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October 5, 2021

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. 1599231

Annual Review for 2022 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 (BCOAPO) Information Request (IR) No. 1**

On August 6, 2021, FBC filed the Application referenced above. In accordance with the regulatory timetable established in British Columbia Utilities Commission Order G-226-21 for the review of the Application, FBC respectfully submits the attached response to BCOAPO IR No. 1.

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC INC.

Original signed:

Diane Roy

Attachments

cc (email only): Commission Secretary
Registered Parties

FortisBC Inc. (FBC or the Company) Annual Review for 2022 Rates (Application)	Submission Date: October 5, 2021
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1.0 Reference: Exhibit B-2, pages 1 and 69

1.1 Please provide either a copy or a web-link for FBC's 2020 Annual Report to the BCUC and the page references for the calculation of the \$0.872 M opening after tax balance in the MRP Earnings Sharing deferral account.

Response:

Please refer to Attachment 1.1 for the redacted version of FBC's 2020 Annual Report. Please refer to page 26.2, Line 13 for the calculation of the \$0.872 million of 2020 after-tax customer sharing additions to the MRP Earnings Sharing deferral account, which are reflected in the opening 2021 MRP Earnings Sharing deferral account balance in this Application.

1.2 The Application states that, for 2020, total formula O&M savings before earnings sharing were approximately \$1.5 M. It appears from the description of the sources for the savings that they are primarily "one- time" savings due to unfilled vacancies and timing of expenditures. What portion of the savings (if any) are permanent savings that can be expected to continue past 2020?

Response:

Please refer to the response to RCIA IR1 1.1.

1.3 Please describe any specific productivity initiatives undertaken by FBC in 2020 including their initial costs and the expected savings in subsequent years.

Response:

As indicated in the Application, FBC continues to work on identifying specific initiatives that will provide benefits in future years and will provide an update in the 2023 Annual Review which will be filed in mid-2022.

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1 **2.0 Reference: Exhibit B-2, pages 3-6**

2 2.1 Excluding the impact of the Elimination of Accumulated Revenue Surplus what is
3 the percentage increase in rates for 2022 over 2021.

4
5 **Response:**

6 Please refer to the response to BCUC IR1 1.1.

7

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1 **3.0 Reference: Exhibit B-2, page 7**

2 3.1 Please provide a schedule that sets out the derivation of the actual 2020 labour
3 weighting of 63%. As part of the response, please provide references for the
4 specific inputs used and where the source documents can be accessed.

5
6 **Response:**

7 In the schedule below, FBC provides the numbers for the calculation of the 2020 actual labour to
8 non-labour ratio of 63 percent to 37 percent.

2020 Labour / Non-Labour Operating Expenses
(\$000's)

Labour	38,370	63%
Non-Labour	22,290	37%
Gross O&M	60,660	100%

9
10 Labour includes Salaries & Wages of \$38.370 million. Non-Labour includes Contracted Manpower
11 (with Consulting) of \$12.379 million and other Operating Expenses of \$9.911 million.

12 The Labour and Non-Labour numbers used are as recorded in FBC's SAP financial reporting
13 system. Below is an extract from the SAP report source document, showing the parameters used
14 to generate the report and the numbers used in the calculation of the labour and non-labour ratio
15 for 2020.

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Controlling Area	BCG1	FortisBC Consolidated
CFiscal Year	2020	
FFrom Period	1	
FTo Period	12	
TPlan Version	YEP	
VCost Center/Group	FBCCCCGROUP	FORTIS BC O&M CC GROUP
CCost Element Group	CE-ALL	All Cost Elements
CContr: A/P/V net Total		Date: 2021/09/16
		Page: 2 / 5
		Column: 1 / 4
Cost Center/Group	FBCCCCGROUP	FORTIS BC O&M CC GROUP
Manager:	*	
Cost Element Group	All Cost Elements	
Reporting period:	1 to 12 2020	
Cost elements		Act.costs
****	Net Salaries & Wages	38,370,199.02
****	Contracted Manpower	12,379,481.98
*****	Total Operating Labour	50,749,681.00
*****	Total Non-Labour Operating Exp	9,910,698.82
*****	Total Cost Elements	60,660,379.82
*****	Total	60,660,379.82

3.2 Did the COVID-19 pandemic have an impact on the calculation of the 2020 labour weighting? If yes, directionally what was the impact?

