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FortisBC Energy Inc.

Annual Review for 2022 Delivery Rates

Decision
and Order G-366-21

December 10, 2021

Before:
A. K. Fung, QC, Panel Chair
T. A. Loski, Commissioner
R. I. Mason, Commissioner

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Executive Summary

On June 22, 2020, the British Columbia Utilities Commission (BCUC) approved a multi-year rate plan (MRP) for FortisBC Energy Inc. (FEI) covering a five-year period from 2020 to 2024 (MRP Decision). The MRP uses a performance or incentive-based regulatory rate setting framework which links utility rates to performance, rather than to the recovery of the operating and capital costs of service associated with a traditional cost of service approach.

In accordance with the MRP Decision, an annual review process is required to set rates for each year of the MRP. In this application, FEI applies to the BCUC for approval of 2022 delivery rates, among other things (Application).

For 2022, FEI seeks an 8.07 percent permanent delivery rates increase from 2021 delivery rates, resulting from a forecast revenue deficiency of $71.483 million. FEI also seeks approval of several deferral accounts and rate riders, including the establishment of a Regional Gas Supply Diversity (RGSD) Project Development Costs Deferral Account, as well as approvals related to the 2022 Core Market Administration Expense (CMAE) budget.

After reviewing the Application, evidence and arguments filed in the proceeding, the Panel finds FEI's proposed delivery rates increase for 2022 to be just and reasonable. The Panel notes that almost half of the delivery rates increase is due to the elimination of prior years' accumulated revenue surplus. The delivery rates are also increasing due to higher amortization of deferral accounts, as well as higher depreciation and increased financing and return on equity costs associated with necessary capital expenditures on FEI's system. In addition, Operations and Maintenance cost increases are primarily due to costs that are calculated by formula as approved in the MRP Decision. Accordingly, the Panel approves a 2022 delivery rates increase of 8.07 percent, effective January 1, 2022, subject to the adjustments to be made by FEI to account for the updates to the inflation factor for the June 2021 Consumer Price Index (CPI)-BC and Average Weekly Earnings (AWE)-BC actual results.

Other than the RGSD Project Development Costs Deferral Account, the Panel also approves FEI's deferral account and rate rider requests, as well as the CMAE budget. The Panel denies FEI's request for the establishment of the RGSD Project Development Costs Deferral Account. The Panel finds that approval of the deferral account could be viewed as giving tacit or implicit approval to initiate development of the RGSD project and the Panel is not persuaded by the evidence in this proceeding that initiating the development of the project is in the public interest at this time. In the Panel's view, FEI's 2022 Long-Term Gas Resource Plans (LTGRP), which is expected to be filed in March 2022, would be useful in reviewing the context around the RGSD project and would allow the BCUC to have a more holistic view of how such a project would align with BC's energy objectives as set out in section 2 of the *Clean Energy Act.* Additionally, the Panel notes that FEI plans to file a separate RGSD Project Development application in the first quarter of 2022, which is only a few months from now and would align with the timing of the 2022 LTGRP filing. Although the Panel is cognizant that the development of a large project such as the RGSD project has a long lead time and of the importance of the requested Pre-Phase 1 and Phase 1A activities, the Panel is not convinced that a few months delay would have a significantly negative impact on the timing of the project.

With respect to FEI's Service Quality Indicators (SQI), the Panel finds FEI's 2020 and June 2021 year-to-date SQI results indicate that its overall performance to-date meets service quality requirements. The Panel is not persuaded that additional reporting on the Meter Reading Accuracy SQI results would result in further improvements or insights into FEI's performance that would be useful to the BCUC or interveners. With respect to the Telephone Service Factor (TSF) (Non-Emergency) results, the Panel rejects the Commercial Energy Consumers Association of British Columbia's recommendation that the BCUC direct FEI to return its TSF (Non-Emergency) to benchmark levels and provide quarterly reporting on the activities undertaken to do so until this is complete. Regarding the Average Speed of Answer (ASA) SQI, the Panel rejects the Commercial Energy Consumers Association of British Columbia's recommendation that the BCUC direct FEI to continue achieving an ASA of under 40 seconds in the absence of any evidence demonstrating that is an appropriate threshold.

1.0 Introduction

On June 22, 2020, the British Columbia Utilities Commission (BCUC) approved a multi-year rate plan (MRP) for FortisBC Energy Inc. (FEI) covering a five-year period (2020 to 2024) (MRP Decision).[1] The MRP Decision directed an annual review process (Annual Review) to set FEI's delivery rates.

On July 30, 2021, FEI filed its Annual Review for 2022 Delivery Rates Application (Application). With the filing of this Application, FEI seeks to set permanent delivery rates for 2022, which FEI forecasts to increase by 8.07 percent over the delivery rates for 2021.

In this decision, the Panel reviews the relevant evidence, considers the positions of the parties, discusses the issues arising and outlines its determinations.

1.1 Background to FEI's Multi-Year Rate Plan

On June 22, 2020, the BCUC approved an MRP for FEI that establishes the framework for setting rates in the period from 2020 through 2024. The MRP uses a performance or incentive-based regulatory rate setting framework which links utility rates to performance, rather than to recovery of the operating and capital costs of service associated with a traditional cost of service approach. The expected benefits of this performance-based approach are increased efficiency, better control over Operations and Maintenance (O&M) costs and capital expenditures, and reduced regulatory costs, resulting in more reasonable utility rates. The MRP uses a rate setting mechanism designed to incent FEI to find efficiencies while ensuring that reasonable and measurable service levels are maintained. The MRP includes elements that attempt to strike a balance between the interests of ratepayers and the utility, and appropriately manages and allocates risks and rewards.[2]

Certain cost components of the MRP are determined using a formula or index-based approach that considers inflation and other cost drivers adjusted to reflect FEI's expected productivity improvements. Other revenue and cost components that are not conducive to an index-based approach are determined through a forecast approach like a traditional cost of service mechanism or flowed through to FEI's annual revenue requirement. Revenue and cost components outside FEI's control are handled through a deferral mechanism or are given flow-through or exogenous factor treatment.

FEI's MRP includes the following:

- Use of a formula or index-based approach to controllable O&M and FEI Growth capital, incorporating:
    - An inflation factor based on Statistics Canada BC-Consumer Price Index (CPI) and the BC-Average Weekly Earnings (AWE) indexes;
    - A growth factor multiplier; and
    - A productivity (X) factor;

[1] FortisBC Energy Inc. and FortisBC Inc. Application for Approval of a Multi-Year Rate Plan for the Years 2020 through 2024, Final Order G-165-20 dated June 22, 2020.
[2] FortisBC Energy Inc. and FortisBC Inc. Application for Approval of a Multi-Year Rate Plan for the Years 2020 through 2024 (MRP), Decision and Orders G-165-20 and G-166-20 dated June 22, 2020 (MRP Decision), p. 167.

- Use of a forecast approach for FEI Sustainment and Other capital;
- A 50 percent sharing between customers and FEI's shareholders if FEI's achieved return on equity (ROE) is above or below that allowed;
- Specific revenue requirement items approved for flow-through and deferral account treatment.
- Thirteen service quality indicators (SQIs), of which nine have benchmark and performance ranges set by a threshold level and four are informational;
- A plan off-ramp to be triggered if earnings in any one year vary from the allowed ROE by more than +/- 150 basis points (post sharing); and
- A Clean Growth Innovation Fund that is funded by a basic charge fixed rate rider of $0.40/month.

A key element of FEI's MRP is the Annual Review. In the MRP Decision, the BCUC set out the following items to be addressed at each Annual Review in addition to setting delivery rates:[3]

1. Review of the current year projections and the upcoming year's forecast, including the following items:
    i. Customer growth, volumes and revenues;
    ii. Year-end and average customers, and other cost information including inflation;
    iii. Expenses, determined by the indexing formula plus items forecast annually;
    iv. Capital expenditures, plus other items forecast annually;
    v. Plant balances, deferral account balances and other rate base information and depreciation and amortization to be included in rates; and
    vi. Projected earnings sharing for the current year and true-up to actual earnings sharing for the prior year;
2. Identification of any efficiency initiatives that FEI has undertaken, or intends to undertake, that require a payback period extending beyond the MRP term with recommendations to the BCUC with respect to the treatment of such initiatives;
3. Review of any exogenous events FEI or stakeholders have identified that should be put forward to the BCUC for review;
4. Review of FEI's performance with respect to SQIs;
5. Assessment of recommendations with respect to any SQIs that should be reviewed in future Annual Reviews;
6. Reporting on the Clean Growth Innovation Fund status; and

[3] Ibid.

7. Assessment of and recommendations to the BCUC on potential issues or topics for future Annual Reviews.

In addition to these specific topics, the BCUC may include any other topic for review as it considers necessary.[4]

1.2 Approvals Sought

FEI seeks the following approvals pursuant to sections 59 to 61 of the *Utilities Commission Act* (UCA):

1. A permanent 2022 delivery rates increase of 8.07 percent, effective January 1, 2022; and
2. Approvals related to several deferral accounts and rate riders such as the establishment of a Regional Gas Supply Diversity (RGSD) Project Development Costs deferral account, as well as approvals related to the Core Market Administration Expense (CMAE) budget.

In Section 2.1 below, the Panel discusses FEI's proposed delivery rates for 2022, followed by a discussion of the proposed RGSD Project Development Costs deferral account in Section 2.2, other approvals sought in Section 2.3, and other issues arising in Section 2.4.

1.3 Application Review Process

In accordance with the regulatory timetable, the Panel undertook the following public review process:[5]

- One round of BCUC and intervener information requests (IRs);
- A virtual workshop on October 15, 2021 (Workshop);
- An opportunity for FEI to file responses to undertakings arising from the information requested at the Workshop;
- Written final arguments from interveners filed by October 29, 2021; and
- FEI's written reply argument filed by November 9, 2021.

Prior to the filing date of written intervener final arguments, FEI filed a letter on October 27, 2021, amending the approval sought regarding the RGSD Project Development Costs deferral account, as discussed below in Section 2.2 of this decision.[6]

Five registered interveners participated in the proceeding:

- BC Sustainable Energy Association (BCSEA);
- British Columbia Old Age Pensioners' Organization et al. (BCOAPO);
- Commercial Energy Consumers Association of British Columbia (the CEC);
- Movement of United Professionals (MoveUP); and
- Residential Consumer Intervener Association (RCIA).

