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November 23, 2020

British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, B.C.
V6Z 2N3

Attention: Ms. Marija Tresoglavic, Acting Commission Secretary

Dear Ms. Tresoglavic:

Re: FortisBC Inc. (FBC)

Project No. 1599119

Annual Review for 2020 and 2021 Rates (Application)

Response to the British Columbia Utilities Commission (BCUC) Information Request (IR) No. 2

On August 19, 2020, FBC filed the Application referenced above. In accordance with the British Columbia Utilities Commission Order G-287-20 setting out the amended Regulatory Timetable for the review of the Application, FBC respectfully submits the attached response to BCUC IR No. 2.

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC INC.

Original signed:

Diane Roy

Attachments

cc (email only): Registered Parties

37.0 Reference: WORKSHOP UNDERTAKINGS AND SECOND EVIDENTIARY UPDATE

Exhibit B-14, Second Evidentiary Update, p. 3

Approvals sought

On page 3 of the Second Evidentiary Update (Exhibit B-14), FortisBC Inc. (FBC) states:

> The combined impact of the items identified above on 2020 rates is a revised rate increase of 0.81 percent compared to the rate increase forecast in the Application of 1.93 percent. FBC continues to propose to set permanent 2020 rates at the existing level of 1.00 percent; therefore, the impact of the change to the 2020 revenue deficiency/surplus is that a surplus of $0.683 million will be added to the 2018-2019 Revenue Surplus deferral account and a larger balance therefore remains in the deferral account to reduce the 2021 revenue deficiency and 2021 rate increase.

37.1 Please provide the calculation for the 2021 rate increase if the proposed 2020 revenue surplus of $0.683 million was not added to the 2018-2019 Revenue Surplus deferral account (i.e. if the permanent 2020 rate increase was set at 0.81 percent instead of the existing 1.00 percent.)

Response:

For the reasons provided in response to CEC IR2 26.1, FBC does not believe that setting the permanent rate increase for 2020 at 0.81 percent is appropriate or practical. However, to be responsive to this IR, FBC provides the following information.

If the 2020 permanent rate increase was set to 0.81 percent, the 2021 rate increase would increase from 4.36 percent to 4.54 percent. A calculation of the rate change is provided below.

($ millions)	As filed	Change to Deficiency	Revised Rate Increase
Deficiency	16.196	0.683	16.879
Revenue at existing rates	371.447		371.447
Rate Increase	4.36%		4.54%

38.0 Reference: WORKSHOP UNDERTAKINGS AND SECOND EVIDENTIARY UPDATE

Exhibit B-14, p. 1; Exhibit B-15, FBC Response to Workshop Undertakings, Undertaking No. 2, pp. 4–6

Customer count and load forecast updates

On page 1 of the Second Evidentiary Update, FBC states:

> In preparing the response to Workshop Undertaking No. 2, FBC determined that the projected 2020 average customer count should be amended. This change, along with a number of other changes either identified by FBC in the course of responding to the Workshop Undertakings or previously identified in responses to Information Requests (IRs), have resulted in FBC revising its requested 2021 rate increase from 6.37 percent to 4.36 percent.

On pages 3 to 6 of Undertaking No. 2 (Exhibit B-15), FBC stated that it has updated its 2020 Projected and 2021 Forecast residential and commercial customer counts.

With respect to the residential customer counts, FBC stated on page 4: "Given the uncertainty due to the pandemic, FBC maintained the 2021 year-end customer count consistent with the results from the BC STATS regression [as-filed forecast] at 124,603 customers."

On page 5 of Undertaking No. 2, FBC provided a graph showing the updates to its residential customer count based on actuals through September 2020 compared to its as-filed customer count forecast, as follows:

On page 4 of Undertaking No. 2, FBC explained the numbered points on the graph:

1) The projection as filed used actual values from January through June 2020 followed by the results from the BC STATS regression for July through December 2020.

