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November 23, 2020

British Columbia Public Interest Advocacy Centre
Suite 803 470 Granville Street
Vancouver, B.C.
V6C 1V5

Attention: Ms. Leigha Worth, Executive Director

Dear Ms. Worth:

Re: FortisBC Inc. (FBC)

Project No. 1599119

Annual Review for 2020 and 2021 Rates (Application)

Response to the British Columbia Public Interest Advocacy Centre representing the British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, and the Tenant Resource and Advisory Centre *et al.* (BCOAPO) Information Request (IR) No. 2

On August 19, 2020, FBC filed the Application referenced above. In accordance with the British Columbia Utilities Commission Order G-287-20 setting out the amended Regulatory Timetable for the review of the Application, FBC respectfully submits the attached response to BCOAPO IR No. 2.

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC INC.

Original signed:

Diane Roy

Attachments

cc (email only): Commission Secretary
Registered Parties

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36.0 Reference: Exhibit B-14, page 3

Exhibit B-8, ICG 1.1

36.1 Based on the Evidentiary Update, please update the response to ICG 1.1.

Response:

A revised table of the 2017 to 2021 year over year rate increases before and after the use of the 2018-2019 Revenue Surplus deferral account based on the Evidentiary Update is provided below.

	2017	2018	2019	2020	2021	Average
<u>Rate increase after Revenue Surplus deferral</u>						
Deficiency (Surplus)	9.739	-	-	3.631	16.196	
Revenue at Existing Rates	352.389	356.340	370.534	363.020	371.447	
Rate Increase after Revenue Surplus Deferral	2.76%	0.00%	0.00%	1.00%	4.36%	1.62%
<u>Rate increases before Revenue Surplus deferral</u>						
Deficiency (Surplus)	9.739	0.896	(5.633)	2.948	21.616	
Revenue at Existing Rates	352.389	356.340	370.534	363.020	371.447	
Rate Increase before Revenue Surplus Deferral	2.76%	0.25%	-1.52%	0.81%	5.82%	1.63%

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1 **37.0 Reference: Exhibit B-14, page 3**

2 **Exhibit B-2, page 10, Table 2-1**

3 37.1 Based on the update to the AWE-BC, please provide a revised version of Table
4 2-1.

5
6 **Response:**

7 A revised Table 2-1 that includes the AWE-BC update is provided below.

Line No.	Date	Table: 18-10-0004-01	Table: 14-10-0223-01	12 Mth Average				Last Completed Year		I-Factor %	MRP Year
		BC CPI index	BC AWE \$	CPI index	AWE \$	CPI %	AWE %	Non labour %	Labour %		
1	Jul-2017	125.6	939.88								
2	Aug-2017	125.9	939.79								
3	Sep-2017	125.7	951.51								
4	Oct-2017	125.6	950.29								
5	Nov-2017	125.9	952.12								
6	Dec-2017	125.2	958.25								
7	Jan-2018	126.1	957.22								
8	Feb-2018	127.0	962.48								
9	Mar-2018	127.4	963.99								
10	Apr-2018	127.7	953.93								
11	May-2018	128.4	956.99								
12	Jun-2018	128.6	967.63	126.6	954.51						
13	Jul-2018	129.7	974.29								
14	Aug-2018	129.6	979.82								
15	Sep-2018	128.9	975.65								
16	Oct-2018	129.4	978.07								
17	Nov-2018	128.9	979.83								
18	Dec-2018	129.0	976.63								
19	Jan-2019	129.1	973.10								
20	Feb-2019	129.8	974.09								
21	Mar-2019	130.7	986.67								
22	Apr-2019	131.2	991.01								
23	May-2019	131.8	1,001.50								
24	Jun-2019	131.9	993.45	130.0	982.01	2.692%	2.881%	38%	62%	2.809%	2020
25	Jul-2019	132.4	996.11								
26	Aug-2019	132.2	1,003.60								
27	Sep-2019	132.0	1,008.09								
28	Oct-2019	132.2	1,015.74								
29	Nov-2019	131.8	1,012.40								
30	Dec-2019	131.7	1,014.52								
31	Jan-2020	132.1	1,025.61								
32	Feb-2020	132.9	1,025.17								
33	Mar-2020	132.3	1,029.38								
34	Apr-2020	131.2	1,106.54								
35	May-2020	131.5	1,126.59								
36	Jun-2020	132.6	1,097.37	132.1	1,038.43	1.596%	5.745%	38%	62%	4.168%	2021

8

9

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1 **38.0 Reference: Exhibit B-14, page 3, footnote 1**

2 **Exhibit B-14, Section 11-2021, Schedules 3 & 20**

3 **Preamble:** The Evidentiary Update states:

4 *"These changes have been included in FBC's I-Factor calculation, resulting in a*
5 *zero impact to Formula O&M".*

6 *"Unit Cost O&M (UCOM) is rounded to the nearest dollar. The change to UCOM*
7 *from the updated I-factor was small enough such that the UCOM was unaffected*
8 *when rounded to the nearest dollar."*

9 38.1 Using the 2020 Adjusted Base Unit Cost value of \$421 and the Net Inflation
10 Factor of 3.668% (per Schedule 20) produces a 2021 Base Unit Cost value of
11 \$436.44 which rounds to \$436. Please provide the derivation of the \$437 Base
12 Unit Cost value for 2021 set out in Schedule 20.

13
14 **Response:**

15 A derivation of the \$437 Base Unit Cost value for 2021 is provided below. The Base Unit Cost is
16 rounded to zero decimal places.

