



LETTER L-5-15

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VIA EMAIL

gas.regulatory.affairs@fortisbc.com

February 20, 2015

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

Dear Ms. Roy:

Re: FortisBC Energy Inc. and FortisBC Energy (Vancouver Island) Inc.
Gas Supply Mitigation Incentive Program
Year End Report November 2013 – October 2014

On January 14, 2015, FortisBC Energy Inc. (FEI) and FortisBC Energy (Vancouver Island) Inc. (FEVI) filed a Gas Supply Mitigation Incentive Plan (GSMIP) Year End Report for the period from November 1, 2013 to October 31, 2014 (2013/14 GSMIP Report), in accordance with British Columbia Utilities Commission (Commission) Order G-174-13 and the 2013-2016 GSMIP Term Sheet accepted by Letter L-18-14.

The 2013/14 GSMIP Report submits the calculation of the overall GSMIP incentive payment of \$1,232,073 for the mitigation activities FEI performed on behalf of itself and FEVI in 2013/14. Appendix A of the 2013/14 GSMIP Report contains an electronic working copy of the GSMIP model spreadsheet which FEI filed confidentially due to commercially sensitive information.

The Commission reviewed the 2013/14 GSMIP Report in accordance with the 2013-2016 GSMIP Term Sheet. FEI did not perform any new activities in 2013/14. Appendix A of this letter provides a table from FEI that shows the mitigation activity summary including the overall GSMIP \$1,232,073 incentive requested for 2013/14.

The Commission accepts the calculation of the GSMIP incentive payment of \$1,232,073 for the mitigation activities FEI performed on behalf of itself and FEVI in the 2013/14 year. The Commission will keep the GSMIP model spreadsheet confidential as requested by FEI as it contains commercially sensitive information.

As noted in the 2013/14 GSMIP Report, FEVI was amalgamated with FEI as of December 31, 2014. Accordingly, FEI is requested to amend the 2013-2016 GSMIP Term Sheet within 45 days of the date of this letter to reflect that FEVI is amalgamated with FEI.

Yours truly,
Original signed by:
Erica Hamilton

LC/cms
Attachment

FortisBC Energy Inc. and FortisBC Energy (Vancouver Island) Inc.
Gas Supply Mitigation Incentive Program
Year End Report November 2013 – October 2014

MITIGATION ACTIVITY SUMMARY

	FEVI		FEI		Total - 2013/14		Total - 2012/13 (FEI Only)	
Mitigation Activity	Net Mitigation Revenue (in Millions)	Incentive Earned	Net Mitigation Revenue (in Millions)	Incentive Earned	Net Mitigation Revenue (in Millions)	Incentive Earned	Net Mitigation Revenue (in Millions)	Incentive Earned
BENCHMARKED ACTIVITIES		3.42%		3.43%		3.43%		3.10%
Total	\$1.935	\$0.066	\$29.838	\$1.023	\$31.779	\$1.090	\$43.790	\$1.356
NON-BENCHMARKED ACTIVITIES		4.00%		4.00%		4.00%		4.00%
Total	\$0.220	\$0.009	\$7.472	\$0.299	\$7.692	\$0.308	\$4.630	\$0.187
NEW ACTIVITIES		12.00%		12.00%		12.00%		12.00%
Total	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.400	\$0.048
Total Mitigation Revenue	\$2.155		\$37.310		\$39.471		\$48.820	
Gross Incentive based on allowed % of mitigation revenues⁽¹⁾		\$0.075		\$1.322		\$1.397		\$1.590
Less Fixed Deduction⁽²⁾		\$0.015		\$0.150		\$0.165		\$0.150
GSMIP Incentive Payment		\$0.060		\$1.172		\$1.232		\$1.440

1. The percentage of allowable earnings is different between mitigation activity categories.
2. The fixed deduction of \$165,000 was approved in the 2013-2016 GSMIP Application under Commission Order G-174-13. As shown above, this amount is deducted from the gross incentive amount to determine the final incentive payment.