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November 6, 2019

Sent via eFile

FORTISBC MULTI-YEAR RATE PLAN APPLICATION FOR 2020 TO 2024 EXHIBIT A-13
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Mr. Doug Slater
Director, Regulatory Affairs
FortisBC
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Re: FortisBC Energy Inc. and FortisBC Inc. – Multi-Year Rate Plan Application for 2020–2024 – Project Number 1598996 – Regulatory Timetable

Dear Mr. Slater:

Further to the October 31, 2019 procedural conference, enclosed please find British Columbia Utilities Commission Order G-272-19 with reasons and the regulatory timetable.

Sincerely,

Original signed by:

Patrick Wruck
Commission Secretary

SS/dg
Enclosure



ORDER NUMBER
G-272-19

IN THE MATTER OF
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

FortisBC Energy Inc. and FortisBC Inc.
Application for Approval of a Multi-Year Rate Plan for the Years 2020 through 2024

BEFORE:

D. A. Cote, Panel Chair
A. K. Fung, QC, Commissioner
K. A. Keilty, Commissioner
E. B. Lockhart, Commissioner

on November 6, 2019

ORDER

WHEREAS:

- A. On March 11, 2019, FortisBC Energy Inc. and FortisBC Inc. (collectively, FortisBC) applied to the British Columbia Utilities Commission (BCUC) for approval of a proposed Multi-Year Rate Plan for the years 2020 through 2024, pursuant to sections 59 to 61 of the *Utilities Commission Act* (Application);
- B. The Application seeks approval of a rate-setting framework for FortisBC for the upcoming five years, including, among other things, incentive mechanisms, an innovation fund, a forecast of capital expenditures and service quality indicators. The Application also seeks approval of deferral accounts, updated depreciation rates, capitalization rates and other supporting studies;
- C. By Order G-64-19 dated March 20, 2019, the BCUC established an initial review process for the Application;
- D. By Order G-156-19 dated July 15, 2019, the BCUC established a further regulatory timetable for the review of the Application, which included a potential second Procedural Conference to take place on December 4, 2019;
- E. By letter dated September 25, 2019, the BCUC confirmed that the regulatory timetable with intervener evidence, established in Order G-156-19 would be followed;
- F. By letter dated September 30, 2019, FortisBC requested an amendment to the regulatory timetable in order to advance the date for the procedural conference, currently scheduled for Wednesday, December 4, 2019;
- G. By Order G-241-19 dated October 8, 2019, the BCUC amended the regulatory timetable and the date of the second Procedural Conference to take place on October 31, 2019;

- H. On October 24, 2019, the BCUC issued a letter identifying several procedural matters to be addressed at the procedural conference;
- I. By letter dated October 29, 2019, FortisBC provided initial comments on the procedural matters set out in the BCUC's letter (Pre-filed Comments);
- J. In accordance with the regulatory timetable established by Order G-241-19, the Procedural Conference took place on October 31, 2019, and was attended by FortisBC and the following interveners:
- British Columbia Municipal Electrical Utilities;
 - British Columbia Old Age Pensioners' Organization et al.;
 - British Columbia Sustainable Energy Association;
 - Commercial Energy Consumers Association of British Columbia;
 - Movement of United Professionals; and
 - Industrial Customers Group; and
- K. The BCUC has considered FortisBC's Pre-filed Comments and the submissions made by the parties at the procedural conference and finds that establishing a further regulatory timetable is warranted.

NOW THEREFORE for the reasons attached as Appendix B to this order, the BCUC establishes a further regulatory timetable for the review of the Application, as set out in Appendix A to this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 6th day of November 2019.

BY ORDER

Original signed by:

D. A. Cote
Commissioner

Attachments

FortisBC Energy Inc. and FortisBC Inc.
Application for Approval of a Multi-Year Rate Plan for the Years 2020 through 2024

REGULATORY TIMETABLE

Action	Date (2019)
Intervener Responses to Information Requests (IRs) on Evidence	Tuesday, November 19
BCUC and Intervener IRs on FortisBC 2020 Interim Rates Application	Wednesday, November 20
FortisBC to File Rebuttal Evidence	Tuesday, November 26
BCUC and Intervener IRs on Rebuttal Evidence (except British Columbia Old Age Pensioners' Organization <i>et al.</i> (BCOAPO))	Friday, December 6
BCOAPO IRs on Rebuttal Evidence	Tuesday, December 10
FortisBC Responses to IRs on its 2020 Interim Rates Application	Wednesday, December 11
FortisBC Responses to IRs on Rebuttal Evidence (except BCOAPO)	Friday, December 20
FortisBC Responses to BCOAPO IRs on Rebuttal Evidence	Tuesday, December 24
Action	Date (2020)
FortisBC Final Argument	Friday, January 10
Intervener Final Argument	Friday, February 7
FortisBC Reply Argument	Friday, February 28

FortisBC Energy Inc. and FortisBC Inc.
Application for Approval of a Multi-Year Rate Plan for the Years 2020 through 2024

REASONS FOR DECISION

1.0 BACKGROUND AND INTRODUCTION

On March 11, 2019, FortisBC Energy Inc. and FortisBC Inc. (collectively, FortisBC) applied to the British Columbia Utilities Commission (BCUC) for approval of a proposed Multi-Year Rate Plan (MRP) for the years 2020 through 2024, pursuant to sections 59 to 61 of the *Utilities Commission Act* (Application).