Inflation Indexed O&M

2020 Base Unit Cost	\$ 422.00
GFT Reliability Project O&M Reduction	\$ (0.64)
Adjusted Base Unit Cost	\$ 421.36
Net Inflation Factor	3.668%
2021 Base Unit Cost	\$ 437.00

17

18

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1 **39.0 Reference: Exhibit B-15, Undertaking #2**

2 **Exhibit B-14, Section 11**

3 **Exhibit B-2, Section 11**

4 **Preamble:** The Undertaking states: *"Given the uncertainty due to the pandemic,*
5 *FBC maintained the 2021 year-end (Residential) customer count*
6 *consistent with the results from the BC STATS regression at 124,603*
7 *customers".*

8 It also states: *"Given the uncertainty due to the COVID-19 pandemic,*
9 *FBC maintained the 2021 year-end (Commercial) customer count*
10 *consistent with the results from the CBOC GDP regression at 16,579*
11 *customers."*

12 39.1 Please explain why, for 2020, the average number of Commercial is less in the
13 Evidentiary Update (16,080 – per Section 11-2020, Schedule 18) than in the
14 original Application (16,187, per Section 11-2020, Schedule 18), when (per
15 Undertaking #2, pages 5-60): i) the actuals for July-September are higher than
16 forecast and ii) the projected 2020 year end value is now higher than originally
17 forecast (16,220 vs. 15,639).
18

19 **Response:**

20 While preparing the Evidentiary Update, FBC noted an error in the monthly commercial
21 customer count from July to November which impacted the calculation of the average
22 commercial customers in Schedule 18 of the Application. The average commercial customer
23 count in Schedule 18 of the Application should have been 15,764, not 16,187.

24 With the addition of actual data through September and, as a result of developing a new 2020
25 projection, the average commercial customer count in Schedule 18 has now been corrected in
26 the Evidentiary Update.

27

28

29

30 39.2 Please explain the basis for the revised 2020 customer count forecasts for the
31 Industrial, Lighting and Irrigation classes.

32

33 **Response:**

34 FBC revised the 2020 customer count forecasts for the Industrial, Lighting and Irrigation classes
35 based on the additional three months of actual data that became available since the filing of the
36 Application. The 2020 average number of customers forecast in Schedule 18 for the Industrial,
37 Lighting and Irrigation classes is calculated using the average of the 12 monthly customer

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counts in 2020. The 2020 Evidentiary Update includes actuals from January to September of 2020, while the Application included actuals from January to June of 2020. Please also refer to FBC's response to BCUC IR2 39.1.

39.3 Given the difference between actual and forecast values for the number of Residential customers is increasing (i.e., June 2020 vs. September 2020) please explain why it is reasonable to maintain the forecast for the 2021 year-end customer count at the original level of 124,603 customers.

Response:

Please refer to the response to BCUC IR2 38.1.

39.4 Given the difference between actual and forecast values for the number of Commercial customers is increasing (i.e., June 2020 vs. September 2020) please explain why it is reasonable to maintain the forecast for the 2021 year-end customer count at the original level of 16,579 customers.

Response:

Please refer to the responses to BCUC IR2 38.1 and 38.4.

39.5 Please provided updates to the relevant schedules in Section 11 assuming that after September 30, 2020: i) the Residential customer count forecast is 773 higher than the forecast in the initial Application and ii) the Commercial is 443 higher than the forecast in the initial Application.

Response:

Please refer to Attachments 39.5a and 39.5b for revised versions of Schedules 1 and 16 through 19 for 2020 and 2021 that reflect an increase in FBC's residential and commercial customer count forecasts for the remainder of 2020 (i.e., October through December) and for 2021, such that the 2021 year-end customer count forecasts for residential and commercial

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1 customers are 773 and 443 higher, respectively, than what was provided in the Application and
2 Evidentiary Update.

3 FBC has illustrated the revised version of its forecast in the following graphs where the gap
4 between the “new” forecast and the forecast from the Application is consistent at 773 and 443
5 for residential and commercial customers, respectively. For the reasons discussed in response
6 to BCUC IR2 38.1 and 38.4, this “new” forecast which, in effect, retains the residential and
7 commercial customer growth rate from the Application, is not methodologically sound, results in
8 a 2021 year-end customer count that is not justifiable, and is not recommended by FBC.

9 Residential Customer Forecast

10 The numbered bullets below refer to the data lines referenced in the following chart.

- 11 1. Actuals are used through September 2020.
- 12 2. The difference in the number of Residential customers between the forecast included in
13 the Application and the forecast in the Evidentiary Update at September 2020 was 773.
- 14 3. The increased number of customers (i.e. 773) was maintained going forward to the end
15 of 2021 so that at the end of 2021, the number of customers is 773 higher than what was
16 forecast in the Evidentiary Update (and the Application).
- 17 4. The forecast included in the Evidentiary Update is shown for comparison and
18 completeness.



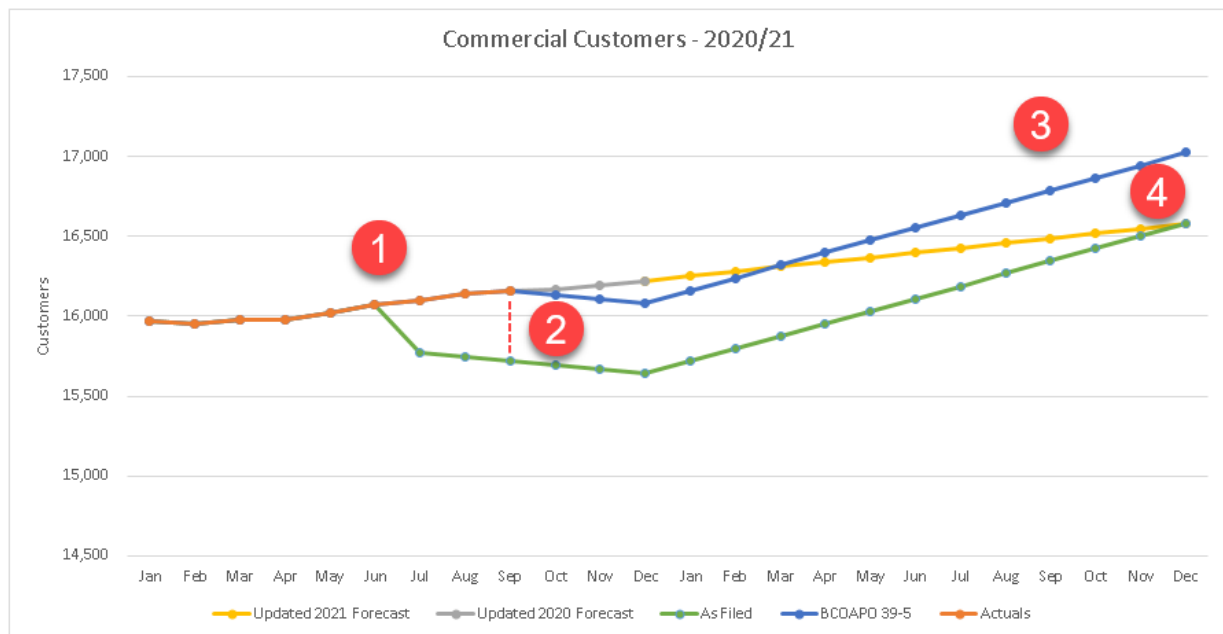
<p style="text-align: center;">FortisBC Inc. (FBC or the Company) Annual Review for 2020 and 2021 Rates ~ Project No. 1599119 (Application)</p>	<p>Submission Date: November 23, 2020</p>
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FBC used the orange and blue line as the forecast of Residential customers to update the relevant financial schedules in Attachments 39.5. The 2020 and 2021 average customer counts calculated from these monthly forecasts are 123,496 and 124,828, respectively, and can be found in the attached Schedule 18.

