BRITISH COLUMBIA UTILITIES COMMISSION

IN THE MATTER OF THE UTILITIES COMMISSION ACT
R.S.B.C. 1996, CHAPTER 473

and

FortisBC Energy Inc.
Annual Review for 2020 and 2021 Delivery Rates

Vancouver, B.C.
October 14th, 2020

WORKSHOP

BEFORE:

A.K. Fung, Q.C.,	**Panel Chair/Deputy Chair**
W.M. Everett, Q.C.,	**Commissioner**
K.A. Keilty,	**Commissioner**

VOLUME 1

Allwest Reporting Ltd.
#1200 - 1125 Howe Street
Vancouver, B.C. V6Z 2K8

APPEARANCES

FEI PARTICIPANTS

D. ROY
I. BEVACQUA
R. GOSSELIN
D. BAILEY
M. CARMAN
J. WONG
M. WARREN
P. CHERNIKOWSKY
J. WOLFE
B. NOEL

W. ANDREWS T. HACKNEY	B.C. Sustainable Energy Association and Sierra Club (BCSEA)
L. WORTH	British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance B.C., Council of Senior Citizens' Organizations of B.C. and Tenants Resource and Advisory Centre (BCOAPO)
C. WEAFER P. WEAFER D. CRAIG J. RHODES	Commercial Energy Consumers Association of British Columbia (CEC)
J. QUAIL R. KRONEBUSCH C. LEE	Movement of United Professionals (MOVEUP)

BCUC STAFF PARTICIPANTS

Y. DOMINGO
S. SHARMA
A. JONES

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1 **VANCOUVER, B.C.**
2 **October 14th, 2020**
3 **(PROCEEDINGS COMMENCED AT 9:25 A.M.)**
4 THE CHAIRPERSON: Okay, thank you very much everybody
5 and good morning. And since you've been looking at
6 the screen for the last 29 minutes, you know that this
7 proceeding is the FEI annual review of 2020 to 2021
8 rates. And the purpose -- and my name is Anna Fung
9 and I'm the Deputy Chair of the B.C. Utilities
10 Commission and the chair of the panel assigned to hear
11 this matter.
12 And the purpose of the workshop today is
13 for FEI to walk us through key elements of its annual
14 review and provide participants with the opportunity
15 to ask questions. The proposed workshop agenda with
16 eight topic areas was filed as Exhibit B-8 on October
17 7th, 2020.
18 Now, before I introduce my fellow panel
19 members and others, I will ask everyone to mute their
20 microphones and keep them muted until you're called
21 upon to speak and appear via Teams video. And since
22 we're dealing with technology here, as we've
23 demonstrated this morning, I cannot promise everything
24 will go smoothly without any hitches and in a worst-
25 case-scenario if we lose any parties I will
26 temporarily adjourn the workshop and try to regroup

1 and sort of where to go from here.
2 I'd like to remind everybody that this
3 workshop is being transcribed and also being webcast
4 to the public. Please note that no recordings or
5 rebroadcasts of this hearing will be permitted beyond
6 that maintained by our Hearing Officers, Mr. Hal
7 Bemister and Mr. Keith Bemister of Allwest Reporting.
8 Transcripts of the hearing will be posted to the BCUC
9 website once they are available.
10 And if there's a need to file any exhibits
11 in the course of this workshop we would ask that they
12 be filed with the Commission's secretary after the
13 workshop in accordance with Part 4 of the BCUC *Rules*
14 *of Procedure.*
15 And to assist with the transcription,
16 please remember to state your name before speaking and
17 if you have any questions during the workshop, please
18 raise your virtual hand or in the case of Commissioner
19 Keilty, please speak up and I'll try to maintain a
20 speaker's order.
21 I will now call on the panel members to
22 introduce themselves, followed by the BCUC Staff who
23 are working on this proceeding, the team from FEI and
24 other participants at this workshop. So I will begin
25 with the panel members and I will begin with
26 Commissioner Keilty.

1 Commissioner Keilty, if you would like to
2 just introduce yourself?
3 COMMISSIONER KEILTY: Hello, this is Karen Keilty.
4 THE CHAIRPERSON: Thank you. And Commissioner Everett?
5 COMMISSIONER EVERETT: Good morning. Bill Everett,
6 Commissioner.
7 THE CHAIRPERSON: Thank you, and now --
8 THE COURT REPORTER: Can we please hold on one second?
9 I appear to have lost Commissioner Keilty.
10 (DISCUSSION OFF THE RECORD)
11 THE CHAIRPERSON: Okay, thank you. And now I am going
12 to ask the BCUC Staff member team to introduce
13 themselves starting with Ms. Domingo.
14 MS. DOMINGO: Thank you, good morning, Ms. Fung, my
15 name is Yolanda Domingo, part of the Commission Staff
16 team. If it is okay I will just introduce the rest of
17 the staff members so we can move quickly. We also
18 have Sumeer Sharma and Avery Jones also with the
19 Commission Staff team. Thank you very much.
20 THE CHAIRPERSON: Thank you, Ms. Domingo. And now I am
21 going to ask the FEI team or someone on that team to
22 introduce the members who are present at this
23 workshop.
24 MS. BEVACQUA: Okay, I think Diane will get us started.
25 MS. ROY: Sure. I will just introduce the presenters.
26 There are going to be other folks on line as well that

they are there to answer questions. So, myself Diane Roy, vice president regulatory affairs. Other presenters are Rick Gosselin, the manager of cost of service; David Bailey, customer energy and forecasting manager; Michelle Carman, director of customer service; James Wong, director of budgeting and strategic initiatives; Mark Warren, director of business innovation and measurement; Paul Chernikhowsky, director of regulatory projects and resource planning; and of course we also have Ilva Bevacqua on the line.

THE CHAIRPERSON: Okay, thank you Ms. Roy.

Now, I am going to call on the other participants who are present at this workshop, just introduce themselves quickly if you don't mind, starting with BCSEA.

MR. ANDREWS: Bill Andrews, I represent B.C. Sustainable Energy Association, and also on the call today is Tom Hackney of BCSEA. Thank you.

THE CHAIRPERSON: Thank you, Mr. Andrews. And now BCOAPO please?

MS. WORTH: Good morning, this is Leigha Worth, W-O-R-T-H, here as counsel for BCOAPO et al. Thank you.

THE CHAIRPERSON: Thank you very much. Next is the CEC?

MR. C. WEAFER: Good morning, Chris Weafer, counsel for

1 CEC. Patrick Weafer is also on the call, as is David
2 Craig and Janet Rhodes from CEC.
3 THE CHAIRPERSON: Thank you, Mr. Weafer. Now the next
4 is MoveUP, Mr. Quail.
5 MR. QUAIL: Jim Quail, and also on the call is Rysa
6 Kronebusch and Cindy Lee.
7 THE CHAIRPERSON: Thank you very much, Mr. Quail.
8 Now, I believe that is the end of the
9 participant list, or have I missed anybody? Okay, if
10 not, I am going to turn it back to you, Ms. Roy, for
11 you to go through the items on the agenda. Thank you.
12 MS. ROY: Thank you, good morning to everybody. As we
13 said already, this is Diane Roy from FortisBC again.
14 Welcome to FEI's annual review workshop for 2020 and
15 2021 delivery rates.
16 **Proceeding Time 9:30 a.m. T2**
17 I'd like to start by thanking the panel and
18 the panel chair for the opening remarks. As you know
19 this is our first workshop in our multi-year rate
20 plan. It's also the first workshop being hosted
21 virtually, so thank you all for participating today.
22 Please be patient with the technology, we will do our
23 best to try to make it as smooth and efficient as
24 possible.
25 I'm just going to turn it over to Ilva
26 Bevacqua to go over a few of the logistics and then

1 we'll get underway.
2 MS. BEVACQUA: Thank you, Diane. And as you all know
3 I'm Ilva Bevacqua and I'll be acting as meeting
4 facilitator today. So I'll just take a few moments to
5 go over a few basic housekeeping items. What we will
6 do is kind of canvass the group and may take a break
7 at various times during the day, but certainly one
8 mid-morning and depending on how long we go we may
9 seek input from participants whether we need a lunch
10 break. We encourage participants to use the camera on
11 the computer if you can do so, turning on video will
12 feel a little bit more like, our usual format where
13 we're in person.
14 For those not so familiar with the Teams
15 platform, I'll just briefly go over a few of the
16 action buttons you'll see on your screen that will
17 help you in participating in this session. So there
18 is a participant icon that allows you to turn off and
19 on a panel that shows you the list of participants.
20 There's a conversation or chat bubble and that allows
21 you to turn on and off the chat. The "raise your
22 hand" icon is what Commissioner Fung had mentioned,
23 that's what you'll use when you have a question to
24 ask. The video camera button turns on and off your
25 video. And the microphone icon allows you to mute and
26 unmute yourself.

1 And, you know, given that this virtual
2 format is a little less conducive to asking questions
3 and being interactive, we'll have a bit more of a
4 structure and I will canvass for questions after each
5 of the presentations as well as during the questions
6 period in the order that Commissioner Fung set out for
7 the appearances. We'll pause for questions, as I
8 said, from each of the intervener groups, then go to
9 BCUC Staff, as well as the panel.
10 Once you're invited to ask your question,
11 unmute yourself, and then once all your questions have
12 been answered you can put yourself back on mute.
13 Although there is the chat function, we encourage you
14 to ask your questions so that they can be recorded on
15 the record or we'll have to read them out. So by
16 raising your hand you can ask your questions directly
17 and we'll have a proper dialogue and help top clarify
18 anything that you need.
19 As Commissioner Fung mentioned, that when
20 speaking if you state your name on the record that
21 will help Hal and Keith and his team.
22 And with those housekeeping matters out of
23 the way I'll turn it back to Diane and we can get the
24 presentation underway.
25 **PRESENTATION BY MS. ROY:**
26 MS. ROY: Great, thanks, Ilva. Can you just go back one

1 slide, please, over.

2 **Proceeding Time 9:33 a.m. T3**

3 As you can see on the agenda slide here we
4 have six topic areas and you can see the presenters
5 identified that I mentioned earlier. As I also stated
6 earlier, in addition to presenters we have a number of
7 other FortisBC employees online to help respond to
8 questions that arise. For questions that are not
9 related to one of the six topics, we will have an open
10 question period at the end where I will try and direct
11 questions to the appropriate person.

12 And with that, I'll get started. I'll be
13 focusing on three main areas. A discussion of how
14 some final items from the 2014 to 2019 PBR plan impact
15 our 2020 results; an overview of the current MRP; and
16 finally walking you through the approvals we are
17 seeking with this application.

18 So on this slide I'm going to provide a
19 summary of the final items from the 2014 to 2019 PBR
20 plan that affects our 2020 results. There's three
21 items that affect 2020 rates. The first is the
22 opening 2020 rate base; the second is the final flow-
23 through amounts; and the third is the final earning
24 sharing amounts.

25 The first item, we have an increase to the
26 2020 opening rate base for capital that was held

1 outside of rate base during the PBR term, a total of
2 $126.1 million between amounts that were outside of
3 the dead band in 2019, as well as a cumulative amount
4 that was above the formula but within the dead band
5 over the PBR term.
6 The second item is the 2019 flow-through
7 account balance, totals $36.3 million. And as you can
8 see there are three components there: a credit for
9 2019, a true up credit for 2018 and then a final
10 credit for financing amounts. Then the third item
11 here, final earning sharing recovery, was $1.6 million
12 for 2019 and the 2018 true up together.
13 And the final item I've got listed here, of
14 course, doesn't affect rates, but in the application
15 we did also report on the final 2019 service quality
16 indicator or SQI results and James is going to be
17 reviewing those later on.
18 THE COURT REPORTER: Pardon me, I've got to interject
19 again. We've lost Commissioner Keilty again.
20 (DISCUSSION OFF THE RECORD)
21 THE COURT REPORTER: Commissioner Keilty is back on, so
22 we may continue.
23 MS. ROY: Okay, thank you. I will just repeat the last
24 item on this slide then.
25 Finally, in the application we reported on
26 the 2019 final SQI results, and James is going to be

1 reviewing those later, showing that they all met the
2 threshold and in fact were equal to or better than the
3 benchmark in 2019.
4 We can move forward one slide please, Ilva?
5 COMMISSIONER KEILTY: Can I interrupt for one second?
6 Hi, this is Commissioner Keilty. I think that I'm in
7 the meeting now.
8 MS. ROY: I can see you.
9 COMMISSIONER KEILTY: Okay. Sorry for the problems but
10 I did have some technical help to now get me in.
11 MS. ROY: Excellent.
12 Okay, so this slide provides an overview of
13 our recently approved multi-year rate plan. The plan
14 has a five-year term from 2020 to 2024. The MRP
15 determines how we set rates, delivery rates, for each
16 year during the term and this workshop is addressing
17 the rates for the first two years, 2020 and 2021.
18 **Proceeding Time 9:38 a.m. T4**
19 There are two main components to
20 determining delivery rates each year, formula driven
21 items, and forecast items. Formula driven items for
22 FEI are base O&M and growth capital. Each of which
23 start with an approved base amount per customer, and
24 are then escalated by inflation and customer growth,
25 and reduced by a productivity factor. Those amounts
26 determine what we recover through rates each year.

1 Forecast items include both the amounts
2 that have already been approved for recovery for
3 regular capital expenditures, as well as items that
4 are being forecast in each annual review. Of the
5 forecast items, the majority are flowed through,
6 meaning they are trued up to actuals in subsequent
7 years.
8 And finally, as in the last PBR plan, we
9 have a suite of service quality indicators that are
10 reviewed each year once final amount, annual results
11 are known consisting of both customer and safety
12 related SQIs. Next slide.
13 Now, this slide summarizes the key
14 differences between the PBR plan and the MRP. They
15 are in three areas: capital, O&M and earning sharing.
16 First on capital in the PBR plan, all base capital was
17 determined through formula, wherein this plan only
18 growth capital was determined through formula.
19 Sustainment and other capital has already been
20 approved through the MRP proceeding for the years 2020
21 to 2022.
22 For O&M, although the basic method of
23 calculating base O&M is similar to the PBR plan, there
24 have been changes to how growth factor is calculated,
25 and to which items are captured within the index O&M,
26 and which ones are forecast and flowed through on an

1 annual basis. Of note are integrity digs and variable
2 LNG production costs.
3 And finally the earning sharing applies to
4 more items with this MRP, including some components of
5 other revenue, and has been expanded to include more
6 rate based components. Next slide please.
7 This slide summarizes the key differences
8 between the MRP and the PBR plan. I won't read
9 through each item. The slide has been included in the
10 presentation for your information and reference as a
11 summary. We will also be covering off how the index
12 based O&M and capital work in the next section. Next
13 slide please.
14 And now I will move on to my final topic,
15 the approvals sought, which are shown on this slide
16 and the next. Approval sought for 2020 existing
17 interim delivery rate increase be made permanent, and
18 that was a 2 percent delivery rate increase. For
19 2021, a delivery rate increase of 6.59 percent, which
20 is about 3 percent to the annual bill. We have four
21 new deferral accounts, all of these are for regulatory
22 proceedings. We have three existing deferral account
23 requests related for amortizing or drawing down those
24 balances.
25 If we move on to the last slide here. We
26 also have the rate riders, delivery rate riders for

1 2021, the biomethane variance account, BVA rate rider,
2 and the revenue stabilization adjustment mechanism or
3 RSAM rate rider.
4 We have a request for approval of the
5 amount of the Southern Crossing Pipeline revenue to be
6 included in other revenue, and the amount of the core
7 market administration expensed budget for 2021 and
8 also the allocation of that.
9 And I am going to pause here to respond to
10 any questions before we move on to the next section.
11 So these would be questions in this area. If you do
12 have a question, you could raise your hand virtually
13 using the little hand button you see at the top, and
14 Ilva will invite you to speak if she sees anyone with
15 their hand raised. So I will just pause for a moment
16 here.
17 MS. BEVACQUA: We can start with BCSEA.
18 THE CHAIRPERSON: Mr. Andrews?
19 MR. ANDREWS: No questions.
20 MS. BEVACQUA: And BCOAPO? Ms. Worth?
21 MS. WORTH: No questions, thank you.
22 MS. BEVACQUA: CEC, Mr. Weafer, *et al*?
23 MR. C. WEAFER: No questions unless Mr. Craig or Ms.
24 Rhodes have any questions? None.
25 MS. BEVACQUA: None, okay, and MoveUP, Mr. Quail, *et*
26 *al*?

1 MR. QUAIL: No questions.
2 MS. BEVACQUA: Perfect, so we will move now to the next
3 presenter, Rick Gosselin.
4 Rick, are you going to run your slides or
5 do you want me to do that for you?
6 MR. GOSSELIN: You can do that, Ilva, I will just let
7 you know when it is time to advance.
8 MS. BEVACQUA: Perfect.
9 **PRESENTATION BY MR. GOSSELIN:**
10 My name is Rick Gosselin, and welcome and
11 thank you for attending the workshop today. With the
12 next few slides I will walk you through FEI -- the
13 major components of FEI's revenue requirement. I will
14 make sure this slide here, number 11 -- oh, Karen, you
15 are already on so you can see it as well. Okay.
16 Since this is the first year of the MRP, I
17 will take a few minutes to recap how FEI sets its O&M
18 and growth capital through formula each year. Let's
19 look at the blue set of bubbles first, and see how O&M
20 is set. First we start with our prior year's O&M per
21 customer. For 2020, we start with our 2019 base as
22 approved through the MRP.
23 **Proceeding Time 9:44 a.m. T5**
24 Next we inflate it by our I-factor, which
25 is a blend of BCCPI and AWE, which is average weekly
26 earnings. For 2020 our net I-factor after our

1 productivity improvement factor of 0.5 percent is 2.29
2 percent and the net I-factor for 2021 is 3.358
3 percent. To determine the total O&M for the test year
4 we multiply this inflated unit cost per customer by an
5 average customer forecast. Note that the average
6 customer forecast is only limited to 75 percent of our
7 customer growth.
8 Now, we'll move to the grey slides -- grey
9 bubbles rather, to see how our growth capital is set.
10 Setting the growth capital is very similar to the O&M.
11 First we start with our prior year's growth capital
12 per customer addition. And for 2020, obviously, we
13 started with our 2019 approved amount. We inflate
14 this by the same I-factors as we do for O&M, and then
15 for growth capital we take this unit cost and multiply
16 it by a forecast of our gross customer additions.
17 That results in our test year growth capital that we
18 include into our capital additions in the revenue
19 requirement. Note that both the customer forecast for
20 O&M and the customer forecast for growth capital are
21 trued up in a subsequent year so that any forecast
22 variances are eliminated.
23 Move on to the next slide, Ilva. Thank
24 you.
25 Following on from the previous slide's
26 illustration of formula O&M, this slide summarizes

formula O&M and other components that make up our total O&M. The left-hand grafts shows our 2020 results and the right-hand graphs so 2021. The stack column on the upper portion of the slide is total O&M before capitalized overheads are removed. The blue stack represents our formula based O&M, as discussed on the previous slide. The next two slices show increases in the formula O&M from net inflation factor and customer forecasts. And then finally at the top FEI has a number of O&M items that are forecast each year and are represented by the orange stack at the top. And the bottom graph is a breakout of these forecast O&M items into various components.