[4] Ibid., p. 168.
[5] Order G-227-21.
[6] Exhibit B-11.

2.0 Determinations on Approvals Sought

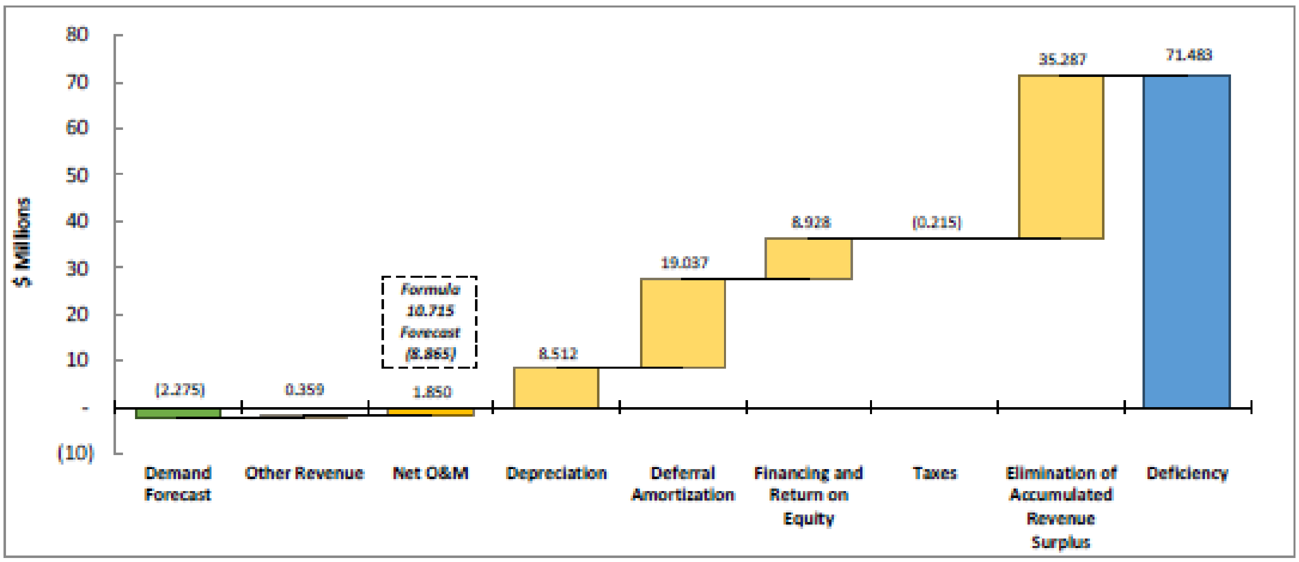
We have outlined FEI's approvals sought in Section 1.2 above. We set out our determinations on these requests in Sections 2.1 to 2.3 below. We address specific intervener concerns and recommendations below in Section 2.4.

2.1 2022 Delivery Rates Increase

The delivery rates for 2022 are based on the forecast revenue requirement components set out in the Application. FEI forecasts a revenue deficiency of $71.483 million, which results in an 8.07 percent delivery rates increase from 2021 delivery rates.[7]

FEI provides the following figure that breaks down the items that make up the $71.483 million revenue deficiency:

Figure 1: 2022 Forecast Delivery Revenue Deficiency ($ millions)[8]



As shown in the figure above, the increase in the 2022 forecast delivery revenue deficiency is primarily due to the elimination of prior years' accumulated revenue surplus and an increase in deferral amortization, financing and ROE, depreciation, and net O&M expenses. We review these items below.

<u>Prior Years' Accumulated Revenue Surplus</u>

The elimination of the prior years' accumulated revenue surplus contributes $35.287 million to the forecast delivery revenue deficiency or 3.98 percent to the total forecast delivery rates increase of 8.07 percent. In the BCUC's decision on FEI's Annual Review for 2020-2021 Delivery Rates, FEI was approved to draw down the 2017 & 2018 Revenue Surplus deferral account to zero to mitigate the 2021 delivery rates increase. This results in a

[7] Exhibit B-2, p. 4.

[8] Exhibit B-2, Figure 1-1, p. 5.

$35.287 million increase in 2022 delivery revenue deficiency compared to the previous year. This is a one-time impact isolated to 2022.[9]

Deferral Amortization

Amortization of deferral accounts contributes $19.037 million to the forecast revenue deficiency. This is primarily due to increased amortization of the Demand-Side management deferral account by approximately $6.933 million and a debit amortization of $11.417 million for the 2020-2024 Flow-Through Non-Rate Base Deferral Account. The debit amortization for the 2020-2024 Flow-Through Non-Rate Base Deferral Account is primarily due to unfavourable commercial and industrial delivery margin in the 2020 actual and 2021 projected results totalling $17.918 million, offset by favourable residential delivery margin and other revenues, as well as savings from interest, property tax, and income tax expenses.[10]

Financing and ROE

Financing and ROE contribute $8.928 million to the forecast revenue deficiency. This is primarily due to changes in rate base, and changes in financing rates and the ratio of long-term debt versus short-term debt. FEI's 2022 rate base has increased due to a combination of Certificate of Public Convenience and Necessity (CPCN) additions and regular capital additions entering rate base, which accounts for $12.309 million of the forecast revenue deficiency. The forecast revenue deficiency is offset by $4.054 million from financing rate changes and increased by $0.673 million from a ratio change between long-term and short-term debt.[11]

Depreciation

Depreciation contributes $8.512 million to the forecast revenue deficiency. This is a combination of an increase in depreciation expense of $8.607 million and a decrease from contribution-in-aid-of-construction (CIAC) from net additions of $0.095 million. The increase in depreciation expense is primarily due to CPCN additions to plant for the Lower Mainland Intermediate Pressure Systems Upgrade project, Tilbury 1A Expansion project, and Inland Gas Upgrade project.[12]

O&M Expense

O&M expense is primarily determined by formula, with the addition of a number of items that are forecast outside the formula on an annual basis. Formula O&M contributes $10.715 million to the forecast revenue deficiency and is offset by a $8.865 million decrease in forecast O&M. FEI explains that the formula O&M is based on a net inflation factor of 3.324 percent, which is inclusive of a productivity improvement factor (X-Factor) of 0.5 percent, as established by the MRP Decision. The decrease in forecast O&M is primarily due to a decrease in pension and other post-employment benefits expense.[13]

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[9] Exhibit B-2, p. 7.
[10] Exhibit B-2, p. 6.
[11] Exhibit B-2, p. 6.
[12] Exhibit B-2, p. 6.
[13] Exhibit B-2, p. 5.

Consistent with the approach approved in the MRP Decision, FEI uses inflation data from July through June to calculate the Inflation Factor (I-Factor) used in the Application. FEI states that the June 2021 AWE-BC and CPI-BC results have not been released by Statistics Canada. Therefore, FEI used the latest available month of April 2021 for AWE-BC and May 2021 for CPI-BC as placeholders for June 2021 in the calculation of the inflation factor for 2022 rates. FEI states that once the June 2021 results are available, the placeholder will be replaced with actuals and included in an evidentiary update or compliance filing.[14]

Positions of the Parties

Interveners do not oppose BCUC approval of FEI's requested delivery rates increase of 8.07 percent for 2022.[15] However, the CEC recommends that the delivery rates be approved subject to changes to the inflation factor calculation and to the Liquified Natural Gas non-Natural Gas for Transportation demand forecast, which are discussed below in Sections 2.1.1 and 2.1.2, respectively.[16]

2.1.1 Inflation Factor Calculation

Consistent with the approach approved in the MRP Decision, FEI calculates the inflation factor (I-Factor) using the actual CPI-BC and AWE-BC indices for the previous year from Statistic Canada and the actual labour weighting based on the most recent completed year of actuals. Applying the actual 2020 labour weighting of 51 percent, the 2022 I-Factor is (CPI of 1.237 percent x 49 percent) + (AWE of 6.309 percent x 51 percent) = 3.824 percent. The 2022 I-Factor is used to calculate the formula O&M and formula Growth capital components of FEI's 2022 forecast revenue requirement.[17]

FEI acknowledges that the 6.309 percent wage increase calculated using Statistics Canada's AWE-BC is higher than what it actually expects to pay. However, FEI expects that over time the higher AWE trend will reverse as the labour impacts of COVID-19 lessen and the near term increases in AWE will be offset in subsequent years. FEI also points out that the CPI might be low and adjustment to the AWE is not warranted based on one factor.[18]

FEI provides the following summary of the 2016 to 2022 BC CPI and AWE data:[19]

Description	2016	2017	2018	2019	2020	2021	2022	Average
CPI	0.980%	1.627%	1.979%	2.345%	2.692%	1.596%	1.237%	1.779%
AWE	2.050%	1.250%	1.473%	2.646%	2.881%	5.745%	6.309%	3.193%

FEI explains that the annual fluctuations in the BC CPI and AWE may be different from what FEI actually experiences in a given year. However, with the exception of 2021 and 2022, the AWE-BC cumulative average annual increases from 2016 to 2020 are generally consistent with a 2 percent average wage increase. As noted above, FEI states that the 2022 AWE-BC used in the Application is based on the most current data from Statistics Canada and submits that it remains a valid and objective measure of the economy-wide labour inflation in BC.[20]

[14] Exhibit B-2, p. 8.
[15] BCOAPO Final Argument, p. 7; BCSEA Final Argument, p. 2; MoveUP Final Argument, p. 4; RCIA Final Argument, p. 14.
[16] CEC Final Argument, p. 37.
[17] Exhibit B-2, p. 8.
[18] Exhibit B-6, CEC IR 2.2.
[19] Exhibit B-6, CEC IR 2.2.
[20] Exhibit B-6, CEC IR 2.2.