Commercial Customer Forecast

The numbered bullets below refer to the data lines referenced in the following chart.

1. Actuals are used through September 2020.
2. The difference in the number of Commercial customers between the forecast included the Application and the forecast included in the Evidentiary Update at September 2020 was 443.
3. The increased number of customers (i.e. 443) was maintained going forward to the end of 2021 so that at the end of 2021, the number of customers is 443 higher than what was forecast in the Evidentiary Update (and the Application).
4. The forecast included in the Evidentiary Update is shown for comparison and completeness.



FBC used the orange and blue line as the forecast of Commercial customers to update the relevant financial schedules in Attachment 39.5. The 2020 and 2021 average customer counts calculated from these monthly forecasts are 16,058 and 16,591, respectively, and can be found in the attached Schedule 18.

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1 In summary, the revised customer count increases the 2020 deficiency by \$80 thousand (+0.02
2 percent rate change) when compared to the Evidentiary Update, primarily due to lower revenue
3 from a lower customer count in the Commercial customer class. For 2021, the deficiency
4 decreases by \$691 thousand (-0.21 percent rate change) when compared to the Evidentiary
5 Update, primarily due to an increase in revenue from overall higher customer counts in both the
6 Residential and Commercial customer classes. Please refer to Attachment 39.5 for the 2020
7 and 2021 Schedules 1 and 16 through 19 for details of the above scenarios.

8

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1 **40.0 Reference: Exhibit B-2, Section 11, Schedule 17, (2020 and 2021)**
2 **Exhibit B-14, Section 11, Schedule 17, (2020 and 2021)**
3 **Exhibit B-15, Undertaking #2**
4 **Workshop Transcript, pages 84, 144 and 150**

5 40.1 Please explain how the revised Residential and Commercial volume forecasts for
6 2020 and 2021 were derived.

7
8 **Response:**

9 The residential and commercial load forecasts were both developed by multiplying the use rate
10 forecasts by the updated customer count forecasts.

11
12

13
14 40.2 Are the changes in the 2020 forecasts for Wholesale, Industrial, Lighting and
15 Irrigation (as between the initial Application and the Evidentiary Update) all due
16 to the inclusion of July-September 2020 actuals?

17
18 **Response:**

19 Confirmed.

20
21

22
23 40.3 At page 84 of the Workshop Transcript BCOAPO requested updates to BCUC IR
24 8.1 and 8.1.1 through to September 2020. Undertaking #2 provides an update
25 for the customer counts by class but not the monthly volumes, which were also a
26 part of the response to BCUC 8.1 and 8.1.1. Please provide the monthly forecast
27 and actual load for each customer class for each month from January 2020 to
28 September 2020 (inclusive) in a table format.

29
30 **Response:**

31 Below are the updated responses to BCUC IR1 8.1 and BCUC IR1 8.1.1, which include actuals
32 to September 2020.

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1 **Table 1: Updated BCUC IR1 8.1 – Actual and Forecast Loads from January to September 2020**

Customer Class	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	YTD 2020
Actual Load (GWh)										
Residential	145.7	112.9	119.7	95.4	99.2	84.7	115.3	119.7	75.9	968.3
Commercial	85.8	84.5	79.0	65.6	56.9	66.7	76.5	72.2	76.8	663.9
Wholesale	62.0	54.0	51.2	41.4	36.6	35.7	41.4	45.5	38.2	406.1
Industrial	39.7	40.3	35.8	32.3	31.3	30.7	33.6	33.8	40.8	318.2
Lighting	0.9	1.0	0.9	0.7	0.8	1.1	1.0	1.0	0.9	8.2
Irrigation	0.7	0.7	0.8	1.7	3.4	6.3	6.6	6.4	5.1	31.7
Total	334.8	293.3	287.3	237.1	228.1	225.1	274.3	278.5	237.8	2396.4
Forecast (GWh)										
Residential	146.8	108.9	116.3	94.7	93.6	83.0	103.3	94.8	78.4	919.7
Commercial	85.4	74.1	77.7	68.9	71.3	71.3	80.0	80.3	70.8	679.7
Wholesale	63.1	50.2	50.5	42.2	38.7	35.4	46.3	47.2	37.5	411.0
Industrial	38.5	39.1	39.6	36.2	37.2	39.0	37.3	41.8	39.9	348.7
Lighting	1.0	0.9	1.0	0.9	0.9	0.9	0.9	0.9	0.8	8.2
Irrigation	0.7	0.6	0.7	1.3	3.9	5.8	7.7	7.6	4.2	32.3
Total	335.4	273.7	285.7	244.2	245.6	235.5	275.5	272.5	231.5	2399.7
Variance (GWh)										
Residential	-1.1	4.0	3.4	0.7	5.6	1.6	12.0	24.9	-2.5	48.6
Commercial	0.4	10.4	1.3	-3.3	-14.4	-4.7	-3.5	-8.1	6.1	-15.9
Wholesale	-1.1	3.7	0.7	-0.7	-2.1	0.3	-4.9	-1.7	0.8	-5.0
Industrial	1.2	1.2	-3.9	-3.9	-5.9	-8.3	-3.8	-8.1	0.9	-30.5
Lighting	-0.1	0.1	-0.1	-0.2	-0.2	0.2	0.1	0.2	0.1	0.0
Irrigation	0.0	0.1	0.2	0.4	-0.5	0.5	-1.1	-1.2	1.0	-0.6
Total	-0.6	19.6	1.6	-7.1	-17.5	-10.3	-1.2	6.0	6.3	-3.2
Variance (%)										
Residential	-0.7%	3.6%	2.9%	0.7%	5.6%	1.9%	10.4%	20.8%	-3.3%	41.8%
Commercial	0.4%	12.3%	1.7%	-5.1%	-25.3%	-7.0%	-4.6%	-11.3%	7.9%	-30.9%
Wholesale	-1.7%	6.9%	1.3%	-1.8%	-5.7%	0.9%	-11.7%	-3.7%	2.0%	-13.6%
Industrial	2.9%	3.0%	-10.8%	-12.0%	-18.9%	-26.9%	-11.2%	-23.8%	2.2%	-95.5%
Lighting	-7.4%	9.1%	-8.3%	-34.9%	-19.8%	16.5%	8.7%	15.3%	9.3%	-11.4%
Irrigation	5.9%	10.9%	18.8%	25.0%	-14.9%	8.0%	-16.1%	-19.1%	18.7%	37.3%
Total	-0.2%	6.7%	0.6%	-3.0%	-7.7%	-4.6%	-0.4%	2.1%	2.6%	-0.1%