The largest component of FEI's forecast O&M is pension and OPEB, other pension expense benefits. These are determined based on actuarial estimates. The remaining components of forecast O&M include insurance expense, LNG production costs, BCUC fees, integrity digs and clean growth initiatives, captured by the three last columns in the graphs below.

And the last step, total gross O&M, is reduced by capitalized overheads. FEI's capitalized overhead rate is 16 percent and reflects the estimated amount of O&M that may be ascribed to general capital work that is not specifically charged to a project. The capitalized overhead rate results in a reduction

1 to O&M of about $50 million. The sum of all these O&M
2 components, less a reduction for capitalized overheads
3 results in net O&M of 262 million for 2020 and 275
4 million for 2021.
5 The next slide, Ilva.
6 This slide provides some additional
7 perspective as to what contributes to FEI's revenue
8 requirement. The left-hand pie chart is a graphical
9 representation of our rate base and the right-hand pie
10 chart are all the items that make up our annual
11 revenue requirement. These two charts illustrate
12 2020.
13 First I'll focus on the left-hand chart.
14 In that chart we see that FEI's rate base is slightly
15 greater than $5 billion. The pie chart splits rate
16 base into its major components. Rate base components
17 affect FEI's annual revenue requirement through
18 depreciation, amortization, earn return and income
19 taxes. As shown on this slide through the use of the
20 curved bracket. The largest piece of rate base is
21 coloured light grey and is our opening net plant
22 before rebasing at $4.6 billion dollars, and
23 represents the net value of all assets that FEI has
24 constructed over the years to serve its customers.
25 **Proceeding Time 9:48 a.m. T6**
26 These assets include things like gas lines,

1 compressors, meters, buildings, vehicles, and so on.
2 Opening net plant for rebasing causes about $550
3 million of FEI's $1.3 billion revenue requirement.
4 As we exit out of the last PBR and enter
5 the MRP, FEI's rate base is reset to actual. Amounts
6 that were excluded from rate base in 2014 through 2019
7 are now added back in. In particular, these are the
8 capital additions that fell inside the dead band
9 through the term of PBR, and outside of a dead band in
10 2019 as Diane had discussed earlier. These two items
11 coloured orange in the left hand graph and labeled
12 rebasing, sum to $126 million, and cause about $15
13 million dollars of FEI's revenue requirement.
14 The next component coloured green is
15 changes in net plant, summing to about $248 million.
16 This amount includes regular capital, determined
17 through both the growth capital formula, and the
18 sustained in other capital that was approved through
19 the MRP. Accumulated Depreciation and net of CIAC.
20 It also includes a forecast of capital additions for
21 clean growth projects and the capital component of
22 pension and OPEB. Changes in net plant cause about
23 $30 million of FEI's revenue requirement.
24 Next is unamortized defer charges, summing
25 to just over 400,000. It actually shows zero on the
26 graph just because of its low value. And finally gas

in storage and other capital items coloured blue, sum to about $90 million. All these items sum to FEI's 2020 rate base of just over $5 billion.

The right-hand pie chart is 2020 -- is FEI's 2020 revenue requirement. The total revenue requirement is $1.315 billion, of which 450 million is the cost of gas, and 865 million are delivery costs. As noted on the graph, FEI's cost of gas is set through a quarterly gas filings with the BCUC. And FEI's delivery cost of 865 million is approved through the annual review process, and made up of the following items. The effect from rate base items sum to about $583 million, making up 65 -- or sorry, about 67 percent of FEI's delivery costs. O&M as discussed on the previous slide, sums to about $262 million, representing about 30 percent of FEI's delivery costs. And other items like property tax and other revenue sum to 20 million in this graph.

Move on to the next slide, Ilva.

This is a graph you may be familiar with and it's from our prior annual reviews and it's also included in the application. It's a waterfall graph that sets out the components contributing to FEI's 2020 deficiency. The green columns represent a surplus, and the yellow columns represent a deficiency.

The blue column at the far right is the sum of all the previous green and yellow columns, and is our total revenue deficiency. For 2020 FEI's deficiency is $16 million, which represents a 2 percent delivery rate increase.

The S-axis along the bottom there has the name of the components that make up the total deficiency. Now I will just walk through each of the columns.

First column, the demand forecast surplus is predominantly from about a 1 PJ increase in our rate schedule 46 or LNG demand. Other revenue is down $7 million from a decrease in third party mitigation revenue on the Southern Crossing Pipeline.

The net O&M increase is mainly due to an increase from the incremental funds approved through the MRP process.

Depreciation and amortization has a small impact and is based on the rates approved in FEI's MRP application.

Financing and ROE, return on equity, have a few components. Rebasing, as discussed in the previous slide, contribute about 7.6 million to the financing and ROE deficiency. Rate based growth from CPCNs and regular capital additions contributed a further $28 million to this deficiency.

1 **Proceeding Time 9:53 a.m. T7**
2 These two increases were offset by lower
3 financing costs of about $11 million. So FEI has used
4 its approved equity thickness of 38 and a half percent
5 and 8.75 percent in the revenue requirement. Taxes
6 provides a surplus of $17 million due to the
7 accelerated investment incentive, as discussed in
8 section 9.5 of the application.
9 So summing across the columns at this point
10 results in a $26 million deficiency or about a 3.3
11 percent delivery rate increase. Rather than propose a
12 change in rates for 2020, FEI felt it was better for
13 customers to use some of our accumulated surplus to
14 get the rate change down to 2 percent. So the second
15 to last column is the amortization of that surplus and
16 a draw down of the surplus account, such that summing
17 across all these columns represents a $16 million
18 deficiency or a 2 percent rate increase.
19 Move on to the next slide, Ilva.
20 So this slide is the same as the one I
21 presented earlier but this is for 2021. I won't go
22 through each of the items in too much detail but will
23 instead note the differences from the 2020. First
24 we'll look at the left-hand pie chart, which is rate
25 base, and it totals to just over 5.2 billion for 2021.
26 As you can see, the rebasing component is no longer

1 present as that was particular to moving out of the
2 PBR and into the MRP. Changes in net plant are about
3 half of what they were in 2020 and that is because
4 2020 changes the net plant including an addition of
5 the LMIPSU CPCN, so quite a large CPCN.
6 Next is the unamortized deferred charges
7 and they sum to just -- minus $20 million, actually,
8 so they're a negative in the rate base total. And
9 finally gas in storage and other working capital items
10 are similar in value to 2020 at $93 million.
11 On the right-hand side of the slide again,
12 is our 2021 revenue requirement. The total revenue
13 requirement for 2021 is $1.445 billion, of which 516
14 million is the cost of gas and the balance of $929
15 million is FEI's delivery costs. All the rate base
16 items, as just discussed, sum to about $660 million
17 and represent 71 percent of the $929 million deliver
18 costs and the other 30 percent is our O&M at $275
19 million.
20 Move on to the next slide, Ilva. Thank
21 you.
22 So you've seen this one as well. It
23 includes all the components contributing to our 2021
24 deficiency. Now, I'll hit a couple of the highlights
25 but before I do that I'd like to take a moment to
26 discuss the 2021 deficiency. The deficiency and rate

1 increase for 2021 is higher than what we've seen in
2 the past. However, when you look at FEI's rate
3 increases over the longer term our average delivery
4 rate increase from 2014 through 2021 has only been
5 about 1.7 percent, which amounts to a bill impact of
6 about 1.1 percent for a typical residential customer.
7 Now, a little bit about the items of the
8 graph. The changes in net O&M is due to the inflation
9 factor and customer growth. Depreciation and
10 amortization have increased, in part from the
11 depreciation on the LMIPSU coming into service and in
12 part from the elimination of the flow-through credit.
13 Financing and ROE is caused by rate base growth and
14 regular CapEx. And the increases in taxes is
15 primarily due to the increase in income taxes related
16 to the higher deferral amortization.
17 Finally, FEI's amortized the rest of its
18 2017 and 2018 revenue surplus deferral account to
19 lower the overall deficiency. Summing across the
20 columns nets to a $54 million deficiency for 2021,
21 which equals a 6.6 delivery rate increase or about 2.9
22 percent on the average bill for a residential
23 customer.
24 And I now will pause for questions.
25 MS. BEVACQUA: So we'll start with BCSEA, Tom Hackney
26 *et al*.

1 MR. ANDREWS: Thank you. Bill Andrews here. If I
2 could turn you to slide 12, I have a question about
3 the forecast O&M that includes biomethane, NGT and
4 renewable gas. Can you just clarify the distinction
5 between biomethane and renewable gas? Here is
6 renewable gas referring to hydrogen or is this some
7 different way of dividing the two?
8 **Proceeding Time 9:58 a.m. T8**
9 MR. GOSSELIN: The renewable gas in this one -- Diane,
10 did you want to -- I can answer these ones. So the
11 renewable gas in this one in particular refers to the
12 hydrogen piece that we were looking at and the
13 biomethane is particular to RNG, renewable natural
14 gas.
15 MS. ROY: Just Diane Roy here, just to add a bit. Just
16 generally speaking, yeah, renewable gas is generally
17 the broader term for all renewable gases, which is
18 inclusive of biomethane or RNG, but I think in this
19 particular slide it's been split out because it was
20 two separate requests in the application.
21 MR. ANDREWS: All right, thank you. Thank you for the
22 presentation, it was very good.
23 MS. BEVACQUA: Okay, so we will check with BCOAPO, Leigha
24 Worth.
25 MS. WORTH: Thank you. This is something that I
26 suspect is going to have to be sort of a take away,

1 but James Wightman and I were wondering if you could
2 provide with respect to the components of the revenue
3 requirement, you know, the O&M return, deprecation,
4 taxes, whether you could provide a breakdown between
5 the overall increase in revenue requirements for each
6 component under the multi-year plan between on one
7 hand the formulaic driven increase and two, the
8 increase outside of the formula.
9 MR. GOSSELIN: Yeah, I think that will -- it's a very
10 technical question at this point.
11 MS. WORTH: Yes, that's why I thought it might be a
12 takeaway.
13 MR. ROY: Excuse, Rick, could we just clarify then, is
14 that — I want to make sure we have the right request
15 we're working on — 2020 and 2021, you wanted to know
16 what amount of the rate increase that was driven by
17 formula versus non formula items, is that the request?
18 **Information Request**
19 MS. WORTH: Yes. So providing the breakdown between
20 the O&M return, depreciation and taxes, provide sort
21 of the breakdown for each of those which are formula
22 driven increase and then the increases outside of the
23 formula.
24 MR. GOSSELIN: Got it. So the deficiency slide that
25 shows all the different waterfall columns, you want
26 those columns basically split between formulaic and

1 forecast, is that correct?
2 MS. WORTH: It would be, sort of, formula and then
3 anything outside of formula, so yes. Okay?
4 MR. GOSSELIN: Okay, formula and then outside of
5 formula.
6 MS. WORTH: Yes, thank you.
7 THE CHAIRPERSON: So, Mr. Gosselin, are you prepared to
8 take that on as an undertaking then?
9 MR. GOSSELIN: I believe we could do that, yes.
10 THE CHAIRPERSON: Thank you. Thanks very much.
11 MS. BEVACQUA: Anything more from BCOAPO?
12 MS. WORTH: Not at this time, thank you.
13 MS. BEVACQUA: Okay. I see from CEC David Craig has
14 his hand up, so over to you, David.
15 MR. CRAIG: I just wonder if somebody could speak to
16 the larger item outside the formula, the pension items
17 that were showing, I think, on slide 12?
18 MS. ROY: Hi David, it's Diane Roy calling -- or not
19 calling, but here. We did have a general discussion
20 about the pension and OPEB increases in section 6.3.1
21 of the application.
22 MR. CRAIG: Right.
23 MS. ROY: And it's primarily -- I know Brett Henderson
24 might be on the line, but I also understand we're
25 having some connectivity issues in our Kelowna office,
26 so I'm going to try and respond to this. Is that it's

1 almost all due to changes in discount rates and
2 returns, from what I understand, and on page 43
3 there's a breakdown of that. But if you have a
4 specific question, maybe I could see if either I could
5 help or we could check into that at the break.
6 MR. CRAIG: No, I'll get back to you if I have a more
7 specific question. I was just looking for background,
8 it's a large item and I just want to make sure I
9 understand it. So that’s great. Thank you, Diane.
10 MS. ROY: I do understand it's primarily rate driven by
11 the changes in the market that we've seen, really.
12 MR. CRAIG: Right. Excellent, thank you.
13 MS. ROY: Thank you.
14 MS. BEVACQUA: Any others from CEC?
15 THE CHAIRPERSON: I believe Mr. Weafer has a hand up as
16 well.
17 MS. BEVACQUA: Okay, yes. I see it now, thank you.
18 MR. C. WEAFER: Yes. And this may be dealt with in an
19 IR, but it sort of struck me from the slides, if we're
20 looking at the cost of gas in slide 13 and compared to
21 slide 15, a fairly significant increase in cost of
22 gas. Can we just spend a minute and describe whether
23 that's increased volume or pricing, or what causes
24 that significant increase year to year?
25 **Proceeding Time 10:04 a.m. T9**
26 MR. CRAIG: Or carbon tax.

1 MS. ROY: Sure, this is Diane Roy, and Rick may help me
2 out here, but definitely is not the carbon tax. We
3 don't include carbon tax in our cost of gas, because
4 that's a passthrough for us, we collect it and then
5 remit it. The cost of gas, if my understanding would
6 be that we would have used the same cost per GJ for
7 both years, but I might have to ask -- oh, it's
8 possible that we replaced January to June of 2020 with
9 actuals which had a lower rate for the cost of gas
10 than we currently have. And if we have since updated
11 the cost of gas, that would account for a part of it,
12 but the rest would be volume driven.
13 Rick, do you know any further information
14 you could add on that?
15 MR. GOSSELIN: No, I think that you captured it mostly,
16 Diane. In, I think it was our third quarter, we had
17 an increase in our -- third quarter 2020 we had an
18 increase in our cost of gas. That gets put into the
19 forecast that we use. So the first three quarters of
20 2020 had a lower price gas, and then it bumped up in
21 2021 and pushed rates -- or dumped up in the last
22 quarter of 2020, and that has pushed the rate through
23 into 2021. So it's predominantly price, the way they
24 set the price and cost of gas. A little bit of it
25 will be demand, but our demand is up a little bit year
26 over year, but again mostly it's price.

1 MR. C. WEAFER: So 2020 is actual and 2021 is forecast?
2 MR. GOSSELIN: 2020 is mostly actual, and of course we
3 are not finished, so the last quarter is set at
4 forecast, and then 2021 is a hundred percent forecast,
5 yes.
6 MR. C. WEAFER: Based on the more recent increase and
7 the cost of gas in 2020, that's how you adjust --
8 MR. GOSSELIN: Correct.
9 MR. C. WEAFER: And is the price at all adjusted
10 seasonally?
11 MR. GOSSELIN: No, we set the cost of gas. Because on
12 our -- you know, it’s set quarterly, as you're aware.
13 Our best estimate at the time then we set it, every
14 time that we set it each quarter is just pushed
15 forward into the future, we don’t speculate on where
16 it might go in 2021. Now --
17 MS. ROY: Rick, if I could just insert here --
18 MR. GOSSELIN: -- (inaudible) process.
19 MS. ROY: -- I think it would be good if we could just
20 take an undertaking, or even undertaking or at the
21 break, just break down the actual increase between the
22 two components. I just want to make sure we have
23 exactly the right information for Mr. Weafer.
24 **Information Request**
25 MR. C. WEAFER: No, and I'm happy that you take the
26 time and take it as an undertaking, because there has

1 been --
2 MS. ROY: I'd rather do that, as I'm not 100 percent
3 sure as to which items were updated in this forecast
4 as compared to the actual commodity cost that's on
5 people's bills today.
6 MR. C. WEAFER: Right, thank you. Yeah, if we could
7 flush that out a little bit, it's a big number, a big
8 change. And I'm just wrestling with the impacts of
9 that, so -- and there may be IRs on it, and I
10 apologize if I missed those, but it really stuck out
11 when I look at those two graphs. So thank you for any
12 follow-up.
13 MS. ROY: Yeah, we would tend not to get IRs on that,
14 as you know, because the cost of gas is not actually
15 being -- it's not a component of the delivery rate,
16 but sometimes when you see a big increase like that,
17 it certainly is a matter of interest.
18 MR. C. WEAFER: Well, it certainly has to be paid for,
19 so --
20 MS. ROY: Yes, that's right, through our commodity
21 costs.
22 MR. C. WEAFER: Yeah, no, thank you, if you could
23 provide us with that, that would be appreciated.
24 Thank you, those are my questions.
25 MS. BEVACQUA: Thank you. So we will move over to
26 MoveUP, Mr. Quail *et al*?

1 MR. QUAIL: I don’t have any. I don’t know if Ms.
2 Kronebusch, or Ms. Lee do? Apparently not.
3 MS. BEVACQUA: Okay, and so we will move to BCUC Staff.
4 We have Sumeer Sharma with hand up? Go ahead.
5 MR. SHARMA: Hi, thank you. I just have two or three
6 questions here, and it's regarding the revenue surplus
7 account and the draw down of that. You mentioned in
8 the application and even in this presentation that
9 you'll be drawing it down in both the years, basically
10 I think to a level of zero. So can you please explain
11 how you plan to mitigate future rate increases if that
12 surplus deferral account is drawn down to zero
13 balance?
14 MS. ROY: Sure. We did have the surplus which was
15 available to us that was basically a result of coming
16 out of the last PBR term where we had a couple of
17 years where we didn’t need to utilize all -- rather we
18 had a revenue surplus and we didn’t use it to reduce
19 rates, because we do tend to try to avoid that
20 volatility. So coming out of the last term, we did
21 have the surplus sitting there. As you indicated by
22 the end of 2021 it is entirely utilized.
23 **Proceeding Time 10:09 a.m. T10**
24 We at this point don’t have any
25 expectations of a surplus coming forward, so we won't
26 have that available in the future. We don’t have any

other way -- like our normal method I guess -- what I would say is mitigating rate increases if we have a surplus we like to use that. If we know that there is future years coming up where there might be a rate decrease, we may try to smooth rates in over time. In the absence of that, I can't speculate on what might come up over the MRP term as to whether or not we will have any of those options available for us. So we just don't have that information at this time.

MR. SHARMA: Okay, so at this point I time, do you expect the trend of large rate increases to continue throughout the term? Or is it too early to tell?

MS. ROY: Yeah, I mean these, I would say the 2021 rate increase is more than we have seen historically. I wouldn't necessarily characterize it as a large rate increase, however. I mean, as Richard said when you add up the increases over the last number of years on average, we manage to keep rate increases below inflation. And I'd have to say though, we do have a number of large CPCN projects that are going to be coming up over the next time period involving integrity, resiliency or reliability, and as you know, those types of projects don't bring incremental revenues with that. And as a result of that it is possible we will be seeing higher rate increases than what we've seen over the past number of years.