FEI also states that while the 2022 AWE-BC may seem high, the 2022 CPI-BC used in the inflation factor formula may be low and not necessarily reflecting the inflationary pressures FEI faces in 2022 for its non-labour expenditures. FEI points out that the Application uses a CPI of 1.237 percent for 2022; however, a recent news release from Statistics Canada reports the August 2021 CPI at about 4 percent. FEI explains that the AWE is only one component of the overall MRP and it would be unreasonable to make adjustments to one specific component of the MRP without consideration of the other components. Further, FEI points out that the MRP includes an approved off-ramp, which would trigger a full review of the MRP if earnings under the MRP are either unreasonably high or low.[21]

Positions of the Parties

The CEC recommends a reduction to the I-Factor to 2.5 percent based on the 7-year average from 2016 to 2022 of the CPI and AWE. The CEC submits that this is the calculation of the I-Factor "if longer term averages are used similar to FEI's suggested justification for retaining higher inflation factors than it is experiencing." In the CEC's view, it is not appropriate for customers to be paying more for wage inflation than is actually occurring or likely to occur. The CEC submits that the approved calculations for the I-Factor are flawed under such circumstances and that the BCUC has the power to review the inflation rate calculations for reasonableness.[22]

The CEC submits that the AWE is a large factor and is reasonably established in evidence to be higher, whereas the prospect of a low CPI is not established. The CEC also submits that there is no evidence or expectation that AWE or CPI trends will reverse themselves and be offset in subsequent years. In addition, the CEC submits that inflation rates build on top of each other as the years progress, such that a 6.309 percent AWE is built into all the future costs, which may or may not be diminished in the future. Assuming that the rates will even out over a period of time would have intergenerational impacts. [23]

In reply, FEI submits the CEC has not provided a reasonable evidentiary foundation for its proposal of a 2.5 percent I-Factor, which was not the subject of any evidence in this proceeding. Moreover, FEI submits that the CEC's suggestion is outside the scope of this proceeding. FEI points out that the BCUC considered and rejected a similar proposal in FBC's Annual Review for 2020-2021 Rates stating that "adjusting elements of the formula O&M is outside the scope of any Annual Review." FEI reiterates its expectation that over time the higher AWE trend will reverse. FEI submits that "it is inappropriate to 'cherry pick' individual components of the MRP which may be going in one direction, when there are other components that may be going in the other" (e.g. the CPI).[24]

2.1.2 Non-Natural Gas for Transportation Liquified Natural Gas Demand Forecast

In the Application, FEI separates its Liquified Natural Gas (LNG) demand forecast into LNG demand for Natural Gas for Transportation (NGT) and non-NGT. For the non-NGT LNG demand, FEI forecasts 3,083,297 GJ for 2022, which is lower than the non-NGT LNG demand approved for 2021 of 3,685,185 GJ, but higher than the actual demand projected for 2021 of 892,151 GJ.[25] As shown in the following graph of the actual, projected and

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[21] Exhibit B-6, CEC IR 2.2.

[22] CEC Final Argument, pp. 7–8.

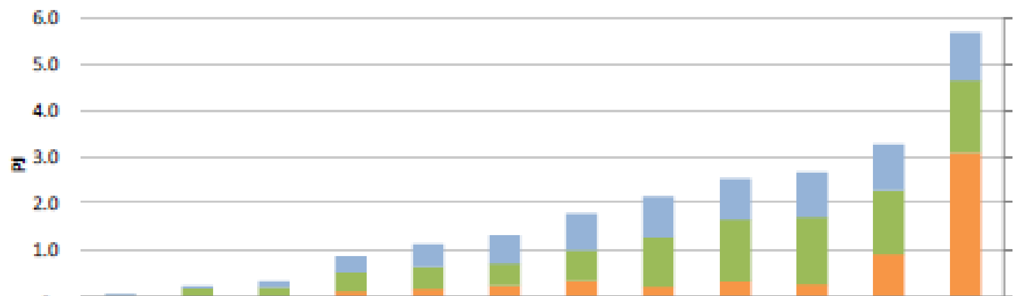
[23] CEC Final Argument, pp. 7–8.

[24] FEI Reply Argument, pp. 5–6.

[25] Exhibit B-2, p. 25.

forecast demand for CNG and LNG, the forecast non-NGT LNG demand (orange bars) for 2022 is an increase of approximately 2.2 PJs from the volume projected for 2021.[26]

Figure 2: Actual (A), Projected (P) and Forecast (F) Demand for CNG & LNG



	2011 A	2012 A	2013 A	2014 A	2015 A	2016 A	2017 A	2018 A	2019 A	2020 A	2021 P	2022F
CNG (NGT) - RS 3/5/23/25/6P	0.0	0.1	0.1	0.3	0.5	0.6	0.8	0.9	0.9	1.0	1.0	1.0
LNG (NGT) - RS 46	0.0	0.2	0.2	0.4	0.5	0.5	0.7	1.1	1.3	1.4	1.4	1.6
LNG (Non-NGT) - RS 46	-	-	-	0.1	0.1	0.2	0.3	0.2	0.3	0.2	0.9	3.1
Total CNG & LNG	0.0	0.2	0.3	0.8	1.1	1.3	1.8	2.1	2.5	2.7	3.3	5.7

FEI states that the 2022 non-NGT LNG demand is forecast to increase as a result of expanded LNG exports due to the lifting of COVID-19 pandemic restrictions. FEI explains that its non-NGT LNG demand is primarily composed of exports to Asia, which is a business area that has been hit particularly hard by the COVID-19 pandemic.[27] The COVID-19 pandemic caused issues with the destination ports and international shipping which resulted in significant issues for FEI's customers, including significant increases to the cost of shipping and limited availability of space on ships moving into and out of China. The demand projected for 2021 and forecast for 2022 include the volume from three prospective export customers. FEI states that the three prospective export customers are expected to represent firm loads but are currently uncontracted. However, the demand forecast for 2022 is reflective of current discussions with customers and the best available market information at the time.[28] FEI points out that any variance between forecast and actual non-NGT LNG demand will be returned to or recovered from FEI's customers in subsequent years through FEI's Flow-through deferral account.[29]

Positions of the Parties

The CEC submits that FEI's 2022 non-NGT LNG forecast is quite aggressive given the low pre-pandemic demand from a few years ago and the continued uncertainty of COVID-19 impacts. The CEC submits that it would be reasonable for the BCUC to reduce FEI's forecast for non-NGT LNG demand by 25 percent given the significant increase for 2022 forecast and the uncertainty behind that forecast, which would result in a 0.46 percent increase in rates (i.e. from 8.07 percent to 8.53 percent) in 2022. The CEC submits that the Flow-through deferral account should be used to justify "unsupportable assumptions."[30] The CEC also recommends that FEI reforecast its LNG costs based on the lower non-NGT LNG demand forecast.[31]

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[26] Exhibit B-2, Figure 3-11, p. 25.
[27] Transcript Volume 1, p. 43.
[28] Exhibit B-3, BCUC IR 6.1; Transcript Volume 1 pp. 43–44.
[29] Exhibit B-3, BCUC IR 6.2.
[30] CEC Final Argument, p. 15.
[31] CEC Final Argument, p. 24.

In reply, FEI submits that its demand from recent years is not a good basis to forecast demand for 2022 because LNG exports to Asia form a relatively new area of FEI's business and the COVID-19 pandemic has had a negative impact on that business area. FEI submits that its non-NGT LNG forecast is supported by the expectations of customers that are ready to begin taking supply, high LNG prices in Asia and lowering shipping costs. Therefore, FEI submits that its forecast is reasonable and should be accepted for the purpose of setting 2022 delivery rates.[32]

Panel Determination

In this section, the Panel provides its findings and determinations on the I-Factor calculation, the non-NGT LNG demand forecast and the 2022 delivery rates increase.

I-Factor Calculation

The Panel is satisfied that the methodology for calculating the I-Factor should remain as approved in the MRP Decision and therefore rejects the CEC's recommendation of adjusting the I-Factor to 2.5 percent. In our view, the CEC has not provided sufficient evidence or justification for using a 7-year average to calculate the I-Factor rather than a longer or shorter period. We are not persuaded that there is an evidentiary basis for changing the methodology as approved in the MRP Decision and as noted by FEI, this would be "cherry picking" individual components of the MRP.

The MRP does not contemplate such adjustments to individual components of the MRP, and as pointed out by FEI, the MRP is designed with an off-ramp where egregious results would trigger a full review of the MRP. In the Panel's view, once an MRP is approved it should be given the opportunity to work as intended and should not be adjusted due to annual fluctuations in certain individual components of the plan.

Further, the Panel agrees with the BCUC's finding in FBC's Annual Review for 2020-2021 Rates that adjusting individual components of the formula O&M is outside the scope of any Annual Review. The purpose of the Annual Review is not to unravel or revisit the MRP Decision. Rather, it is designed to provide the BCUC, interveners and interested parties the opportunity to review the performance of FEI over the prior year and to assess the reasonableness of proposed delivery rates for the following year.

Non-NGT LNG Demand Forecast

The Panel is satisfied with FEI's non-NGT LNG forecast for 2022 and finds it reasonable to use in setting 2022 delivery rates. Therefore, the Panel rejects the CEC's suggestion to reduce FEI's non-NGT LNG forecast by 25 percent. In our view, the proposed 25 percent reduction is arbitrary and there is insufficient evidence to support it. FEI's forecast is based on current customer expectations and there is currently no better information to support a different forecast.

Further, without strong evidence to support such an adjustment, the Panel is reluctant to direct an adjustment that would result in a further increase to the 2022 delivery rates. We note that actual demand almost inevitably differs from forecast demand. The Panel finds the slight timing difference in the recovery or refund of the almost

[32] FEI Reply Argument, pp. 6–7.

inevitable difference between actual and forecast non-NGT LNG demand through the use of the Flow-through deferral account acceptable.

2022 Delivery Rates Increase

The Panel finds FEI's proposed delivery rates increase for 2022 to be just and reasonable. **The 2022 delivery rates increase of 8.07 percent, effective January 1, 2022 is approved, subject to the adjustments to be made by FEI to account for the updates to the inflation factor for the June 2021 CPI-BC and AWE-BC actual results. FEI is directed to file a compliance filing, within 10 days of issuance of this decision, reflecting the updated delivery rates increase for 2022. This compliance filing is to include updated financial schedules and tariff continuity and bill impact schedules for 2022.**

In the Annual Review proceeding, FEI has provided sufficient evidence and submissions to satisfy the Panel that the requested delivery rates increase are just and reasonable. The Panel notes that almost half of the delivery rates increase is due to the elimination of prior years' accumulated revenue surplus. Delivery rates are also increasing due to higher amortization of deferral accounts, as well as higher depreciation and increased financing and return on equity costs associated with necessary capital expenditures on FEI's system. In addition, O&M cost increases are primarily due to costs that are calculated by formula as approved in the MRP Decision.