2) The as-filed forecast for 2021 reflects the results from the BC STATS regression for 2021 from January to December. The as-filed forecast for 2021 is 124,603 customers. The as-filed 2021 monthly customer growth rate was 100 customers/month.

3) The actual customers from July to September are trending above the original projection. FBC replaced the original projection for these months with these actuals.

4) FBC revised its projection for the remaining months of 2020 (October, November and December) by deriving a monthly customer additions projection using a simple interpolation from the existing 2021 year-end customer count forecast of 124,603 back to the September 2020 actual customer count value of 123,944.

5) The interpolation was also used to forecast the 2021 monthly values starting at 124,076 and ending at 124,603. The forecast monthly customer growth rate is 44 customers per month.

38.1 Please elaborate on the reasons why FBC maintained its 2021 year-end residential customer count to be consistent with the results from the BC Stats regression as-filed forecast at 124,603 customers.

Response:

FBC maintained its 2021 year-end residential customer count because at this time there is insufficient information to conclude that the variation in monthly additions in 2020 is evidence of any sustained trend or step change in customer additions that would warrant varying from FBC's forecast method for deriving the 2021 year-end customer count. Large monthly swings in customer additions are a common occurrence due to factors such as the time of year and changes in the residential housing market. To the extent that the variation in 2020 is due to the impacts of the COVID-19 pandemic, the extent and timing of any continued impacts are highly uncertain. Accordingly, there is insufficient basis to conclude that customer additions will in fact be higher by the end of 2021 than previously expected. Moreover, even if one were inclined to believe that the 2021 customer count should be higher, there is insufficient information and no proven forecast method on which to forecast a new 2021 year-end customer count.

Using the best information available, the most reasonable approach is to continue to forecast the 2021 year-end residential customer count based on FBC's forecast method that uses the population forecast from BC STATS. BC STATS provides only annual, not monthly, data. Since there is no new year-end actual data and no new annual BC STATS population forecast with which to produce a new 2021 year-end forecast, FBC left the 2021 year-end customer count forecast unchanged from the value submitted in the Application.

The alternative method suggested in IRs would be to hold the monthly growth rates at the level reflected in the Application to arrive at a new 2021 year-end customer count. This is not a reasonable or methodologically sound approach because the growth rates are only a by-product of the forecast year-end customer counts. That is, the growth rate is simply the monthly profile

needed to get from one year-end point to the next. Consequently, the 2021 growth rate in the Application was a by-product of the projected 2020 customer count, which has now been rejected in light of actual customer counts to date, and the 2021 customer count. As the originally forecast 2020 year-end customer count has been rejected in favour of the actual customer count to date, using a growth rate that is simply a by-product of the rejected 2020 forecast number would not be reasonable.

Given these unusual times created by the COVID-19 pandemic, FBC recognizes that the 2021 customer addition year-end customer count may be more uncertain than in previous years. However, there is no objective data or proven methodology at this time to make a more reasonable forecast than what FBC has proposed in its Evidentiary Update. FBC cautions against making adjustments to the forecast based on intuition alone. Monthly growth rates are variable and especially difficult to predict during these unprecedented times. In the face of this uncertainty and lack of any better data or methodology, it is preferable in this case to stick to FBC's proven forecast methodology and retain the 2021 year-end customer count based on the BC STATS forecast data.

38.1.1 Please explain the difference in slope (i.e. the customer growth) between the as-filed residential customer count forecast shown as points 1 and 2 on the graph, and the updated residential customer count forecast shown in points 4 and 5 on the graph. Please explain why FBC considers that the lower customer growth rate in the updated forecast is appropriate.

Response:

As explained in response to BCUC IR2 38.1, the growth rate in the Application was simply a by-product of the year-end customer counts. In the Evidentiary Update, FBC replaced the original July to September customer counts with actual monthly values and derived the monthly customer additions from September 2020 to December 2021 by using a simple interpolation from the existing 2021 year-end customer count forecast of 124,603 back to the September 2020 actual customer count value of 123,944. This resulted in a different month-to-month profile and different rates of growth to arrive at the December 2021 forecast. The resulting growth rate is appropriate because it is a by-product of the September 2020 actual data point and the best forecast available for the 2021 year-end customer count.