By Order G-64-19 dated March 20, 2019, the BCUC established a public hearing process for the review of the Application which included, among other things, a workshop on key elements of the Application, BCUC and intervener information request (IR) no. 1, FortisBC responses to IR no. 1 and a procedural conference scheduled for July 9, 2019.

In accordance with the regulatory timetable established by Order G-64-19, the procedural conference took place on July 9, 2019, and by Order G-156-19 dated July 15, 2019, the BCUC established a further regulatory timetable for the review of the Application, which included, among other things, BCUC and intervener IR no. 2, FortisBC responses to IR no. 2, dates for intervener evidence to be filed, and a procedural conference scheduled for December 4, 2019.

By letter dated September 30, 2019, FortisBC requested an amendment to the regulatory timetable established by Order G-156-19 to advance the date for the procedural conference. FortisBC stated that the date of the procedural conference left little time between a decision on the need for and scope of a potential oral component of the proceeding, and the placeholder dates for that oral component, if required. FortisBC submitted that this would impact the ability of all parties to prepare for a potential hearing and for FortisBC in particular to finalize and prepare its witness panels.

By Order G-241-19 dated October 8, 2019, the BCUC amended the regulatory timetable and scheduled the date of the procedural conference for October 31, 2019. On October 24, 2019, the BCUC issued a letter identifying the following procedural matters for parties to address at the procedural conference:

1. Whether FortisBC intends to file rebuttal evidence, and if so, whether interveners wish to file IRs on FortisBC's rebuttal evidence if an oral public hearing is not held.
2. Whether the review of the Application should proceed by way of a written or oral public hearing. If an oral public hearing is proposed, parties are to identify the specific matter(s) that should be addressed through that process and the rationale for their inclusion.
3. Steps and timetable associated with the recommended regulatory review process, considering the current placeholder for an oral public hearing to begin the week of December 16, 2019. If an alternative oral public hearing date is proposed, any time periods where parties are unavailable.
4. Any other procedural matters that will assist the BCUC to efficiently review the Application.¹

¹ Exhibit A-11, p. 1.

By letter dated October 29, 2019, FortisBC provided initial comments on the procedural matters set out in the BCUC's letter, including a proposed regulatory timetable (Pre-filed Comments).²

In accordance with the regulatory timetable established by Order G-241-19, the procedural conference took place on October 31, 2019, and was attended by FortisBC and the following interveners:

- British Columbia Municipal Electrical Utilities (BCMEU);
- British Columbia Old Age Pensioners' Organization et al. (BCOAPO);
- British Columbia Sustainable Energy Association (BCSEA);
- Commercial Energy Consumers Association of British Columbia (CEC);
- Movement of United Professionals (MoveUP); and
- Industrial Consumers Group (ICG).

2.0 SUBMISSIONS ON PROCEDURAL MATTERS

FortisBC's Intention to File Rebuttal Evidence

In its Pre-filed Comments, FortisBC submitted that it would be filing rebuttal evidence in response to the evidence of Mr. Bell. FortisBC also provided a proposed timetable which included separate dates under a scenario where interveners submitted IRs on the rebuttal evidence and a scenario where interveners did not.³

Most of the interveners stated at the procedural conference that they do intend to file IRs with regard to FortisBC's rebuttal evidence. MoveUP stated it was unlikely to file IR's on rebuttal evidence, but that it reserved the right to do so after assessing the evidence.⁴

Further Process – Oral vs. Written

In its Pre-filed Comments, FortisBC submitted the proceeding can be fairly and efficiently determined based on the written record. FortisBC stated that an oral hearing involves considerably more investment by the utility and other participants in terms of time and dollars, with all costs ultimately being borne by customers. FortisBC highlighted the following reasons why a written hearing is preferable:

- a) A significant base of knowledge and history exists with PBR-like plans, including the 2014 PBR proceeding and the annual review processes.
- b) An extensive evidentiary record exists, including a comprehensive application, approximately 2,700 IR responses, and written intervener evidence from BCOAPO, as well as opportunity to ask IRs on that evidence, and to provide written rebuttal evidence.
- c) There has been limited reliance on third party expert evidence in this proceeding, reducing the extent of "dueling" experts that was present in the 2014 PBR proceeding.⁵

² Exhibit B-20.