While the Panel finds approval of FEI's proposed 2022 delivery rates increase to be just and reasonable, the Panel is concerned about the magnitude of the increase, particularly when considered in conjunction with the increase in FEI's commodity rates effective January 1, 2022 approved by the BCUC by Order G-354-21 dated December 2, 2021. The combined effects of these two increases as approved would increase the total annual bill for a typical Mainland and Vancouver Island residential customer with an average annual consumption of 90 gigajoules by approximately $100 or 9.3 percent,[33] an amount that is substantially higher than inflation and approaching a 10 percent increase that is typically considered to represent rate shock.

The Panel notes that the BCUC, in approving a 6.59 percent increase in delivery rates for 2021 in its decision on FEI's last Annual Review, commented as follows:[34]

> In the Workshop, FEI agreed that keeping rates as low as possible is important for evaluating the success of this MRP. We agree with the importance of this measure. We are therefore concerned that for the first two years of the MRP term at least, rates will be largely mitigated by utilizing a surplus and flow-through credits that arose in the previous PBR period and not through any identifiable efforts on the part of FEI under the current MRP. Since the revenue surplus will be fully depleted by the end of 2021, we strongly encourage FEI to focus on mitigating cost pressures to moderate rate increases for the remainder of the MRP term, particularly in light of the potential impacts of the COVID-19 pandemic.

The Panel reiterates a similar caution to FEI about the importance of focussing on cost mitigation measures and the need to keep rates as low as possible going forward.

[33] FEI Application regarding its 2021 Fourth Quarter Gas Cost Report and Rate Changes effective January 1, 2022 for the Mainland and Vancouver Island Service Area, Order G-354-21, Recital G.
[34]FEI Annual Review for 2020 and 2021 Delivery Rates Decision and Order G-319-20, p. 15.

2.2 Regional Gas Supply Diversity Project Development Costs Deferral Account

In the Application, FEI seeks approval for a non-rate-base deferral account, called the RGSD Project Development Costs Deferral Account, attracting a weighted average cost of capital return, for Pre-Phase 1 and Phase 1 preliminary stage development costs related to the assessment of the RGSD project (RGSD Project). If approved, FEI states that it will propose an appropriate cost recovery method and period for the RGSD Project Development Deferral Account in its CPCN application for the RGSD Project, or in another application if the project does not proceed to a CPCN application.[35]

The RGSD Project

The RGSD Project is an extension of the FEI Southern Crossing Pipeline from Oliver to Huntingdon, which FEI states would significantly strengthen its gas system resiliency and position FEI for a lower carbon future by improving access to renewable and low carbon gaseous energy supply.[36] FEI explains that "[a]ccess to multiple regional pipelines, preferably separated geographically, to serve the distribution system improves a utility's ability to dependably collect and deliver gas supply to consumers."[37] In the Application, FEI explains how the project "will provide significant benefits with respect to system resiliency, gas supply, decarbonization, and Indigenous reconciliation."[38]

FEI states that the concept of the RGSD Project had been introduced in a number of previous applications to the BCUC, including FEI's previous Long-Term Gas Resource Plans (LTGRPs), Annual Contracting Plans, its Compliance Filing to its Annual Contracting Plan in response to BCUC Letter L-31-20, and in its Tilbury LNG Storage Expansion CPCN Application that is currently before the BCUC for review.[39]

FEI states that its 2022 LTGRP would be helpful in understanding the context around the RGSD Project, including things such as future load forecasts, and it will help the BCUC to make a decision on the CPCN; however, the need for the project will be established in the CPCN application. FEI states that the BCUC would not be in a better position to determine whether there is a need for the RGSD project even when it files its 2022 LTGRP because it would be too soon—the feasibility of the project needs to be developed first.[40] FEI further states that the 2022 LTGRP proceeding would not deal with the details of a particular project and it would not be specific enough to provide the kind of information required for this project.[41]

RGSD Project Development Costs

FEI estimates that $49.3 million of development costs for the preliminary stage activities would be necessary to develop the project to the point of a CPCN filing. In the Application, FEI provides a breakdown of the $49.3 million as Pre-Phase 1 and Phase 1 costs and describes the project development activities. FEI explains that Pre-

[35] Exhibit B-2, p. 135.
[36] Exhibit B-2, pp. 134–135.
[37] Exhibit B-2, p. 135.
[38] Exhibit B-2, pp. 135–137.
[39] Exhibit B-2, p. 135; Exhibit B-11, p. 2.
[40] Transcript Volume 1, pp. 64–65.
[41] Transcript Volume 1, pp. 66–67.

Phase 1 costs of $2.1 million are largely to engage in initial consultation activities with Indigenous communities in 2021. The $47.2 million for Phase 1 activities is planned to be spent in 2022 and 2023.[42]

At the Workshop, FEI explained that its request to defer the RGSD Project development costs to a deferral account is consistent with the approach taken for all of FEI's project development costs for CPCNs. The difference in this case is that the deferral account is being requested in advance of the CPCN application due to the magnitude of the costs and the length of time between the project development activities and the filing of the CPCN application. However, FEI pointed out that a similar deferral account, the Transmission Integrity Management Capabilities Development Cost Deferral Account,[43] was previously approved by the BCUC to capture project development costs in advance of the CPCN application. Those development costs were of similar magnitude to the RGSD Project development costs.[44]

At the Workshop, FEI also clarified that it is not requesting approval of the RGSD Project development costs as part of the current Annual Review application. Rather, FEI is seeking approval of a deferral account to capture these costs for review in either a future CPCN or Annual Review application. FEI stated that this approach ensures that only actual, prudently incurred costs are recovered from customers.[45] FEI also clarified that future recovery of the deferral account balance would be subject to a prudence review after the fact, and BCUC approval of the deferral account does not necessarily mean that the costs captured in the account are prudent.[46] Further, FEI stated that if the Panel's concern is that by approving the deferral account, the Panel is giving tacit approval to proceed with the project development activities (which could then be used to say that the costs are prudent) then the following solution suggested by MoveUP could address that concern:[47]

> [The BCUC could] explicitly recognize an acknowledgement by the utility that this does not in any way constitute any form of approval of the project or a determination that it's to the public interest, and that the utility will not rely upon this decision in itself in support of any future effort to recoup the monies recorded in the deferral account.

On October 27, 2021, in light of the concerns raised at the Workshop, FEI amended its initial request to propose instead that the BCUC approve the RGSD Project Development Costs Deferral Account only for the purpose of developing the project up to the amount of $11.1 million, so that initial development work may commence and FEI can proceed with the critical work of engaging with Indigenous groups. For this purpose, FEI split the development spending into the following three sub-phases:[48]

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[42] Exhibit B-2, Table 12-1, pp. 138–139.
[43] Approved in the BCUC Decision to FEI's Annual Review for 2019 Delivery Rates, Order G-237-18.
[44] Transcript Volume 1, pp. 71–72.
[45] Transcript Volume 1, pp. 72–73.
[46] Transcript Volume 1, pp. 116–117.
[47] Transcript Volume 1, pp. 118–120.
[48] Exhibit B-11, pp. 1–3.

Table 1: Estimated RGSD Project Development Costs ($ millions)

Line Item ($M)	Pre-Phase 1	Phase 1A	Phase 1B	Total
Pipeline Engineering		$0.2	$3.9	$4.1
Compressor Engineering		$0.4	$8.5	$8.9
Geotechnical Engineering	$0.3	$0.1	$2.0	$2.4
Environmental Application		$0.4	$1.9	$2.3
Land and Right-of-Way			$7.5	$7.5
Indigenous &External Relations	$0.7	$5.5	$4.8	$11.0
Legal	$0.1	$1.1	$1.1	$2.3
Contingency		$1.5	$5.7	$7.2
Management Cost		$0.8	$2.8	$3.6
Total Costs	**$1.1**	**$10.0**	**$38.2**	**$49.3**

In addition, FEI states that by seeking this amended approval, it is indeed seeking "tacit approval from the BCUC to initiate development of the Project up to the limited amount of $11.1 which encompasses the Pre-Phase 1 and Phase 1A spending." However, FEI acknowledges that recovery of the $11.1 million is still subject to a retrospective prudence review regarding how FEI actually spent the dollars to develop the RGSD Project.[49]

FEI explains that the Pre-Phase 1 costs of $1.1 million are largely focused on external relations, and more specifically on engaging in initial engagement activities with Indigenous communities in 2021. The Phase 1A costs of $10.0 million are mainly associated with ongoing Indigenous engagement.[50] The estimated Phase 1B costs of $38.2 million are planned to be spent in 2022 and 2023, leading to the preparation of a CPCN application. The earliest that FEI expects to be able to file a CPCN application is mid-2023; however, FEI cautions that the project development schedule is largely influenced and driven by the Indigenous engagement discussions.[51]

FEI proposes to file a separate RGSD Project Development application in the first quarter of 2022 to seek BCUC approval of the balance of the RGSD Project development spending for Phase 1B. This separate application would also present FEI's case for proceeding with the Phase 1B spending. FEI explains that although this separate application would not be as detailed as a CPCN application, it will include a more detailed RGSD Project business case. FEI also states that the timing of this separate application would align with the filing of FEI's 2022 LTGRP, which is anticipated to be filed in March 2022. FEI states that its 2022 LTGRP will provide further evidence on the long-term strategy for resources in the region.[52]

FEI states that the Pre-Phase 1 and Phase 1A work will move the RGSD Project "from a desktop review to a more detailed project development phase." FEI states that the probability of securing key Indigenous group support and avoiding extraordinary costs for route alternatives would be better understood at the conclusion of the Pre-Phase 1 and Phase 1A work. FEI explains that it is important to proceed with the Pre-Phase 1 and Phase 1A

[49] Exhibit B-11, pp. 1–2.
[50] Exhibit B-11, p. 3.
[51] Exhibit B-11, p. 4.
[52] Exhibit B-11, p. 2.