38.2 Please explain why FBC did not update the October through December 2020 and 2021 forecast residential customer counts (i.e. graph points 4 and 5) using a BC

Stats regression (as it was used in the as-filed residential customer count forecast).

Response:

FBC could not update the October 2020 through December 2021 monthly forecast residential customer counts (i.e., graph points 4 and 5) using a BC STATS regression as the population forecast from BC STATS provides only annual data, which FBC uses to forecast customer year-end numbers. As explained in response to BCUC IR2 38.1 and 38.1.1, the month-to-month customer profile is only a by-product of the year-end numbers. Please refer to the response to BCUC IR2 38.1.1 for a description of how the growth rate was determined in the Evidentiary Update.

38.3 Please provide alternative graphs of the 2020 Projected and 2021 Forecast residential customer count in the following scenario assumptions:

(a) A growth rate of 100 customers/month for the months of October 2020 through December 2021 as per the as-filed 2021 monthly customer growth rate;

(b) A growth rate of 100 customers/month for the months of January 2021 through December 2021 (i.e. graph point 5), keeping 2020 customer growth rates as in the graph above;

(c) Using the results of an updated BC Stats regression forecast for October 2020 through December 2021, based on actual data through September 2020; and

(d) Any other relevant method.

Response:

Scenarios (a) and (b):

FBC provides the following chart for scenarios (a) and (b). For completeness, FBC added the Evidentiary Update 2020 projection and 2021 forecast.

The numbered bullets below match the numbers in the chart.

1. The updated actuals through September.
2. The Evidentiary Update, which maintained the 2021 year-end forecast and allowed the monthly growth to change.
3. BCUC scenario (a): 100 customers per month were added each month from October 2020 through December 2021. The 2021 year-end count is 841 customers (0.68%)

greater than FBC's 2021 forecast (which is the same in the Application and Evidentiary Update).

4. BCUC scenario (b): 100 customers per month were added each month from January 2021 through December 2021. The 2021 year-end count is 673 customers (0.54%) greater than FBC's 2021 forecast (which is the same in the Application and Evidentiary Update).

Scenario (c):

The BC STATS regression method does not provide monthly values and therefore results in an annual forecast only. The inputs are annual customer counts and annual service territory population totals. Monthly data cannot be used in the BC STATS method and, as a result, this scenario cannot be provided.

Scenario (d):

Please refer to the response to BCUC IR2 38.1 for an explanation as to why the existing December 2021 forecast should not be changed. Accordingly, FBC does not believe that any other methods are relevant.

38.3.1 Please provide an updated revenue forecast for the residential customer class and rate increase/decrease for 2020 and 2021 rates for each residential customer count forecast provided in the scenarios above.

Response:

The revenue forecast and rate increase/decrease for 2020 and 2021 for scenarios (a) and (b) are provided in the table below. Scenario (a) had a minor effect on the 2020 deficiency with the rate increase equal to 0.996 percent (rounded to 1.00 percent in the following table). Scenario (b) is equal to the Evidentiary Update in 2020, as scenario (b) only changes the customer count for 2021.