³ Exhibit B-20, p. 2.

⁴ Procedural Conference Transcript Volume 3, p. 248.

⁵ Exhibit B-20, pp. 2–3.

FortisBC further submitted that in the event an oral hearing is required, it should be targeted at areas where the substance is new, such as the Innovation Fund and Targeted Incentives.

BCSEA, Move-up, and ICG as well as BCMEU and CEC all submit they will not be seeking an oral hearing.⁶ In addition, the BCUC staff indicate that the record is fully fleshed out and do not believe that an oral hearing is warranted.⁷

BCOAPO submits that an oral hearing is necessary, but not on all issues. BCOAPO acknowledges the costs of an oral hearing process will trickle down to its clients, but it believes the benefit of examining certain issues outweighs the costs when spread over FortisBC's residential ratepayer base. BCOAPO submits that the areas of focus should be on the new elements (no growth adjustment carryover, no productivity factor, no true up for actual regular capital during the term, Innovation Fund, incentive proposals, base O&M and the adjustments to 2018 actual base O&M).⁸

When questioned as to whether a third round of IRs would satisfy the need to develop the record further, BCOAPO responded that if a third round of IRs were offered, it would not advocate for an oral hearing.⁹

In reply, FortisBC reiterates its position that an oral hearing on MRP elements is not needed, and the BCUC is well positioned to deal with these items in a written process. FortisBC states that the previous PBR has already had a deep dive into these elements with various experts, and the annual review process is extensive, and points to the extensive number of IR responses. With reference to a third round of IRs, FortisBC also questions whether a further round of IRs is needed:¹⁰

I think BCOAPO has had two rounds of IRs now and had the opportunity to ask the questions and it's just – it's unclear to me, you know, why there could be, you know, further ones that are needed now in a third round on these topics which have been, you know, well understood and well known since the application was filed.

BCSEA also does not support a third round of IRs, stating it is important for proceedings to move along in a timely manner so that decisions can be made.¹¹

Timetable for Process Steps

In its Pre-filed Comments, FortisBC set out three proposed timetables, one for a fully written process without IRs on rebuttal evidence, one for a fully written process with IRs on rebuttal evidence, and one contemplating an oral hearing component.¹² With regards to alternative oral public hearing dates, FortisBC stated it is not available December 23 and December 24 and its counsel is not available from December 30 to January 3.

Should the BCUC proceed with a written process, FortisBC stated that Table 2 (fully written process with IRs on rebuttal) is a satisfactory option.¹³

⁶ Procedural Conference Transcript Volume 3, para. 6, p. 226; para. 8, pp. 232–233; para. 13, p. 248; para. 13, p. 248.

⁷ Ibid., para. 13, p. 249.

⁸ Ibid., paras. 10–11, pp. 239–241.

⁹ Ibid., para. 14, p. 251.

¹⁰ Ibid., paras. 17–18, pp. 258–260.

¹¹ Ibid., para. 16, p. 254.

¹² Exhibit B-20, Tables 1 through 3.

¹³ Procedural Conference Transcript Volume 3, para. 22, p. 273.

ICG, BCMEU and CEC state that they support Table 2 and can make themselves available as needed.¹⁴

BCSEA submits that it is fine with Table 2 and has no availability constraints. If an oral hearing was to be held, it agrees with FortisBC's Table 3 noting that an oral hearing pushed into February is undesirable.¹⁵

With respect to Table 1, BCOAPO states that interveners could not reasonably be expected to fully respond to the utilities application in a manner that would be helpful to the BCUC while at the same time preparing for the BC Hydro RRA.¹⁶ BCOAPO submits that participants would benefit from not having to strain to find the time to accommodate the demand of an oral hearing during a time of year when work and personal commitments are higher and that a delay to February is minor.¹⁷

BCOAPO is concerned with Table 2 in that it provides less than two weeks for IRs on rebuttal evidence, and states it would prefer two weeks (moving the date from December 6 to December 10).¹⁸

Move UP states that it could live with any of FortisBC's proposed timetables.¹⁹

FortisBC takes issue with BCOAPO's characterization of a delay to February for an oral hearing as "minor" . FortisBC points out that when managing a business much depends on what your budgets are. Tacking on a couple of months to the process extends the period of interim rates and has real life impacts on the utility. FortisBC submits:

...there has to be some recognition for that and the timetable that's been set out does balance, in my submission, the competing considerations of resolving something in a timely way and also accommodating what are real life considerations about the availability of parties and so on.²⁰

FortisBC also raises concerns with extending the timing of IRs on rebuttal evidence to December 10. However, it states it is willing to make an exception specifically for the BCOAPO, as long as FortisBC's response time is preserved.²¹

Annual Review Materials on the Record

BCMEU and CEC state that it is not clear if the annual review materials from the current PBR are part of the record of the current proceeding. They state they may refer to them in written arguments.²²

MoveUP also states that annual review materials should form part of the record of the current proceeding.²³ In reply, FortisBC states that it has no objection to the inclusion of the record from previous annual reviews being on the evidentiary record of this proceeding and refers to CEC IR 1.4.2 in which it had already stated so.²⁴

¹⁴ Ibid., para. 8, pp. 231–232.