project development work without delay due to the long timelines for major project development and early Indigenous engagement is "a key pillar for a successful project."[53]

Positions of the Parties

The CEC and RCIA support the approval of the RGSD Project Development Costs Deferral Account.[54] BCSEA and BCOAPO do not support the approval of the deferral account.[55]

Specifically, RCIA supports the approval of the deferral account, but clarifies that it does not support "tacit approval" of the development costs. RCIA submits that it is unclear what "tacit approval" means in a regulatory and legal sense.[56] In the RCIA's view, approval of the deferral account does not give approval of the development costs.[57] However, RCIA supports FEI's proposal to break down the project development into components, with further approval after Pre-Phase 1 and Phase 1A. RCIA submits that this "effectively adds a stage gate to the approval process which allows both FEI and the BCUC to assess emerging project risks and evaluate whether there is merit to continuing with project development."[58]

In response to RCIA, FEI clarifies that it is explicitly seeking "tacit approval" to initiate development of the project, which FEI submits is "what would usually flow from approval of a deferral account." FEI explains that in the absence of any commentary to the contrary from the Panel in its decision, the approval of the establishment of the deferral account could reasonably be interpreted as "tacit approval" to initiate development of the project. FEI submits that "it is seeking the BCUC's determination that it is reasonable for FEI to initiate development of the project up to $11.1 million, but not that any particular dollar spent is prudently incurred." FEI acknowledges that recovery of amounts captured in the deferral account would be subject to retrospective prudence review regarding how FEI actually spent the funds to develop the project.[59]

FEI submits that the BCUC has discretion over the extent of the approval it grants when approving a deferral account and the nature of the BCUC's approval is at the BCUC's discretion to articulate in its decision.

FEI elaborates:[60]

> On one end of the spectrum, the BCUC can grant a deferral account purely as a regulatory mechanism to capture certain costs without any "tacit approval" to incur such costs or determination on the prudence of the utility's actions. On the other end of the spectrum, the BCUC could approve a deferral account and at the same time approve the prudence of the expenditures for recovery in rates.

BCSEA does not support the approval of the deferral account because it is not convinced that the development of the project is warranted and it is concerned that the project could be unnecessary and inconsistent with

[53] Exhibit B-11, p. 2.
[54] CEC Final Argument, p. 30; RCIA Final Argument pp. 12–13.
[55] BCSEA Final Argument, p. 4; BCOAPO Final Argument, pp. 6–7.
[56] RCIA Final Argument, pp. 12–13.
[57] RCIA Final Argument, pp. 11–12.
[58] RCIA Final Argument, p. 12.
[59] FEI Reply Argument, pp. 14–15.
[60] FEI Reply Argument, p. 15.

reducing the consumption of conventional natural gas to contribute to meeting BC's Greenhouse gas (GHG) emissions reduction objectives.[61]

In response to BCSEA, FEI submits that "it is not necessary for the BCUC to determine [whether] the project is necessary or consistent with GHG reduction objectives at this time; nor would it be possible for the BCUC to do so." However, FEI submits that one of the key benefits of the project is to support FEI's decarbonization initiatives. FEI also submits that the BCUC should not pre-judge determination on public interest at this time, but approve the deferral account so that FEI can proceed with the initial phase of project development and bring forward a further application for the remainder of the development costs.[62]

BCOAPO does not support the approval of any funds for this project nor the applied for deferral account.[63] In BCOAPO's view, seeking approval, tacit or otherwise, of these costs is akin to asking the BCUC to write FEI a "blank cheque" on behalf of ratepayers for the development of a project that has not been adequately considered by the BCUC or interveners.[64] In BCOAPO's view, it is rare for regulators to deny recovery of costs incurred by a utility and it is "notoriously difficult" to deny cost recovery in backwards looking prudency reviews. BCOAPO is concerned that it would be very unlikely the BCUC would disallow costs even if the project did not proceed.[65] BCOAPO also raises questions regarding the project need, justification, ability to achieve FEI's stated goals, and project costing/overruns.[66] In addition, BCOAPO raises a concern with the procedural fairness of FEI's amended request regarding the deferral account. BCOAPO submits that FEI has not provided interveners and the BCUC with the opportunity to question FEI on this request and test FEI's evidence on the specifics.[67]

In response to BCOAPO, FEI submits that BCUC approval of the deferral account is not akin to a "blank check" because FEI has circumscribed the scope of the account, as amended, to $11.1 million. FEI acknowledges the account balance would be subject to a prudence review after the fact, and FEI has proposed a further regulatory process to consider the remainder of the development costs. Further, FEI submits that it is not possible to assess whether the project is in the public interest until the development costs are incurred.[68]

In response to BCOAPO's comments on procedural fairness, FEI submits that its amended request "did not change FEI's budget for the development costs, the nature of the RGSD project or any of the evidence presented in the proceeding."[69] Therefore, there is no issue of procedural fairness. In FEI's submission, BCOAPO has had numerous opportunities to become familiar with FEI's evidence and proposed deferral account and ask questions in writing and orally at the Workshop.[70]

Panel Determination

The Panel denies FEI's request for the establishment of the RGSD Project Development Costs Deferral Account.

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[61] BCSEA Final Argument, p. 4.
[62] FEI Reply Argument, p. 16.
[63] BCOAPO Final Argument, pp. 6–7.
[64] BCOAPO Final Argument, p. 5.
[65] BCOAPO Final Argument, p. 6.
[66] BCOAPO Final Argument, pp. 5–6.
[67] BCOAPO Final Argument, pp. 5–6.
[68] FEI Reply Argument, pp. 13–14.
[69] FEI Reply Argument, p. 13.
[70] FEI Reply Argument, p. 12.

The Panel finds that approval of the RGSD Project Development Costs Deferral Account could be viewed as giving tacit or implicit approval to initiate development of the RGSD Project. As a result, any subsequent prudency review of the expenditures would consider whether the costs were prudently incurred, but not whether it was prudent to undertake the activities in the first place The Panel is not persuaded by the evidence in this proceeding that it is in the public interest at this time for FEI to initiate development of the project and to incur substantial costs on these development activities. The Panel is also not persuaded that approval of the deferral account and explicitly stating in this decision that tacit approval is not granted would be sufficient because, as FEI acknowledged, tacit approval is “what would usually flow from approval of a deferral account” and as such, any commentary to the contrary would not be consistent with the normal basis upon which approval of such a deferral account would be granted. Therefore, the Panel rejects the request.

Although we recognize that FEI’s 2022 LTGRP would not provide as much detail regarding the project as a CPCN filing, the 2022 LTGRP would still be useful in reviewing the context around the RGSD Project and whether it is in the public interest to explore or pursue such a project. The 2022 LTGRP would allow the BCUC to have a more holistic view of how such a project would align with BC’s energy objectives as set out in Section 2 of the *Clean Energy Act*, and how the project, in combination with FEI’s other infrastructure and energy purchase plans which are expected to be outlined in that plan, would meet its future load forecasts.

We note that FEI already plans to file a separate RGSD Project Development application in the first quarter of 2022, which is only a few months from now and would align with the timing of the 2022 LTGRP filing. The Panel is cognizant that the development of a large project such as the RGSD Project has a long lead time and of the importance of the Pre-Phase 1 and Phase 1A activities. However, the Panel is not convinced that a few months delay would have a significantly negative impact on the timing of the RGSD Project. The Panel acknowledges that although the BCUC has final jurisdiction to determine whether specific costs should be recovered from ratepayers, it is ultimately FEI’s decision on whether or not to initiate any project development activities.

With respect to BCOAPO’s concern regarding procedural fairness, the Panel agrees with FEI that the amended request did not change the development cost budget or the nature of the RGSD Project. The Panel notes that the amended request reduced the size of the deferral account from $49.3 million to $11.1 million rather than increase its size. BCOAPO had the opportunity to ask IRs and questions during the Workshop regarding the deferral account and it had the opportunity to respond to FEI’s amended request and make a submission. Therefore, the Panel finds that the process to review FEI’s amended request regarding the RGSD Project Development Costs Deferral Account was procedurally fair.

2.3 Other Approvals Sought

In addition to the approvals sought regarding the 2022 delivery rates and the establishment of the RGSD Project Development Costs Deferral Account discussed above in Section 2.1 and Section 2.2, respectively, of this decision, FEI seeks approvals related to several other deferral accounts and rate riders, as well as approvals related to the CMAE budget. These requests are set out below:

1. The following FEI deferral account approvals as described in Section 7.5 of the Application:
    a) Creation of rate base deferral accounts for the following regulatory proceedings:

i. Transportation Service Report, with the amortization period to be determined in a future proceeding;

ii. 2021 Generic Cost of Capital Proceeding, with the amortization period to be determined in a future proceeding; and

iii. 2021 Renewable Gas Program Comprehensive Review, with the amortization period to be determined in a future proceeding;

b) Amortization of the residual balance in the Waste Connections Costs and Recoveries deferral account in 2022; and

c) Approval to transfer the existing non-rate base 2017 & 2018 Revenue Surplus Deferral Account to rate base in order to eliminate the potential for future variances between actual and projected/forecast AFUDC, and to amortize the remaining deferral account balance in 2022.

2. Approval to change the frequency of reporting on the COVID-19 Customer Recovery Fund Deferral Account from monthly to quarterly, as described in Section 7.5.2.1 of the Application.

3. A Biomethane Variance Account Rate Rider for 2022 in the amount of $0.059 per gigajoule (GJ) as calculated in Section 10.3.1 of the Application;

4. Revenue Stabilization Adjustment Mechanism riders for 2022 in the amount of $0.012 per GJ as set out in Table 10-5 in Section 10.3.2 of the Application; and

5. The 2022 CMAE budget of $5,575 thousand, as set out in Appendix B of the Application, and the allocation of the CMAE between FEI's Commodity Cost Reconciliation Account (CCRA) and Midstream Cost Reconciliation Account (MCRA) based on the allocation percentages of 30 percent and 70 percent, respectively.

Positions of the Parties

None of the interveners oppose the approval of the above items sought by FEI.