Line No	2020	No Change	Scenario A	Scenario B
1	Revenues at Existing Rates	$ 363.020	$ 363.067	$ 363.020
2	Power Purchase Expense	$ 138.772	$ 138.805	$ 138.772
3	Revised Margin	$ 224.248	$ 224.262	$ 224.248
4				
5	Rate Impact:			
6	Deficiency at 1% Rate Change	$ 3.631	$ 3.631	$ 3.631
7	Increase (Decrease) in Deficiency		$ (0.014)	$ -
8	Revised Deficiency (Surplus)	$ 3.631	$ 3.617	$ 3.631
9				
10	Revenues at Existing Rates	$ 363.020	$ 363.067	$ 363.020
11	Rate Increase (Decrease)	1.00%	1.00%	1.00%
12				
13	2021	No Change	Scenario A	Scenario B
14	Revenues at Existing Rates	$ 371.447	$ 372.232	$ 371.992
15	Power Purchase Expense	$ 144.977	$ 145.296	$ 145.196
16	Revised Margin	$ 226.470	$ 226.936	$ 226.796
17				
18	Rate Impact:			
19	Deficiency at 4.36% Rate Change	$ 16.196	$ 16.196	$ 16.196
20	Increase (Decrease) in Deficiency		$ (0.466)	$ (0.326)
21	Revised Deficiency (Surplus)	$ 16.196	$ 15.730	$ 15.870
22				
23	Revenues at Existing Rates	$ 371.447	$ 372.232	$ 371.992
24	Rate Increase (Decrease)	4.36%	4.23%	4.27%

Please refer to the response to BCUC IR2 38.3 regarding scenarios (c) and (d).

On page 5 of Undertaking No. 2, FBC stated that it prepared the commercial customer count forecast based on the Conference Board of Canada (CBOC) Gross Domestic Product (GDP) forecast, resulting in a predicted decline in customer count in mid-2020. However, FBC stated it has experienced an increase in commercial customers in 2020 and so it updated its forecast. FBC stated: "Given the uncertainty due to the COVID-19 pandemic, FBC maintained the 2021 year-end customer count consistent with the results from the CBOC GDP regression [as-filed forecast] at 16,579 customers."

On page 6 of Undertaking No. 2, FBC provided a graph of forecast commercial customer counts for 2020 and 2021, as follows:

FBC explained the numbered points on the graph on pages 5 to 6 of Undertaking No. 2 as follows:

1. The forecast as filed used actual values from January through June 2020, followed by the results from the existing CBOC GDP regression for July through December 2020.
2. The as-filed forecast for 2021 reflects the results from the CBOC GDP regression for 2021 from January to December. The as-filed year-end forecast for 2021 is 16,579 customers. The forecast 2021 monthly customer growth rate was 78 customers/month.
3. The actual customers from July through September 2020 are trending above the original projection. FBC replaced the original projection for these months with actuals.
4. As a result of some volatility in the historical data, FBC used a time series linear regression of actual customers through to September 2020 to develop a revised projection for October through December 2020.

5. A simple interpolation was used to forecast the 2021 monthly values starting at 16,220 and ending at 16,579. The forecast monthly customer growth rate is 30 customers per month.

38.4 Please elaborate on the reasons why FBC maintained its 2021 year-end commercial customer count consistent with the results from the CBOC GDP regression as-filed forecast at 16,579 customers.

Response:

FBC maintained its 2021 year-end commercial customer count because there is no new information on which to update this forecast. The 2021 year-end commercial customer count is forecast in accordance with FBC's demand forecast methodology, which relies on annual actual FBC customer counts and an annual GDP forecast from the CBOC, and has been shown to produce reasonable forecasts. There are no steps or procedures in the customer forecast method to forecast monthly customer growth.

As explained in the Evidentiary Update, FBC updated the December 2020 customer totals using a time series linear regression of actual customers through to September 2020. However, since FBC has no new evidence (in the form of a new year-end actual or a new annual GDP forecast) with which to produce a new 2021 year-end forecast, FBC left the 2021 year-end customer count forecast unchanged from the value submitted in the Application.

Changing the December 2020 value necessarily resulted in a different month-to-month profile and different rates of growth to arrive at the December 2021 forecast. That is, changing the year-end projection for 2020, in light of the updated actuals, and then "connecting" the new year-end projection to the 2021 year-end forecast via interpolation, results in different customer growth rates. The resulting monthly "growth rates" are simply by-products of updating the 2020 projection.