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Table 2: Updated BCUC IR1 8.1.1 – Monthly UPC Forecast and Actual from January to September 2020

UPC (MWh)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	2020 YTD
Actual Monthly UPC (MWh)										
Residential	1.2	0.9	1.0	0.8	0.8	0.7	0.9	1.0	0.6	7.9
Commercial	5.4	5.3	4.9	4.1	3.6	4.1	4.8	4.5	4.8	41.4
Wholesale	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Industrial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Lighting	0.6	0.7	0.6	0.5	0.5	0.7	0.7	0.7	0.6	5.7
Irrigation	0.6	0.6	0.8	1.6	3.1	5.8	6.0	5.8	4.7	29.1
Forecast Monthly UPC (MWh)										
Residential	1.2	0.9	0.9	0.8	0.8	0.7	0.8	0.8	0.6	7.5
Commercial	5.4	4.7	4.9	4.4	4.5	4.5	5.1	5.1	4.5	43.0
Wholesale	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Industrial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Lighting	0.7	0.6	0.7	0.7	0.6	0.6	0.6	0.6	0.6	5.7
Irrigation	0.6	0.6	0.6	1.2	3.6	5.4	7.1	7.0	3.9	29.9
Variance										
Residential	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.0	0.4
Commercial	0.0	0.6	0.1	-0.2	-1.0	-0.4	-0.3	-0.6	0.3	-1.6
Wholesale	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Industrial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Lighting	-0.1	0.1	-0.1	-0.2	-0.1	0.1	0.1	0.1	0.1	0.0
Irrigation	0.0	0.1	0.1	0.4	-0.5	0.4	-1.1	-1.2	0.8	-0.8
Variance (%)										
Residential	-0.9%	3.3%	2.7%	0.5%	5.4%	1.7%	9.8%	20.3%	-3.9%	0.4
Commercial	0.2%	12.0%	1.0%	-6.0%	-26.9%	-8.9%	-6.8%	-14.1%	5.3%	-0.4
Wholesale	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Industrial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Lighting	-8.4%	8.2%	-9.7%	-37.5%	-20.7%	15.6%	8.3%	14.6%	8.6%	-0.2
Irrigation	5.6%	10.6%	18.5%	24.5%	-15.1%	7.5%	-17.4%	-20.4%	17.9%	0.3

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41.0 Reference: Exhibit B-14, page 3

Exhibit B-4, BCOAPO 12.1 and 12.5 & 12.6

Preamble: The Evidentiary Update states:

"The increase to 2020 projected power supply cost results from the increased projected 2020 load. However, FBC mitigated this increase in 2020 projected power supply cost by incorporating additional actual market savings that have been achieved through the end of September 2020 in the amount of \$0.020 million".

"FBC has had a strong start to its 2020/21 PPA contract year due to colder than expected conditions in October (the contract year runs from October 2020 to September 2021). This means that FBC has been able to schedule more PPA energy than expected."

41.1 Please provide a revised version of the BCOAPO 12.1 that incorporates the Evidentiary Update.

Response:

The revised Table 4-2 is provided below.

Revised Table 4-2: 2019 and 2020 Power Purchase Expense (\$ millions)

Line No.	Description	Approved 2019	Actual 2019	Evidentiary Update 2020	Difference
1	Brilliant	\$ 41.865	\$ 41.848	\$ 41.506	\$ (0.359)
2	BC Hydro PPA	52.174	40.740	42.340	(9.834)
3	Waneta Expansion	40.221	38.763	40.129	(0.092)
4	Market and Contracted Purchases	10.637	17.168	15.575	4.938
5	Sale of Surplus Power	-	(0.577)	-	-
6	Independent Power Producers	0.076	0.063	0.061	(0.015)
7	Self-Generators	0.093	0.059	0.192	0.099
8	CPA Balancing Pool	-	0.784	(0.991)	(0.991)
9	Transmission Service Loss Recoveries	-	-	-	-
10	Special and Accounting Adjustments	-	0.154	(0.040)	(0.040)
11	Total	\$ 145.065	\$ 139.002	\$ 138.772	\$ (6.293)
13	Gross Load (GWh)	3,602	3,618	3,585	(17)
15	FortisBC Entitlement	1,586	1,588	1,559	(27)
16	Brilliant Energy	911	897	918	8
17	BC Hydro PPA Energy	759	585	650	(109)
18	Waneta Expansion	-	-	-	-
19	Market and Contracted Energy	342	539	438	96
20	Surplus Power Energy	-	(24)	-	-
21	IPP and Self-Generators Energy	3	2	5	2
22	CPA Balancing Pool	-	16	0	0
23	Transmission Service Loss Recoveries	-	15	13	13
24	Special and Accounting Adjustments	-	(1)	1	1
26	Total Brilliant CDN\$/MWh	\$ 45.98	\$ 46.63	\$ 45.21	\$ (0.77)
27	Total BC Hydro PPA CDN\$/MWh	68.72	69.63	65.11	(3.62)
28	Total Market and Contracted CDN\$/MWh	31.09	31.86	35.56	4.48
29	Total Surplus Power CDN\$/MWh	-	(23.56)	-	-
30	Total IPP/Self-Generators CDN\$/MWh	49.83	56.30	46.27	(3.57)

<p>FortisBC Inc. (FBC or the Company) Annual Review for 2020 and 2021 Rates ~ Project No. 1599119 (Application)</p>	<p>Submission Date: November 23, 2020</p>
<p>Response to British Columbia Public Interest Advocacy Centre representing the British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, and the Tenant Resource and Advisory Centre <i>et al.</i> (BCOAPO) Information Request (IR) No. 2 on Workshop Undertakings and Second Evidentiary Update</p>	<p>Page 13</p>

41.2 Were the additional actual market savings through the end of September due to a higher use of purchases (as opposed to BCH PPA) or due to lower market prices?