Panel Determination

The Panel finds items 1(a) and (b) and items 3 to 5 of the above approvals sought reasonable and consistent with previous BCUC approvals granted to FEI with respect to similar requests and there are no circumstances currently that would compel a different treatment. **Therefore, the Panel approves them.**

With respect to item 1(c) of the approvals sought, the Panel finds that transferring the existing non-rate base 2017 & 2018 Revenue Surplus Deferral Account to rate base is a reasonable approach to eliminate the potential for future variances between actual and projected/forecast AFUDC. The Panel also finds amortizing the remaining deferral account balance in 2022 to be reasonable given that the balance is due to the difference between past actual and projected/forecast AFUDC amounts and deferring the amortization of the balance would result in intergenerational equity issues. **Therefore, the Panel approves FEI's request to transfer the existing non-rate base 2017 & 2018 Revenue Surplus Deferral Account to a rate base deferral account and to amortize the remaining December 31, 2021 balance in 2022.**

With respect to item 2 of the approvals sought, the Panel finds that changing the frequency of reporting on the COVID-19 Customer Recovery Fund Deferral Account from monthly to quarterly is reasonable at this time from a regulatory efficiency perspective. Since FEI has stopped accepting new applications as of June 1, 2021 for the bill payment deferral and bill credit program components that are captured in this account,[71] the Panel does not expect significant monthly changes to the account balance. With the closure of these two program components, the only future additions expected in the account are from unrecovered revenues resulting from customers being unable to pay their bills due to the COVID-19 pandemic. The Panel is satisfied that quarterly data is sufficient to highlight any material changes in the account balance resulting from these unrecovered revenues. **Therefore, the Panel approves FEI's request to change the frequency of reporting on the COVID-19 Customer Recovery Fund Deferral Account as described in Section 7.5.2.1 of the Application.**

2.4 Other Issues Arising

A number of issues were raised by interveners in their final argument, such as the capital expenditures forecast for the remainder of the MRP, FEI's SQI performance, and the impacts of recent climate policy initiatives. We discuss these issues in the sections below.

2.4.1 Forecast Capital Expenditures

FEI received approval for its regular sustainment and other capital expenditures for years 2020 through 2022 as part of the MRP Decision.[72] The BCUC noted in the MRP Decision that FEI is facing an evolving operating environment and there are inherent uncertainties in a five-year forecast, and directed FEI to file an updated forecast for its regular sustainment and other capital expenditures for 2023 and 2024 in the 2023 Annual Review.[73]

FEI provides its approved forecast capital expenditures in the following table:[74]

Table 2: Forecast Capital Expenditures ($ millions)

Line No.	Description	Approved 2021	Projected 2021	Forecast 2022	Reference
1	Sustainment Capital	112.944	112.944	117.106	Section 11, Schedule 4, Line 16
2	Other Capital	49.916	49.916	46.474	Section 11, Schedule 4, Line 17
3	Total	162.860	162.860	163.580	Line 1 + Line 2

Positions of the Parties

RCIA submits that FEI should revisit its planned sustainment capital expenditures and reduce them in light of the anticipated rate impacts under the MRP and upcoming large CPCN projects, as well as in light of the offsetting risk reduction that arises from these CPCN projects. In RCIA's view, utilities must manage their assets and capital expenditures in a way that balances risk, performance, and budgets (or financial constraints). A sustainment capital budget is not static and a utility must continually review its capital projects in order to maximize investment value. RCIA submits that a number of upcoming large capacity or integrity CPCN projects will materially reduce FEI's overall aggregate risk level given that FEI presently operates at an aggregate risk level which FEI finds tolerable. Accordingly, FEI should be able to reduce its sustainment capital spending in other areas of its system without increasing its aggregate risk level.[75]

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[71] Exhibit B-2, p. 68.

[72] Exhibit B-2, Section 7.2, p. 49.

[73] Decision to Order G-165-20, p. 131.

[74] Exhibit B-2, Table 7-3, p. 51.

[75] RCIA Final Argument, p. 10.

RCIA recommends that "balancing of the risk reductions from the CPCN projects with the risk management of ongoing sustainment capital take place at the 2023 Annual Review as currently planned.” RCIA submits that FEI should include justification and support for the sustaining and other capital budgets in its 2023 Annual Review, including an assessment of the risks, how the expenditures mitigate the risks and how CPCN projects reduce risk for FEI and its customers.[76]

In reply, FEI submits that it prudently manages its capital portfolio and considers opportunities to reduce spending, which includes deferring capital projects where prudent to do so. FEI submits that it will take RCIA’s comments under advisement as it prepares its forecast capital expenditures for 2023 and 2024.[77]

Panel Discussion

The Panel is satisfied with FEI’s acknowledgement that it will consider RCIA’s comments when preparing its forecast capital expenditures for the remaining period of the MRP in its next Annual Review application. The Panel expects FEI to provide sufficient information to justify and support its forecast sustainment and other capital budgets in its next Annual Review and interveners will have the opportunity to request any additional necessary information in the normal course of the proceeding. As such, the Panel does not see the need to make any further directions to FEI at this time regarding specific information that must be filed regarding those budgets.

2.4.2 Service Quality Indicators

In the MRP Decision, the BCUC approved a balanced set of Service Quality Indicators (SQIs) for FEI, covering safety, responsiveness to customer needs, and reliability.[78] Nine of the SQIs have benchmarks and performance ranges set by a threshold level. Four of the SQIs do not have benchmarks or performance ranges as they are for information only. FEI states that the 2020 and June 2021 year-to-date SQI results indicate that the utility’s overall performance to-date meets service quality requirements.[79]

The 2020 results show that eight out of nine SQIs are at or better than benchmark. The exception is the Meter Reading Accuracy SQI, which is 6 percent below the benchmark. FEI’s June 2021 year-to-date results show that seven out of nine SQIs are at or better than benchmark. The exceptions are the Meter Reading Accuracy SQI and the Telephone Service Factor (Non-Emergency) SQI, which are both 4 percent below their respective benchmark.[80] In addition, the 2020 and June 2021 year-to-date results show the Average Speed of Answer SQI trending negatively compared to previous years.[81] The Meter Reading Accuracy, Telephone Service Factor (Non-Emergency), and Average Speed of Answer SQIs are further discussed below.

FEI points out its interpretation of SQI performance was the product of a consensus recommendation that was previously approved by the BCUC. The consensus recommendation indicates that performance below the

[76] RCIA Final Argument, p. 11.
[77] FEI Reply Argument, p. 7.
[78] Decision to Order G-165-20.
[79] Exhibit B-2, p. 149.
[80] Exhibit B-2, Table 13-1, pp. 150–151.
[81] Exhibit B-2, Table 13-13, p. 161.

threshold does not necessarily represent a "serious degradation of service" or warrant adverse financial consequences for FEI.[82]

Meter Reading Accuracy

Meter Reading Accuracy is a measure of the ratio of the number of meters that are read to those scheduled to be read. The benchmark is set at >=95 percent and threshold at 92 percent. FEI's 2020 results are 89 percent, which is 3 percent lower than the threshold. The June 2021 year-to-date results are 91 percent, which is 1 percent lower than the threshold.[83]

FEI states the below threshold Meter Reading Accuracy results of 2020 and June 2021 year-to-date are a direct result of the COVID-19 pandemic and are not due to the actions or inactions of the company.[84] FEI explains that the performance is transitory in nature, rather than sustained. FEI points out that the impacts of the COVID-19 pandemic on meter readings were anticipated by the BCUC when on March 31, 2020, the BCUC issued Letter L-20-20, granting public utilities relief from meter reading, when necessary, for the duration of the pandemic.[85] FEI states it has taken steps to mitigate the impacts to service quality such that FEI does not consider there has been any serious degradation of service. FEI expects that actual annual results for 2021 will reach the threshold.[86]

FEI states that it has taken steps to mitigate the impact to customers of lower than threshold performance in meter reading accuracy. For example, FEI's billing system estimates the read based on historical consumption when an actual read is not available and FEI proactively contacts customers to determine if a customer-provided read is possible to support the estimation. FEI states that it has not seen any indications that its meter reading challenges have had a measurable impact on overall customer satisfaction and service quality.[87]

FEI states that it has been working closely with its meter reading provider, Olameter, to improve the accuracy rate. At the Workshop, in response to intervener's questions, FEI indicated that it is possible that FEI may still levy a penalty for 2020 to Olameter, but it is "still working through the details of that."[88]

Telephone Service Factor (Non-Emergency) and Average Speed of Answer

The Telephone Service Factor (TSF) (Non-Emergency) SQI is a measure of the percent of non-emergency calls answered within 30 seconds or less. The benchmark is set at >=70 percent and threshold at 68 percent. FEI's 2020 results are 70 percent and June 2021 year-to-date results are 66 percent. FEI met the TSF (Non-Emergency) threshold in 2020; however, it is 2 percentage points below threshold for June 2021 YTD.[89]

The Average Speed of Answer (ASA) SQI is a measure of the amount of time it takes to answer a call, in seconds. The ASA is an informational indicator only and has no benchmark or threshold. FEI's 2020 results are 72 seconds

[82] Exhibit B-3, Response to BCUC IR 22.1.
[83] Exhibit B-2, Table 13-1, p. 150.
[84] Transcript Volume 1, p. 84.
[85] COVID-19 – Direction from the British Columbia Utilities Commission Regarding Meter Readings, Letter L-20-20.
[86] Exhibit B-3, BCUC IR 22.1.
[87] Exhibit B-3, BCUC IR 22.1.
[88] Transcript Volume 1, pp. 90–91.
[89] Exhibit B-2, Table 13-1, p. 150.

and June 2021 year-to-date results are 80 seconds, which are approximately double the amount of time compared to previous years.[90]

FEI attributes its lower performance in TSF (Non-Emergency) and ASA to the contact centres experiencing a challenging mix of call volumes and high average handling time in January and early part of February 2021.[91] FEI states that its ASA results have been improving, with its monthly statistics showing a month-over-month consistent decline in ASA from January through June 2021.[92] In terms of benchmarking its performance to other utilities, FEI states it is aware that some utilities in Canada have varying ranges of ASA, from under one minute to four minutes.[93]

FEI states that the Customer Service Index results for the first two quarters were aligned with the strong performance in this metric from previous years and after-call survey results remained largely in line with average monthly results. Based on these results, FEI has concluded that the customer impacts of the lower June 2021 year-to-date TSF (Non-Emergency) and longer ASA have been largely limited to longer wait times at the start of the year and have not had an impact on overall service quality in 2021.[94]

FEI also describes a number of improvement measures that it is undertaking, including:[95]

- changes to the order of new hire training modules to support specific queues;
- prioritized more detailed and frequent coaching sessions for employees and managers;
- enhanced communication regarding the service level targets and departmental and individual performance; and
- improved access to individual performance metrics through dashboards.