38.4.1 Please explain the difference in slope (i.e. the customer growth rate) between the as-filed commercial customer count forecast shown in points 1 and 2 on the graph, and the new commercial customer count forecast shown in points 4 and 5 on the graph. Please explain why FBC considers that the lower customer growth rate in the updated forecast is appropriate.

Response:

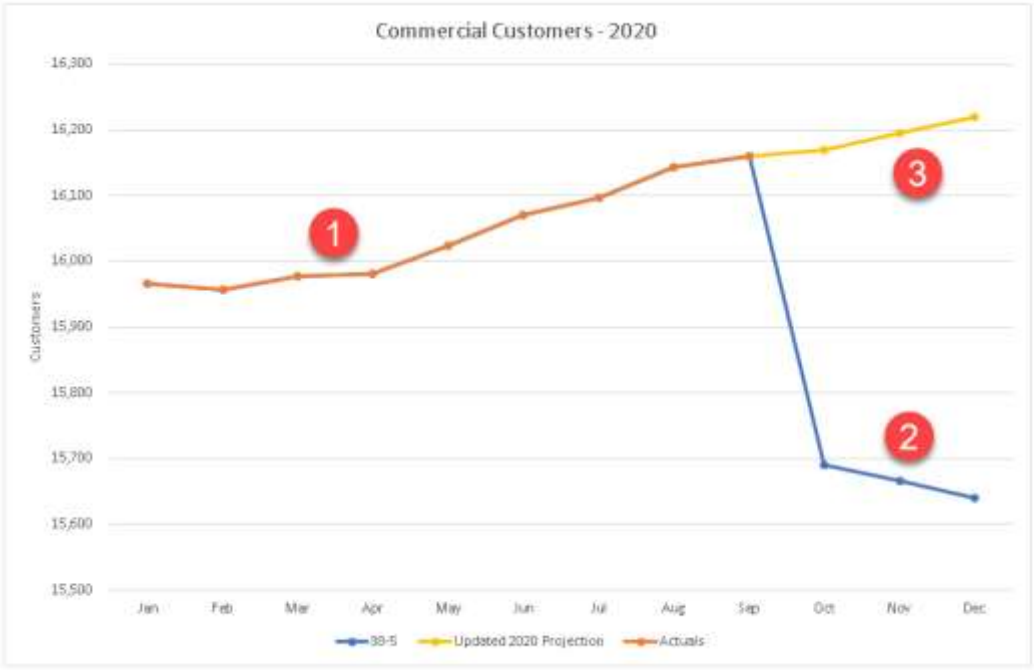
As explained in the response to BCUC IR2 38.4, the updated forecast resulted in a change to the 2020 year-end customer count but did not change the 2021 year-end count, which necessarily resulted in different rates of growth. However, the lower 2021 growth rate is

appropriate because FBC has so far not experienced the significant loss of commercial customers predicted by the GDP regression. Without the loss in 2020, it is likely that the larger "catch up" in 2021 initially predicted will also not materialize. As a result, the lower growth rate in 2021 is appropriate.

38.5 Please explain why FBC is no longer predicting the late-2020 decline in commercial customers shown as point 1 in the graph.

Response:

Based on the actuals shown in line segment 1, FBC believes that the October to December values originally forecast in line segment 2 are unlikely, and that the updated projection shown in line segment 3 is more appropriate. After growing steadily at an average of 24 customers per month, FBC would need to experience an average loss of 174 customers per month over the last three months of 2020 to end up on the original line segment 2.



38.6 Please explain why FBC did not update the October through December 2020 and 2021 Forecast commercial customer counts (i.e. graph points 4 and 5) using a CBOC GDP regression as it was used in the as-filed commercial count forecast.

Response:

Please refer to the response to BCUC IR2 38.4.

