



BCUC File 58983  
Batch 58170

October 11, 2018

British Columbia Utilities Commission  
Suite 410, 900 Howe Street  
Vancouver, BC  
V6Z 2N3

Attention: Mr. Patrick Wruck, Commission Secretary and Manager, Regulatory Support

Dear Mr. Wruck:

**Re: FortisBC Energy Inc. (FEI)**  
**Project No. 1598966**  
**Annual Review for 2019 Delivery Rates (the Application)**  
**Response to Workshop Undertakings**

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On August 3, 2018, FEI filed the Application referenced above. In accordance with British Columbia Utilities Commission (BCUC) Order G-143-18 setting out the Regulatory Timetable for the review of the Application, FEI respectfully files the attached responses to the six undertakings from the Workshop held on October 2, 2018.

If further information is required, please contact the undersigned.

Sincerely,

**FORTISBC ENERGY INC.**

***Original signed:***

Diane Roy

Attachments

cc (email only): Registered Parties

**FortisBC Energy Inc.  
Annual Review of 2019 Delivery Rates  
Workshop October 2, 2018**

**UNDERTAKING No. 1**

**TRANSCRIPT**

**REFERENCE:** Volume 1, Page 31, Line 17 to Page 32, Line 19

**REQUESTOR:** Ms. Lai (BCUC Staff)

**QUESTION:** Gas Workforce Management, reference BCUC IR 1.5.3, provide a breakdown of the \$420 thousand difference for training and/or other costs.

**RESPONSE:**

The following table is a detailed breakdown of the \$420 thousand O&M expenditure increase for Gas Workforce Management training:

CATEGORY	VARIANCE	DETAILS
Training Development	\$15,000	Additional contractor costs to develop the Training Strategy and Plan
	\$176,000	Additional contractor and internal resource costs to develop Training Material
	\$90,000	Additional contractor costs to document end user support guides (i.e. Procedural Knowledge Base Articles)
Logistics	\$105,000	Additional internal resource time to support training delivery (more classes than originally planned)
	\$27,000	Additional contractor and internal resource costs to execute the Training Plan (e.g. schedule participants, book rooms/catering, track attendance, etc.)
	\$7,000	Additional travel costs for trainers to facilitate at additional locations
<b>TOTAL</b>	<b>\$420,000</b>	

When the Gas Workforce Management project was initiated, FEI expected there to be moderate changes to business processes, and for training to be limited to two primary audiences. As the team refined the business requirements and scoped the detailed features and process changes, FEI identified additional opportunities to enhance the customer experience, improve safety, simplify systems, and re-engineer work process. The training requirements and changes became more complex with multiple training audiences resulting in FEI needing to enhance the training activities to ensure a successful business transition to the new system. FEI will incorporate the learnings from this project into future initiatives of a similar nature.

**FortisBC Energy Inc.**  
**Annual Review of 2019 Delivery Rates**  
**Workshop October 2, 2018**

**UNDERTAKING No. 2**

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**TRANSCRIPT**

**REFERENCE:** Volume 1, Page 94, Lines 1 to 20

**REQUESTOR:** Ms. Walsh (BCUC Staff)

**QUESTION:** For the TIMC project development costs, provide an estimate of the rate impact by year if we did not include those costs in a deferral account but instead had them in O&M and capital.

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**RESPONSE:**

The following table provides the delivery rate impact, by year for 2019 and 2020 and cumulative, if the TIMC Phase 1 and Phase 2 development costs were to be afforded US GAAP treatment as described in the response to BCUC IR 1.21.2 in lieu of FEI's proposed deferral treatment. To respond to this undertaking, FEI has assumed that all of Phase 1 TIMC project development costs are O&M and that the Phase 2 TIMC project development costs are split between O&M and Capital as outlined in the table below. In addition, FEI has assumed that the 2018 costs would initially accumulate in the Flow-Through Deferral account and be collected from customers in 2019.