Positions of the Parties

Interveners generally agree that FEI's SQI results indicate satisfactory performance, except for the submissions as summarized below.

Meter Reading Accuracy

BCSEA accepts that the below-threshold results for Meter Reading Accuracy in 2020 and 2021 year-to-date were due to the COVID-19 pandemic and do not indicate a decline in service quality attributable to the MRP.[96] MoveUP submits that the BCUC should look for "significant improvements in the next Annual Review, or be prepared to order corrective action."[97]

The CEC and BCOAPO suggest that FEI provide additional reporting to address the underperformance of the Meter Reading Accuracy SQI. Specifically, the CEC states that it expects Meter Reading Accuracy will improve as

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[90] Exhibit B-2, Table 13-1, p. 150.
[91] Exhibit B-2, p. 158.
[92] Exhibit B-3, Response to BCUC IR 23.2.
[93] Exhibit B-3, Response to BCUC IR 23.3.
[94] Exhibit B-3, BCUC IR 23.1.
[95] Exhibit B-3, BCUC IR 23.2.
[96] BCSEA Final Argument, p. 11.
[97] MoveUP Final Argument, p. 4.

the impacts of the pandemic wane, but recommends that FEI report quarterly on the rate to ensure a return to Benchmark or better levels.[98] BCOAPO suggests that FEI be required to report on an examination of its options and conclusions at its next Annual Review regarding any recourse available against Olameter. BCOAPO submits that FEI should consider seeking this recourse and flowing it back to customers, who have paid for a level of service they have not received.[99]

In reply, FEI submits that while it expects that its 2021 actual results will reach the threshold level, it has continued to deliver safe, reliable and adequate service. FEI points out that the BCUC's assessment in this proceeding relates to FEI's 2020 results, rather than its 2021 year-to-date performance which is not yet finalized and will be a subject of next year's Annual Review.[100]

FEI submits that its evidence demonstrates that its Meter Reading Accuracy results for 2020 and 2021 are not attributable to any of its own actions or inactions. FEI also submits that it has worked closely with Olameter to improve its meter reading accuracy performance to the extent possible, while supporting the safety protocols that remain in place. In FEI's view, there is no basis to investigate recourse against Olameter as suggested by BCOAPO and it is not necessary to report to the BCUC quarterly as suggested by the CEC.[101]

TSF (Non-Emergency) and ASA

The CEC recommends that the BCUC direct FEI to return its TSF (Non-Emergency) to benchmark levels and provide quarterly reporting on the activities undertaken to do so until this is complete. The CEC also recommends that the BCUC direct FEI to continue achieving an ASA of under 40 seconds, which would be in-line with the 2019 ASA result as 2019 was used as the base year for the MRP Decision.[102]

In reply, FEI's submits the CEC's recommendations are unwarranted and not needed. FEI submits that this proceeding assesses the 2020 service quality indicator results, which FEI has met the TSF (Non-Emergency) benchmark. FEI's 2021 service quality indicator performance will be reviewed in the Annual Review for 2023 Delivery Rates when the actual 2021 results are known.[103] FEI submits that performance cannot be assessed on a month-to-month basis because it is normal to have fluctuations across the year. However, performance has recovered and customer feedback indicates that performance remained high. Further, FEI expects to meet the benchmark in 2021.[104]

With respect to the ASA, FEI submits that the CEC's recommendation of an ASA of under 40 seconds would be outside the scope of this proceeding because the ASA is an information only service quality indicator—there is no established benchmark or threshold. The CEC's recommendation would impose an ASA threshold without due consideration of the balancing exercise the BCUC recognized as inherent to selecting and setting the

[98] CEC Final Argument, p. 31.
[99] BCOAPO Final Argument, p. 7.
[100] FEI Final Argument, p. 17.
[101] FEI Final Argument, p. 18.
[102] CEC Final Argument, pp. 2, 33–34.
[103] FEI Final Argument, p. 18.
[104] FEI Reply Argument, p. 19.

threshold/benchmark for SQIs. FEI submits the ASA results in early 2021 were anomalous and have been reduced back to historical norms.[105]

Panel Discussion

The Panel finds FEI's 2020 and June 2021 year-to-date SQI results indicate that its overall performance to-date meets service quality requirements.

The Panel does not see the need for quarterly reporting on the Meter Reading Accuracy results at this time. The Meter Reading Accuracy SQI appears to be improving as indicated by the June 2021 year-to-date results and the Panel is hopeful that FEI's annual 2021 results will meet the established threshold. Based on the evidence in this proceeding, the Panel is satisfied that the lower than threshold Meter Reading Accuracy results were primarily attributable to the safety protocols introduced in response to the COVID-19 pandemic. Therefore, the Panel is not persuaded that additional reporting on this SQI would result in further improvements or insights into FEI's performance that would be useful to the BCUC or interveners.

The Panel is also not persuaded that reporting on an examination of FEI's options and conclusions at its next Annual review regarding any recourse available against Olameter is necessary. The Panel is satisfied that FEI is reviewing recourse against Olameter, as indicated at the Workshop, and the Panel expects FEI to pursue any legal remedies where it is appropriate to do so.

With respect to the TSF (Non-Emergency) results, the Panel rejects the CEC's recommendation that the BCUC direct FEI to return its TSF (Non-Emergency) to benchmark levels and provide quarterly reporting on the activities undertaken to do so until this is complete. The Panel does not see the need for quarterly reporting on the activities FEI has undertaken to improve this SQI at this time. The Panel notes that both the benchmark and threshold were met in 2020 and have not been met in the 2021 year-to-date results only. Therefore, although the year-to-date performance is lackluster, it is too early to warrant quarterly reporting.

Regarding the ASA, the Panel rejects the CEC's recommendation that the BCUC direct FEI to continue achieving an ASA of under 40 seconds. The Panel agrees with FEI that the ASA was created as an information only service quality indicator and there is no evidence to suggest that a benchmark or threshold needs to be established. Further, the Panel is not persuaded that there is sufficient evidence in this proceeding to establish 40 seconds as an appropriate threshold as proposed by the CEC.

2.4.3 Recent Climate Policy Initiatives

In MoveUP's final argument, it expresses concern with FEI proceeding with a "business-as-usual" approach when the world is moving to a low-carbon future.[106] MoveUP points out that during the argument phase of this proceeding, the BC government released its CleanBC Roadmap to 2030 (Roadmap). The Roadmap contains provisions that have important implications for the province's natural gas utilities, such as a hard emissions cap on gas utilities and an extension of the zero-emissions requirement for new and retrofitted construction from the Vancouver 2025 deadline to a province-wide rule by 2030. MoveUP submits that the provisions in the Roadmap will change FEI's operating context and imperatives during the remaining period of the MRP term.[107]

[105] FEI Reply Argument, p. 20.
[106] MoveUP Final Argument, p. 2.
[107] MoveUP Final Argument, p. 1.

MoveUP suggests that the performance based ratemaking (PBR) concept may not be appropriate for FEI given the recent public policy initiatives. MoveUP submits that “classic PBR is a rate-setting strategy largely premised on continuity. It assumes a forward trajectory that is relatively coherent with the recent past.”[108] MoveUP submits that a process is needed to sum up the impacts of the Roadmap and other public policy initiatives on FEI and determine the necessary modifications to the MRP or other measures to assist FEI to meet its new challenges. MoveUP proposes that FEI’s next Annual Review assume an expanded format for that purpose and points out that mid-way through the MRP is a good time to “stand back and assess how things have gone and where they need to be headed.”[109]

MoveUP also suggests that FEI’s customer growth trends may be an early sign of accelerating climate change and policy responses from different levels of government taking a toll on FEI’s operations. MoveUP points out that the rate of customer growth appears to be trending downwards in recent years—a cumulative reduction of close to 20 percent over 2020 to 2022.[110]

BCOAPO agrees with MoveUP and suggests that FEI’s next Annual Review also address any other relevant developments, such as the continuation of climate-driven weather events. In BCOAPO’s view, addressing these issues in the next Annual Review will allow FEI and intervener groups “significant time to prepare and consider how to best ensure that FEI moves forward in a way that acknowledges the new circumstances facing it and its customer base.”[111]

In addition, similar to MoveUP, BCOAPO expresses concern regarding FEI’s declining future customer capture rates and the resulting negative long-term impact on future customer rates. BCOAPO points that FEI acknowledged at the Workshop that “greenhouse gas type policies” might impact its capture rates. BCOAPO strongly suggests that FEI consider ways to improve its capture rates or ensure that costs do not increase for customers who continue to use natural gas or other FEI-delivered products in the future.[112]

In reply, FEI acknowledges the negative impacts of reduced customer growth on all its customers and states that it is “actively exploring available options” through its renewable natural gas (RNG) and demand-side management (DSM) programs to reduce emissions and meet municipal targets. FEI submits it has seen a greater uptake in conversions on Vancouver Island and some in the Lower Mainland which have helped offset the reduced capture rate in new construction resulting in gross customers additions for 2021 and 2022 that do not show a decline compared to past years.[113]

FEI submits an expanded 2023 Annual Review is not warranted and should be denied because the MRP is designed to provide flexibility for FEI, the Annual Review process is not an opportunity to reconsider the MRP Decision or accommodate a broad review of policy impacts, and other proceedings (e.g. the upcoming LTGRP and the RNG program review) will provide a forum for exploration of policy impacts.[114]

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108 MoveUP Final Argument, p. 1.
109 MoveUP Final Argument, p. 2.
110 MoveUP Final Argument, p. 5.
111 BCOAPO Final Argument, p. 4.
112 BCOAPO Final Argument, p. 4.
113 FEI Reply Argument, p. 8.
114 FEI Reply Argument, pp. 3–4.