41.2.1 If the a savings were due to the substitution of market purchases for BCH PPA please explain how this was the case when the original *"2020P forecast BC Hydro PPA purchases align with FBC taking approximately 75 percent of its 2019/20 PPA Nomination, which is equal to the minimum take requirements under that contract"* (per BCOAPO 12.5 & 12.6).

Response:

Please refer to the response to CEC IR2 24.2.

41.3 It is noted that in the Evidentiary Update the 2020 cost of Market and Contract Purchases have increased from \$14.617 M (in the initial Application) to \$15.575 M. How much of this increase was due to the increase in the load forecast; how much was due to the additional market purchases in lieu of the other sources (e.g., BCH PPA); and how much was due to changes in market prices?

Response:

FBC increased its market and contract purchase expense by \$0.958 million in the time between the Application and the Evidentiary Update. Changes due to purchase rates resulted in a \$0.339 million decrease, while changes due to purchase volume resulted in a \$1.297 million increase. Of the volume related increase, \$0.399 million was due to increased load, and \$0.898 million was in lieu of other sources.

41.4 Despite the increase in 2020 Market and Contract Purchases in the Evidentiary Update (as compared to the initial Application), it is noted that BC PPA costs have also increased. Is all of this increase due to higher assumed PPA purchases in the last three months of 2020?

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1 **Response:**

2 Yes, the increase in BC Hydro PPA costs is a result of higher assumed PPA purchases in the
3 last three months of 2020.

4

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1 **42.0 Reference: Exhibit B-14, page 3**

2 **Exhibit B-4, BCOAPO 12.5 & 12.6 and 13.1**

3 **Preamble:** The Evidentiary Update states:

4 *“While the increase in 2021 forecast gross load put upward pressure on*
5 *the 2021 forecast power supply cost, there is a net decrease to the 2021*
6 *power supply forecast mainly due to the inclusion of an additional \$2.0*
7 *million forecast market savings compared to the savings identified in the*
8 *Application. FBC has had a strong start to its 2020/21 PPA contract year*
9 *due to colder than expected conditions in October (the contract year runs*
10 *from October 2020 to September 2021). This means that FBC has been*
11 *able to schedule more PPA energy than expected. Because FBC has*
12 *been able to take more PPA than planned, the amount of PPA that FBC*
13 *is obligated to take later in the contract year is reduced, thus increasing*
14 *the potential opportunities to purchase less expensive energy during low*
15 *market conditions in the spring of 2021”.*

16 42.1 Please provide a revised version of the BCOAPO 13.1 that incorporates the
17 Evidentiary Update.

18
19 **Response:**

20 The revised Table 4-3 is provided below.

FortisBC Inc. (FBC or the Company) Annual Review for 2020 and 2021 Rates ~ Project No. 1599119 (Application)	Submission Date: November 23, 2020
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1

Revised Table 4-3: 2020 and 2021 Power Purchase Expense (\$ millions)

Line No.	Description	Evidentiary Update 2020	Evidentiary Update 2021	Difference
1	Brilliant	\$ 41.506	\$ 41.009	\$ (0.497)
2	BC Hydro PPA	42.340	47.440	5.100
3	Waneta Expansion	40.129	41.640	1.511
4	Market and Contracted Purchases	15.575	14.751	(0.824)
5	Independent Power Producers	0.061	0.076	0.016
6	Self-Generators	0.192	0.061	(0.131)
7	CPA Balancing Pool	(0.991)	(0.000)	0.991
8	Transmission Service Loss Recoveries	-	-	-
9	Special and Accounting Adjustments	(0.040)	-	0.040
10	Total	<u>\$ 138.772</u>	<u>\$ 144.977</u>	<u>\$ 6.206</u>
11				
12	Gross Load (GWh)	3,585	3,664	80
13				
14	FortisBC Entitlement	1,559	1,608	48
15	Brilliant Energy	918	919	1
16	BC Hydro PPA Energy	650	755	105
17	Waneta Expansion	-	-	-
18	Market and Contracted Energy	438	367	(71)
19	IPP and Self-Generators Energy	5	2	(3)
20	CPA Balancing Pool	0	-	(0)
21	Transmission Service Loss Recoveries	13	14	1
22	Special and Accounting Adjustments	1	-	(1)
23				
24	Total Brilliant CDN\$/MWh	\$ 45.21	\$ 44.64	\$ (0.57)
25	Total BC Hydro PPA CDN\$/MWh	65.11	62.83	(2.28)
26	Total Market and Contracted CDN\$/MWh	35.56	40.24	4.67
27	Total IPP/Self-Generators CDN\$/MWh	46.27	56.80	10.53

2

3

4

5

6 42.2 In the Evidentiary Update, do the forecast BCH PPA purchases for 2021 still
7 align with “approximately 100 percent of the 2020/21 PPA nomination” (per
8 BCOAPO 12.5 & 12.6)?

9

10 **Response:**

11 No, the forecast BC Hydro PPA purchase volume for 2021 increased by 15 GWh to align with
12 the updated load forecast and available resources. This is consistent with the approach
13 outlined in the Application, in that only resources contracted at the time of filing have been
14 included. This increases the forecast BC Hydro PPA purchases above the nomination; however,
15 FBC fully expects to displace any PPA purchases above the nominated amount. FBC has
16 included an additional \$2.0 million for a total of \$6.0 million in savings to account for potential
17 displacements of PPA energy and capacity.

18

19

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42.3 The Evidentiary Update indicates that the net decrease in 2021 power supply costs (as compared to the Application) is due to “the inclusion of an additional \$2.0 million forecast market savings compared to the savings identified in the Application”. The Evidentiary Update does show a reduction in 2021 BCH PPA costs (as one would expect). However, there is no change (i.e., increase) in the Market and Contracted Producers costs which one would expect if increased market purchases were being used to offset higher BCH PPA costs. Please reconcile.