1 MR. SHARMA: Okay, so just my final question kind of
2 related to that is in the 2020-2024 MRP proceeding,
3 FEI did state that the previous plans resulted in
4 sizeable benefits to both ratepayers and the
5 utilities, and overall were a success.
6 Further in the BCUC's MRP decision, there
7 was the discussion how the BCUC evaluated the success
8 of the last PBR, and that included reviewing the rate
9 of increase, the level of ROE, et cetera. So, do you
10 feel that these are appropriate measures for a success
11 in the evaluation of this MRP?
12 MS. ROY: I think with any plan and any regulatory
13 regime you need to look at a number of factors. Rates
14 will always be one of them, for sure, and you know, we
15 do strive to keep rates as low as we can, but some of
16 the items that drive rates are outside of the MRP
17 plan, really, right? So we have the certain items
18 that are set by the MRP, other ones come in through
19 separate processes. And those tend to be ones that
20 are a little less either controllable, or they are
21 large projects that need to come in.
22 So rates is one consideration. We always
23 look at the level of O&M and how successful we've been
24 at managing our O&M within the constraints that are
25 imposed by the formula. We look at the level of
26 capital and have we been able to invest efficiently,

1 and have we made the necessary investments to keep up
2 the safety and reliability of our systems. Service
3 quality indicators of course are there to help balance
4 that out.
5 Regulatory efficiency is important. You
6 know, how efficient are we in keeping these annual
7 reviews streamlined and efficient, and also keeping
8 costs down for ratepayers in terms of regulatory
9 processes.
10 And then there is more intrinsic things to
11 the utility around the effectiveness of decision
12 making, how is customer service and, you know, all of
13 those sort of things.
14 Generally speaking I would say that our
15 longer term plans, PBR or MRP, help us to have more
16 certainty around how things look and do a little more
17 longer term planning, which does help us out
18 generally. But there is so many measures it's really
19 hard to define one or two that would be how you'd look
20 at it. Definitely the ones you mentioned are ones we
21 continue to consider.
22 MR. SHARMA: Okay, thank you. That's all from me.
23 MS. ROY: Thank you.
24 MS. BEVACQUA: Any further BCUC Staff questions?
25 Seeing no hands up, we will pass it
26 over to the Commission panel? Any questions from the

1 Commission panel?
2 THE CHAIRPERSON: I do not.
3 MS. BEVACQUA: Perfect, okay. Seeing none we will move
4 on --
5 MR. EVERETT: I don't have a question, thank you.
6 MS. BEVACQUA: Perfect, thank you, Commissioner
7 Everett.
8 So we will move on to our next presenter,
9 Mr. David Bailey? David, will you want to take over
10 control of the slides, or you want me to advance them?
11 MR. BAILEY: Well, I'd like to give it a shot here.
12 MS. BEVACQUA: Okay.
13 MR. BAILEY: I'm going to click the request control
14 button.
15 MS. BEVACQUA: Okay, we will see if that works.
16 MR. BAILEY: See a bubble floating around. So it
17 works.
18 **PRESENTATION BY MR. BAILEY:**
19 Good morning, my name is David Bailey and I
20 am the customer and energy forecasting manager. In my
21 presentation I will cover some of the main items that
22 we answered in IRs. I will start with a couple of
23 higher level topics first, and then we will do a
24 deeper dive into some of the forecast details.
25 So, first up, are some of the
26 considerations we took into account for the current

1 pandemic. As mentioned in the response to BCUC IR
2 3.1, the Conference Board of Canada forecast will be
3 updated in Q4. The CBOC forecast gives us the single
4 family and multi-family housing start splits, and
5 there is no update available for that, for this
6 forecast at this time.
7 We did, however, have some internal
8 discussions with our customer account managers, and
9 there has been no evidence of any impact at this time.
10 In BCUC IR 4.2.1 we stated that we expect to reach the
11 2020 commercial projections for customer additions,
12 and in BCUC 6.2 we showed that the January to June
13 demand variance from forecast for Lower Mainland
14 residential customers was very low at 0.3 GJs.
15 Now, our industrial customers were surveyed
16 in June, so by that point they had three or four
17 months to incorporate any pandemic related impacts
18 into their survey responses. So the surveys were
19 collected at the end of June, and any impacts will be
20 reflected in there.
21 We used our regular forecast methods, and
22 then replaced January to June 2020 results with
23 actuals. So any impact from the pandemic is now
24 imbedded in those numbers, and included in the 2020
25 forecast.
26 Next I'll show a couple of use rate

1 examples. These are all normalized for weather.
2 **Proceeding Time 10:15 a.m. T11**
3 And the first is Lower Mainland residential use rates
4 by month for January to June and it goes from 2016
5 through 2020, so there's four years -- five years
6 there. 2020 is the dark blue line shown here and the
7 other years are shown as a lighter weight in different
8 colours.
9 I think the interesting thing here is that
10 2020 is actually very, very close to 2019. You can
11 see that it's just a little bit above and in fact
12 almost covers over it. And it, you know, really falls
13 right down the middle of the average. Now, if we take
14 a four-year average of 2016 through 2019 the UPC for
15 this period was 65.8 GJs and the 2020 value is 65.9.
16 So compared to the four-year average it's right on the
17 average.
18 If we look at Lower Mainland rate 2 for
19 comparison, again the dark blue line is 2020 and the
20 other lines are shown. Again, the 2020 line lies
21 right on top of the 2019 line.
22 I'd also like to point out that we have
23 seen bigger year-over-year changes in recent years.
24 For example, the orange line is 2017 and the grey line
25 is 2018 and in months like March the change is much
26 larger in those two years compared to 2019 and 2020.

1 So we've seen bigger changes in the past when there
2 was no pandemic. So based on these indicators there
3 no evidence right now that we need to change the
4 forecast.
5 Next up, the second high level topic to
6 discuss are the IRs we received about reasons why
7 things are going up or down. And this slide hopefully
8 covers off at a high level what drives the forecast
9 methods and it what I refer to as the "what versus
10 why" discussion.
11 So when I say "what" I'm taking about the
12 very detailed historical data by region, rate and year
13 and month from our billing system. We weather
14 normalize the residential and commercial to take out
15 the weather effect and we know that in that data all
16 of the drivers that make customers choose to use more
17 or less energy or choose to become a customer or leave
18 the system are present, all the drivers are said to be
19 intrinsic in that historical demand. And the key
20 point to our objective repeatable time series
21 mathematical forecast methods is this accurate
22 historical data and that's the critical input for us
23 and it's what I call the "what".
24 Now we think about "why", there are many
25 reasons why customers do what they do. There's things
26 like appliance efficiency and building envelopes and

appliance count and household size and all these things are going up and down for different reasons for different customers. And as we mentioned in IR 7.1.1, hundreds of industry segments are covered by our commercial industrial customers and those segments are all driven by different things, such as demand for their products and services or energy efficiency or literally hundreds of different things, all unique to each industry and customer.

The key point is that "why" is not an input into our forecast method. So the idea that knowing why cannot help improve the forecast results, and that's the key point. Knowing why things go up and down is not really a driver in our forecast method. So, you know, knowing why is not going to improve our results.

So next up I'd like to review the forecast methods followed with a deeper dive on some of the topics that came up in IRs and this table is from Appendix A(3). The rows of the table are the different components of the forecast, residential, commercial, industrial and then the aggregate. And the important point for this table is that there are really five columns shown but we really only forecast customer additions and use rates and then collect up the annual surveys.

1 The other columns show that customers is
2 just the sum of the previous year's customers plus
3 customer additions and that demand is just the product
4 of the use rate multiplied by the customers. So while
5 there's quite a few boxes in this table we're really
6 only forecast in five of them.
7 Now, these five items are the ones I'm
8 going to take a deeper look at. So first up, as
9 mentioned, we used the Conference Board of Canada's
10 annual forecast to develop our residential customer
11 additions forecast. The Conference Board of Canada
12 forecast is unique because it has the housing starts
13 broken down by single and multi-family dwellings,
14 which we agree is important as our customer mix
15 changes to include more multifamily dwellings and
16 fewer single family dwellings. So for this reason we
17 intend to continued using this forecast.
18 **Proceeding Time 10:20 a.m. T12**
19 Point number 2 is the use rates, we
20 recently switched over to a method called exponential
21 triple smoothing or ETS. We recently finished a study
22 that we were directed to complete that looked at
23 residential and commercial use rates, as well as
24 commercial customer additions, so I'll just to a quick
25 review of that work. There were some questions about
26 responders and non-responders in the annual industrial

1 survey, so I'll do a little bit of a demo there, and
2 then finally sum it up with a look at how the
3 forecasts have been performing.
4 So first up is this UPC and commercial
5 customer additions method review. And this method
6 review was initiated by a BCUC director from the
7 annual review for 2015 rates. We were directed to
8 review alternate methods for forecasting residential
9 and commercial use rates and commercial customer
10 additions. For the period from June until July 2016 I
11 did a lot of research into different methods, we
12 tested them and found that a version of a relatively
13 new method implemented in Excel in 2016 called ETS did
14 perform well compared to our existing methods. And
15 that method was tested in the following years and we
16 reported the final result in March of 2019.
17 As part of that initial study we also
18 retained a consultant who worked with some publicly
19 available forecast results and we established an
20 internal 4 percent variance benchmark for our
21 forecast. The 4 percent benchmark is what we use to
22 evaluate both our existing methods and alternate
23 methods.
24 And the other thing from this timeline is
25 we can see that the process took quite a while. We
26 had to collect quite a bit of data, we had to prepare

1 multiple forecasts each year, so this is not something
2 we can complete in a hurry. We don't want to make a
3 quick change to a method in reaction to something
4 we're seeing and end up in a worse situation with
5 higher variances. These reviews have to be done
6 carefully with current data and then tested quite
7 rigorously.
8 So this is an example of the tables we
9 filled in and provided in the appendices. And this
10 one shows commercial use rates, which was how we did
11 it. We have the existing method at the top and these
12 are the forecasts we filed for 2012 through 2018. And
13 then the ETS method results for each year are updated
14 in the lower part of the table. And we kept track of
15 the mean absolute percent error, so the lower the
16 error, the better, and by the end of 2018 in this case
17 the existing method was running at 2.4 percent error
18 and then ETS was quite a bit better at 0.8.
19 So we prepared and updated these kind of
20 tables each year and that culminated in this radar
21 plot, and I think this is a really effective way to
22 show which of the methods were performing well and
23 which ones weren't. Note that the 4 percent line
24 around the outside is the target. The blue line is
25 the set of existing methods and the orange line is the
26 ETS method. And in all cases, both methods performed

1 better than the benchmark, so that's the good news.
2 First up at the top is the residential use
3 rate and what we see is that both methods performed
4 really well and there was very little to pick from.
5 However, because the ETS method uses a full ten years
6 of data, we felt that it was worthwhile to switch over
7 to that method and we recommended using the ETS method
8 for residential use rates. For commercial customer
9 additions we observe that the ETS method performed
10 significantly worse than the existing three-year
11 average method, so we recommended retaining the
12 current method.
13 The real story is that the commercial use
14 rates performed much better. We made a recommendation
15 to switch the commercial use rate method over to ETS.
16 So to summarize, the use rate and commercial additions
17 review began in 2015 and was recently completed and
18 the new methods are now in use and we'll start seeing
19 the results from these new methods next year.
20 We had some questions related to the non-
21 responders in the industrial survey and this figure
22 was published in the response to BCUC IR 8.3. As a
23 reminder, the responders are on the bottom slice and
24 the non-responders are on the top and the bars
25 themselves indicate the total demand from each group
26 of customers. So the groups are settled on the bottom

1 and I grouped the customers in these buckets. And
2 just a note that this is not a linear scale. The
3 three PJ customers on the right-hand side are
4 literally three hundred times larger than the ten TJ
5 customers on the left. The little numbers in the
6 boxes indicate the number of customers represented in
7 each bar.
8 So the important thing is that the height
9 of the bar, which is the total 2019 demand from the
10 group, we reported that 89 percent of the line was
11 covered in the survey from survey responses, and
12 that's the light blue bar at the bottom.
13 **Proceeding Time 10:25 a.m. T13**
14 And the demand in the dark blue bars at the top is 11
15 percent and these are the non-responders. So the
16 questions were related to our method of assigning the
17 prior year's volume to the customers that did not
18 respond to the survey. We can check the
19 reasonableness of this method by looking at a slice in
20 the 10 GJ group of customers, for example. I chose
21 that because it is the biggest group of customers at
22 193. So we had 193 non-responders in the 10 TJ group
23 but we also received responses from 135 similar sized
24 customers. So what I want to do is a drill down on
25 the 135 customers to see what their responses looked
26 like.

1 So this chart shows the 135 responding
2 customers. The blue bars are their prior year's
3 volume. So this is the 135 that sent in surveys and
4 this is what their prior year's volume looks like. If
5 I add the current survey results, so these are the
6 surveys that this group sent in, it shows that the
7 majority of the responders replied the "same as last
8 year". So this is where the 70 percent quoted in BCUC
9 IR 8.3 comes from. 70 percent of the customers
10 surveyed here responded with "same as last year".
11 The interesting thing here is that a number
12 of the customers submitted significantly higher
13 forecasts. So these customers up here were in the 15
14 TJ range and now they're going up to 40, so a
15 significant change in their business. And there's
16 other customers who are dropping as well and this is
17 why we do the survey. But we think that because so
18 many of these customers responded with "same as last
19 year" that it's reasonable to apply that result to the
20 customers that didn't respond.
21 And the last thing I wanted to review was
22 our aggregate forecast performance. So to do this I
23 want to look at some hypothetical examples first, so
24 these are made up. And this first one really could be
25 called "what good looks like" and this is what I'd
26 really call a best case. We understand that if we set

1 a 4 percent target that there will be years where the
2 score is outside the target, but for the most part the
3 annual variances should be inside the 4 percent and
4 they should be distributed above and below the zero
5 line, so that's the best case.
6 The next three hypothetical charts show
7 some examples of what bad would look like. So these
8 would be causes for concern. The first examples would
9 be something like this that shows a bias to over
10 forecasting and this kind of thing could come up if we
11 forecast our entire demand using a single method. For
12 example, some kind of an econometric regression or
13 something that forecasts our entire demand and if that
14 economic regression had a bias in it, then that bias
15 would show up and this would a cause for concern
16 because there's no distribution above and below the
17 zero, everything is clustered on the bottom. And of
18 course the same thing with would happen if the bias
19 went the other way and we have a significant under
20 forecast every year. So this kind of thing would
21 certainly be a cause for concern.
22 In response to BCUC IR 7.2 we said that a
23 variance five years in a row about 4 percent would
24 trigger a comprehensive method review and this is what
25 that might look like. So, again, these are
26 hypothetical and these are distributed on both sides

of the zero line, which is good, but too many of them are outside the target line and the five in a row at the end would be a cause for concern.

Now, when we did our survey of peer utilities back in 2015 and 2016 we did find utilities that were in this range and some of them were even higher, so it does happen.

However, our results look like this and from the response to BCUC IR 2.1, and this shows that in the last decade we've had four years that have been outside the target and six years that have been inside and the variances are distributed above and below the zero line.

Now, there is no objective formula or method to determine when a comprehensive review should be done but I think five years is a reasonable threshold because a shorter period, like two or three years, would potentially trigger multiple or even overlapping reviews. That means these reviews for a couple years like this, like 2016 and '17, if that triggered a review, well we know that in 2018 the variance is almost zero, so we wouldn't want to trigger a review because of a couple years because coming up might be something quite a bit better. Setting a threshold higher than five years seems too long, as the last hypothetical example showed. After

1 the fifth year it seems quite obvious that a
2 comprehensive review would be warranted.
3 So three or four variances, high variances
4 in a row, especially if they're oscillating above and
5 below zero might not be indicative of something wrong
6 with the forecast. It could just be that there's
7 something going on in the market that would be
8 impossible for any time series method to predict. But
9 a key point is that all else equal comprehensive
10 reviews should be triggered based on performance
11 relative to a target and really the passage of time is
12 not a reasonable driver for a comprehensive review
13 where the forecast is performing well.
14 And finally one thing I think to remember
15 here is that this does not include the results from
16 the ETS use rate method. So ETS was not implemented
17 until the 2020 forecast, so that's still to come. If
18 the ETS method works as advertised we would expect the
19 variances to improve and hopefully get smaller.
20 So with that I will take any questions.
21 **Proceeding Time 10:30 a.m. T14**
22 MS. BEVACQUA: Okay, we will open for questioning. We
23 will start with the BCSEA, Bill Andrews *et al*?
24 MR. ANDREWS: I just want to confirm -- thank you for
25 the presentation. Confirm that the load that is being
26 forecast here does not include the LNG exports?