	2018	2019	2020	Cumulative
Phase 1 Development costs Treated as O&M (\$000)	\$5,680	\$5,710	\$230	\$11,620
Phase 2 Development costs treated as O&M (\$000)		\$10,000	\$5,000	\$15,000
Phase 2 Development costs treated as Capital (\$000)		\$9,000	\$6,000	\$15,000
<b>Delivery Rate Change</b>		2.8%	0.7%	3.5%

**FortisBC Energy Inc.  
Annual Review of 2019 Delivery Rates  
Workshop October 2, 2018**

**UNDERTAKING No. 3**

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**TRANSCRIPT**

**REFERENCE:** Volume 1, Page 97, Lines 9 to 18

**REQUESTOR:** Ms. Walsh (BCUC Staff)

**QUESTION:** For Whistler project, reference BCUC IR 1.8.11, provide a breakdown of the \$10.3 million project costs by category.

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**RESPONSE:**

Following is a breakdown of the current project forecast:

	<b>\$000s</b>
Project Management	730
Engineering	710
Materials	317
Construction	7,907
LNG equipment costs	506
Contingency	100
<b>TOTAL</b>	<b>10,270</b>

Note that the LNG equipment costs refer to installation, testing, and mobilization/demobilization costs associated with installing LNG vaporizer equipment to support commissioning the new pipeline and station.

Over 96 percent of the construction costs (approximately \$7.575 million of the \$7.907 million noted above) were competitively tendered.

Although the project will be considered substantially complete in 2018, minor project closeout costs of \$50 thousand are currently expected for 2019.

**FortisBC Energy Inc.  
Annual Review of 2019 Delivery Rates  
Workshop October 2, 2018**

**UNDERTAKING No. 4**

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**TRANSCRIPT**

**REFERENCE:** Volume 1, Page 100, Line 26 to Page 101, Line 11

**REQUESTOR:** Mr. Andrews (BCSEA)

**QUESTION:** For GHG emission factors, reference BCSEA IR 1.7.1, what is the reason for the increase in 2017.

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**RESPONSE:**

In 2017, a combination of an increase in customer demand for natural gas, and maintenance related to the transmission pipeline contributed to the higher GHG emissions. The largest increase in GHG emissions was related to an increase in natural gas usage for compression and maintenance along the Coastal Transmission System. Natural gas usage in compression is related to customer demand while maintenance related activities along the transmission pipeline are based on a biannual schedule. Smaller increases were noted for natural gas consumption for line heaters and compression in the interior System which are attributed to an increase in demand in the region.

**FortisBC Energy Inc.**  
**Annual Review of 2019 Delivery Rates**  
**Workshop October 2, 2018**

**UNDERTAKING No. 5**

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**TRANSCRIPT**

**REFERENCE:** Volume 1, Page 102, Line 13 to Page 106, Line 19

**REQUESTOR:** Mr. Andrews (BCSEA)

**QUESTION:** DSM spending by program area table, reference BCSEA IR 1.2.3, we have a discussion of the change in the low income spending from 2018 plan to 2018 projected which is a decrease, but at the same time we're seeing an increase in the savings over that same time period. Confirm and describe what's going on there and file the 2019 version of the table.

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**RESPONSE:**

Please refer to the updated version of the referenced table following this response, that includes planned DSM expenditures and energy savings for 2019-2022.

2018 projected expenditures for the low income program area are below plan due to anticipated lower project completions in the Energy Conservation Assistance Program. This is due to a program delivery vendor transition that occurred during 2018 after the initial delivery vendor entered creditor protection early in the year.

Projected energy savings in the low income program area are driven by Energy Savings Kit delivery volumes that are higher than plan due to strong program participation.

The 2019 industrial planned expenditures include customer commitments made in 2017 and 2018 that are expected to be realized in 2019 and additional projects that are expected to be both committed and realized in 2019. While some of the 2019 increase reflects projects that were planned for 2018 and delayed to 2019 (due to customer internal delays), the balance of the increase in planned expenditures reflects additional industrial offers being brought into market in 2019. These offers include new industrial prescriptive measures and the launch of the industrial strategic energy management program.

For further information regarding 2019 program projections, please refer to the 2019-2022 Demand Side Management Expenditures Plan application which can be found at: <https://www.bcuc.com/ApplicationView.aspx?ApplicationId=635>.