Response:

The additional \$2.0 million forecast market savings is included as a reduction within the 2021 BC Hydro PPA line item in the table below (note that the table values are in \$ thousands). This offsets the \$0.558 million increase to BC Hydro expense from the increased load forecast for a net decrease of \$1.442 million. As described in Section 4.6 of the Application (page 33), this approach is consistent with how potential real-time opportunities to displace PPA purchases with lower cost market purchases are included in Power Purchase Expense. There is no change in the Market and Contracted purchase costs, as only market contracts executed at the time of filing have been included. The additional \$2.0 million is an estimate of potential real-time opportunities to displace PPA purchases with lower cost market purchases.

Line No.	Particulars	2021 Forecast	2021 Update	Difference
	(1)	(2)	(3)	
1	Power Purchase Expense			0
2	Brilliant	\$ 41,027	\$ 41,009	\$ (18)
3	BC Hydro PPA	48,882	47,440	(1,442)
4	Waneta Expansion	41,462	41,640	178
5	Market and Contracted Producers	14,751	14,751	-
6	Independent Power Producers	76	76	-
7	Self-Generators	61	61	-
8	CPA Balancing Pool	(0)	(0)	(0)
9	Special and Accounting Adjustments	-	-	-
10	Total	\$ 146,260	\$ 144,977	\$ (1,283)

Note that the changes to the Brilliant and Waneta Expansion expenses are due to the inclusion of an updated maintenance schedule, thus changing the available resources and associated cost to FBC.

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1 **43.0 Reference: Exhibit B-14, pages 2-4 and Section 11-2021, Schedule 2**

2 **Exhibit B-2, Section 11-2021, Schedule 2**

3 43.1 In the Evidentiary Update, the Net Plant In-Service values for both 2020 and
4 2021 have changed from those in the original Application. Are the changes all
5 due to the change in O&M expense for each year and the resulting change in
6 capitalized overheads?

7 43.1.1 If not, please explain the basis for the changes?

8
9 **Response:**

10 Confirmed. The Net Plant In-Service in 2020 and 2021 changed as a result of the change in
11 O&M and the resulting change in capitalized overheads which are included as plant additions.

Attachment 39.5

FORTISBC INC.

FBC Annual Review for 2020 and 2021 Rates
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Section 11 - 2020

**SUMMARY OF RATE CHANGE
FOR THE YEAR ENDING DECEMBER 31, 2020
(\$000,000s)**

Schedule 1

Line No.	Particulars	2020 Forecast		Cross Reference
	(1)	(2)	(3)	(4)
1	VOLUME/REVENUE RELATED			
2	Customer Growth and Volume	7.653		
3	Change in Other Revenue	(1.377)	6.276	
4				
5	POWER SUPPLY			
6	Power Purchases (net of customer growth and volume)	(6.351)		
7	Wheeling	0.512		
8	Water Fees	0.503	(5.336)	
9				
10	O&M CHANGES			
11	Gross O&M Change	2.998		
12	Capitalized Overhead Change	(0.450)	2.548	
13				
14	DEPRECIATION EXPENSE			
15	Depreciation Rate Change (Depreciation Study)	2.373		
16	Depreciation from Net Additions	(1.972)	0.401	
17				
18	AMORTIZATION EXPENSE			
19	CIAC Amortization Rate Change (Depreciation Study)	(0.189)		
20	CIAC from Net Additions	0.167		
21	Deferral Accounts	5.047	5.025	
22				
23	FINANCING AND RETURN ON EQUITY			
24	Financing Rate Changes	(2.195)		
25	Financing Ratio Changes	(0.141)		
26	Rate Base Growth	4.711	2.375	
27				
28	TAX EXPENSE			
29	Property and Other Taxes Changes	0.280		
30	Other Income Taxes Changes	(2.908)	(2.628)	
31				
32	2019 Revenue Surplus		(5.633)	
33	2020 Revenue Surplus		0.683	
34				
35	Revenue Deficiency (Surplus)		\$ 3.711	Schedule 16, Line 6, Column 4
36				
37	Revenue at Existing Rates		362.881	Schedule 16, Line 5, Column 3
38	Rate Change		1.02%	

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Section 11 - 2020

**UTILITY INCOME AND EARNED RETURN
FOR THE YEAR ENDING DECEMBER 31, 2020
(\$000s)**

Schedule 16

Line No.	Particulars	2019 Approved (2)	2020 Forecast		Change (6)	Cross Reference (7)
			at Existing Rates (3)	Revised Revenue (4)	at Revised Rates (5)	
1	ENERGY VOLUMES					
2	Sales Volume (GWh)	3,319	3,293		3,293	(26) Schedule 17, Line 9, Column 3
3						
4	REVENUE					
5	Sales	\$ 370,534	\$ 362,881	\$ -	\$ 362,881	\$ (7,653) Schedule 17, Line 19, Column 3
6	Deficiency (Surplus)	-	-	3,712	3,712	3,712
7	Total	370,534	362,881	3,712	366,593	(3,941) Schedule 18, Line 8, Column 5
8						
9	EXPENSES					
10	Cost of Energy	160,765	155,429	-	155,429	(5,336) Schedule 19, Line 33, Column 3
11	O&M Expense (net)	50,321	52,869	-	52,869	2,548 Schedule 20, Line 20, Column 4
12	Depreciation & Amortization	48,473	53,899	-	53,899	5,426 Schedule 21, Line 11, Column 3
13	Property Taxes	16,713	16,993	-	16,993	280 Schedule 22, Line 7, Column 3
14	Other Revenue	(9,268)	(10,645)	-	(10,645)	(1,377) Schedule 23, Line 9, Column 3
15	Deferred 2019 Revenue Surplus / 2020 Revenue Deficiency	5,633	683	-	683	(4,950)
16	Utility Income Before Income Taxes	97,897	93,652	3,712	97,365	(532)
17						
18	Income Taxes	7,827	3,917	1,002	4,919	(2,908) Schedule 24, Line 13, Column 3
19						
20	EARNED RETURN	\$ 90,071	\$ 89,735	\$ 2,710	\$ 92,446	\$ 2,375 Schedule 26, Line 5, Column 7
21						
22	UTILITY RATE BASE	\$ 1,341,649	\$ 1,412,151		\$ 1,412,151	\$ 70,502 Schedule 2, Line 29, Column 3
23	RATE OF RETURN ON UTILITY RATE BASE	6.71%	6.35%		6.55%	-0.16% Schedule 26, Line 5, Column 6

FORTISBC INC.

