

REQUESTOR NAME: **BC Sustainable Energy Association and Sierra Club BC**  
INFORMATION REQUEST ROUND NO: 1  
TO: **FortisBC Energy Inc. (FEI)**  
DATE: **August 27, 2018**  
PROJECT NO: **1598966**  
APPLICATION NAME: **FortisBC Energy Inc. Annual Review for 2019 Delivery Rates**

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**1.0 Topic: 2019-2022 Demand Side Management Application (Expenditures Plan)**  
**Reference: Exhibit B-2, section 1.2.2, pdf p. 12**

“Approvals sought within the DSM Application include an increase in expenditures, an adjustment of the amount of expenditures allowed as a forecast within FEI’s annual rate setting mechanism and a change to the amortization period of DSM expenditures, all of which will impact the 2019 forecasts within this Application. ... FEI anticipates that a decision may be received for the DSM Application by the end of 2018 and if so will incorporate the DSM Application decision in its compliance filing to this Application.”

- 1.1 Please confirm that the increased DSM expenditures described above have already been factored into FEI’s energy and demand forecasts for this current application. If not confirmed, please explain.

**2.0 Topic: Demand forecast**  
**Reference: Exhibit B-2, pdf pp. 33 - 49**

- 2.1 Please explain how the demand forecast methodology takes into account expected DSM savings.
- 2.2 Please confirm that in FEI’s 2019-2022 DSM Expenditure Schedule FEI proposes increased levels of DSM savings in 2019 to 2022. Are these higher levels of DSM savings taken into account in the demand forecasts in Chapter 3?
- 2.3 Please provide in numeric and graphic form the levels of actual spending and savings on DSM programs for 2017 and 2018 to date, compared to the forecasts for 2017 and 2018.
- 2.4 Has the implementation of DSM measures by FEI customers been higher or lower than FEI forecast for 2017 and 2018 to date? Please respond in terms of major customer classes, for total energy used and for UPC.

**3.0 Topic: Evaluation of the PBR Plan**  
**Reference: Exhibit B-2, section 1.4, pdf pp. 13-24**

- 3.1 Is it FEI’s position that the current proceeding is the appropriate venue in which to review and evaluate the current PBR system? Please explain.
- 3.2 Is it FEI’s position that the O&M savings given in Table 1-2 represent savings relative to spending that would have taken place under a cost-of-service ratemaking formula, had PBR not been used?
- 3.2.1 If so, please detail FEI’s methodology in making that assessment.

- 3.2.2 If not, please explain how PBR should be assessed against cost-of-service ratemaking, in terms of savings.

**4.0 Topic: Biomethane O&M**

**Reference: Exhibit B-2, section 6.3.3, pdf pp. 60 – 61 & section 7.2.2, pdf p. 68**

“The 2019 forecast O&M [for Biomethane] of \$1.369 million is \$0.248 million higher than the 2018 Approved O&M primarily due to assignment of additional resources to support supply development to meet the growing demand.” [pdf p. 61]

- 4.1 Please provide an update on the biomethane (RNG) program, addressing whether the price reductions from the BERC Rate Methodology proceeding and Commission Decision and Order G-133-16 have impacted biomethane sales.
- 4.2 Please provide more detail on the “growing demand” for biomethane: is demand growing among both larger volume and smaller volume customers?
- 4.3 Please discuss the outlook for further growth of the RNG program, including the outlook for securing further biomethane supply contracts.
- 4.3.1 What effect does FEI expect this to have on the BVA and recoveries from delivery rates?

“The 2018 Projected O&M of \$1.928 million is \$0.807 million higher than the 2018 Approved O&M of \$1.121 million. This is due to under forecasting of resources by approximately \$0.367 million, the Kelowna upgrader fire remediation cost of approximately \$0.463 million (partially offset by lower operating costs during remediation) and the Surrey interconnection regulatory proceeding costs \$0.075 million.” [pdf p. 61]

- 4.4 Please explain this under-forecasting of resources in more detail.

**5.0 Topic: Customer Satisfaction Index**

**Reference: Exhibit B-2, Table 13-12, pdf p.156**

“The 2017 [CSI] result was 8.4, lower than the 8.8 score in 2016. Index contributor scores were lower in all areas. Although not conclusive, customer comments and statistical analysis suggest that the lower 2017 result may be associated with lower customer satisfaction with the cost of natural gas following commodity cost increases in October 2016, followed by a colder, wetter winter.”

- 5.1 Please provide the results of the statistical analysis related to whether the Customer Satisfaction Index is associated with commodity costs increases and colder, wetter winters.
- 5.2 What does FEI plan to do to respond to the decline in the customer satisfaction index score?

**6.0 Topic: SQI: Transmission Reportable Incidents**  
**Reference: Exhibit B-2, section 13.2.3, pdf p. 157**

“The fourth Level 1 incident occurred in September 2017 and was the result of a contractor hitting a transmission pipeline while building an access road to a new residential development. The contractor had not called BC One Call to obtain location records, nor been issued a permit for work by FEI. Significant damage to the pipeline coating occurred. A stop work order was issued and the coating was repaired.” [pdf p.158]

6.1 Was there any release of natural gas in the above-noted incident?

“The first [2018] Level 1 incident took place in April 2018 when a mud slide struck and exposed a Transmission Pipeline near Castlegar. The pipeline was dented and will require repair.”

“The second [2018] Level 1 incident involved pipe along a section of river in the Falkland Valley that was exposed due to erosion. The potential for erosion was reported by patrols in April and May. The Company waited for water levels to recede in June before it could inspect and confirm the erosion.” [pdf p.158]

6.2 Does FEI expect there to be more incidents relating to erosion or slides in the future, as a result of climate change induced extreme weather events?

**7.0 Topic: SQI: Annual GHG emissions**  
**Reference: Exhibit B-2, section 13.3, pdf p. 161**

BCSEA-SCBC has compiled the following table showing FEI’s reported annual GHG emissions from 2009 to 2016:

	Estimated GHG Emission (tCO2e)
2009	171,312
2010	156,467
2011	137,059
2012	134,303
2013	127,940
2014	140,507*
2015	120,997
2016	124,077
2017	137,903
Source: FEU 2014 LTRP Proceeding, Exhibit B-4, BCSEA 1.18.4; FEI 2015 PBR Annual Review Proceeding, Exhibit B-4, BCSEA 7.1; FEI 2017 PBR Annual Review Proceeding,	

Exhibit B-2, p.145; current proceeding, pdf p. 161.

\*Note: Reporting parameters may have changed.

- 7.1 Please confirm that this table is accurate, or provide a corrected version.
- 7.2 What measures did FEI take in 2017 and 2018 year-to-date to control and reduce its GHG emissions? Please provide an estimate of the cost in 2017 and 2018 year-to-date of carrying out these measures.
- 7.3 How do these measures and their cost compare with measures taken in 2016?
- 7.4 How do these measures and their cost compare with measures expected in 2019 and into the future?