38.7 Please provide alternative graphs of the 2020 Projected and 2021 Forecast commercial customer count in the following scenario assumptions:

(a) A decline in customers/month for the months of October 2020 through December 2021, similar to point 1 on the as-filed graph, then an increase of 78 customers per month for January through December 2021 as per the as-filed forecast 2021 customer growth rate;

(b) A growth rate of 78 customers/month for January through December 2021, keeping 2020 customer growth rates as in the graph above;

(c) Using the results of an updated CBOC GDP regression forecast for October 2020 through December 2021, based actual data through September 2020; and

(d) Any other relevant method.

Response:

Scenarios (a) and (b):

FBC provides the following chart for scenarios (a) and (b), where FBC has assumed Scenario (a) was meant to reference "the months of October 2020 through December 2020." For completeness, FBC added the Evidentiary Update 2020 projection and 2021 forecast.

The numbered bullets below match the numbers in the chart.

1. The updated actuals through September.
2. The Evidentiary Update, which maintained the 2021 year-end forecast and allowed the monthly growth to change.
3. BCUC scenario (a): A decline in 26 customers per month from October 2020 through December 2020, followed by an increase of 78 customers per month from January 2021 through December 2021. The 2021 year-end count is 439 customers (2.6%) greater than FBC's 2021 forecast (which is the same in the Application and Evidentiary Update).
4. BCUC scenario (b): 78 customers per month were added each month from January 2021 through December 2021. The 2021 year-end count is 577 customers (3.5%)

greater than FBC's 2021 forecast (which is the same in the Application and the Evidentiary Update).

Scenario (c):

The GDP regression method relies on annual GDP and customer counts. As there are no annual updates available, this chart cannot be created.

Scenario (d):

Please refer to the response to BCUC IR2 38.4 for an explanation as to why the existing December 2021 forecast should not be changed. Accordingly, FBC does not believe that any other methods are relevant.

38.7.1 Please provide an updated revenue forecast and rate increase/decrease for 2020 and 2021 rates for each commercial customer count forecast provided in the scenarios above.

Response:

The revenue forecast and rate increase/decrease for 2020 and 2021 for scenarios (a) and (b) are provided in the table below. Scenario (b) is equal to the Evidentiary Update in 2020, as scenario (b) only changes the customer count for 2021.

Line No	2020	No Change	Scenario A	Scenario B
1	Revenues at Existing Rates	$ 363.020	$ 362.867	$ 363.020
2	Power Purchase Expense	$ 138.772	$ 138.701	$ 138.772
3	Revised Margin	$ 224.248	$ 224.167	$ 224.248
4				
5	Rate Impact:			
6	Deficiency at 1% Rate Change	$ 3.631	$ 3.631	$ 3.631
7	Increase (Decrease) in Deficiency		$ 0.081	$ -
8	Revised Deficiency (Surplus)	$ 3.631	$ 3.712	$ 3.631
9				
10	Revenues at Existing Rates	$ 363.020	$ 362.867	$ 363.020
11	Rate Increase (Decrease)	1.00%	1.02%	1.00%
12				
13	2021	No Change	Scenario A	Scenario B
14	Revenues at Existing Rates	$ 371.447	$ 372.497	$ 373.329
15	Power Purchase Expense	$ 144.977	$ 145.568	$ 146.041
16	Revised Margin	$ 226.470	$ 226.929	$ 227.288
17				
18	Rate Impact:			
19	Deficiency at 4.36% Rate Change	$ 16.196	$ 16.196	$ 16.196
20	Increase (Decrease) in Deficiency		$ (0.459)	$ (0.818)
21	Revised Deficiency (Surplus)	$ 16.196	$ 15.737	$ 15.378
22				
23	Revenues at Existing Rates	$ 371.447	$ 372.497	$ 373.329
24	Rate Increase (Decrease)	4.36%	4.22%	4.12%

Please refer to the response to BCUC IR2 38.7 regarding scenarios (c) and (d).