Panel Discussion

The Panel considers that the Annual Review proceedings are not the appropriate forum for a broad review of policy impacts. As noted above in Section 2.1.1, the purpose of the Annual Review is not to unravel or revisit the MRP Decision, but rather, is intended to provide parties the opportunity to review FEI's performance over the prior year and assess the reasonableness of proposed delivery rates for the following year. While the issues raised by MoveUP and BCOAPO are important issues, they are long-term issues and the Annual Review is an expedited process meant to review short-term results and set FEI's delivery rates for a one-year period based on the MRP Decision.

In our view, it is premature as well as duplicative for us to direct any specific information on policy impacts and capture rates be included in the next Annual Review given that these matters would be reviewed in other BCUC proceedings, including the upcoming LTGRP and RNG program review. Therefore, the Panel finds that it is not necessary or appropriate to expand the scope and format of FEI's 2023 Annual Review for the purpose of addressing these issues at this time.

DATED at the City of Vancouver, in the Province of British Columbia, this 10th day of December 2021.

Original signed by:

A. K. Fung, QC
Panel Chair / Commissioner

Original signed by:

T. A. Loski
Commissioner

Original signed by:

R. I. Mason
Commissioner

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ORDER NUMBER
G-366-21

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

and

FortisBC Energy Inc.
Annual Review for 2022 Delivery Rates

BEFORE:
A. K. Fung, QC, Panel Chair
T. A. Loski, Commissioner
R. I. Mason, Commissioner

on December 10, 2021

ORDER

WHEREAS:

A. On June 22, 2020, the British Columbia Utilities Commission (BCUC) issued its Decision and Orders G-165-20 approving a Multi-Year Rate Plan (MRP) for 2020 through 2024 (2020-2024 MRP Decision) for FortisBC Energy Inc. (FEI) and G-166-20 for FortisBC Inc. (FBC) respectively. In accordance with the 2020-2024 MRP Decision, FEI is to conduct an annual review (Annual Review) process to set the delivery rates for each year;

B. By letter dated July 13, 2021, FEI proposed a regulatory timetable for the Annual Review of its 2022 delivery rates;

C. By Order G-227-21 dated July 27, 2021, the BCUC established the regulatory timetable for the Annual Review of FEI's 2022 delivery rates, which included FEI filing its Annual Review materials, intervener registration, one round of information requests, a workshop, FEI's response to undertakings at the workshop, and written final and reply arguments;

D. On July 30, 2021, FEI submitted its materials for the Annual Review for 2022 Delivery Rates Application (Application). In the Application, FEI requests an 8.07 percent delivery rates increase over the 2021 delivery rates, effective January 1, 2022, among other things;

E. By letter dated October 27, 2021, FEI amended its approvals sought with respect to the creation of a non-rate base deferral account titled the Regional Gas Supply Diversity (RGSD) Project Development Costs deferral account. FEI's request, as amended, is to record the costs of development activities of a RGSD project to a maximum initial amount of $11.1 million, including Pre-Phase 1 development activities of $1.1 million and Phase 1A development activities of $10 million; and

F. The BCUC has reviewed the Application, evidence and arguments filed in the proceeding and makes the following determinations.

NOW THEREFORE pursuant to sections 59 to 61 of the *Utilities Commission Act*, for the reasons stated in the decision issued concurrently with this order, the BCUC orders as follows:

1. FEI is approved to increase its delivery rates for 2022 by 8.07 percent on a permanent basis, effective January 1, 2022, subject to any adjustments resulting from the directives and determinations made in the decision issued concurrently with this order.

2. FEI is approved to:

    a. Establish rate base deferral accounts for the following:

        i. Transportation Service Report, with the amortization period to be determined in a future proceeding;

        ii. 2021 Generic Cost of Capital Proceeding, with the amortization period to be determined in a future proceeding; and

        iii. 2021 Renewable Gas Program Comprehensive Review, with the amortization period to be determined in a future proceeding;

    b. Amortize the residual balance in the Waste Connections Costs and Recoveries deferral account in 2022; and

    c. Transfer the existing non-rate base 2017 & 2018 Revenue Surplus deferral account to rate base, and to amortize the remaining deferral account balance in 2022.

3. FEI is denied the request to create a non-rate base deferral account titled the RGSD Project Development Costs deferral account.

4. FEI is approved to change the frequency of reporting on the COVID-19 Customer Recovery Fund Deferral Account from monthly to quarterly.

5. FEI is approved to set the Biomethane Variance Account Rate Rider for 2022 in the amount of $0.059 per gigajoule (GJ) as calculated in Section 10.3.1 of the Application.

6. FEI is approved to set Revenue Stabilization Adjustment Mechanism riders for 2022 in the amount of $0.012 per GJ as set out in Table 10-5 in Section 10.3.2 of the Application.

7. FEI is approved to budget the 2022 Core Market Administration Expense (CMAE costs) at $5,575 thousand, as set out in Schedule 1 in Appendix B of the Application, and to continue to allocate the CMAE costs between FEI's Commodity Cost Reconciliation Account and Midstream Cost Reconciliation Account at 30 percent and 70 percent, respectively.

8. FEI is directed to file as a compliance filing the finalized financial schedules and tariff continuity and bill impact schedules for 2022 no later than 10 days from the date of the issuance of this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 10th day of December 2021.

BY ORDER

Original signed by:

A. K. Fung, Q.C.
Commissioner

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

and

FortisBC Energy Inc.
Annual Review for 2022 Rates

EXHIBIT LIST

Exhibit No.	**Description**
COMMISSION DOCUMENTS	
A-1	Letter dated July 23, 2021 - Appointing the Panel for the review of Fortis Energy Inc.'s Annual Review 2022 Delivery Rates Application
A-2	Letter dated July 27, 2021 – BCUC Order G-227-21 establishing a regulatory timetable
A-3	Letter dated September 7, 2021 – BCUC Information Request No. 1 to FEI
A-4	Letter dated October 12, 2021 – BCUC workshop request to FEI
COMMISSION STAFF DOCUMENTS	
A2-1	Letter dated September 7, 2021 – BCUC Staff Submitting FEI Compliance Filing to Decision and Order G-319-20 dated December 11, 2020 – Annual Review for 2020 and 2021 Delivery Rates, Table 2-1, page 2

B-1	**FORTISBC ENERGY INC. (FEI)** – Letter dated July 13, 2021 – Proposed Process for the Annual Review for 2022 Rates
B-2	Letter dated July 30, 2021 – FEI submitting the Annual Review for 2022 Delivery Rates Materials
B-3	Letter dated September 28, 2021 – FEI submitting responses to BCUC Information Request No. 1
B-4	Letter dated September 28, 2021 – FEI submitting responses to BCOAPO Information Request No. 1
B-5	Letter dated September 28, 2021 – FEI submitting responses to BCSEA Information Request No. 1
B-6	Letter dated September 28, 2021 – FEI submitting responses to CEC Information Request No. 1
B-7	Letter dated September 28, 2021 – FEI submitting responses to MoveUP Information Request No. 1
B-8	Letter dated October 7, 2021 – FEI submitting Workshop Agenda
B-9	Letter dated October 15, 2021 – FEI submitting Workshop Presentation
B-10	Letter dated October 20, 2021 – FEI submitting response to Workshop Undertaking No. 1
B-11	Letter dated October 27, 2021 – FBC submitting Regional Gas Supply Diversity Project Development Costs Deferral Account

C1-1	**RESIDENTIAL CONSUMER INTERVENER ASSOCIATION (RCIA)** - Letter dated August 5, 2021 submitting request to intervene by Samuel Mason
C2-1	**BC SUSTAINABLE ENERGY ASSOCIATION (BCSEA)** - Letter dated August 9, 2021 Request to Intervene by T. Hackney and W.J. Andrews
C2-2	Letter dated September 7, 2021 – BCSEA submitting Information Request No. 1 to FEI
C3-1	**COMMERCIAL ENERGY CONSUMERS ASSOCIATION OF BRITISH COLUMBIA (CEC)** Letter dated August 9, 2021 Request to Intervene by Christopher Weafer, Owen Bird Law
C3-2	Letter dated September 7, 2021 – CEC submitting Information Request No. 1 to FEI
C4-1	**MOVEMENT OF UNITED PROFESSIONALS (MOVEUP)** – Letter dated August 12, 2021 submitting late request to intervene by Jim Quail
C4-2	Letter dated September 7, 2021 – MoveUp submitting Information Request No. 1 to FEI
C5-1	**BRITISH COLUMBIA OLD AGE PENSIONERS' ORGANIZATION, ACTIVE SUPPORT AGAINST POVERTY, DISABILITY ALLIANCE BC, COUNCIL OF SENIOR CITIZENS' ORGANIZATIONS OF BC, AND TENANTS RESOURCE AND ADVISORY CENTRE (BCOAPO ET AL.)** – Letter dated August 19, 2021 submitting late request to intervene by Kristin Barham and Leigha Worth
C5-2	Letter dated September 7, 2021 – BCOAPO submitting Information Request No. 1 to FEI

List of Acronyms

Acronym	Description
Application	FortisBC Energy Inc. Annual Review for 2022 Delivery Rates Application
ASA	Average Speed of Answer
AWE	Average Weekly Earnings
BCOAPO	British Columbia Old Age Pensioners' Organization et al.
BCSEA	BC Sustainable Energy Association
BCUC	British Columbia Utilities Commission
CCRA	Commodity Cost Reconciliation Account
CEC	Commercial Energy Consumers Association of British Columbia
CIAC	Contribution-in-Aid-of-Construction
CMAE	Core Market Administration Expense
CNG	Compressed Natural Gas
CPCN	Certificate of Public Convenience and Necessity
CPI	Consumer Price Index
FEI	FortisBC Energy Inc.
GHG	Greenhouse gas
I-Factor	Inflation Factor
IR	Information Request
LNG	Liquified Natural Gas
LTGRP	Long-Term Gas Resource Plans
O&M	Operations and Maintenance
MCRA	Midstream Cost Reconciliation Account
MoveUP	Movement of United Professionals
MRP	Multi-year rate plan
NGT	Natural Gas for Transportation
RCIA	Residential Consumer Intervener Association
RGSD	Regional Gas Supply Diversity
SQI	Service Quality Indicators

TSF	Telephone Service Factor
UCA	*Utilities Commission Act*