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Section 11 - 2020

**VOLUME AND REVENUE
FOR THE YEAR ENDING DECEMBER 31, 2020
(\$000s)**

Schedule 17

Line No.	Particulars	2019 Approved	2020 Projected	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	ENERGY VOLUME SOLD (GWh)				
2	Residential	1,349	1,326	(23)	
3	Commercial	935	900	(35)	
4	Wholesale	594	568	(27)	
5	Industrial	385	453	68	
6	Lighting	13	11	(2)	
7	Irrigation	42	35	(7)	
8					
9	Total	3,319	3,293	(26)	
10					
11	REVENUE AT EXISTING RATES				
12	Residential	\$ 187,887	\$ 182,817	\$ (5,070)	
13	Commercial	94,508	91,078	(3,430)	
14	Wholesale	49,519	46,755	(2,764)	
15	Industrial	32,414	36,915	4,501	
16	Lighting	2,661	2,420	(241)	
17	Irrigation	3,544	2,896	(648)	
18					
19	Total	\$ 370,534	\$ 362,881	\$ (7,652)	

FORTISBC INC.

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Section 11 - 2020

**REVENUE AT EXISTING AND REVISED RATES
FOR THE YEAR ENDING DECEMBER 31, 2020
(\$000s)**

Schedule 18

Line No.	Particulars	2019 Approved Revenue (2)	2020 Forecast			Average Number of Customers (6)	GWh (7)	Cross Reference (8)
			Revenue at Existing Rates (3)	Effective Increase (4)	Revenue at Revised Rates (5)			
1	Residential	\$ 187,887	\$ 182,817	\$ 1,870	\$ 184,688	123,496	1,326	
2	Commercial	94,508	91,078	932	92,010	16,058	900	
3	Wholesale	49,519	46,755	478	47,233	6	568	
4	Industrial	32,414	36,915	378	37,293	52	453	
5	Lighting	2,661	2,420	25	2,445	1,449	11	
6	Irrigation	3,544	2,896	30	2,925	1,087	35	
7								
8	Total	<u>\$ 370,534</u>	<u>\$ 362,881</u>	<u>\$ 3,712</u>	<u>\$ 366,593</u>	<u>142,148</u>	<u>3,293</u>	
9								
10	Effective Increase				<u>1.02%</u>			

FORTISBC INC.

FBC Annual Review for 2020 and 2021 Rates
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Section 11 - 2020

**COST OF ENERGY
FOR THE YEAR ENDING DECEMBER 31, 2020
(\$000s)**

Schedule 19

Line No.	Particulars	2019 Approved	2020 Projected	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	POWER PURCHASES				
2	Gross Load (GWh)	3,602	3,585	(17)	
3					
4	Power Purchase Expense				
5	Brilliant	\$ 41,865	\$ 41,506	\$ (359)	
6	BC Hydro PPA	52,174	42,282	(9,892)	
7	Waneta Expansion	40,221	40,129	(92)	
8	Market and Contracted Producers	10,637	15,575	4,938	
9	Independent Power Producers	76	61	(15)	
10	Self-Generators	93	192	99	
11	CPA Balancing Pool	-	(991)	(991)	
12	Special and Accounting Adjustments	-	(40)	(40)	
13	Total	<u>\$ 145,065</u>	<u>\$ 138,714</u>	<u>\$ (6,351)</u>	
14					
15	Note 1: No cost is associated with loss recoveries, which are physically delivered to FBC.				
16					
17	WHEELING				
18	Wheeling Nomination (MW months)				
19	Okanagan Point of Interconnection	2,400	2,400	-	
20	Creston	471	438	(33)	
21					
22	Wheeling Expense				
23	Okanagan Point of Interconnect	\$ 4,514	\$ 4,633	\$ 119	
24	Creston	577	551	(26)	
25	Other	144	563	419	
26	Total	<u>\$ 5,235</u>	<u>\$ 5,747</u>	<u>\$ 512</u>	
27					
28	WATER FEES				
29	Plant Entitlement Use in previous year (GWh)	1,574	1,604	30	
30					
31	Water Fees	<u>\$ 10,465</u>	<u>\$ 10,968</u>	<u>\$ 503</u>	
32					
33	Total	<u>\$ 160,765</u>	<u>\$ 155,429</u>	<u>\$ (5,336)</u>	

FORTISBC INC.

FBC Annual Review for 2020 and 2021 Rates
BCOAPO IR 2.39.5

Section 11 - 2021

**SUMMARY OF RATE CHANGE
FOR THE YEAR ENDING DECEMBER 31, 2021
(\$000,000s)**

Schedule 1

Line No.	Particulars	2021 Forecast		Cross Reference
	(1)	(2)	(3)	(4)
1	VOLUME/REVENUE RELATED			
2	Customer Growth and Volume	(6.607)		
3	Change in Other Revenue	(1.576)	(8.183)	
4				
5	POWER SUPPLY			
6	Power Purchases (net of customer growth and volume)	7.156		
7	Wheeling	(0.033)		
8	Water Fees	(0.100)	7.023	
9				
10	O&M CHANGES			
11	Gross O&M Change	3.314		
12	Capitalized Overhead Change	(0.497)	2.817	
13				
14	DEPRECIATION EXPENSE			
15	Depreciation from Net Additions	3.124	3.124	
16				
17	AMORTIZATION EXPENSE			
18	CIAC from Net Additions	(0.223)		
19	Deferral Accounts	7.869	7.646	
20				
21	FINANCING AND RETURN ON EQUITY			
22	Financing Rate Changes	(0.049)		
23	Financing Ratio Changes	(0.005)		
24	Rate Base Growth	4.397	4.344	
25				
26	TAX EXPENSE			
27	Property and Other Taxes Changes	1.249		
28	Other Income Taxes Changes	3.588	4.837	
29				
30	2020 Revenue Surplus		(0.683)	
31	2021 Revenue Deficiency		(5.420)	
32				
33	Revenue Deficiency (Surplus)		\$ 15.505	Schedule 16, Line 6, Column 4
34				
35	Revenue at Existing Rates		373.200	Schedule 16, Line 5, Column 3
36	Rate Change		4.15%	

FORTISBC INC.