1 MR. BAILEY: That's confirmed.
2 MR. ANDREWS: Thank you.
3 MS. BEVACQUA: Okay, and we will go to BCOAPO, Ms.
4 Worth?
5 MS. WORTH: No, I don't have any questions, thank you.
6 MS. BEVACQUA: Okay, over to CEC, Mr. Weafer *et al*?
7 MR. C. WEAFER: None from me. David or Janet,
8 anything?
9 MR. CRAIG: I have one question. On the larger loads
10 that you are forecasting in -- the 135 you got, and
11 the number that you don't have, what sample size of
12 the ones who didn't respond if you went back to them
13 and confirmed that they were in the same range being
14 consistent with the sample you've received, what
15 sample size would you have to go and pursue to get a
16 reasonable degree of confidence that the unsurveyed
17 ones were consistent with the surveyed ones?
18 MR. BAILEY: Well, I don't know of a really objective
19 way we could do that. What I would point out, and I
20 think one of the reasons that we find that acceptable
21 is that we know that those smaller customers tend to
22 be condominium associations and things like that. And
23 because those customers can't fundamentally change
24 their demand year over year, I mean they can't add or
25 remove a floor to the building or something like that.
26 Their demand really is quite fixed, and I think that

1 is why we see such a high percentage of them respond
2 with "same as last year."
3 But to answer the question specifically, I
4 don't know how many we would have to go and query.
5 And remember, we send out a survey introduction, and
6 then the survey, and then two reminder emails. So
7 these customers have plenty of opportunity to respond,
8 and consistently choose not to. And we see the same
9 kind of numbers every year. I don't know how
10 successful it would be trying to even query those
11 customers. We can't force them to respond to the
12 survey.
13 MR. CRAIG: Thank you.
14 MS. BEVACQUA: Okay, and over to MoveUP, Mr. Quail *et*
15 *al*?
16 MR. QUAIL: Yeah, I just want to comment and ask a
17 question about the economic forecast that you rely on.
18 And I note that the forecasts date from April through
19 June, and this is going to comment so much on your
20 filling as the times we're in, June feels like a long
21 time ago when it comes to that kind of question. And
22 they appear to project certain optimism about the
23 course of the pandemic and the economy that I think
24 maybe waiting now. For example, the Conference Board
25 flag says a risk, the possibility of a resurgence of
26 the so-called second wave in the fall, and we're

1 seeing what's happening in Quebec and Ontario, and UK
2 and all over the place. And my sense, I am obviously
3 not an epidemiologist, is that, you know, like many
4 places we are sort of teetering on the break that
5 could give way to exponential wave-like growth in the
6 pandemic in our own jurisdiction.
7 I understand that at least the Conference
8 Board is going to be producing an update in the fourth
9 quarter. Are there any credible, significant
10 forecasts that are more up to date than the ones that
11 you've relied on that might at least give some
12 directional sense of -- or a little bit firmer ground
13 under our feet directionally about where things are
14 going in the factors that are relevant to these
15 calculations?
16 MR. BAILEY: That is a good question. Just point out
17 that the only econometric forecast we use is the CBOC
18 single and multi-family dwelling forecast. So that's
19 the only place that it shows up. All the other
20 elements are forecast based on time series methods.
21 Yeah, the Conference Board only puts that
22 forecast out once a year, so we're waiting for the
23 next one.
24 **Proceeding Time 10:35 a.m. T15**
25 I guess the important thing is that we're
26 just not seeing any impacts particularly in the

1 residential class internally. We check with our
2 account managers a couple of times before filing the
3 forecast to see if they were seeing any swings that we
4 should incorporate, or be aware of, and there was just
5 nothing. They were reporting that they are on target
6 for the year. And so as you say, with so much
7 uncertainty, we just didn't have enough evidence with
8 which to make a change, because we are not seeing it
9 so far.
10 MR. QUAIL: Right, thanks very much. I don't know if
11 Ms. Kronebusch or Ms. Lee have any questions, but
12 that's all I have on this part.
13 MS. KRONEBUSCH: I have no questions at this time,
14 thank you.
15 MS. LEE: I'm good, thank you.
16 MS. BEVACQUA: Thank you, so we will move to Commission
17 Staff?
18 MS. DOMINGO: Staff have no questions on this subject.
19 MS. BEVACQUA: Thank you. And over to the panel?
20 THE CHAIRPERSON: I do not have any questions, unless
21 my fellow panelists do?
22 COMMISSIONER EVERETT: No questions from me, thank you.
23 COMMISSIONER KEILTY: I have no questions.
24 THE CHAIRPERSON: Thank you.
25 MS. BEVACQUA: Thank you. Madam Chair, I am just
26 wondering if now is a good time to take a break? I

1 think people might need to stretch or get some water
2 or something. We're in your hands.
3 THE CHAIRPERSON: I think that's an excellent idea,
4 Ilva. So thank you.
5 MS. BEVACQUA: 20 minutes, does that seem appropriate?
6 THE CHAIRPERSON: I think that sounds fine. So we will
7 come back at 10:57, please.
8 MS. BEVACQUA: Thank you.
9 **(PROCEEDINGS ADJOURNED AT 10:37 A.M.)**
10 **(PROCEEDINGS RESUMED AT 10:57 A.M.)** **T16/17**
11 MS. BEVACQUA: Madam Chair, are we ready to go?
12 THE CHAIRPERSON: Yes, I think so, Ilva. Please
13 proceed, thank you.
14 MS. BEVACQUA: Thank you, and I will pass it over to
15 Michelle Carman.
16 **PRESENTATION BY MS. CARMAN:**
17 Thank you, Ilva. Good morning everyone.
18 My name is Michelle Carman, and I am the director of
19 customer service here at FortisBC, along with James
20 Wong, our director of budgeting and strategic
21 initiatives. We will be sharing some highlights and
22 cover a few areas that were explored in the IRs as
23 they relate to COVID-19.
24 I am going to start with a brief overview
25 of employee impacts. Now, IRs on this topic were not
26 actually raised for FEI, but some questions were posed

1 to FBC in their proceeding that are also relevant to
2 FEI. Then we will share an overview of the customer
3 impacts, including some discussion on the unrecovered
4 revenue that will be captured in the customer recovery
5 fund deferral account. And finally, James will
6 discuss the overall net impact on incremental O&M
7 costs.
8 The safety, health and well being of our
9 employees, and the safety of customers has remained a
10 top priority for FortisBC throughout this pandemic.
11 The information on this slide is consistent with
12 information provided in the FBC proceeding in a
13 response to MoveUP IR 3.1. The specific questions
14 from MoveUP to FBC were in relation to contact centre
15 operations. However, measures and protocols in place
16 at the contact centres are consistent with the
17 measures and protocols in place at all FortisBC sites.
18 And this applies to FEI as well.
19 Generally, measures and protocols can be
20 summarized into three key categories. Leadership
21 responsibility, individual responsibility, and
22 facilities and personal protective equipment, or PPE.
23 The chart shared here is a summary of the
24 key measures and protocols, and is not an exhaustive
25 list. From the leadership responsibility perspective,
26 the company outlines, communicated and has followed an

exposure control plan that includes identifying the hazards, measures and the response to the pandemic. Business areas developed a plan specific to their needs during the pandemic. Adhering to overall corporate principles aiming to support FortisBC's ability to reduce risk, align to WorkSafeBC and provincial guidelines, and support any changes in a coordinated fashion.

Site-safe work plans, which identify the hazards and mitigation plans specific to each site have been put in place and are required to be reviewed and signed each day by anybody at those sites.

Finally, the joint health and safety committees have been engaged in developing control measures and supporting the communication of measures and protocols to all employees.

From an individual responsibility perspective, all FortisBC employees are required to self-check for symptoms and report as necessary. Physical distancing and PPE guidelines are clear and to be followed. And it may go without saying, all employees are reminded to follow good hygiene practices.

Significant aspects of our facilities have been reviewed, and measures put in place to ensure that workstations meet physical distancing guidelines.

1 High traffic areas have been evaluated to either be
2 adjusted or closed. Traffic flows and signage are in
3 place and building occupancy limits were adjusted and
4 are monitored. Including limiting access to employees
5 only.
6 Personal protective guidelines are clear,
7 and the equipment is supplied and available for all
8 employees.
9 As the pandemic evolves, so does the impact
10 on our customers. What has remained constant has been
11 our ability to provide service safely and reliably.
12 SQI's have been largely stable, as James will cover in
13 a following discussion. And disruptions to service
14 has been minimal. Limited to the pause on non-urgent
15 work such as meter exchanges, and non-essential
16 communications.
17 Some community events and outreach were
18 also temporarily put on hold, but as the pandemic has
19 continued, we have been able to deliver support in a
20 virtual way. Manual meter reading accuracy has been
21 challenged, and as at the end of August, the year to
22 date result is approximately 3 percent below the
23 threshold.
24 **Proceeding Time 11:01 a.m. T18**
25 This is due to meter readings that needed to be
26 estimated for meter reader safety while protocols were

1 developed. Improvements over the last couple of
2 months have meter reading accuracy trending up back
3 towards the threshold. To minimize the impact of the
4 estimates, however, FEI proactively reached out to our
5 customers to get self-reads, which has helped reduce
6 the impact once actual rates were possible for these
7 groups of customers.
8 Both financial and non-financial support
9 has been provided to customers to address their
10 varying needs. At the outset of the pandemic and in
11 recognition of the challenges and uncertainty faced by
12 customers, collections activities were paused and the
13 company communicated the opportunity for customers to
14 reach out to create interest free payment plans. A
15 formal bill deferral and bill payment program was
16 developed for residential and small commercial
17 customers via the customer recovery fund. This
18 program provided a formal bill deferral option for
19 April through June and a one-year repayment program
20 for residential and small commercial customers. And
21 it also included bill credits to eligible small
22 commercial customers.
23 Recognizing the unique needs of larger
24 volume customers and as further described in our
25 response to CEC IR 29.4, the company maintained a one-
26 on-one approach with larger volume customers and

1 support for those customers has ranged from payment
2 arrangements, bill deferrals, custom energy advice,
3 and financial incentives for equipment upgrades. In
4 addition, the company has expanded some energy
5 efficiency programs and created additional training
6 for builders and developers. Finally, the customer
7 recovery fund deferral account was approved by order
8 G-132-20 and the forecast balance of the deferral
9 account is approximately $5 million as of June 30th,
10 2021, with the majority of that balance attributable
11 to the forecast unrecovered revenues.
12 Although an approach has been developed to
13 estimate the balance of unrecovered revenues
14 associated with COVID-19, it's important to clarify
15 that the actual amount of unrecovered revenues remains
16 uncertain and will be known as time progresses. The
17 actual volume of customers that may be at risk, the
18 total dollar value of potentially unrecovered revenue,
19 and those write-offs that are not attributable to
20 COVID-19 remain variable due to the timing of the
21 pandemic, the pause and our subsequent restart of the
22 collections process and the ongoing uncertainty of the
23 situation.
24 Now, a key indication of what actual costs
25 may land will be the results of the first cycle of the
26 collections process that was recently restarted. This

1 process for residential and commercial customers was
2 reestablished in mid-September and is focused on a
3 supportive approach for bill payment. The entire
4 process takes approximately about six weeks in
5 duration and is expected to provide some greater
6 clarity around the potential number of customers that
7 may be unable to pay. So including the dollar value
8 of outstanding payments associated with those
9 customers and certainly whether or not there is an
10 indication that COVID-19 has been a key factor for
11 that.
12 Due to this uncertainty, the approach to
13 recognizing actual costs in the deferral account will
14 be determined once more information and greater
15 certainty around write-offs develops in the coming
16 months. However, the company has determined two key
17 principles that will be used in coming to a decision
18 on the approach. First, customer write-off balances
19 recognized in the regulatory deferral account will be
20 reasonably verifiable as being caused by COVID-19. We
21 expect that conversations and communications with
22 customers throughout the various steps in the
23 collections process will provide an indication as to
24 the extent that COVID-19 has had an impact on the
25 outstanding balance and the ability of the customer to
26 pay. We intend for this information to be captured

1 either directly on the account or some other
2 comparable way.
3 Secondly, that write-offs associated with
4 COVID-19 should not have a significant impact on index
5 based O&M and as such should not have a material
6 impact on earnings sharing. That is, and all else
7 equal, the company believes that the non-COVID-19
8 related unrecovered revenue should largely be aligned
9 with historic averages. In that way it is expected to
10 be similar to the amounts of expense imbedded within
11 the index based O&M. As more customer information is
12 identified through the course of the pandemic, the
13 effects of the expense in O&M and the amount
14 recognized in the deferral account will become more
15 defined. It's also important to note that the impacts
16 of COVID-19 will most likely not be limited to 2020.
17 Finally, review of account additions and setting the
18 recovery method will occur in subsequent annual
19 reviews.
20 I am now going to pass things over to
21 James. He's going to discuss the impacts of COVID-19
22 on our incremental O&M costs.
23
24 **Proceeding Time 11:06 a.m. T19**
25 **PRESENTATION BY MR. WONG:**
26 MR. WONG: Thank you, Michelle. Good morning everyone,

1 my name's James Wong. I'm going to present the
2 highlights of the COVID-19 pandemic impact on the
3 company's net incremental O&M costs. For your
4 reference this is discussed in the section 12
5 accounting matters and exogenous factors of the
6 application and also in the response to BCUC IR 26.2.
7 So, to date, being August year-to-date,
8 we're seeing about a net incremental O&M costs of
9 about $1.6 million. These costs are primarily to
10 insure the safety/wellbeing of our customers and our
11 employees and their communities, and also to insure
12 that we continue to operate our delivery system safely
13 and reliably.
14 So on the graph, starting from the left-
15 hand side to the right-hand side, I will just provide
16 a quick overview of the costs that we've incurred to
17 date. Starting with the left-hand side, so for field
18 operations to date we've incurred about $750,000 to
19 date, of which approximately half a million dollars is
20 for PPE and the other remaining about $250,000 is
21 related to recovery of system damage claims that were
22 impacted by the closure of courts early this year.
23 Next on the right-hand side is about
24 $400,000 to date for public affairs and communications
25 activities to keep our customers informed and also our
26 key stakeholders. So activities included here include

1 advertising, developing of key messages and also bill
2 inserts.
3 Then for facilities we have about $300,000
4 to date is for costs such as signage, safety supplies,
5 and cleaning of facilities.
6 And then next to that is under customer
7 service of $100,000. So for that, primarily for
8 expanded hours for our Willingdon Park facility to
9 accommodate our after hours group.
10 And finally, in terms of the costs we have
11 $100,000 of different items, which one is related to
12 expanded internet access to allow employees to work
13 from home.
14 Then in terms of the next bar, which is
15 costs reductions, we're observing lower employee
16 expenses to date in part as a response to the in and
17 out of province travel restrictions and also as a
18 result of the restrictions on social interaction. So
19 employee expenses include course fees, accommodations,
20 travel. So to date we've observed reduced costs of
21 approximately $2.4 million. The reduction, however,
22 is expected to moderate in the remaining months as the
23 company incurs incremental related employee expenses
24 for its implementation of its gas work for its
25 workforce management system.
26 In terms of key messages here, as Michelle

had indicated earlier, there's still considerable uncertainty regarding the COVID-19 pandemic impact on the company's operations. So this applies also to the net incremental O&M costs. To date, however, sufficient O&M cost reductions have been identified to offset any potential for additional refunding required from customers through the exogenous factor treatment. We will continue to monitor the COVID-19 impact and its effect on the company's net incremental O&M costs.

At this point we'll pause and ask for any questions.

MS. BEVACQUA: Okay, if you've put your hand up for questions we'll start, BCSEA, Bill Andrews.

MR. ANDREWS: Yes, my question is very specific and I don't know if the people present will be able to answer it necessarily. But the references Exhibit B-5, Fortis' response to BCSEA IR 1.1. We asked about the impact of COVID on ESM spending and activities separate from the impact on costs directly, and there's a good description. And then in the third paragraph, just to introduce it, it says,

> "To help meet approved DSM expenditures and energy saving levels Fortis is supporting the BC Restart plan. Collaborating with program partners, BC Hydro and Clean B.C., an enhancing incentives to financially support all

1 customers…"
2 And then it says,
3 "…in the residential and income qualified
4 program areas FEI is launching a time limited
5 prequalification period for enhanced keying
6 system incentives from October 1 to December 31,
7 2020 with the opportunity for equipment
8 installation by March 31, 2021."
9 So my question is, what is a time limited
10 prequalification period? What does that mean? If no
11 one can answer that, perhaps a short undertaking will
12 be a good way to deal with that.
13 MS. ROY: I believe, Bill, that that is the -- that's
14 the time period during which customers can obtain a
15 code that they can then use up until the time period
16 ending March.
17 **Proceeding Time 11:12 a.m. T20**
18 So they don't have to have installed their
19 equipment by the end of December, but by the end of
20 December, that's their qualification period during
21 which they can obtain a code that they can then use up
22 till the end of March to actually get the rebate or
23 the incentive. And as long as -- I see Michelle is
24 nodding, so I think I am correct in that.
25 MR. ANDREWS: And this launch refers to something that
26 would not normally be available?

1 MS. ROY: The incentives themselves are enhanced as
2 compared to the normal incentive that would be
3 provided. And also the time period during which this
4 can be done I think is extended -- including having
5 this kind of pre-qualification period, which normally
6 you would have to both apply for your -- you would
7 have to apply for the incentive during the time
8 period, but there wouldn't be a period during which
9 you could get a pre-qualification quote and then later
10 go ahead and apply for the incentive.
11 MR. ANDREWS: Okay, thank you, that answers my
12 question.
13 MS. ROY: You're welcome.
14 MS. BEVACQUA: Okay, then we will move to BCOAPO, Ms.
15 Worth?
16 MS. WORTH: I have no questions on this subject, thank
17 you.
18 MS. BEVACQUA: Thank you. CEC? Mr. Weafer, *et al*?
19 MR. C. WEAFER: I have no questions. David or Janet?
20 MR. CRAIG: Can you talk a little bit about the coming
21 potential of peaks in COVID over the winter and what
22 that might do for your future costs?
23 MR. WONG: I can try and address that generally. As we
24 indicated in the IR, as everyone understands, it's
25 fairly difficult to predict the coming months, also
26 into next year. So, we can say that our costs as

1 described will probably continue. So, for example, we
2 will need more PPE, we will need to continue the
3 expanded hours for the Willington Park facility. We
4 will need to continue to keep our facilities clean and
5 safe for employees. So, we do expect costs to
6 continue to increase over time.
7 MR. CRAIG: And the savings continue as well?
8 MR. WONG: That's a possibility. As I mentioned, in
9 the coming months we do have some increase in employee
10 expenses, related to our gas workforce management
11 system. But there is a possibility that our employee
12 expenses will be lower and continue to be that. We
13 will continue to monitor it, and assess it over the
14 coming months, and also into 2021.
15 MR. CRAIG: And are there any things that have emerged
16 that looked like opportunities for improvements? Or
17 have you covered the subject pretty much?
18 MR. WONG: Not specifically to the pandemic, not that
19 I'm aware of.
20 MR. CRAIG: Great, thanks, James.
21 MR. WONG: Thanks, David.
22 MS. BEVACQUA: Okay, and so Mr. Quail from MoveUP?
23 MR. QUAIL: Yeah, maybe first, Ms. Lee, do you have any
24 questions or comments at this point?
25 MS. LEE: Not at this moment, Jim.
26 MR. QUAIL: Okay, Ms. Kronebusch?

1 MS. KRONEBUSCH: No, I don't have any questions at this
2 time, thank you.
3 MR. QUAIL: Yeah, I want to acknowledge that the
4 communications between the employer and the Union have
5 been very productive in sorting out issues, especially
6 at the onset of all of this, I just wanted to register
7 that point.
8 I wonder if you could let us know if there
9 have been any reported COVID cases within the
10 workforce so far?
11 MS. CARMAN: Michelle Carman here. Yes, absolutely,
12 Mr. Quail. So the latest information that I have is
13 that we have had two positive cases of COVID-19 within
14 our employee base. There have been no cases of
15 employee-to-employee transmission of the virus. And I
16 believe we have had four cases of positive COVID
17 results from contractors that work with the
18 organization. Again, no employee transmission
19 associated with those cases, but that is the latest
20 numbers that I have.
21 **Proceeding Time 11:12 a.m. T21**
22 MR. QUAIL: So, so far so good I guess, compared to how
23 things might have been.
24 Can you tell us just what work locations
25 the two cases took place in?
26 MS. CARMAN: If you give me a moment I can probably

1 look that up. I do for certain one of them was at
2 Willingdon Park in the contact centre. The other I'm
3 not aware of, so I'll have to take a peek to get back
4 to you on that one.
5 MR. QUAIL: Okay, thanks very much.
6 MR. CRAIG: Have they all recovered?
7 MS. CARMAN: As far as I'm aware the first case, yes.
8 The one at Willingdon Park contact centre was
9 relatively recent, within the last week or so, so I
10 haven't had a more recent update, but of course one of
11 my key concerns when I first heard the news was
12 whether that employee was doing all right and at that
13 time I was very grateful to hear that they had very
14 minor symptoms. So I'm hopeful that's progressed that
15 way for them.
16 MR. CRAIG: And best wishes to all of them.
17 MS. ROY: Michelle, if I could just jump in and help
18 out here. I do know our first COVID case was actually
19 in the Kelowna Springfield office and it was a while
20 ago, so I am quite confident that they have recovered.
21 MR. QUAIL: Good to hear. Thank you.
22 MS. BEVACQUA: Okay, we'll move to Commission Staff.
23 MR. SHARMA: No questions here, unless anybody else on
24 staff has?
25 MS. JONES: No, there's no question. Thank you.
26 MS. BEVACQUA: Thank you. And over to the panel.