**FortisBC Energy Inc.**  
**Annual Review of 2019 Delivery Rates**  
**Workshop October 2, 2018**

**UNDERTAKING No. 5**

**Table 1: Plan Expenditures and GJ Savings by Program Area**

	EXPENDITURES (\$000s)									GJ Savings								
	2017 Actual	2018 Actual July*	2017 Plan	2018 Plan	2018 Projected**	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2017 Actual	2018 Actual July*	2017 Plan	2018 Plan	2018 Projected**	2019 Plan	2020 Plan	2021 Plan	2022 Plan
Residential	12,203	6,515	10,700	11,383	13,968	23,521	25,664	28,357	31,190	137,161	82,927	136,672	157,890	155,786	238,946	277,639	300,891	328,860
Commercial	10,834	4,865	10,416	10,051	11,361	13,837	17,268	27,173	30,618	238,688	88,073	237,665	183,258	248,590	280,314	295,004	418,482	478,288
Industrial	2,099	368	2,983	2,983	1,624	3,103	3,133	3,604	3,644	105,516	1,709	190,300	189,465	64,197	280,651	280,651	316,955	316,955
Low Income	2,644	1,097	3,247	3,483	2,878	6,630	6,759	6,908	7,096	47,263	13,849	27,768	28,190	56,973	76,022	76,590	77,141	77,707
Conservation Education and Outreach	2,590	1,692	2,400	2,400	2,729	7,155	7,203	8,233	8,868	--	--	--	--	--	Savings not estimated 2019-2022			
Innovative Technologies	928	491	1,218	1,210	1,280	2,043	2,173	2,573	2,973	4,910	0	5,343	29,468	--	Savings not estimated 2019-2022			
Enabling Activities	1,181	529	4,425	4,365	3,238	8,426	8,223	9,005	8,598	--	--	--	--	--	Savings not estimated 2019-2022			
Portfolio Level Activities	1,559	789			1,529	1,635	1,635	1,735	1,835	--	--	--	--	--	--	Savings not estimated 2019-2022		
<b>ALL PROGRAMS</b>	<b>34,039</b>	<b>16,346</b>	<b>35,388</b>	<b>35,874</b>	<b>38,607</b>	<b>66,350</b>	<b>72,057</b>	<b>87,587</b>	<b>94,821</b>	<b>533,538</b>	<b>186,558</b>	<b>597,748</b>	<b>588,271</b>	<b>525,546</b>	<b>875,933</b>	<b>929,884</b>	<b>1,113,469</b>	<b>1,201,809</b>

\*End of July 2018

\*\*Subject to change

**FortisBC Energy Inc.  
Annual Review of 2019 Delivery Rates  
Workshop October 2, 2018**

**UNDERTAKING No. 6**

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**TRANSCRIPT**

**REFERENCE:** Volume 1, Page 116, Line 5 to Page 117, Line 9

**REQUESTOR:** Ms. Lai (BCUC Staff)

**QUESTION:** Were any NGT fueling stations constructed by FEI during the PBR term that were not prescribed undertakings under the GGRR?

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**RESPONSE:**

FEI has not constructed any new non-GGRR NGT stations for customers during the 2014 – 2018 PBR period. However, FEI has applied for, and received approval to, expand two stations that were originally constructed as non-GGRR NGT stations. The following table provides details on these two expansions.

Station Name	Type	Expansion Year	Order	Note
Kelowna School District Expansion	CNG	2017	G-74-18	The original station was built in 2011 (G-158-13)
Waste Management 2014 Expansion	CNG	2014	G-64-16	The original station was built under GT&C 12B in 2010 (G-128-11); and a previous expansion also occurred in 2013 (G-229-13)

The only other non-GGRR NGT station which was built during the PBR period was for FEI's own fleet use and not for a customer. In 2017, FEI constructed a compressed natural gas (CNG) fueling station at its operations centre located in Kamloops, BC (the Kamloops CNG Station). The Kamloops CNG Station was constructed to provide CNG fueling service to FEI's own CNG fleet vehicles. The capital expenditure on the Kamloops CNG Station was undertaken in 2017 as part of formula capital under the PBR Plan.