¹⁵ Ibid., para. 9, pp. 235–236.

¹⁶ Ibid., para. 10, pp. 238.

¹⁷ Ibid., paras. 11–12, pp. 241–243.

¹⁸ Ibid., para. 12, p. 246.

¹⁹ Ibid., para. 13, p. 249.

²⁰ Ibid., para. 22, pp. 273–274.

²¹ Ibid., paras. 23–24, pp. 275–276.

²² Ibid., para. 7, p. 227.

²³ Ibid., para. 13, p. 249.

²⁴ Ibid., para. 21, p. 271.

FortisBC 2020 Interim Rates Application

BCMEU and CEC note that FortisBC's recently filed 2020 Interim Rates Application contains information they believe to be relevant to the last year of the PBR term. They submit that there is a need for IRs on that information and they should be on the record for this proceeding. These IRs should be on topics as they relate to the PBR application, not to the interim rate application. When asked if they could be incorporated into an oral hearing, BCMEU and CEC state that they could, but an oral hearing is not necessary. In addition, they confirm that their concern is with the most recent year's data being finalized²⁵ and a third round of IRs would be sufficient to address this matter.²⁶

FortisBC states that the Interim Rates Application process is one that occurs on *prima facie* evidence. It does not judge the outcome of anything but allows procedures to unfold without prejudice to the parties.²⁷ FortisBC states that IRs on the Interim Rates Application are unnecessary due to material already on the record.²⁸ However, if IRs are to be submitted, it would need to be soon, and not hold up the process on interim rates. FortisBC proposes that IRs be issued two weeks from the date of a procedural order, and three weeks be given for IR responses.²⁹

With respect to the application of information within the interim rates filing to the broader proceeding, FortisBC states that the 2019 projections were already on the record but acknowledges they were updated a bit in the interim rate application but does not believe these differences are significant. FortisBC concludes its discussion of this issue by stating that "if there is any further process on the information in the interim rates filing, that that be separated from the question of whether interim rates should be approved and what they should be."³⁰

3.0 PANEL DETERMINATION

Based on FortisBC's Pre-filed Comments and the submissions from parties at the procedural conference, there appears to be little support for an oral hearing. BCOAPO was the only intervener taking a strong position in favour of an oral hearing. However, when asked to provide more specifics on the areas it would like to pursue, it was unable to articulate any specific details as to what exactly was missing from the record. The Panel has reviewed the written record and agrees with FortisBC and most of the parties' views that there is already extensive evidence on the record. The Panel acknowledges the timing issues raised with respect to having an oral hearing in December, the scheduling issues that arise if the oral hearing is postponed, and the operational and budget implications for FortisBC when operating for an extended period with interim rates. Further, the Panel agrees with FortisBC that an oral hearing involves an investment in time and cost by the utilities and all participants and that the value of the additional information to be obtained through an oral hearing should exceed the cost. **Given that most parties do not see the need for an oral hearing and that BCOAPO has not identified the specific matters and related rationale for an oral hearing, the Panel finds that there is no need for an oral hearing.**

With regards to parties' submissions on annual review materials being included on the record, the Panel notes that FortisBC has no objections and has already stated so on the record. Therefore, the Panel finds it unnecessary to make a ruling on this matter.

²⁵ Ibid., para. 7, pp. 229–230.

²⁶ Ibid., para. 17, p. 257.

²⁷ Ibid., para. 3, p. 270.

²⁸ Ibid., para. 3, p. 261.

²⁹ Ibid., para. 3, p. 270.

³⁰ Ibid., para. 18, pp. 261–271.

With regards to parties' submissions on IRs on the 2020 Interim Rates Application, the Panel agrees with BCMEU and CEC that the 2020 Interim Rates Application contains information that is relevant to the last year of the PBR term. However, given the extensive information already on the record of the proceeding the Panel believes the scope of IRs on this information should be limited. **Accordingly, the Panel approves a third round of IRs to specifically address information that is relevant to the last year of the PBR. Parties are limited to asking IRs only on any significant variances between the updated 2019 projections and the 2019 projections originally submitted.**

As the parties generally support the structure and timing of FortisBC's proposed regulatory timetable provided in Table 2 of its Pre-filed Comments, the Panel finds it reasonable to establish a timetable similar what was proposed by FortisBC but takes into consideration the agreed to modifications to accommodate BCOAPO. **The Panel therefore establishes a further regulatory timetable for the review of the Application as set out in Appendix A to this order.**