1 THE CHAIRPERSON: I do have a question. And this is
2 not related so much to COVID-19 incremental O&M costs,
3 but really the impact of COVID-19 on capital projects
4 and the completion of those projects and the costs
5 related to them. I'm not sure if anybody that's at
6 this workshop can answer that question, but can
7 somebody give me a high level I guess explanation as
8 to whether or not you've noticed an impact in terms of
9 the carrying out of the capital projects and the costs
10 of completion of those projects as a result of COVID-
11 19?
12 MS. ROY: So, James, is it better if you respond or
13 Paul Chernikhowsky is also on the line.
14 MR. WONG: I can start and then perhaps Paul if he has
15 any additional information.
16 MS. ROY: Sure.
17 MR. WONG: If that works. So to address -- so this is
18 James Wong, Fortis. At this time we have not seen a
19 significant net overall impact on regular capital
20 projects and costs. Earlier in the year we
21 experienced some minimal delays in terms of delivery
22 of supplies to muster sites and also supplies from
23 vendors, but we for the most part addressed that. At
24 this time we expect to be tracking well to our allowed
25 capital funding.
26 MS. BEVACQUA: Okay, thank you. Does anybody else have

1 a comment, the FEI team?
2 MR. CHERNIKHOWSKY: So it's Paul Chernikhowsky. I
3 would just echo pretty much what James was saying.
4 Our current sustainment capital forecast, for example,
5 is very close to our original forecast for the year.
6 Just as one example of a capital activity is our
7 inline inspection that we conduct. And we had some
8 scheduled in the spring very soon after the lockdown
9 occurred. That work, because it's considered
10 essential, however still proceeded. We took very
11 diligent measures in terms of PPE. There's contractor
12 who'd come in to assist us with that, of course they
13 had to travel here by truck because they couldn't fly.
14 Of course all the appropriate physical distancing was
15 still managed, but the work was completed without any
16 incidents and we've been continuing along that path
17 since.
18 THE CHAIRPERSON: Okay, great. That's good to hear.
19 Thank you. Good luck.
20 COMMISSIONER EVERETT: No questions for me, Anna.
21 THE CHAIRPERSON: Commissioner Keilty?
22 COMMISSIONER KEILTY: No questions. Thank you.
23 THE CHAIRPERSON: Thank you. All right, back to you,
24 Ilva. Thank you.
25 MS. BEVACQUA: Excellent, thank you. So we'll move on
26 to the next presenter, Mark Warren. And I might just

1 have to take control back here.
2 THE CHAIRPERSON: And thank you to Ms. Carman and Mr.
3 Wong for your presentation,. Much appreciated.
4 MS. CARMAN: My pleasure
5 MR. WONG: Thank you.
6 MS. BEVACQUA: Okay. Mark, if you're ready, I will
7 advance your slides as needed.
8 THE CHAIRPERSON: I think Mr. Warren might be on mute.
9 MS. BEVACQUA: On mute. Mark, are you able to -- we
10 can't hear you at this point.
11 MR. WARREN: I wasn’t actually on mute, but my speaker
12 phone won't come off mute. Can everybody hear me?
13 I'm talking on my laptop now.
14 MS. BEVACQUA: Yes.
15 THE CHAIRPERSON: Yes. Thank you.
16 **PRESENTATION BY MR. WARREN:**
17 MR. WARREN: Okay. And I apologize if the audio
18 quality isn't up to snuff, but given all our other
19 challenges this morning I guess it's not that much of
20 a surprise. Sorry about this.
21 My name is Mark Warren, I am the director
22 of business innovation at FortisBC. I think -- and
23 I'm here to talk about the Clean Growth Innovation
24 Fund today. I think everybody's aware that the CGIF,
25 as we've been calling it, was approved as part of the
26 multi-year rate plan at the end of June, and we

1 started collecting the associated 40 cent per bill
2 rate rider in August.
3 **Proceeding Time 11:23 a.m. T22**
4 And so we are set up then to begin
5 collecting the approximately $5 million annually,
6 starting in 2021 through 2024. But of course since we
7 started collecting only in August this year, 2020, we
8 expect to collect only about 2 million in 2020.
9 The good news though is that since the
10 approval of the fund, we have already implemented all
11 the approval processes that we talked about in the
12 regulatory process, and we have approved our first
13 fund portfolio.
14 So as a reminder, and we will talk about
15 what that fund looks like, but as a reminder on what
16 the criteria were again established through the
17 information request process, there were five. The
18 first one was the amount of funding for a particular
19 initiative, or project that the applicant has
20 obtained. So could be their own funding, could be
21 third party funding. But we'd like to see some
22 evidence that there is skin in the game besides the
23 CGIF.
24 Second, actually the criteria two, three,
25 and four are more quantitative and based on -- number
26 two is based on the projected carbon dioxide

equivalent reduction that would occur in British Columbia from the initiative if it became commercially successful.

Third is similar, but it's related to criteria air contaminant reductions. So those would typically be particulate emissions like nitrous oxides, or sulfur dioxides that you might see from -- those reductions might occur, for example, from reducing diesel engine emissions.

And the fourth one is whether there are any direct energy cost reductions that could accrue to FEI gas customers.

And then the fifth one is another relatively subjective criteria which is, you know, how do we feel about the project team that is presenting the initiative to us. Next slide please Ilva.

We had talked again in the application and the subsequent IRs about how we were going to manage this. So, all of those projects and initiatives that I talked to you about are reviewed on an individual basis against those criteria that I just mentioned. That's done by an internal steering team at FortisBC that consists of both technical and business experts. That required quite some deliberation, but we assembled a portfolio of projects based on that.

The steering team, then -- I took those

1 forward to an external advisory council to go through
2 and review and provide input. In this case, there
3 were no concerns about the portfolio as presented.
4 And so that portfolio was presented unchanged to the
5 executive steering team at Fortis, and was
6 subsequently approved in September.
7 Next slide please, Ilva.
8 So you are aware of who is on the external
9 advisory committee. This is the current list. The
10 three people listed in blue on this slide, which are
11 the first and last two people, did not or were not
12 able to sign a non-disclosure agreement prior to the
13 EAC meeting, the external advisory committee meeting,
14 and so unfortunately were not able to attend. One of
15 them has subsequently signed that NDA and so will
16 participate in the next session. But we did have five
17 people there, including two intervenor groups
18 represented, as shown on here from MoveUP and the
19 BCSEA.
20 As well we had three other external
21 advisors on that committee and I would just like to
22 take this chance to reiterate the invitation that all
23 of the intervenor groups would have received it. It's
24 still a live invitation and we'd love to have you.
25 **Proceeding Time 11:28 a.m. T23**
26 Next slide please, Ilva.

The portfolio itself was approved for a total of just under $1.5 million. The majority of that funding, as you can see under CGIF grant column, went to renewable gases. There are -- under that category there were seven projects approved, as it shows. Four of them related to renewable hydrogen projects, two to renewable methane or RNG projects, renewable natural gas, and one to a synthetic gas, renewable synthetic gas project. Carbon capture projects were the next big three projects there. Two under transportation and one small project under combined heat and power, which is just wrapping up.

And so I was pleased with this mix. It reflects well the rough contributions we expect from these various pillars of carbon reduction initiatives in our 30 by 30 plan. And met with, I think, approval from both the executive and the external advisory committee. And as you can see, we were able to leverage the dollars quite well in the CGIF fund.

Next slide please, Ilva.

I thought I would highlight one particular project that we're quite excited about. This is a project that we were already participating in, what we're calling phase 1 at UBC Okanagan here in Kelowna. And we had conducted some preliminary studies with UBC on a variety of things related to blending hydrogen

1 into the natural gas system at relatively small
2 percentages. We have now committed, subject to
3 further NSERC funding, to funding an actual lab in the
4 new innovations centre on campus that will study a
5 number of aspects of blending hydrogen into natural
6 gas systems. And once that is complete we expect that
7 to lead to a complete building or several building
8 pilot injection of hydrogen on the UBC campus here.
9 Next slide please, Ilva.
10 So we'll be looking at a number of aspects
11 of hydrogen blending, right from the initial injection
12 into the natural gas system and modeling that and
13 testing various types of nozzles to impacts on
14 materials and end uses and how hydrogen injection
15 impacts combustion, digital models and simulations of
16 all those things as well, which will hopefully pave
17 the way for being able to inject hydrogen ultimately
18 into our natural gas system. And as I think
19 everybody's aware, you know, if you, for instance,
20 blended 10 percent renewable hydrogen into our natural
21 gas system, you would get approximately a 10 percent
22 reduction in GHG emissions as a result.
23 And next slide. And with that I will take
24 any questions.
25 MS. BEVACQUA: Okay, so we'll start with the BCSEA,
26 Bill Andrews *et al*.

1 MR. ANDREWS: Yeah. Well, the questions that I have are
2 kind of more broad like to do with Fortis' accounting
3 for its GHG reductions. And if this isn't the best
4 place to ask my questions, you can just let me know
5 and we can ask them later.
6 MR. WARREN: But you will quickly exhaust my expertise
7 in carbon accounting, I'm afraid, but I will try.
8 MR. ANDREWS: Okay. So in Exhibit B-5, BCSEA IR 12 and
9 13 asks about how Fortis is accounting for its GHG
10 reductions and its planned GHG reductions. And Fortis
11 has a 30 by 30 target that you quite helpfully
12 explained is a target, it's an absolute target, not
13 relative. It's to avoid 3.9 million tonnes of CO_2
14 equivalent by 2030 and that number is based on 30
15 percent of 2007 customer emissions.
16 So one of the ways in which Fortis is --
17 one of the four ways in which Fortis is reducing these
18 emissions is through the LNG exports or the LNG sales.
19 And in subsequent responses you've explained that
20 included in the 3.7 million tonnes of reduction are
21 the reductions in GHG emissions from the use of the
22 LNG by customers for example in China, that would
23 otherwise be using diesel or coal.
24 **Proceeding Time 11:33 a.m. T24**
25 And so my question has to do with the --
26 GHG reductions in B.C. don’t include of, course, GHG

1 reductions outside of the province. And so while it's
2 important for LNG from FEI to reduce GHG emissions out
3 of province by counting those reductions against the
4 3.7 million from B.C. based customers, do we have a
5 double counting problem? In other words, that the
6 customers that are using LNG from Fortis will be
7 accounting for the reduction in their domestic GHG
8 reduction framework, and so it should, if that is the
9 case, then presumably it should not be accounted for
10 within B.C.? Is that something -- I'm sure this is
11 not new to the people who are working on this topic,
12 but I'm wondering if you can tell me what the thinking
13 is about this, and will this be addressed?
14 MR. WARREN: Just a couple points before I canvas the
15 group for a bit more expertise. But I just want to
16 point out first of all that the clean growth
17 innovation fund is focused on projects that would
18 reduce emissions in British Columbia. And so to the
19 extent that projects came forward that reduced
20 emissions elsewhere or could reduce emissions
21 elsewhere, they would not be eligible for clean growth
22 innovation funding.
23 Nevertheless, you are quite right, Mr.
24 Andrews, that part of 30 by 30 includes emissions
25 reductions over -- in jurisdictions other than B.C.
26 And it would not typically be counted in carbon

1 accounting, but as to the reconciliation, I am not
2 sure that anybody on the call can speak --
3 MS. ROY: Mark, we could maybe see if Jason Wolfe our
4 director of energy solutions could see if he has
5 something to add? If not, we will probably have to
6 take that offline.
7 MR. WOLFE: Just checking, can folks hear me? I was
8 getting messaged.
9 MS. ROY: Yes.
10 MR. WOLFE: Okay, yes. Thank you Bill for the
11 question. I can answer at least a little bit at a
12 high level. The target that we set was, as you've
13 noted, a voluntary absolute target, because we wanted
14 to look at the effect that we could have on our
15 customers in reducing emissions. So, looking at all
16 the volumes of the gas that flowed through the
17 FortisBC gas system, and we set a target to reduce
18 those emissions as you noted by 3.99 million tonnes,
19 which is less than the 2007 number. So that's looking
20 at all the emissions, or all the gas that flows
21 through, and then the impact of that.
22 So that does then take into consideration,
23 yes, the emissions in B.C., but also those reductions
24 that might occur outside of the borders of B.C.,
25 because we didn’t want to constrain ourselves I think,
26 just B.C., because GHG emissions are a global issue.

1 MS. ROY: And as far as the accounting side of it,
2 Bill, I guess I'm not sure if this helps or not but
3 our 30 by 30 target, that's our internally developed
4 target, and it is using our commitment to reduce
5 customers' emissions to help us get there. It's not
6 tied into a carbon accounting system in any sense in
7 that way, if that was what you were getting at.
8 MR. ANDREWS: Well, I think that certainly as the LNG
9 increases over time, this will be something that needs
10 to be grappled with, because in absurdum, it could get
11 to the point where there is more GHG reductions
12 happening in China than in B.C. And if so, then that
13 at least needs to be understood in terms of how Fortis
14 is going about reducing GHG emissions.
15 **Proceeding Time 11:38 a.m. T25**
16 MS. ROY: Right. So we're probably a bit of a ways
17 from that, but right now I think, you know, that is
18 our target. And I think you also could did have a
19 question about double counting and certainly since
20 30BY30 our internally developed target, there is no
21 double counting of those two items, they would be two
22 separately accounted for items that together make up
23 the 30 by 30 target.
24 MR. ANDREWS: Yeah, the double counting that I was
25 referring to — and I think you may have addressed
26 this already — would be that it would counted in

1 China, for example, (audio drops) and again counted in
2 B.C., but what you've said, as I understood it, was
3 that 30 by 30 is not an official reporting under the
4 B.C. carbon accounting, it's an internal target.
5 MS. ROY: That's correct, yes.
6 MR. WOLFE: Correct, yeah. And it's certainly a way to
7 help motivate our staff, and to set direction and
8 targets, and encourage them to find ways with our
9 customers to help customers reduce emissions.
10 MR. ANDREWS: All right. Thank you.
11 MR. HACKNEY: Tom Hackney here. If I could ask a
12 continuing question just to make sure I've understood
13 what the situation is in terms of the greenhouse gas
14 accounting.
15 So my understanding is that the quantum of
16 the reduction is an absolute quantity, but the
17 remainder, in other words the amount of greenhouse gas
18 emissions that the customers are still emitting, is
19 not an absolute quantity, it's a quantity that is
20 determined relative to a business as usual, if I can
21 use that expression, so that the quantity of emissions
22 could rise. Is that correct? Am I correct in my
23 understanding?
24 MR. WOLFE: I don't believe so, because it is an
25 absolute number that we're looking at based upon where
26 things were in 2007 and a reduction from that. So one

1 of the activities that will happen or potentially
2 could happen between 2007 and 2030 is, for example, an
3 increase in customer attachments and those customers
4 would use natural gas. But because it's an absolute
5 number, we have to then manage the emissions down from
6 what was 2007. So even though there are new customers
7 added and they may consume additional volumes, we have
8 to reduce the overall emissions based upon what was in
9 2007. So that's where you have items like energy
10 efficiency come into play, renewable gases can come
11 into play for some of those new customers and that
12 helps bring those emissions down.
13 MR. HACKNEY: Okay, thank you, that's important.
14 MS. BEVACQUA: Okay. Now we'll move over to CEC -- or
15 sorry, BCOAPO. Ms. Worth?
16 MS. WORTH: That's okay. I've finally managed to get
17 rid of my cat that was trying to participate in the
18 hearing as well. I don't have any questions on the
19 subject actually. I think that any sort of peripheral
20 concerns I've kind of flagged were addressed in the
21 questions put to you by CEC -- or BCSEA. Thank you.
22 MS. BEVACQUA: Thank you. Over to CEC, Mr. Weafer *et*
23 *al*.
24 MR. C. WEAFER: Thanks very much. Thanks, Mr. Warren,
25 for the presentation. Just on the external advisory
26 committee there may have been a communication gap with

1 CEC, I'm not sure, and I don't need a detailed answer,
2 but is there anything on the record just setting out
3 the expectation and role of the advisory committee?
4 Does it have a veto ability? Is it just giving
5 comment? What's the expectation of the external
6 advisory committee?
7 MR. WARREN: We talked about that a little bit in the
8 first external advisory committee meeting. The role
9 as initially conceived was really just that, advisory.
10 No veto power, anything like that and I don't think
11 that will change.
12 **Proceeding Time 11:42 a.m. T26**
13 But it's also -- there's a couple other
14 important aspects to it as well and one is
15 directional. And so, you know, to the extent that --
16 I would be very interested to hear feedback from the
17 group, and did, on what, you know, do we think that,
18 you know, renewable gases are the right place to be
19 putting our money versus some other type of GHG
20 reduction? And there was general alignment on that,
21 you know, renewable gases are probably the most
22 important but we want to continue polling for that
23 kind of information.
24 And the other one is simply a way to insure
25 that -- you know, the folks that we have are very well
26 connected in many cases to innovators in the

1 community. And so, you know, we'd love it if ideas
2 came from the external advisory committee as well.
3 MR. C. WEAFER: So is there a document or anything that
4 sort of sets out, particularly, (audio drops) going to
5 come in late, I don't know if the CEC will, but is
6 there anything that sets this out so that there's an
7 understanding of the expectations that people can
8 refer to?
9 MR. WARREN: Yes, when I sent out the invitation, that
10 apparently you didn't receive, we did include a terms
11 of reference in there. And so I will resend that,
12 Chris, and figure out --
13 MR. C. WEAFER: If I missed it, I apologize. But no,
14 thanks for that and I'm sure CEC will take a look at
15 it.
16 Those are my questions, thank you.
17 MR. WARREN: Thank you for the questions.
18 MR. C. WEAFER: David or Janet?
19 MR. CRAIG: Yeah, a couple. First of all, Mark will be
20 delighted to join your committee and as Chris picks up
21 that documentation we'll sign off and join in the
22 process.
23 MR. WARREN: Excellent.
24 MR. CRAIG: And a question as just a follow up to
25 Jason, when it comes to work and product that Fortis
26 is producing in B.C. that has GHG reduction impacts

1 somewhere else in the rest of the world, while the
2 accounting may not allow for it to be a positive
3 climate change action, just confirming that the
4 reduction in GHGs is a worldwide concern and if you're
5 contributing to it from anywhere it's positive for the
6 climate.
7 MR. WOLFE: Yes, exactly. Thank you, David. That was
8 one of our motivations for this is we wanted to find
9 ways in which we could, through our customers, reduce
10 emissions. And whether those customers were within
11 B.C. or in some cases they are obviously now in China
12 or in shipping where they could be moving outside of
13 B.C., we wanted to find ways to help them reduce
14 emissions. And as GHGs are a global issue, that will
15 help.
16 MR. CRAIG: And you'll be open for ideas about other
17 things you could be doing?
18 MR. WOLFE: Absolutely. We set those kind of four
19 pillars where we thought we could reduce emissions,
20 but certainly we're continuing to look at more ways,
21 even as far as looking at what our industrial
22 customers are doing right now and how they may be able
23 to take on different types of fuels to reduce
24 emissions as well. So we're constantly open to new
25 ideas.
26 MR. CRAIG: Fabulous, look forward to working with you

1 on it.
2 MR. WOLFE: Thank you.
3 MS. BEVACQUA: Okay, and so we'll move over to MoveUP,
4 Mr. Quail?
5 MR. QUAIL: I don't have anything. Rysa or Cindy, do
6 you have anything?
7 MS. KRONEBUSCH: I have no questions at this time, thank
8 you.
9 MS. LEE: No, I'm good, thank you.
10 MS. BEVACQUA: Okay, thank you. So we'll move over to
11 our next presentation of Service Quality Indicators.
12 THE CHAIRPERSON: Before you do that, Ilva --
13 MS. BEVACQUA: Oh, I'm sorry, staff. I totally forgot
14 staff and the panel. But sorry, BCUC staff?
15 MR. SHARMA: Staff has no questions, but thanks for the
16 discussion.
17 MS. BEVACQUA: Okay, sorry. And over to the panel.
18 THE CHAIRPERSON: I do have a question but notice that
19 Michelle also has her hand up. So, Ms. Carman, did
20 you want to say something before I ask my question?
21 MS. CARMAN: No, not at that time. I raised my hand so
22 Ilva would know I had something to say once the
23 Commission panel was able to ask their questions.
24 MR. WARREN: I think Michelle has a bit more
25 information on the COVID situation, so we can address
26 that after the questions.