FBC Annual Review for 2020 and 2021 Rates
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Section 11 - 2021

**UTILITY INCOME AND EARNED RETURN
FOR THE YEAR ENDING DECEMBER 31, 2021
(\$000s)**

Schedule 16

Line No.	Particulars	2020		2021 Forecast		Change	Cross Reference
		Projected	At 2020 Approved Interim Rates	Revised Revenue	at Revised Rates		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	ENERGY VOLUMES						
2	Sales Volume (GWh)	3,293	3,389		3,389	96	Schedule 17, Line 9, Column 3
3							
4	REVENUE						
5	Sales	\$ 366,593	\$ 373,200	\$ -	\$ 373,200	\$ 6,607	Schedule 17, Line 19, Column 3
6	Deficiency (Surplus)		-	15,504	15,504	15,504	
7	Total	366,593	373,200	15,504	388,704	22,111	Schedule 18, Line 8, Column 5
8							
9	EXPENSES						
10	Cost of Energy	155,429	162,451	-	162,451	7,022	Schedule 19, Line 31, Column 3
11	O&M Expense (net)	52,869	55,686	-	55,686	2,817	Schedule 20, Line 21, Column 4
12	Depreciation & Amortization	53,899	64,669	-	64,669	10,770	Schedule 21, Line 11, Column 3
13	Property Taxes	16,993	18,242	-	18,242	1,249	Schedule 22, Line 7, Column 3
14	Other Revenue	(10,645)	(12,221)	-	(12,221)	(1,576)	Schedule 23, Line 9, Column 3
15	Deferred 2020/2021 Revenue Deficiency	683	(5,420)	-	(5,420)	(6,103)	
16	Utility Income Before Income Taxes	97,365	89,793	15,504	105,296	7,931	
17							
18	Income Taxes	4,919	4,321	4,186	8,507	3,588	Schedule 24, Line 13, Column 3
19							
20	EARNED RETURN	\$ 92,446	\$ 85,471	\$ 11,318	\$ 96,789	\$ 4,343	Schedule 26, Line 5, Column 7
21							
22	UTILITY RATE BASE	\$ 1,412,151	\$ 1,479,280		\$ 1,479,280	\$ 67,129	Schedule 2, Line 29, Column 3
23	RATE OF RETURN ON UTILITY RATE BASE	6.55%	5.78%		6.54%	0.00%	Schedule 26, Line 5, Column 6

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Section 11 - 2021

**VOLUME AND REVENUE
FOR THE YEAR ENDING DECEMBER 31, 2021
(\$000s)**

Schedule 17

Line No.	Particulars	2020 Projected	2021 Forecast	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	ENERGY VOLUME SOLD (GWh)				
2	Residential	1,326	1,260	(66)	
3	Commercial	900	963	62	
4	Wholesale	568	584	16	
5	Industrial	453	537	84	
6	Lighting	11	10	(1)	
7	Irrigation	35	36	1	
8					
9	Total	3,293	3,389	96	
10					
11	REVENUE AT APPROVED RATES				
12	Residential	\$ 182,817	\$ 177,228	\$ (5,590)	
13	Commercial	91,078	98,275	7,197	
14	Wholesale	46,755	49,466	2,711	
15	Industrial	36,915	42,905	5,990	
16	Lighting	2,420	2,167	(253)	
17	Irrigation	2,896	3,160	264	
18					
19	Total	\$ 362,881	\$ 373,200	\$ 10,320	

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Section 11 - 2021

**REVENUE AT EXISTING AND REVISED RATES
FOR THE YEAR ENDING DECEMBER 31, 2021
(\$000s)**

Schedule 18

Line No.	Particulars	2020 Projected Revenue	2021 Forecast			Average Number of Customers	GWh	Cross Reference
			At 2020 Approved Interim Rates	Effective Increase	Revenue at Revised Rates			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Residential	\$ 184,688	\$ 177,228	\$ 7,362	\$ 184,590	124,828	1,260	
2	Commercial	92,010	98,275	4,083	102,358	16,591	963	
3	Wholesale	47,233	49,466	2,055	51,521	6	584	
4	Industrial	37,293	42,905	1,782	44,687	59	537	
5	Lighting	2,445	2,167	90	2,257	1,405	10	
6	Irrigation	2,925	3,160	131	3,291	1,082	36	
7								
8	Total	<u>\$ 366,593</u>	<u>\$ 373,200</u>	<u>\$ 15,504</u>	<u>\$ 388,704</u>	<u>143,970</u>	<u>3,389</u>	
9								
10	Effective Increase				<u>4.15%</u>			

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Section 11 - 2021

**COST OF ENERGY
FOR THE YEAR ENDING DECEMBER 31, 2021
(\$000s)**

Schedule 19

Line No.	Particulars	2020 Projected	2021 Forecast	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	POWER PURCHASES				
2	Gross Load (GWh)	3,585	3,681	96	
3					
4	Power Purchase Expense				
5	Brilliant	\$ 41,506	\$ 41,009	\$ (497)	
6	BC Hydro PPA	42,282	48,332	6,050	
7	Waneta Expansion	40,129	41,640	1,511	
8	Market and Contracted Producers	15,575	14,751	(824)	
9	Independent Power Producers	61	76	16	
10	Self-Generators	192	61	(131)	
11	CPA Balancing Pool	(991)	(0)	991	
12	Special and Accounting Adjustments	(40)	-	40	
13	Total	<u>\$ 138,714</u>	<u>\$ 145,869</u>	<u>\$ 7,156</u>	
14					
15	WHEELING				
16	Wheeling Nomination (MW months)				
17	Okanagan Point of Interconnection	2,400	2,400	-	
18	Creston	438	420	(18)	
19					
20	Wheeling Expense				
21	Okanagan Point of Interconnect	\$ 4,633	\$ 4,694	\$ 60	
22	Creston	551	535	(16)	
23	Other	563	485	(78)	
24	Total	<u>\$ 5,747</u>	<u>\$ 5,714</u>	<u>\$ (33)</u>	
25					
26	WATER FEES				
27	Plant Entitlement Use in previous year (GWh)	1,604	1,559	(45)	
28					
29	Water Fees	<u>\$ 10,968</u>	<u>\$ 10,868</u>	<u>\$ (100)</u>	
30					
31	Total	<u>\$ 155,429</u>	<u>\$ 162,451</u>	<u>\$ 7,022</u>	