



LETTER L-60-12

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VIA EMAIL

gas.regulatory.affairs@fortisbc.com

October 19, 2012

Ms. Diane Roy
Director, Regulatory Affairs – Gas
FortisBC Energy Inc.
16705 Fraser Highway
Surrey, BC V4N 0E8

Dear Ms. Roy:

Re: FortisBC Energy Inc. and FortisBC Energy (Vancouver Island) Inc.
Compliance Filings of the 2011 FEI and FEVI
Main Extension and FEI Vertical Subdivision Reports

The British Columbia Utilities Commission (Commission) acknowledges receipt of the following compliance filing submitted by FortisBC Energy Inc. (FEI) and FortisBC Energy (Vancouver Island) Inc. (FEVI) (collectively, the Companies):

NAME	BCUC COMPLIANCE	DATE RECEIVED
2011 FEI and FEVI Main Extension and FEI Vertical Subdivision Reports (2011 MX Report)	Order G-152-07 Order G-6-08 Letter L-67-11 Letter L-19-12	07/31/2012

The Commission has reviewed the 2011 MX Report and considers that the 2011 MX Report is generally in compliance with the reporting requirements set out in Order G-152-07 and its accompanying 2007 Decision, Order G-6-08, and as clarified in Letters L-67-11 and L-19-12, though the Commission finds some areas of the 2011 MX Report are unclear and appear to be incomplete. The Commission accepts the improved tables format approach in the 2011 MX Report to present MX data and results. With respect to MX performance, the Commission notes the reported MX results for both FEI and FEVI appear to be unfavourable from original forecast. The Commission will continue monitoring the developments and performance of new and existing MXs.

For the next annual MX report that is to be filed within 90 days of calendar year end as per Order G-152-07, the Commission requests the Companies to include the following improvements for clarity and completeness:

- Attachments, Consumption, and Use per Customer reporting could be clarified. Original forecast and actual results for consumption and use per customer should be reported on a per year basis, instead of on a cumulative basis, to make the reporting more understandable. The Companies should continue using the cumulative consumption and use per customer for the Years 1-5 Total only for aggregating

purposes. Existing cumulative reporting for the original forecast and actual attachments is acceptable. Attachments, consumption, and use per customer segmented by rate class would also make MX performance reporting more meaningful and informative.

- Order G-152-07 and its accompanying 2007 Decision directs the Companies to “determine if the aggregate PI [Profitability Index] thresholds need to be adjusted on a go forward basis in order to achieve the aggregate PI of 1.1.” The re-calculated PI with actual data for both FEI and FEVI in 2010, 2009 and 2008 indicate aggregate PI values below 1.1. The Companies should include a plan to address and comply with the above noted directive for each utility and for each reporting cohort year.
- The Companies included ramp-up factors in each of the Top 5 MX to satisfy the reporting requirement to reflect in the MX tests their experience of consumption “ramp-up” in the early months of service. The Companies’ explanation for consumption ramp-up could be improved for clarity. As ramp-up factors for most Top 5 MX are reportedly zero, it is unclear whether the Companies expect no consumption ramp-up or have not conducted any consumption ramp-up analysis at time of MX construction. The performance experience of consumption ramp-up in the early months of service in the MX test should be clearly explained for each of the Top 5 MX by comparing the original forecast ramp-up adjustment factor to the actual consumption ramp-up results. Consumption ramp-up experience by rate class would provide more informative reporting.

The Companies are requested to include the above improvement items in the next annual MX report compliance filing in order to satisfy the reporting requirements.

Yours truly,

Erica Hamilton

LC/sk