1 THE CHAIRPERSON: Absolutely, okay. All right. I do
2 have a question for you, Mr. Warren. First of all,
3 thank you for your presentation. I'm pleased to see
4 that there's been progress made in terms of the
5 innovation funding of projects.
6 However, one thing that I wanted to get
7 clarity about is, is it a criterion for funding that
8 one of the project proponents has be FEI or is the
9 funding available to any third parties who come along
10 with great ideas for projects to be funded out of that
11 fund?
12 **Proceeding Time 11:47 a.m. T27**
13 MR. WARREN: It's definitely for third parties, and in
14 fact we explicitly said that the funding cannot go
15 directly to FEI. Although, of course, we have in-kind
16 contributions through the participation of our staff.
17 But that's it. So all of the funding is intended for
18 third parties.
19 THE CHAIRPERSON: Okay, great, thank you very much.
20 That's my question.
21 MR. WARREN: No problem.
22 THE CHAIRPERSON: Do my fellow panelists have any
23 questions relating to the clean growth innovation
24 fund?
25 COMMISSIONER KEILTY: Hi, it is Karen, I have a
26 question. Have you had any customer reaction to the

1 fund itself, or any feedback from customers?
2 MR. WARREN: I have not personally had any feedback
3 from somebody in a customer capacity. But we have had
4 a lot of interest from parties both within British
5 Columbia and outside. Some of them probably are
6 customers, but they are more interested in receiving
7 funding. WE haven't had any comments -- I haven't at
8 least, regarding the fund itself.
9 COMMISSIONER KEILTY: I wanted to know if you had heard
10 anything through the contact centre?
11 MS. CARMAN: Michelle Carman here. So, at least as far
12 as I'm aware, we haven't had any concerns raised from
13 customers about the impact on their bills or the rates
14 from that perspective.
15 MR. WOLFE: If I can add just from my standpoint, it's
16 Jason Wolfe here. So, from the larger commercial and
17 industrial customers, we have had anecdotal feedback
18 where these customers have taken note of the fund and
19 are quite interested and have had some questions as to
20 how they might be able to get involved in it, or if
21 they know of technology that they could use in their
22 areas. So, the feedback that we have received,
23 although anecdotal, has been positive.
24 COMMISSIONER KEILTY: Thank you.
25 THE CHAIRPERSON: Commissioner Everett?
26 COMMISSIONER EVERETT: I have no questions, thank you.

1 THE CHAIRPERSON: Okay. I do have a follow-up question
2 to Mr. Warren, and it relates to funding. Is the
3 funding limited to within projects that are carried
4 out by entities within the province? Or are you
5 looking nationally, or even internationally for
6 project proponents?
7 MR. WARREN: Yeah, we didn't want to restrict the
8 funding to British Columbia only. I think it wouldn't
9 serve the interest of our customers well. However,
10 what we do say in those five criteria that we had up
11 front, is that we need to see a path to emissions
12 reductions or cost reductions in British Columbia.
13 And by that we mean, you know, if this initiative or
14 this project became commercialized, would it have
15 commercial application in British Columbia?
16 THE CHAIRPERSON: Okay, that's great. Thank you very
17 much. Those are all my questions. Thank you.
18 MS. BEVACQUA: Okay, thank you, so now I think we are
19 on to Service Quality indicators. Over to James.
20 **PRESENTATION BY MR. WONG (Continued):**
21 Hi there, this is James again. So for the
22 service quality indicators, I will be providing a
23 brief summary of the 2020 year-to-date results under
24 the current MRP, and also the 2018 and 2019 final
25 results under the prior PBR.
26 So, for the most part, with the exception

1 of the SQI average speed of answer which replaced the
2 previous telephone abandonment rate, the current suite
3 of SQI's is similar to that under the prior PBR.
4 So, presented here are the 2018 and 2019
5 annual results, and the August 2020 year-to-date
6 results for the customer SQIs. For 2018 and 2019,
7 under the prior PBR the performance of the five
8 metrics worth benchmarks all were met. For the two
9 SQIs that are considered information only, the
10 performance observed was generally consistent with
11 that in the past.
12 And then for August 2020, under the current
13 MBR, provided here are the August 2020 year-to-date
14 results, which represent an update to the numbers
15 included in the application. In the application are
16 the June year-to-date results. And of note is that
17 the August results for this year are very similar to
18 that of June. So there is no significant change
19 there.
20 And as to the performance so far to date in
21 2020, to August, the results indicate that the
22 company's overall performance were met.
23 A metric that is below the benchmark, or
24 the threshold, is the meter reading accuracy at 89
25 percent, compared to the benchmark or the threshold of
26 92 percent. My colleague Michelle Carman earlier

1 discussed that the factors that contributed to this
2 performance lower than the threshold.
3 **Proceeding Time 11:53 a.m. T28**
4 Next slide, please.
5 Presented here are the 2018 and '19 results
6 and also the August 2020 year-to-date results for the
7 category of SQIs called safety and reliability.
8 Please note that for the SQI public contacts for gas
9 lines there's a change in reporting from a rolling 3-
10 year average is under the prior PBR to one currently
11 based on the annual result for the MRP. Also of note
12 is the benchmark that's listed there and also shown
13 for the threshold has been tightened in that sense.
14 The previous benchmark and thresholds were both at 16.
15 For 2018 and '19 under the prior PBR, the performance
16 of the four metrics noted here with benchmarks
17 indicate that service quality levels were met. And
18 for the two informational indicators, performance that
19 was generally consistent with that in the past.
20 And then for 2020 under the current MRP,
21 again as I mentioned earlier for customers SQIs, the
22 numbers shown on this slide represents an update from
23 the application. These are the August year-to-date
24 results versus the June results. And, again, the
25 numbers are fairly similar, with no significant
26 change. And as to the performance so far in 2020, the

1 August 2020 year-to-date results indicate that service
2 quality expectations were met. Note that the final
3 evaluation of the results for 2020 in accordance with
4 order G-44-16 will be completed next year in the
5 annual review for 2022 delivery rates when actual SQI
6 results for 2020 will be known.
7 At this point I would like to pass it over
8 to Paul Chernikhowsky our director of regulatory
9 projects and resource planning to provide some more
10 details of the one transmission incident observed for
11 2020.
12 MR. CHERNIKHOWSKY: Okay, thank you very much, James.
13 Good morning again. Just a quick audio check,
14 everyone can hear me I assume?
15 THE CHAIRPERSON: Yes, thank you.
16 **PRESENTATION BY MR. CHERNIKHOWSKY:**
17 MR. CHERNIKHOWSKY: So, yes, as mentioned we did have
18 one transmission incident year-to-date that required
19 reporting for the BC Oil and Gas Commission. I should
20 note that the incident was considered minor and in
21 fact at the lowest risk ranking on the OGC's incident
22 reporting classification system. In fact, my
23 discussion today is less about the incident itself but
24 rather how it was found and how it highlights the
25 value of the various pipeline integrity programs that
26 we undertake.

1 For some background, this incident occurred
2 on a pipeline between Savona, which is just outside
3 Kamloops, and Vernon. It's a 12-inch diameter pipe
4 and it's part of what we call the Interior
5 Transmission Mainline and it was installed in 1957
6 when natural gas was first brought to the Interior.
7 In this case apparently during the original
8 construction a small length of pipe was left resting
9 directly in contact with the bedrock underneath the
10 pipe.
11 Over the years, as the ground settled
12 around it, the pressure from that contact caused a
13 dent to form in the pipe wall. And that's undesirable
14 for two reasons. One, is that the dent causes stress
15 in the pipe and can weaken it. And the second is
16 pressure from the rock also damages the external
17 coating and that's what protects the pipe and can also
18 allow corrosion to occur when it's damaged.
19 Now, fortunately we are able to conduct
20 inline inspection on this pipe. And in other words,
21 we run tools, sometimes called pigs, that can detect
22 deformations, such as the dents or metal loss, gouges
23 or corrosion that occur. Now, clearly we want to
24 detect and mitigate any features before they result in
25 a release of gas and in this case we did.
26 We've actually been monitoring this dent

1 feature for many years using a variety of ILI tools
2 and previous indications didn't require any specific
3 action on this one.
4 But based on readings from a pig run
5 earlier in 2020, using newer, more sophisticated
6 tools, we determined that we needed to confirm both
7 the accuracy of the readings and the actual condition
8 of the pipe. And so we conducted what we call an
9 integrity dig. The tools aren't perfect and that's
10 one of the reasons we conduct digs and it's to compare
11 the results from the pig run and verify any areas of
12 concern on the pipe. And so here's what we found.
13 Ilva, if you can take us to the next slide.
14 So in the top left, first we have a photo
15 of the exposed pipe that's taken from underneath. And
16 the first thing that's evident is the damage to the
17 pipeline coating. And, again, that was cause by the
18 contact with the rock. In the bottommost photo slide
19 you can see the extent of the deformation in the pipe
20 wall. That dent is about 15 millimetres, over half an
21 inch. Now, dents on their own are not unusual on.
22 **Proceeding Time 11:58 a.m. T29**
23 Older pipes. In fact, we're aware of a number of them
24 on this segment of pipe. Construction practices back
25 in the '50s simply were not as rigorous as they are
26 today, but what's more concerning in this case is that

1 the pig also identifies some metal loss from corrosion
2 or what in everyday use we call rust.
3 So in the very top center of the right
4 photo is what we can see when we cleaned off the dirt
5 and the coating and the rust and it's a very small
6 pinhole leak. Now, actually the leak is so small you
7 can't see it. What you do see are bubbles in the soap
8 solution that we use to check if any gas is escaping,
9 so it's the white foamy area in the centre there. To
10 be clear, there was no leak prior to us exposing the
11 pipe but once we cleaned everything off the metal was
12 thin enough that this tiny leak revealed itself.
13 Now, a pinhole leak itself might not be of
14 great concern, but when you look at the overall extent
15 of the corrosion and the coating damage on the photo
16 on the left, it is a concern and that's because if
17 left unchecked that corrosion could have continued
18 until a larger leak or potentially even a rupture
19 occurred.
20 And so, Ilva, if you could move to the next
21 slide, please.
22 So finally, just a few photos of the
23 completed repair. Essentially what's happened is the
24 pipe has been cleaned and then a very strong metal
25 sleeve was bolted on, two halves around the pipe. And
26 that covers the full extent of the corrosion. The

1 sleeve effectively strengthens the pipe and it creates
2 an outer wall to contain any escaping gas. Longer
3 term, this portion of the pipe, including that repair,
4 is actually going to removed and replaced as part of a
5 replacement from the aerial creek crossing, which is
6 immediately adjacent to this section. And that work
7 had already scheduled for completion in 2021.
8 Repairs like this aren't particularly
9 unusual. We typically conduct a handful every year of
10 this nature where we bolt on a sleeve, for example.
11 But really I think this incident is an excellent
12 example of why we conduct inline inspections on our
13 high pressure pipelines, why we conduct integrity digs
14 to verify the findings from the ILI tools, and also
15 why we applied for and received approval for our
16 inland gas upgrades project.
17 And just as a quick reminder, that project
18 is intended to allow us to expand our inline
19 inspection capabilities to smaller diameter lateral
20 pipelines in the Interior that we've never been able
21 to inspect using ILI tools before. And so it will
22 allow us to identify similar corrosion issues that we
23 might not have previously been able to detect.
24 And so with that I'd be happy to take any
25 questions on my presentation.
26 MS. BEVACQUA: Okay, so we'll start with BCSEA, Bill

1 Andrews.
2 MR. ANDREWS: Sorry, I'm just unmuting myself. I don't
3 have any questions. Thank you.
4 MS. BEVACQUA: Okay, we'll move to BCOAPO, Ms. Worth?
5 MS. WORTH: No questions from me, thank you.
6 MS. BEVACQUA: Thank you. And CEC, Mr. Weafer *et al*?
7 MR. C WEAFER: None from me. David or Janet?
8 MR. CRAIG: No. It was a very thorough presentation,
9 thank you.
10 MS. BEVACQUA: Thank you. And MoveUP, Mr. Quail *et al*?
11 MR. QUAIL: I don't have any. Rysa or Cindy, do you
12 have any questions?
13 MS. LEE: No, I have no questions. Thank you.
14 MS. KRONEBUSCH: No, I'm good. Thank you.
15 MS. BEVACQUA: Okay, over to Commission Staff?
16 MS. JONES: Staff have no questions. Thank you very
17 much.
18 MS. BEVACQUA: Thank you. And over to the panel.
19 THE CHAIRPERSON: I have no questions, thank you very
20 much for the presentation.
21 COMMISSIONER EVERETT: No questions, thank you.
22 COMMISSIONER KEILTY: No questions, thank you.
23 MS. BEVACQUA: Okay, thank you. So that completes our
24 presentations and we would next be going into our
25 question period, but we're in your hands, Madam Chair,
26 as to whether we take a break or what we should do.

1 THE CHAIRPERSON: It is now noon. I guess I would like
2 to get a sense from the participants, in particular
3 intervenors, as to whether or not they anticipate
4 having a large number of questions, in which case we
5 should probably take a break. Or if not then we
6 should just, you know, carry on.
7 MR. ANDREWS: To follow the same order, for BCSEA I can
8 say that we do not have extensive further questions at
9 this point.
10 THE CHAIRPERSON: Thank you, Mr. Andrews.
11 Ms. WORTH: This is Leigha Worth from BCOAPA. I do
12 have some questions but not an extensive amount. It
13 was more just sort of not knowing exactly where to
14 answer them or things that came up during the course
15 of the presentation. So I don't anticipate being very
16 long either.
17 THE CHAIRPERSON: Thank you. CEC, please, Mr. Weafer?
18 MR. C. WEAFER: Thank you. I have one follow-up
19 question. Mr. Craig or Janet, any questions?
20 MR. CRAIG: We don't have many and we'd appreciate a
21 short break here so that I can talk with Chris and be
22 happy to continue and dispose of a short number of
23 questions quickly.
24 THE CHAIRPERSON: Okay, thank you very much, Mr. Craig.
25 Now, Mr. Quail?
26 MR. QUAIL: I don't have any questions. Ms. Kronebusch

1 or Ms. Lee, do you have any? That is, unless things
2 come up in the course of discussion with others.
3 MS. LEE: I concur with Jim.
4 MS. KRONEBUSCH: No, I'm good, thanks Jim.
5 THE CHAIRPERSON: Thank you very much.
6 THE CHAIRPERSON: Thank you very much. Commission
7 staff?
8 MS. DOMINGO: Thank you Commission Fung. We do have a
9 few questions in two specific areas, nothing too
10 extensive though.
11 THE CHAIRPERSON: Thank you. And my fellow panelists,
12 do you have any general questions or can you give me
13 an idea of how long you might be?
14 COMMISSIONER KEILTY: Nothing at this point for me.
15 THE CHAIRPERSON: Commissioner Everett?
16 COMMISSIONER EVERETT: No, nothing at this point.
17 Thank you.
18 THE CHAIRPERSON: Okay. Then I would suggest that we
19 take perhaps a ten-minute break, if that's long enough
20 for you, Mr. Craig, and then we can come back and then
21 try to carry on. I would like to wrap up by 1:00 p.m.
22 at the latest, if that's possible. Would ten minutes
23 suffice or would you like additional time? We can
24 extend to 15.
25 MR. CRAIG: Ten minutes will do and we're happy to try
26 and wrap up by 1:00.

