



February 16, 2018

Sent via email

Letter L-4-18

Ms. Diane Roy
Vice President, Regulatory Affairs
FortisBC Energy Inc.
16705 Fraser Highway
Surrey, BC V4N 0E8
gas.regulatory.affairs@fortisbc.com

**Re: FortisBC Energy Inc. – Gas Supply Mitigation Incentive Program Year End Report
November 2016 – October 2017**

Dear Ms. Roy:

The British Columbia Utilities Commission (Commission) is in receipt of FortisBC Energy Inc.'s (FEI) report dated December 14, 2017 as required by Order G-141-16.

FEI filed a Gas Supply Mitigation Incentive Program (GSMIP) Year End Report for the period from November 1, 2016 to October 31, 2017 (2016-2017 GSMIP Report), in accordance with Commission Order G-141-16 and the 2016-2019 GSMIP Term Sheet accepted by Letter L-27-16.

In the 2016-2017 GSMIP Report, FEI submits the calculation of the overall GSMIP incentive payment of \$2,384,127 for the mitigation activities FEI performed in 2016/17. Appendix A of the 2016-2017 GSMIP Report contains an electronic working copy of the GSMIP model spreadsheet which was filed confidentially as FEI asserts that it contains commercially sensitive information. Appendix D of the 2016-17 GSMIP Report contains a letter from FortisBC Holdings Inc.'s Internal Audit Department, that both confirms its review of the methodology and calculations involved in the GSMIP, and agrees with the calculation of the overall GSMIP incentive payment stated above.

The Commission has reviewed the 2016-2017 GSMIP Report in accordance with the 2016-2019 GSMIP Term Sheet. FEI did not perform any new mitigation activities in 2016/17, which would have required approval from the Commission prior to inclusion in the GSMIP. Appendix A to this letter provides a table from FEI that shows the mitigation activity summary including the overall GSMIP incentive payment of \$2,384,127 for 2016/17.

The Commission accepts the calculation of the GSMIP incentive payment of \$2,384,127 for the mitigation activities FEI performed in the 2016/17 year. The Commission will keep the filing, including Appendix A to the filing, confidential as requested by FEI as it contains commercially sensitive information.

The Commission has reviewed the 2016-17 GSMIP Report and is satisfied that the requirements of Order G-141-16 have been met.

Sincerely,

Original signed by:

Patrick Wruck
Commission Secretary

RQ/dg
Enclosure

FortisBC Energy Inc.
Gas Supply Mitigation Incentive Program
Year End Report November 2016 - October 2017

Mitigation Activity Summary				
	Total for 2016/17		Total for 2015/16	
Mitigation Activity	Net Mitigation Revenue (in Millions)	Incentive Earned	Net Mitigation Revenue (in Millions)	Incentive Earned
BENCHMARKED ACTIVITIES		2.54%		2.78%
Total	\$89.419	\$2.271	\$72.288	\$2.010
NON-BENCHMARKED ACTIVITIES		4.00%		4.00%
Total	\$7.757	\$0.310	\$5.860	\$0.234
NEW ACTIVITIES		12.00%		12.00%
Total	\$0.000	\$0.000	\$0.000	\$0.000
Total Mitigation Revenue	\$97.176		\$78.148	
Gross Incentive based on allowed % of mitigation revenues⁽¹⁾	\$2.584		\$2.247	
Less Fixed Deduction⁽²⁾	\$0.200		\$0.165	
GSMIP Incentive Payment	\$2.384		\$2.082	

1. The percentage of allowable earnings is different between mitigation activity categories. This is described in more detail in the following sections.
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 calculate the incentive payment in 2015/16. The fixed deduction of \$200,000 was approved in the 2016-2019 GSMIP Renewal Application under Commission Order G-141-16, and is deducted from the gross incentive amount to calculate the incentive payment in 2016/17.