



ORDER NUMBER
C-2-23

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

and

FortisBC Energy Inc.
Application for a Certificate of Public Convenience and Necessity
for the Advanced Metering Infrastructure Project

BEFORE:

R. I. Mason, Panel Chair
C. M. Brewer, Commissioner
E. B. Lockhart, Commissioner

on May 15, 2023

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

WHEREAS:

- A. On May 5, 2021, FortisBC Energy Inc. (FEI) filed an application with the British Columbia Utilities Commission (BCUC) for a Certificate of Public Convenience and Necessity (CPCN) pursuant to sections 45 and 46 of the *Utilities Commission Act* (UCA) for FEI's Advanced Metering Infrastructure (AMI) Project (Application);
- B. The AMI Project includes the following:
 - 1. Installation of approximately 1,100,000 residential, commercial, and industrial advanced meters and meter retrofits of communication modules capable of remote gas consumption measurement;
 - 2. Installation of approximately 1,100 communication modules on the gas network to increase operational awareness of the gas system state; and
 - 3. Installation of the AMI network and infrastructure to communicate with customer meters and other communication modules on the FEI gas network;
- C. FEI also requests approval, pursuant to sections 59 to 61 of the UCA, to create four new asset accounts with associated depreciation and net salvage rates for the proposed meters to be installed as part of the AMI Project, as follows:
 - 1. 478-10 / AMI Meter Hardware, with a depreciation rate set to 5 percent, with no net salvage;
 - 2. 474-00 / AMI Meter Installation, with a depreciation rate set to 5 percent, with 1.58 percent net salvage;
 - 3. 402-06 / AMI Software, with a depreciation rate set to 10 percent; and
 - 4. 488-30 / AMI Communications and Equipment, with a depreciation rate set to 6.67 percent, with no net salvage;

- D. FEI also seeks approval, pursuant to sections 59 to 61 of the UCA, to create four new deferral accounts as follows:
1. A non rate base AMI Application and Feasibility cost deferral account attracting a weighted average cost of capital return until it is placed into rate base, to capture development and application costs for the AMI Project, to be amortized over 3 years;
 2. A non rate base AMI Foreign Exchange (FX) Mark to Market Valuation deferral account to isolate the impact of any foreign exchange hedging used to reduce foreign exchange risk of the AMI Project;
 3. A rate base Existing Meter Cost Recovery deferral account to capture the remaining costs of the meters to be exchanged as part of the AMI Project with a rolling 5 year amortization period; and
 4. A rate base Previously Retired Meter Cost Recovery deferral account to capture the remaining rate base value of previously retired meters with an amortization period of 10 years;
- E. On July 6, 2021, by Order G-204-21, the BCUC established a public hearing and regulatory timetable for the review of the Application;
- F. By Orders G-269-21, G-302-21, G-323-21, G-365-21, G-389-21, G-81-22, G-92-22, G-95-22, G-180-22, G-206-22 and G-259-22A, the BCUC amended the regulatory timetable to include, among other things, two rounds of information requests (IRs), a procedural conference, intervenor evidence and IRs on same, FEI rebuttal evidence and IRs on same, an evidentiary update, submissions on the need for an oral hearing, and final and reply argument; and
- G. The BCUC has reviewed the Application, the evidence and submissions in this proceeding and determines that certain approvals are warranted.

NOW THEREFORE pursuant to sections 45 to 46 and 59 to 61 of the *Utilities Commission Act* and for the reasons set out in the Decision issued concurrently with this order, the BCUC orders as follows:

1. FEI is granted a CPCN for the AMI Project.
2. FEI is approved to create four new asset accounts:
 - (i) 478-10 / AMI Meter Hardware – depreciation rate set to 5 percent, no net salvage;
 - (ii) 474-00 / AMI Meter Installation – depreciation rate set to 5 percent, 1.58 percent net salvage;
 - (iii) 402-06 / AMI Software – depreciation rate set to 10 percent, no net salvage; and
 - (iv) 488-30 / AMI Communication and Equipment – depreciation rate set to 6.67 percent, no net salvage.
3. FEI is approved to create four new deferral accounts:
 - (i) A non rate base AMI Application and Feasibility cost deferral account attracting a weighted average cost of capital return until it is placed into rate base, to capture development and application costs for the AMI Project, to be amortized over three years;
 - (ii) A non rate base AMI Foreign Exchange (FX) Mark to Market Valuation deferral account to isolate the impact of any foreign exchange hedging used to reduce foreign exchange risk of the AMI Project, attracting no financing return;

- (iii) A rate base Existing Meter Cost Recovery deferral account to capture the remaining costs of the meters to be exchanged as part of the AMI Project with a rolling 5-year amortization period; and
- (iv) A rate base Previously Retired Meter Cost Recovery deferral account to capture the remaining rate base value of previously retired meters with an amortization period of five years.

4. FEI is directed to file reports as outlined in Appendix B to the Decision.

DATED at the City of Vancouver, in the Province of British Columbia, this 15th day of May 2023.

BY ORDER

Original signed by:

R. I. Mason
Commissioner