

10 September 2020

VIA E-FILING

Marija Tresoglavic
Acting Commission Secretary
BC Utilities Commission
6th Floor 900 Howe Street
Vancouver, BC V6Z 2N3



Reply to: Leigha Worth
ED@bcpiac.org
Ph: 604-687-3034
Our File: 7310.700

Dear Ms. Tresoglavic,

**Re: FortisBC Energy Inc. System Extension Fund (SEF) Pilot Program Compliance Filing and Application for Approval of the SEF on a Permanent Basis ~ Project No. 1599112
BCOAPO Information Request No. 1**

We represent the BC Old Age Pensioners' Organization, Active Support Against Poverty, Council of Senior Citizens' Organizations of BC, Disability Alliance BC, and Tenant Resource and Advisory Centre, known collectively in regulatory processes as "BCOAPO et al." ("BCOAPO").

Enclosed please find the BCOAPO's Information Requests No. 1 with respect to the above-noted Application.

If you have any questions, please do not hesitate to contact the undersigned.

Sincerely,
BC PUBLIC INTEREST ADVOCACY CENTRE

Original on file signed by
For/Leigha Worth

Executive Director | General Counsel

REQUESTOR NAME: BCOAPO *et al.*
INFORMATION REQUEST ROUND NO: #1
TO: FortisBC Energy Inc. (FEI)
DATE: September 10, 2020
APPLICATION NAME: SEF Pilot Program Compliance Filing and Proposal to Make SEF Permanent

1.0 Reference: Exhibit B-1, page 5 and Exhibit A-3, BCUC IR1 3.0 series, BCUC IR1 6.0 Preamble, 6.1 and 6.1.1:

On page 5 of the Application, FEI states:

There are two aspects of the SEF pilot program results which FEI believes can be improved. First, even though many homeowners qualified for the SEF, a large number still declined to proceed with their connection due to cost. Second, as a result of homeowners declining to proceed with their main extension, not all of the available \$1 million funding for the SEF pilot program has been used or disbursed to eligible customers, even though the financial assistance has been available... The primary reason given by homeowners who declined to proceed was that even with financial assistance from the SEF toward reducing their required contribution, the remaining required CIAC was still too expensive. [Emphasis Added]

- 1.1 Does FEI have any insight in respect of whether potential SEF participants who chose not to participate in the SEF program because the “required CIAC was still too expensive” declined due to (i) connection being not financially feasible (i.e., they were unable to afford even a reduced CIAC contribution under the SEF program) or (ii) the program was financially feasible but they chose not to participate i.e., though it was affordable, what was on offer was not good enough to induce them to participate? Please provide any details available.
- 1.2 Does FEI believe that, other things equal, a residence connected to a natural gas distribution system is more desirable and has a higher market value than one that is not connected to the system?
- 1.3 Did the issue of it being a positive attribute for a home to be connected to the system – hence a benefit capitalized in the increased value of the home to the benefit of the owner – ever arise in communications to or from potential SEF participants? If so, please provide details; if not, why wouldn’t FEI mention this as a “selling point” for the program in order to increase participation?
- 1.4 FEI has interpreted the fact that less than the total fund available, \$1M annually, was taken up by potential customers in their service area indicates that the deal should be sweetened by increasing the CIAC subsidy up to 95% with a maximum of \$10K to subsidize any home that wants to connect: would it not equally be possible that the original program parameters were fine but it turned out that \$1M

per year was too much to allocate to the program? Please explain why FEI believes that the former interpretation is the appropriate interpretation.

1.5 Did FEI consider a proportionate CIAC subsidy when a specific percentage of SEF assistance would depend on the actual amount of the required CIAC (e.g. if the total CIAC is under \$4,000, the subsidy would be 50%, whereas if the total CIAC is under 6,000, the subsidy would be 70% etc.)?

1.5.1 If yes, explain why FEI ruled out this approach?

1.5.2 If no, please explain why not.

2.0 Reference: Exhibit B-1, page 5 and Table 2

The referenced page states:

In Summary, FEI believes that the SEF has provided value to customers by reducing the financial barrier for homeowners facing high costs to connect to the natural gas system and thereby creating greater equity among potential and new customers in higher and lower density areas of FEI's service territory while also contributing to the benefit of all FEI customers resulting from increased throughput. [Emphasis added.]

2.1 Does the increased throughput generally also provide a financial benefit to the shareholder also? If not, please explain why not.

2.2 Please confirm that, neither under the pilot program nor under the instant proposal, does the shareholder provide any financial support to the SEF program. If unable to so confirm, please explain.

2.3 Can FEI confirm that the portion of the capital expenditures funded by the SEF does not get rolled into rate base and does not attract any RoE or debt financing charges?

2.4 For each year shown in Table 2, please provide the lowest, highest, mean, standard deviation, and median CIAC contributed by a participant and the lowest, highest, mean, standard deviation, and median SEF enjoyed by a participant.

3.0 Reference: Exhibit A-3, BCUC IR1.2.1, Postage Stamp Rates

3.1 Please provide FEI's understanding as to the concept of postage stamp rates:

Does FEI consider that equal mains extension/service connection charges for all customers in its service area constitute postage stamp rates, or is the postage stamp rate concept limited to equal delivery rates and fixed monthly charges?

Or, would FEI define the term differently?