



LETTER L-7-16

VIA EMAIL

electricity.regulatory.affairs@fortisbc.com

April 11, 2016

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

Dear Ms. Roy:

Re: FortisBC Inc.
Application for Approval of Treatment for Major Project Capital Expenditures
under the Multi-Year Performance Based Ratemaking Plan for 2014-2019

On March 15, 2016, FortisBC Inc. (FBC) filed an application for treatment of capital expenditures for major projects that had been proposed as Certificate of Public Convenience and Necessity (CPCN) projects by FBC under the multi-year Performance Based Ratemaking Plan (PBR Plan) for 2014 through 2019. In its application, FBC is seeking the British Columbia Utilities Commission's (Commission) approval to flow through the actual capital expenditures for the following projects (the Projects) outside of the PBR formula-driven capital and add them to rate base on January 1st of the year following their in-service date:

Project	Current Estimated Cost (\$ million)
Upper Bonnington Old Units Refurbishment	26.8
Ruckles Substation Upgrade	9.2
Grand Forks to Warfield Fibre	6.3
Grand Forks Terminal Station Transformer Addition	5.8

FBC states that Order G-120-15 and the attached Capital Exclusion Criteria under Performance Based Ratemaking Reasons for Decision, which set the criteria for which projects would be excluded from the PBR formula-driven capital amount at \$20 million, created uncertainty related to the treatment of these four projects since they fall below the \$20million capital exclusion criteria.¹

FBC is also asking the Commission for relief from having to file CPCNs for the two Grand Forks projects, which it was previously directed to do by Commission by Order G-110-12, and instead file the four capital projects for approval in future Annual Reviews (if they proceed during the remaining PBR term).

¹ Although estimated at greater than \$20 million, the Upper Bonnington project is to replace four units which could potentially be considered combined projects.

The Commission requests submissions on the application from FBC and the interveners from the PBR Plan and Capital Exclusion Criteria proceedings. Specifically, the Commission requests submissions on the following questions:

1. Were any/all of the four Projects excluded (to be treated as flow-through capital) in establishing and approving the formula-driven base capital for the PBR Plan?
2. Subject to approval of any/all of the Projects to proceed, and with specific reference to Orders G-138-14 and G-120-15, should any/all of the four Projects be included in formula-driven capital under PBR, or afforded flow-through treatment?
3. Should the Commission require CPCN applications for any/all of the Projects or would reviewing for approval as part of a future PBR Annual Reviews as proposed be agreeable?

In addition, the Commission asks FBC to comment on the urgency of the requests in its application.

The Commission invites submissions from registered interveners in the FortisBC Inc. 2014-2018 Performance Based Ratemaking Revenue Requirements and the FortisBC Energy Inc./FortisBC Inc. 2015 PBR Capital Exclusion Criteria 2014-19 proceedings. The timetable for submissions is set out below.

Intervenors' submissions	Thursday, April 21, 2016
FortisBC Inc. reply submission	Thursday, April 28, 2016

Documents pertaining to the application may be viewed on the Commission's web site at the following link:
[Application for Approval of Treatment for Major Project Capital Expenditures](#)

Yours truly,

*Original signed by
 Laura Sharpe for:*

Laurel Ross

JTS/cms