39.0 Reference: WORKSHOP UNDERTAKINGS AND EVIDENTIARY UPDATE

Exhibit B-2, Application, Section 11, Financial Schedules, Schedule 18;

Exhibit B-14, Evidentiary Update, Appendix A, Revised Section 11 Financial Schedules, Schedule 18

Average number of customers, sales volumes and revenue forecasts

In Section 11 of the Application, FBC provided Financial Schedules. Schedule 18 shows the Revenue at Existing and Revised Rates for 2020, including the average number of customers and sales volumes (GWh) by customer class, as follows:

FORTISBC INC. — FBC Annual Review for 2020 and 2021 Rates — Section 11 - 2020

REVENUE AT EXISTING AND REVISED RATES
FOR THE YEAR ENDING DECEMBER 31, 2020
($000s)

Schedule 18

Line No	Particulars	2019 Approved Revenue	2020 Forecast Revenue at Existing Rates	2020 Forecast Effective Increase	2020 Forecast Revenue at Revised Rates	Average Number of Customers	GWh	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Residential	$ 167,867	$ 176,565	$ 1,786	$ 180,351	122,412	1,269	
2	Commercial	94,508	89,191	892	90,083	16,167	859	
3	Wholesale	49,519	47,938	479	48,417	6	573	
4	Industrial	32,414	37,589	376	37,965	54	464	
5	Lighting	2,661	2,219	22	2,241	1,446	10	
6	Irrigation	3,544	3,166	32	3,198	1,084	57	
7								
8	Total	$ 370,534	$ 356,668	$ 3,587	$ 362,255	141,169	3,272	
9								
10	Effective Increase				1.00%			

In the Evidentiary Update, FBC provided revised Financial Schedules in Appendix A, including a revised Schedule 18 for 2020, as follows:

FORTISBC INC. — FBC Annual Review for 2020 and 2021 Rates — Evidentiary Update, October 28, 2020 — Section 11 - 2020

REVENUE AT EXISTING AND REVISED RATES
FOR THE YEAR ENDING DECEMBER 31, 2020
($000s)

Schedule 18

Line No	Particulars	2019 Approved Revenue	2020 Forecast Revenue at Existing Rates	2020 Forecast Effective Increase	2020 Forecast Revenue at Revised Rates	Average Number of Customers	GWh	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Residential	$ 167,867	$ 182,788	$ 1,829	$ 184,617	123,479	1,326	
2	Commercial	94,508	91,246	913	92,159	16,080	902	
3	Wholesale	49,519	46,750	468	47,223	6	567	
4	Industrial	32,414	36,915	369	37,285	52	453	
5	Lighting	2,661	2,420	24	2,444	1,449	11	
6	Irrigation	3,544	2,896	29	2,925	1,087	35	
7								
8	Total	$ 370,534	$ 363,020	$ 3,632	$ 366,652	142,153	3,294	
9								
10	Effective Increase				1.00%			

In Exhibit B-15, Workshop Undertaking No. 2, FBC discussed changes in the 2020 Projected and 2021 Forecast customer counts for the Residential and Commercial customer classes. The revised Schedule 18 in the Evidentiary Update also shows changes in the average number of customer and sales volumes for the Wholesale, Industrial, Lighting and Irrigation customer classes.

39.1 Please explain the difference in the 2020 Projected average number of customers (column 6) and the sales volumes (in column 7) between Schedule 18

in the Application and the revised Schedule 18 in the Evidentiary Update, and provide the reasons for updating the forecasts for each of the following customer classes:

(a) Wholesale (Row 3);

(b) Industrial (Row 4);

(c) Lighting (Row 5); and

(d) Irrigation (Row 6).

Response:

The differences in the 2020 Projected average number of customers and sales volumes between the Application and the Evidentiary Update are shown in the table below.