1 THE CHAIRPERSON: Thank you. All right, so let's do
2 that. Let's say we come back at 12:15 as a group.
3 And I just want to remind Ilva, please, that Ms.
4 Carman did I think want to provide some information.
5 So perhaps we can do that right after the break, okay?
6 MS. BEVACQUA: Yes, perfect.
7 THE CHAIRPERSON: Thank you very much. We'll reconvene
8 at 12:15, thank you.
9 **(PROCEEDINGS ADJOURNED AT 12:05 P.M.)**
10 **(PROCEEDINGS RESUMED AT 12:15 P.M.) T30/31**
11 MS. BEVACQUA: So we can get started, and Diane will
12 take us through the question period, but Michelle
13 Carman wanted to clear something up first.
14 MS. CARMAN: Yes, thank you, and thank you, Madam
15 Chair, for recalling that I did have something to add.
16 I need to make a correction to my response
17 to Mr. Quail's question regarding the number of
18 positive COVID-19 cases at FortisBC. I have been
19 informed that we have actually had three positive
20 cases, but I do have a little bit more information in
21 terms of the location of each.
22 So, we had our first case, positive case at
23 our Springfield location in Kelowna in August. Our
24 second was in the Lower Mainland at our Burnaby Muster
25 Station, and that was in September. And the most
26 recent case was the one at Willingdon Park that I was

1 speaking of, and that occurred actually right at the
2 end of September, early October. So, my apologies for
3 missing the one case.
4 MR. QUAIL: No apology called for, thanks for the
5 update.
6 MS. BEVACQUA: Thank you. So we will enter the open
7 question period, and we'll start with BCSEA, and Mr.
8 Andrews.
9 THE CHAIRPERSON: I don't think Mr. Andrews is back
10 yet. So perhaps we can just skip him for the moment?
11 MS. BEVACQUA: Sure, unless Mr. Hackney -- I do see Mr.
12 Andrews but it is blinking.
13 MR. ANDREWS: I have nothing to add at this point,
14 sorry.
15 THE CHAIRPERSON: Ah there he is, Mr. Andrews.
16 MS. BEVACQUA: Okay, and Mr. Hackney? He might not be
17 on the line.
18 MR. HACKNEY: Thank you. I too have nothing to add at
19 this point.
20 MS. BEVACQUA: Okay, thank you. So we will move now to
21 BCOAPO, Ms. Worth?
22 MS. WORTH: Thank you. I had a couple of questions and
23 I want to start of with one that was sent to me by my
24 expert who unfortunately wasn't able to attend. I
25 don't think he uses the proper browser.
26 He is asking about the preamble that is on

1 page 45 of Exhibit B-3 and I will read it into the
2 record. It says,
3 "On page 4 of Appendix B of the application, FEI
4 explains that 2020 and 2021 continue to be
5 transition years related to replacement of the
6 current Entegrate deal capture system with a new
7 energy trading and risk management, or ETRM
8 system. During the transition period, software
9 maintenance and support costs will be incurred
10 on both systems until the new system is fully
11 functional and the Entegrate system can be
12 retired."
13 So then in the evidence there is a table in
14 the response to BCUC IR 1.12.0 and 1.12.1, and in that
15 we see that the IS cost from 2016 to 2021 is more than
16 doubled, going from $249,000 to $514,000, which is the
17 increase that is equivalent to a 15.6 percent increase
18 compounded annually for five years.
19 So I'm wondering if FEI can comment either
20 now or in an undertaking, whether this cost increase
21 reflects a real increase in functionality that is of
22 value to ratepayers, or is it mainly just
23 inflationary?
24 MS. ROY: Okay, it's Diane Roy here, I am going to
25 check in and see if Brian Noel, our manager of
26 business planning for the gas supply group is online,

1 and if so if he has a response to that? Or if we will
2 need to take an undertaking?
3 MS. WORTH: Thank you.
4 MR. NOEL: Yes, good afternoon, it is Brian Noel with
5 FortisBC Energy Inc. Ms. Worth and Commission panel,
6 in response to your question about the IS costs for
7 the core market admin, basically the primary driver of
8 the costs is the fact that we are replacing the
9 Entegrate platform and are paying the operating
10 support costs for that. At the same time, we are busy
11 going through the -- just completed the design and are
12 starting the "configuration" of the new Allegro
13 Horizon system which is anticipated to go into service
14 or go live in around September or October of 2021.
15 So what we are seeing in the 2020 and 2021
16 costs is primarily a redundancy of some of the
17 operating costs. The project is a multi-year and
18 multi-business enterprise solution. And so the first
19 year of the operating costs for Allegro Horizon system
20 were capitalized as part of the project in 2019, but
21 are now O&M or operating costs for the core market
22 admin for 2020 and 2021.
23 And then what we envision is either late
24 2021, or early 2022, the Entegrate system, which is
25 the one that we are replacing and coming to end of
26 life, will be retired, at which time those costs will

1 fall off. But because the information resides in the
2 Entegrate system today, and we need to still access
3 it, and we need to maintain those licenses and we need
4 to pay the operating costs while we're designing the
5 new system and configuring it, there is some
6 redundancy, albeit short-term.
7 **Proceeding Time 11:53 a.m. T32**
8 MS. WORTH: Okay, and can you quantify that redundancy,
9 the costs associated with that redundancy, please?
10 The additional cost I mean.
11 MR. NOEL: Bear with me, I don't have those numbers at
12 my fingertip, I'm just going to see if they were in
13 one of the IR responses.
14 MS. WORTH: Thank you. I apologize if I've missed
15 that, because as I said, this was a question that was
16 emailed to me by the experts. I didn't have a chance
17 to --.
18 MR. NOEL: No worries, no worries. So in the response
19 to the BCOAPO question -- sorry, it would've been the
20 BCUC IR 1.12.1, we provided a table in that response
21 that breaks down the cost between the Entegrated deal
22 capture system, the new ETRM system Allegro Horizon,
23 and then other miscellaneous IS costs. And so in that
24 one it shows -- which you can refer to at your
25 leisure, it shows that for 2020 the Allegro Horizon
26 costs will be just under 110,000 and for 2021,

125,000. And so those are the costs of the new system we're seeing as incremental costs to our budget right now and then as we move forward in time those costs will continue and the Entegrated costs will fall off. And Entegrated costs at this point in time are currently higher, partly because it's an older system, has probably higher maintenance costs attached to it, as well as with ACGS storage business subsidiary falling off, the sharing arrangement which started and provided customers with a bunch of savings from 2016 onward is now starting to return, where they've fallen off the system, they only retain one licence and are now primarily using the new platform Allegro Horizon. And so we're now in the utility bearing a higher share of the costs, which would have been what we were bearing prior to 2016.

MS. WORTH: All right. Thank you very much.

MR. NOEL: You're welcome.

MS. WORTH: So moving onto something else, can you generally describe the type of trading and risk management that's done and the interests that are used, like interest rate swaps, forex, et cetera?

MR. NOEL: Unfortunately that's not my area of expertise.

MS. WORTH: No, no, I apologize. I was done with that particular subject matter. I apologize.

1 MR. NOEL: Oh. So unfortunately that's not my area of
2 expertise in terms of the financial derivatives we
3 utilize in the gas supply portfolio. I'm aware of the
4 activity but not the details of the instruments and I
5 don't know, Diane, if there's anybody else on the call
6 that could speak to that.
7 MS. ROY: Yeah, so we would only be using those
8 instruments that have been approved by the BCUC for
9 our transactions. I don't know if anybody is online
10 that could speak to that, so we may have to get back
11 to you on that.
12 MS. WORTH: That's fine if you want to take that as an
13 undertaking, that's perfectly acceptable.
14 **INFORMATION REQUEST**
15 MS. ROY: Sure.
16 MS. WORTH: And I just wanted to double check, now when
17 there are those types of trading and other activities
18 that have been approved by the B.C. Utilities
19 Commission, there's obviously gains and losses. So
20 can you indicate to me where in this application that
21 was actually recorded?
22 MS. ROY: Those would not be recorded in this
23 application. Those gains and losses are part of our
24 either commodity or midstream portfolios, which are
25 not the subject of this proceeding.
26 MS. WORTH: Okay. The reason that's it a bit of a

1 concern is because we are seeing that rather steep
2 increase going forward in the commodity cost, so it
3 was just something that we were kind of wondering if
4 we could take a look at.
5 Okay, let's see. Okay, so in the actual
6 application -- or, sorry, in Exhibit B-4, which is the
7 Utility's response to our IR 1.6.1, there's a table.
8 And that table reference shows the forecast
9 unaccounted forecast quantity, the cost of which is
10 embedded in the mainstream -- the midstream sales
11 rates and they're increased each year based on a
12 five-year rolling average of actuals.
13 **Proceeding Time 12:26 p.m. T33**
14 Now, the forecast volume more than doubled
15 from 486 TJ in 2015 to 1,087 TJ in 2019. So I'm just
16 wondering, does FEI have a strong incentive to reduce
17 its UAF?
18 MR. NOEL: This is Brian Noel with FortisBC Energy Inc.
19 and, Ms. Worth, I'll speak to that one as well,
20 Commission panel. And so, yes, FortisBC is actively
21 incented to keep its UAF as low as possible. But
22 before I can really dive into what we can and can't do
23 I think I need to explain what UAF is comprised of.
24 And so in our utility we refer to UAF or
25 unaccounted for gas, other jurisdictions may refer to
26 it as lost and unaccounted for gas. And in general

1 there are three primary buckets that we see that drive
2 that. Number one is what we would refer to as system
3 leakage and that is where the gas system may have some
4 minor leaks within the system as we had discussed
5 earlier in today's presentation. And to minimize that
6 amount of loss we have a very aggressive ILL -- ILI
7 program, as well as a system integrity program in
8 general. And then when leaks are identified they are
9 repaired and scheduled for repair and repaired as
10 promptly as possible. And so that helps reduce any
11 losses through system leakage, although there'd be
12 some.
13 Then there's another category referred to
14 as lost gas. And the lost gas comprises hit lines
15 primarily, as well as theft on the system. And so to
16 help reduce the amount of gas lost on hit lines we're
17 actively engaged as a member of BC One Call and
18 promote the Call Before you Dig program to help reduce
19 homeowner as well as contractor hits on our lines
20 which would cause leakage. And then there is some
21 loss, albeit minor, during normal operational
22 maintenance on the system.
23 And last but not least is what we refer to
24 as measurement inaccuracies, and this is typically the
25 primary contributor to UAF. And it's a simple fact
26 that there are meters that measure the gas coming into

1 the pipeline and meters that measure gas being
2 consumed by consumers and there are measurement
3 differences. And this is a large number that
4 contributes to UAF and it is not easily identifiable
5 and it is managed because we maintain all of our meter
6 fleet to the Measurement Canada standards. And those
7 standards themselves typically can result in
8 inaccuracies of plus or minus 1 percent right from the
9 get go. And so that helps put in perspective, I
10 think, the UAF.
11 Then in terms of addressing more
12 immediately, I guess, the percentages that were
13 indicated in the table. Those numbers are based on a
14 historical UAF numbers over the historical years and
15 it's a five year rolling average we use when we
16 forecast the amount of UAF to put into gas cost rates.
17 All those numbers, be it the low of .4 percent up to
18 the highest of .8, are all what we would consider very
19 reasonable in comparison with other jurisdictions or
20 utilities based on information we've received looking
21 at American Gas Association data.
22 So I wouldn't want to put a hard number on
23 it but I would suggest that anything below 1 percent
24 is very reasonable and even numbers slightly above 1
25 percent are not problematic when you think about the
26 measurement inaccuracy can easily be plus or minus one

1 percent.
2 MS. WORTH: Okay. I was wondering, do you have some of
3 the updated 2019 UAF performance for the utility, the
4 way that you've had updated figures on the various
5 other things that you can provide here? So, you know,
6 something current to August?
7 MR. NOEL: I don't have anything current for 2020
8 because with UAF, of course, because of cycle meter
9 billing any time you try and do something with a short
10 cycle you add in a greater level of inaccuracy. So
11 what we typically do is we tend to do our UAF
12 calculations on an end of year basis, end of calendar
13 year, for -- use in the rate setting.
14 **Proceeding Time 12:31 p.m. T34**
15 I believe, though, we do look at, on the
16 finance side, the monthly, but I don’t have those at
17 my fingertip. But to give you a little bit of
18 perspective in terms of where UAF has been over the
19 last number of years, we have -- so for right now we
20 are using the five year rolling average, which is the
21 .8 percent, and that's based on our historical 2014
22 through 2018 numbers.
23 And just to give you perspective, in 2018
24 our historical annual UAF was 1 percent. 2019, which
25 is going to be coming into the setting of our 2021 gas
26 costs rates, is .38 percent.

1 MS. WORTH: Okay, all right. So you don't expect the
2 upward trend of the UAF to continue going forward,
3 barring any sort of huge system breaks or system
4 problems that cause larger leaks than you would
5 normally find on a (inaudible) system, is that
6 correct?
7 MR. NOEL: I can't predict the future, but I can tell
8 you that the 2021 rates will be using a lower UAF, and
9 we are going to be filing that in our Q4 gas costs
10 reports, and we will be using instead of the .8
11 percent rolling average, our numbers already indicate
12 we will be using .7 percent. So that already
13 indicates it is starting to drop off. I don't know
14 what the future will bring though.
15 MS. WORTH: Okay, thank you. I appreciate you are not
16 able to predict the future. If you could, I think
17 you'd be able to make quite a bit of money on the
18 stock market.
19 So I was just wondering, can FEI confirm
20 that physical gas blows -- and this is to do with SCP
21 revenue. I was wondering if FEI could confirm that
22 the physical gas flows on the SCP are east-to-west
23 only?
24 MR. NOEL: Again, this is Brian Noel, FortisBC Energy
25 Inc. and I will speak to that the best I can. So the
26 general flow on the SCP system is east-to-west, though

it is a bi-directional pipeline. The typical west-to-east mitigation is typically through displacement.

MS. WORTH: Okay, all right. Is there a simple explanation that you could give us today for how market price differentials between Station 2 supply and Kingsgate Hub give rise to mitigation revenues?

MR. NOEL: Okay, Brian Noel again, FortisBC Energy Inc. And I just want to verify the question. So you are asking about differentials between Station 2 and Kingsgate?

MS. WORTH: Yes, so the marketplace differentials, between those two different areas apparently give rise to mitigation revenues, and I am just wondering if there is a simple explanation that you can provide that would explain how that actually occurs.

MR. NOEL: Okay, I will try my best again, Ms. Worth, and Commission panel. Just to give a little background then. SCP is a pipeline that typically flows Alberta Gas east-to-west. That is the normal flow, and that is the primary capacity that's being held and provides supply for the gas portfolio for FortisBC.

In the non-heating season, that is when the mitigation activity typically occurs, so it doesn’t mean that it can't occur in a mild period of winter, but the historical mitigation has occurred in the non-

1 heating season, typically when we have some capacity
2 to move gas west-to-east to Kingsgate Market.
3 Over the past number of years, until
4 recently, there has been a high differential in terms
5 of Station 2 gas being over supplied and being very
6 cheap gas, and Kingsgate having constrictions and
7 therefore being higher priced. So Fortis, with its
8 capacity held on the West Coast Pipeline system, as
9 well as being able to mitigate on SCP, through
10 displacement west-to-east, has been able to capture
11 some of that differential and generate mitigation
12 activity revenues.
13 What's happened in the market place, a
14 number of factors, but basically that differential is
15 eroded and Kingsgate is no longer providing a strong
16 market to sell gas in. So we are seeing those
17 revenues fall off, and our forecast is, for the short
18 term anyways, that those will continue to remain low,
19 albeit again, the future will bring what the future
20 brings.
21 MS. WORTH: Thank you very much. One last question.
22 And this in regards to forecasting. I just was
23 wondering, so given that the RSAM and flow through
24 deferral accounts capture variances in the delivery
25 revenue, would it fair to say that FEI's main risk
26 with respect to its actual delivery margin are

1 customer number risk and weather risks?
2 **Proceeding Time 12:36 p.m. T35**
3 MS. ROY: So this is Diane Roy speaking. First of all,
4 I just wanted to follow up a little bit on what Brian
5 was saying about UAF and just refer you, in case it's
6 helpful, to our response to BCSEA IR 8.2, where we
7 talked a little bit about the different things that
8 we're undertaking that will have -- maybe not designed
9 to reduce UAF but they do have that effect in the end,
10 and that something like the gas AMI system may also be
11 helpful in the future with that sort of thing as well.
12 And as far as your question about RSAM and
13 so as you mentioned, we have both the RSAM deferral
14 account and the flow-through deferral account. The
15 RSAM picks up variances in use rates between what we
16 forecast and the actual for a residential and
17 commercial customers. And then the flow-through
18 deferral account actually picks up all other
19 variances, including customer account variances.
20 So there actually is no risk and all
21 customers will basically benefit from any additional
22 revenues, demand driven revenues, compared to what we
23 forecast or they'll eventually pick up any additional
24 -- any reduction of it.
25 MS. WORTH: Okay, great. Thank you very much. Those
26 are my questions.

1 MS. BEVACQUA: Okay, so we'll move to CEC now, Chris
2 Weafer and Mr. Craig and Ms. Rhodes.
3 MR. CRAIG: Where is Mr. Weafer?
4 MR. C. WEAFER: Sorry about that, I'm here. Ilva,
5 would you be able to put slide 7 back up, please?
6 MS. BEVACQUA: Sure.
7 MR. C. WEAFER: Perfect, thank you. And so, from a
8 ratepayer perspective, I'd just like to get a good
9 understanding of what may be seen in 2021 in terms of
10 end result rate impacts on customers. And in this
11 application you're seeking an order for delivery rate
12 increases of 6.59 percent, approximately $27 or 2.9
13 percent on the annual bill of a residential customer
14 and roughly similar to a commercial customer.
15 Does Fortis have at this time any other
16 increases that they would intend to see flow through
17 in 2021 to customers that would impact this percentage
18 forecast?
19 MS. ROY: This is Diane Roy speaking. As you know, we
20 have the midstream rates are usually adjusted January
21 1st of each year and the commodity rates are adjusted
22 every quarter. So for the commodity rates we had a
23 rate increase that is just taken place, October 1st.
24 We are hopeful that that will mean that there won't be
25 a rate increase January 1st but we cannot predict
26 really what the forward markets are going to be

1 looking like by the time we file our application for
2 the January 1 rates.
3 As far as mid-stream rates, I know Brian
4 Noel, I might have to go back to him again, I think
5 there may be an expectation of a small increase in
6 mid-stream rates for January 1st at this time but I
7 don't know if we're able to speak to that yet, Brian?
8 I'm hoping Brian is there.
9 MR. NOEL: Yes, yes. Sorry, it just takes a second to
10 get off my mute button there. Yes, it's Brian Noel
11 again, FortisBC Energy Inc.
12 And we will be filing in out Q4 report and
13 I believe the filing date, if I'm not mistaken, would
14 be November 25th, we'll file with the Commission in
15 which we'll seek approval for any changes on mid-
16 stream rates, rider 6 and also review the commodity
17 rate at that time. At this point in time we haven't
18 even completed our preliminary runs but we are seeing
19 greater pressure on the midstream.
20 A couple of factors there. Primary factor
21 is that the deferral balance is building to a bit of a
22 deficit and the main driver of that is the mitigation
23 in the market place in general, not just SCP but in
24 the market place in general, is not as good as it has
25 been. So we're seeing a little bit of less mitigation
26 than normal, meaning that we're not getting as much

1 recovery or offset of our costs for the fixed
2 resources in our portfolio.
3 And then the forecast is for 2021 at this
4 point at time and we're finalizing that with folks in
5 gas supply around forecast mitigation revenues in
6 2021, and those will (inaudible) it down a little bit
7 as well.
8 **Proceeding Time 12:41 p.m. T36**
9 But as you know, both the commodity and
10 midstream have deferral accounts, so any variances
11 from what we forecast to what actually happens gets
12 picked up and recovered or refunded as part of future
13 rates. And the (audio drops) through the rate rider.
14 So what we've done is we are coming though with the
15 rate that this year, the one in current effect, is
16 actually quite moderate, because we came off with the
17 pressure in 2019 of the Enbridge rupture. So
18 midstream rates went very high in 2019, came back down
19 in 2020, but of course the mitigation is off a bit, so
20 we are seeing a bit of a deficit build, which will
21 affect the rider. And then the forecast right now is
22 the mitigation will remain low in 2021, but if by
23 chance we are able to do better than that, whatever
24 the rates are set at, that would be captured in the
25 deferral account and refunded to consumers.
26 MR. C. WEAFER: And thank you for that. Part of where

1 I was going was we talked earlier around slides 13 and
2 slides 15, where we are seeing rough numbers roughly a
3 15 percent increase in the cost of gas. So, where is
4 that increase -- where and when is that increase going
5 to be flown through to customers, potentially
6 impacting this rate forecast?
7 MR. NOEL: Well, as the numbers -- sorry.
8 MS. ROY: I was just going to say, yes, the numbers you
9 are seeing there, Chris, are already flowed through.
10 So those have already been reflected in the rates. So
11 as I said, the January to June actuals had a lower
12 rate, we had a rate increase already this year, and so
13 those rate increase have already been flowed through.
14 And there is no forecast of a rate increase that's
15 included in the numbers you are seeing there.
16 MR. CRAIG: That was flowed through in October?
17 MS. ROY: There was an August 1st rate increase, and
18 also an October 1st rate increase.
19 MR. CRAIG: Right, thank you.
20 MR. C. WEAFER: So those increases were partially what
21 were mitigated out. What was in the account from 2018
22 to 2019?
23 MS. ROY: Yes, yeah, and we will provide further
24 breakdown of that in an undertaking.
25 MR. C. WEAFER: Right, right, I appreciate that. So
26 what we've got in terms of the forecast, the 6.9

1 percent, the evidence is that includes what you've
2 highlighted today in terms of the cost of gas increase
3 forecast, and if that has been over forecast, there
4 will be recovery of revenue, that will go into the
5 deferral account and be used in the later years, is
6 that how that would work?
7 MS. ROY: So the 6. 95 percent does not include the
8 cost of gas as a consideration. It is just the -- you
9 know, we take the revenue which includes, in this
10 case, $450 million worth of commodity revenue. We
11 subtract the cost of gas, which is $450 million. And
12 so the same number goes into both the revenue and the
13 cost of gas calculation when we do our delivery rate
14 revenue application. So this will not -- whether this
15 is higher or lower is not going to affect the delivery
16 rate increase at all. It only affects future,
17 potentially future commodity or midstream rates.
18 MR. C. WEAFER: Right, so just so I'm understanding, if
19 you've forecast high, the 15 percent increase you are
20 identifying between 2020 and 2021, if you forecast
21 high, you would over collect from the customers, you
22 would build into a deferral -- it would go into the
23 deferral account, the excess collected would go into a
24 deferral account, and tends to be used to mitigate in
25 the subsequent year like you've done this year with
26 the 2018/2019 overcollection. Is that correct?

