amount under RS 3808 included the added capacity. This led to a higher demand-related amount than in 2009.”

- 13.1 Please provide the actual values of the RS 3808 purchases used for this Application and for the 2009 COSA, and show how these values were used in the assignment of the demand and energy cost.
- 13.2 Please explain why the Waneta Expansion costs are not treated the same as Generation Rate Base while the BCH 3808 purchases (as shown in Exhibit B-1, Section 5.1.2.2.2, Table 5-8, page 48) are shown the same as Generation Rate Base with a 20% Demand and 80% Energy split.
- 13.3 Please provide a summary table showing the effects on the RC Ratios if the 2009 COSA 20%/80% Demand/Energy split was used. Please also provide the COSA model spreadsheet and identify where all changes were made.

14.0 Reference: Exhibit B-15, ICG IR 1.8.1

“The billing ratchet is necessary to ensure that the rate reflects the fixed nature of many of the costs of FBC, including the Waneta Expansion. The costs of the Waneta Expansion are fixed each month and cannot be avoided if customers have lower peaks.”

- 14.1 Please identify the portion of the costs of the Waneta Expansion that are included in the Wires Charge and the portion in the Power Supply Charge. Why would one charge be subject to an eleven billing period ratchet and not the other?

15.0 Reference: Exhibit B-15, ICG IR 1.11.8

- 15.1 Please comment on whether FBC “cannot state what charges may or may not be included” because FBC is not aware of such charges or because FBC is aware of such charges but cannot publicly disclose such charges because FBC is holding such charges confidential?
- 15.2 Please file the complete record of the Order G-12-99 proceeding and any other proceeding related to the harmonization of rates between BC Hydro and FBC?

16.0 Reference: Exhibit B-15, ICG IR 1.16.1

“First, and contrary to the point raised in the question, FBC does not expect to

receive any energy under RS 106, and may not be able to absorb additional energy into its storage account if and when a positive imbalance was to occur, as FBC has no control over the timing of the inadvertent deliveries. FBC submits an Annual Electric Contracting Plan to the BCUC each year detailing its load and resource balance, and monitors it continuously throughout the year. Unexpected inadvertent deliveries under RS 106 could change FBC's plan, resulting in lost market opportunities, or overfilling of the storage accounts, both of which would pass on increased costs to other customers.

Second, FBC may be subject to penalties under its Imbalance Agreement with BC Hydro if it is delivering too much energy into its system during periods of negative market prices. If FBC does not charge customers for positive imbalances during periods of negative market prices, it may provide a benefit to the transmission customer at the expense of other customers."

16.1 Please explain why it is not more logical and equitable to only pass along the charge to the customer when the Mid-C price is negative only when FBC's storage accounts are full or when a penalty is incurred under the Imbalance Agreement with BC Hydro?

16.2 Please identify how often and when, in the past five years, FBC storage accounts have been full or an Imbalance Agreement penalty has been incurred. In situations where FBC incurs no additional costs, and in fact may actually receive a benefit, why is also charging the customer fair, equitable, or logical?

17.0 Reference: Exhibit B-15, ICG IR 1.18.1

17.1 Please describe FBC's methodology or criteria for determining a satisfactory load factor for potential RS 33 customer. Please be as specific as possible.

18.0 Reference: Exhibit B-15, ICG IR 1.19.1

"FBC is unable to update rows 46 to 56 of the COSA Worksheet with the 2017 actual values since the breakdown used in the COSA is not the same as normally compiled by the load forecasting department. 2017 actual load numbers are still in the process of being verified, and then there is a considerable amount of work required to segment the data as was done for the historic information used in the COSA."

18.1 When will the 2017 actual values be available?

19.0 Reference: Exhibit B-15, ICG IR 1.19.2

"For purposes of the COSA, EES worked with both energy sales at the meter and total system energy for each month. The difference between these two numbers was set as the overall loss factor. EES then split the total losses

between transmission, primary and secondary based on standard differentials. This same loss factor was applied to peak demands as well as energy. The goal in the COSA was to be able to allocate costs by customer class based on their contribution to the system energy and demand components. If EES had simply used sales data for allocating costs, the classes served at transmission voltage would have been over-allocated costs relative to those served at secondary voltage. Please refer to the response to BCUC IR 1.73.1 for a discussion of the determination of the loss percentages.”

19.1 Please provide the actual values and the calculations used by EES in the methodology described in the reference.

20.0 Reference: Exhibit B-15, ICG IR 1.20.1

20.1 Please explain why there is no substation equipment associated with Lower Bonnington or South Slocan generating stations assigned as generation-integration.