	Average Number of Customers			Sales Volume		
Customer Class	Application	Update	Change	Application	Update	Change
					GWh	
Wholesale	6	6	-	573	567	(6)
Industrial	54	52	(2)	464	453	(11)
Lighting	1,446	1,449	3	10	11	1
Irrigation	1,084	1,087	3	37	35	(2)
Total	2,590	2,594	4	1,084	1,066	(18)

The change between the Application and the Evidentiary Update for the sum of the four customer classes identified above is an increase of 4 customers and a decrease of 18 GWh (0.6 percent of the total sales volume of 3,272 GWh from Section 11-2020, Schedule 18 in the Application).

The differences are attributable to the inclusion of actuals for the July 2020 to September 2020 period. (Only January 2020 to June 2020 actuals were included in the Application.) The inclusion of the additional three months of actuals in the Evidentiary Update resulted in a change to the 12-month customer averages for these customer classes (with the exception of the Wholesale customer class). FBC notes that while the average number of customers changed slightly, the 2020 year-end customer count forecasts for these customer classes remain unchanged from the Application.

39.2 Please explain the impact of the change on the 2020 Forecast Revenue at Revised Rates (column 5) for each of the following customer classes:

(a) Wholesale (Row 3);

(b) Industrial (Row 4);

(c) Lighting (Row 5); and

(d) Irrigation (Row 6).

Response:

As shown in the table below, the change in forecast revenue for the four customer classes identified above is a reduction of $1.944 million (-0.5 percent of the total revenue at existing rates of $362.255 million from Section 11-2020, Schedule 18 in the Application). The differences are attributable to the inclusion of actuals for the July 2020 to September 2020 period. (Only January 2020 to June 2020 actuals were included in the Application.)

	Revenue at Existing Rates		
Customer Class	Application	Update	Change
		$(000s)	
Wholesale	$48,417	$47,223	($1,194)
Industrial	37,965	37,285	(680)
Lighting	2,241	2,444	203
Irrigation	3,198	2,925	(273)
Total	$91,821	$89,877	($1,944)

The 2021 revised Financial Schedule 18 in the Evidentiary Update shows no change in the average number of customers and sales volumes for the Wholesale, Industrial, Lighting or Irrigation customer classes compared to the as-filed 2021 Financial Schedule 18 in the Application.

39.3 Please explain why there is no change to the 2021 Projected average customer count for the following customer classes given that the 2020 Projected average number of customers were updated:

(a) Wholesale;

(b) Industrial;

(c) Lighting; and

(d) Irrigation.

Response:

The 2021 forecast average customer count did not change for the customer classes shown in the above preamble because there has been no change to the opening, closing or any of the monthly customer forecasts for 2021 in any of these customer classes.

The reason that the average customer count changed slightly for 2020 for the Industrial, Lighting and Irrigation customer classes in the Evidentiary Update (compared to the Application)

is because the July through September 2020 customer counts were updated to reflect actual results.

FBC did not revise its 2020 year-end forecasts for the Wholesale, Industrial, Lighting and Irrigation customer classes as part of the Evidentiary Update; only the 2020 year-end residential and commercial customer classes were re-forecast.

39.4 Please explain the impact on 2021 rates if the 2020 Projected rate of growth in each customer class were to continue for 2021. Please quantify and update the expected 2021 load in each customer class and resulting rate impact under this scenario.

Response:

There has been no change to the 2020 Projected rate of growth for the Wholesale, Industrial, Lighting or Irrigation customer classes in the Evidentiary Update compared to the Application. As FBC explained in the response to BCUC IR2 39.3, the average number of customers for 2020 for each of these customer classes (with the exception of the Wholesale customer class) changed slightly because FBC included three additional months of actual customer results for 2020, which resulted in a slight change to the 12-month customer averages. However, FBC did not re-forecast the year-end customer counts for these classes.

Since the 2020 Projected rate of growth for these customer classes is unchanged in the Evidentiary Update, there is no change to the 2021 Projected rate of growth. Thus, there are no changes to the expected 2021 load or rates to be quantified.