1 MS. ROY: Are you referring specifically to the cost of
2 gas part in this?
3 MR. C. WEAFER: Yes, yeah.
4 MS. ROY: Yeah, so that part is not -- as I said, that
5 forecast is not part of these rate increases at all.
6 And if they do occur, it will be through a separate
7 process. So, what you're seeing there, that 15
8 percent is not something that actually is planned or
9 being asked for, either now or planned to be asked for
10 in the future. That's only reflecting things that
11 have already been approved, and are already in
12 customer's rates.
13 I know it's confusing because you are
14 seeing that increase here, but the increase reflects
15 the fact that the first six months of this year, 2020,
16 had lower commodity rates than what we're seeing on
17 average for 2021 because of the timing of when those
18 commodity rate increases came into play.
19 **Proceeding Time 12:45 a.m. T37**
20 But you are correct that we do have
21 deferral accounts so that if on the commodity side the
22 amounts that are recovered are less or more than what
23 we're seeing here, that will be keep in separate
24 deferral accounts that again flow through the
25 commodity rate increases, but not through the delivery
26 rate increases.

1 MR. C. WEAFER: Well, I look forward to the discussion
2 and the presentation in terms of the cost of gas and
3 changes on the inputs. I think it will be helpful to
4 get a bit more of an elaboration in that response in
5 terms of what you described there, because it's not
6 crystal clear to me, that's for sure.
7 And the (inaudible) of the difference year
8 to year is there, it's a 15 percent difference. We'll
9 cycle back and look at the quarterly adjustments, but
10 the bottom line is we're trying to understand, as what
11 I think the Commission would want to understand, is
12 what at the end of the day is the rate impact in a
13 COVID environment, in a difficult economy, you've got
14 a 6.9 increase here, you're got evidence around
15 significant increases of cost of gas, at the end of
16 the day what is the ultimate rate impact on the
17 customer through this process as well as the other
18 flow-throughs from FEI. That's what we're trying to
19 get a handle on.
20 MS. ROY: Okay, so to that undertaking we can add the
21 already approved commodity rate increases that happen
22 in 2020 to kind of give you a bit of flavour for the
23 overall rate increases, but what we can't do is
24 speculate on what the commodity rate increase might be
25 for January. But we will make it a more fulsome
26 discussion.

1 MR. CRAIG: And just one thing to confirm. That the
2 carbon tax that was going in April was deferred, I
3 think it was deferred again in September to April
4 2021. Should we be expecting the carbon tax to come
5 in April 2021, without asking you to speculate on that
6 future, but that's just what's in the plan now?
7 MS. ROY: Yes, I do know that it was deferred, the one
8 that was going to take place April of 2020. And you
9 may have better information than me, but, yeah, I
10 assume -- I believe it's still scheduled for April
11 2021 unless I hear something from someone else. And,
12 yes, that would also affect overall customers' bills.
13 MR. CRAIG: Yeah, I think the issue is we would like to
14 be able to talk to our customers about what they see,
15 and I know you do that as well. So if we can work
16 with you to help make sure that we're on the same page
17 with you communicating that, that would be great.
18 Thank you so much.
19 MR. C. WEAFER: Thanks, Diane. David, do you have any
20 further questions?
21 MR. CRAIG: No, I think we're -- that's our primary
22 interest.
23 MR. C. WEAFER: Thank you, thank you very much.
24 MS. BEVACQUA: Thank you, and we'll move now to Mr.
25 Quail *et al* at MoveUP.
26 MR. QUAIL: I don't have anything. Rysa or Cindy, do

1 you have any?
2 MS. KRONEBUSCH: No, I don't. Thank you very much.
3 MS. LEE: No, thanks, Jim.
4 MR. QUAIL: That's it. Thanks.
5 MS. BEVACQUA: Thank you. And over to BCUC Staff.
6 MR. SHARMA: Yeah, we have a few questions, thank you.
7 So I'll start off with some questions on the BVA rate
8 rider, and then I'll transfer it over to my colleague
9 who has some questions on capital.
10 So just for a bit of background to my
11 question before I actually get to my question, in the
12 BCUC's decision on the 2020 to 2024 MRP, the BCUC
13 approved the continuation of the BVA transfer
14 mechanisms until otherwise amended by the BCUC and
15 pending further review of the comprehensive assessment
16 report to be filed by FEI at that time. On August 12th
17 FEI submitted the BERC rate assessment report and as
18 of last Friday the BCUC established a proceeding to
19 review the BERC rate assessment report.
20 So my first question is, if the proposed
21 BVA rate rider is approved as part of this
22 application, could you please explain how the
23 evaluation of the BERC rate assessment report may or
24 may not impact this BVA rider?
25 MS. ROY: Sure, I'll take that. So the BVA rate rider
26 that you're seeing us request approval of is for 2021,

1 but it affects -- it reflects, rather, the 2020
2 balances and transfers for the BVA. So the amounts
3 that took place or are taking place in 2020. So those
4 amounts are set, like whatever the decision comes --
5 if there was a decision from the BCUC that changes the
6 BERC rate methodology -- (inaudible) methodology,
7 rather, it's not going to change the 2020 balances in
8 the BVA at this point.
9 So I don't see any -- I don't really see a
10 conflict or a link between the two processes.
11 **Proceeding Time 12:50 p.m. T38**
12 MR. SHARMA: So in that case FEI didn't really consider
13 requesting interim approval for the rare ride if it's
14 not really connected to that?
15 MS. ROY: No, I don't see a link or a reason to request
16 interim approval on that basis and given the way that
17 the BVA rate rider is calculated.
18 MR. SHARMA: Okay, so just kind of a follow-up to that
19 is, in your view would it be appropriate to spin off
20 approval of the current BVA transfer mechanism and the
21 rate rider to that panel who's been assigned to that
22 one or not? Based on your own answer.
23 MS. ROY: So I can't foresee a scenario where the other
24 panel would make a decision on that application before
25 the end of the year, in time for rates for 2021. And
26 given that -- I don't believe they could make a

1 decision that would then be retroactive to 2020 and I
2 don't think that an BVA rate rider is the way to
3 really deal with that.
4 The BVA rate rider is just there to set up
5 the difference between the amounts that are
6 transferred in and out of the BVA. It's not so much
7 about the BERC rate itself or the BERC methodology,
8 but I don't believe that that would be particularly
9 beneficial. Of course, if the Commission decides they
10 would like to do that, we can do that but I don't see
11 the benefit behind it myself.
12 MR. SHARMA: Okay, great. That's really helpful, thank
13 you. I'll pass it on to my colleague, Avery.
14 MS. JONES: Hi there, just getting off mute. I have
15 some questions related to the 2019 capital spending.
16 MS. ROY: Mm-hmm.
17 MS. JONES: So, in the application and in response to
18 BCUC IR 18.1, FEI discussed its 2019 actuals for
19 capital spending, both for growth capital and for
20 sustainment in other capital. So going back to the
21 application, FEI stated that the 2019 growth capital
22 budget calculated by the formula was just over $40
23 million and in the MRP proceeding FEI stated its
24 projected 2018 growth capital spending would be $63
25 million, roughly. And then in this application FEI
26 gave its 2019 actuals for growth capital and the spend

1 was just over $88 million. So it went form a formula
2 amount of 40 million to a projected spend of 63
3 million to actuals of 88 million. And in response to
4 BCUC IR FEI gave a number of factors that contributed
5 to the increase in that spending.
6 What I was curious about is what accounts
7 or what portions of the reasons given account of the
8 difference between the projected 2019 growth capital
9 numbers filed in the MRP and then the actual growth
10 capital numbers reported in this application?
11 MS. ROY: Okay, I am going to pass that question to
12 Jason Wolfe to get us started. I'm not sure if he's
13 going to be able to fully answer it or not, but we
14 will start there.
15 MR. WOLFE: Yeah, thank you, Diane. Jason Wolfe,
16 director of energy solutions. I don't think I'll be
17 able to answer the specific dollars or percentage
18 amounts, but as indicated in 18.1, we speak to a lot
19 of different factors that have resulted in a higher
20 growth capital number. The first and foremost one of
21 those, of course, is customer attachments. So
22 different from the PBR formula that was allocating
23 growth capital based on net customers, the costs that
24 we incur are based on gross customer attachments, so
25 when we go out and put a service line in to attach a
26 customer. And so those numbers are higher than they

1 have been in the past and there's a disconnect between
2 that and net numbers. So that's one of the main
3 drivers.
4 But then also at the same time as we've
5 adding a lot of customers over the last five years
6 what that has done is meant that we've had to do other
7 capital work on the system, both in system
8 improvements and something called CDSUs or customer
9 driven system improvements, system upgrades, which
10 occur unscheduled because of an addition of a certain
11 volume or number of customers in this certain area
12 that might drive an improvement close to that area.
13 As we've added all these customers we've
14 seen more of that and so we have seen some pressures
15 on that and that's -- along with different types of
16 main costs for larger industrial customers, these
17 things all together have resulted in that number that
18 you referenced, the 88 million.
19 I don't have in front of me right now an
20 exact percentage of what drove each one, but it is a
21 combination of all of those factors.
22 MS. JONES: And would you say that all those factors
23 are in play for the difference between the projected
24 amount at the time of the MRP filing and the actuals
25 submitted in this application?
26 MR. WOLFE: Yes.

1 MS. JONES: Does FEI take any prioritization of work
2 before the planning stages or during the planning
3 stages for any given year to ensure that the capital
4 spending doesn't go over budget?
5 MR. WOLFE: We actually continually do that work. So
6 we forecast out items like system improvements and
7 when we expect to do that. We constantly reevaluate
8 that work along with the work that is driven by
9 customer attachments and try to balance those efforts.
10 Sometimes that means that more dollars go into, say,
11 attaching a new customer versus the system improvement
12 or a CDSU, and we are constantly are evaluating that
13 and trying to work within the budget.
14 **Proceeding Time 12:56 p.m. T39**
15 MS. JONES: Can you explain whether FEI considers
16 deferring work if it's going over budget?
17 MR. WOLFE: We are continually looking at it, and
18 rather than specifically just deferring, we are
19 looking at, okay, does that -- can we do that work
20 this year, or a little later in the year, as customer
21 numbers may change, we can do that. And then some
22 cases we will defer to a following year if it is work
23 that we don’t deem as increasing risk to our
24 customers.
25 MS. ROY: And if I could just jump in there, you know,
26 one of the issues of course with the growth capital is

1 it's customer driven, as Jason did mention. And we do
2 have a duty to serve customers. So although we do our
3 best to reprioritize and to find instances where work
4 could maybe be pushed out -- and as we've said before,
5 I think, we are going to be seeing some variation in
6 growth capital between years. So you might have some
7 years that are over, and maybe you can make up for it
8 in another year, at least we are hopeful of that for
9 this MRP term. We do have that ongoing issue around
10 customers coming forward or capacity driven upgrades
11 due to growth and number of customers that we do have
12 to spend the capital to put those in.
13 MS. JONES: Can you speak at all to, since we are most
14 of the way through 2020, whether FEI expects to come
15 in close to its 2020 growth capital budget? Or
16 whether it expects to go over or under?
17 MR. WOLFE: At this time, I think we are seeing
18 customer attachments similar to last year, and we are
19 managing the capital so that we are coming in where we
20 expect to be with the forecast.
21 MS. JONES: Great. I have somewhat similar questions
22 related to this statement and other capital spending.
23 Although the budgets weren't exceeded by as large of a
24 margin, I am interested in any further information
25 that FEI might have, in addition to what was provided
26 in the IR responses, about any sort of prioritization

of work that could be taken place on the sustainment or other capital, to ensure that spending doesn't go over budget? And whether deferral of work is considered in those budgets?

MS. ROY: Sure, I'll just add a bit of colour to the beginning, because you'd had some numbers at the beginning of the growth capital section. I am just referring back to a response in the 2019 annual review, and we are actually very -- for 2019, came in very close, only about $2 million different than what our expectation was at that time for sustainment and other capital. But I will turn it over to I believe it is Paul Chernikhowsky, who is going to help us out on discussing any prioritization processes, which is really what your question was about.

MR. CHERNIKHOWSKY: Yes, thanks Diane, it's Paul Chernikhowsky again. Yeah, and as Diane mentioned in the 2019, one of the IR responses, we had forecast at that time exceeding the capital allowance, I'll say, by 26 million, and our actual was 28.548 million. So generally speaking, we were fairly close to our previous forecast.

There were a number of pressures that we discussed during the PBR period that contributed to those capital overspends, and it occurred in each year right from the start of the PBR. And there were, what

1 we described were really three big boulders. Two of
2 them were somewhat combined, and they were both
3 related to decisions related to adjustment of the base
4 capital. And that was associated with the
5 amalgamation of Vancouver Island into the FEI system.
6 And also adjustment of the allowance for customer
7 additions in the growth capital, and the growth factor
8 that's used in the calculation of additional capital.
9 So those are two.
10 There is also we had increased in-line
11 inspection activity in the early years and then
12 throughout the PBR term. And then as already
13 discussed, unanticipated system improvements and new
14 stations. So, those three big boulders contributed in
15 each of the years to us exceeding the formula allowed
16 capital.
17 I should add that yes, we do have internal
18 tools, such as our asset management system, which
19 allow us to essentially develop prioritized lists of
20 capital work and when it needs to happen. We always
21 are looking to see if we can reprioritize work. And a
22 good example is in the IS area. So for example, it
23 might be possible to defer replacement of a system or
24 something like that, to allow us to still accomplish a
25 project that has a more direct impact on a customer.
26 **Proceeding Time 12:56 p.m. T40**

1 So, yes, we do re-prioritize, and that was
2 done early on in the last PBR. We did attempt to stay
3 closer to the capital formula and some work was
4 deferred, but what really happens is that just creates
5 that dreaded bow wave effect and so in the later years
6 of the PBR we attempted to catch up on them and we
7 did. And so when you look at our sustainment for 2020
8 we're actually very close to what our forecast for
9 capital was included in the MRP applications.
10 So I would say the new MRP, the capital
11 mechanism, is serving us and our customers must better
12 than the old PBR capital mechanism.
13 MS. JONES: Great, thank you. Those are wonderful
14 answers. That wraps up my questions.
15 MS. BEVACQUA: Any more from staff? No, seeing none
16 we'll move to the panel.
17 THE CHAIRPERSON: Okay, I'm going to invite my fellow
18 panel members to ask their questions if they have any.
19 Commission Keilty?
20 COMMISSIONER KEILTY: Yes. I don't have any questions.
21 I would like to thank all the participants and
22 especially for your patience with my technical issues
23 early on. Thank you.
24 THE CHAIRPERSON: Thank you, Commissioner Keilty.
25 commissioner Everett?
26 COMMISSIONER EVERETT: I don't have any questions

either, and I also would like to thank Fortis for its presentation today. And I will look forward to the answers that are going to be provided to Mr. Weafer's questions on delivery costs and what was driving that. That did catch my interest, but other than that I have nothing else to ask right now.

THE CHAIRPERSON: Okay. Thank you, Commissioner Everett.

I have no questions for any of the presenters but I just want to, I guess, raise a couple issues. I know there's been a number of undertakings and I want to remind everyone that pursuant to order G-209-20 the answers to those undertakings are due to be filed with the BCUC on October 20th. Following that, the interveners are expected to file their final arguments by November 3rd, to be followed by the FEI reply argument on November 10th. And with that in mind I think the panel is aware of the need to basically approve the rates for 2020 and 2021 hopefully by the end of the year, and we'll do our best to do that.

But I just want to, I guess, make some closing remarks, and on behalf of the panel and as well as the entire BCUC staff team I want to thank all 38 participants at this workshop for your participation this morning. But in particular I want to thank the FEI presenters for their presentations

1 during this workshop. It's quite evident that a lot
2 of work went into this process and I really applaud
3 the presenters for the quality of the information that
4 you've provided and your forthrightness in terms of
5 answering the questions from interveners, as well as
6 from staff and the panel, all of which are greatly
7 appreciated. I want to thank Ilva for being an
8 excellent moderator. So thank you very much for your
9 great job this morning and into the afternoon.
10 I want to thank our hearing administrator,
11 Mr. Hal Bemister and Mr. Keith Bemister of Allwest
12 Reporting for transcribing this workshop. And lastly
13 I want to thank you all for your patience with our
14 technological issues this morning and I want to wish
15 all of you a great rest of the day.
16 So, with that, I would declare the workshop
17 adjourned unless anybody has any other final closing
18 remarks that they wish to make.
19 MS. ROY: I would just like to thank you, Madam Chair,
20 for helping us through this and also the Commission
21 panel and thank everybody for attending today. We do
22 have three undertakings and one of those is a combined
23 undertaking. We have two for BCOAPO and one for CEC,
24 so we will get those in definitely by the October 20th
25 date. And thank you.
26 THE CHAIRPERSON: Thank you, Ms. Roy, I really

appreciate it. And I suspect you will be filing as well as an exhibit the presentation materials, formally, after this conclusion of the workshop.

MS. ROY: Yes, we will do that. Thank you.

THE CHAIRPERSON: All right. Everyone have a great rest of the afternoon, enjoy your lunch and thanks again.

(PROCEEDINGS ADJOURNED AT 1:07 P.M.)

I HEREBY CERTIFY THAT THE FORGOING is a true and accurate transcript of the proceedings herein, to the best of my skill and ability.

A.B. Lanigan, Court Reporter

October 14th, 2020