Response:

The COVID-19 pandemic did not impact how the labour weighting was calculated.

As set out in Section 12.2.2 of the Application, the net incremental COVID-19 pandemic-related O&M (costs less cost reductions) total to a net decrease of approximately \$0.060 million in 2020. FBC has reviewed the labour/non-labour split of these costs and concludes that they did not affect the 2020 actual labour to non-labour ratio of 63 percent to 37 percent. Further, the 2019 labour weighting prior to the COVID-19 pandemic of 62 percent is similar to the 2020 labour weighting during the COVID-19 pandemic of 63 percent. FBC therefore concludes that the COVID-19 pandemic had no measurable impact on the results of the calculation.

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4.0 Reference: Exhibit B-2, page 8

FBC's Annual Review for 2020 and 2021 Rates, Exhibit B-4, BCOAPO 4.2 & 4.3 and Exhibit B-14, page 3

Preamble: The response to BCOAPO 4.3 states:

"Further, while in 2021 the increase to Formula O&M has been higher due to the higher I-Factor, this trend will likely reverse in 2022 as the labour impacts from COVID-19 lessen and AWE returns to more normal levels. The potential decrease in BC-AWE in 2021 will reduce, or potentially even create a negative I-Factor, which when applied to the calculation of 2022."

4.1 With respect to Exhibit B-2, Table 2-1, have any of the monthly BC-CPI or BC-AWE values for July 2019 through June 2020 changed from those used to set the rates for 2020 and 2021? If yes, please identify the changes.

Response:

Yes, the monthly BC AWE amounts from July 2019 to June 2020 have changed because Statistics Canada periodically revises their AWE results. FBC uses the most current set of AWE results in each year's Annual Review filing. The monthly BC CPI amounts did not change over this time period.

A table highlighting the changes between the July 2019 and June 2020 AWE used in the 2020/2021 Annual Review and 2022 Annual Review is provided below.

Line No.	Date	2022 Annual Review		2020/2021 Annual Review		12 Mth Change Average Change	
		BC AWE \$	12 Mth Average	BC AWE \$	12 Mth Average		
1	Jul-2019	995.70		996.11		(0.41)	
2	Aug-2019	1,003.20		1,003.60		(0.40)	
3	Sep-2019	1,007.69		1,008.09		(0.40)	
4	Oct-2019	1,015.61		1,015.74		(0.13)	
5	Nov-2019	1,012.26		1,012.40		(0.14)	
6	Dec-2019	1,014.87		1,014.52		0.35	
7	Jan-2020	1,025.98		1,025.61		0.37	
8	Feb-2020	1,024.80		1,025.17		(0.37)	
9	Mar-2020	1,029.14		1,029.38		(0.24)	
10	Apr-2020	1,105.84		1,106.54		(0.70)	
11	May-2020	1,127.73		1,126.59		1.14	
12	Jun-2020	1,097.00	1,038.32	1,097.37	1,038.43	(0.37)	(0.11)

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4.2 Please update the schedule provided in response to BCOAPO 4.2 (from the 2020 & 2021 Annual Review) to include any revision to the historical data (up to June 2020) and to also include the June 2021 Average.

Response:

A revised table from that included in the response to BCOAPO IR1 4.2 from the 2020 and 2021 Annual Review that includes historical data revisions is included below.

2014 PBR - Revised		2015 PBR - Revised		2016 PBR - Revised		2017 PBR - Revised	
June 2012 - Average AWE (\$)	852.03	June 2013 - Average AWE (\$)	872.47	June 2014 - Average AWE (\$)	886.41	June 2015 - Average AWE (\$)	904.28
June 2013 - Average AWE (\$)	872.47	June 2014 - Average AWE (\$)	886.41	June 2015 - Average AWE (\$)	904.28	June 2016 - Average AWE (\$)	915.91
AWE % for 2014 PBR	2.399%	AWE % for 2015 PBR	1.597%	AWE % for 2016 PBR	2.016%	AWE % for 2017 PBR	1.287%
2018 PBR - Revised		2019 PBR - Revised		2020 MRP - Revised		2021 MRP - Revised	
June 2016 - Average AWE (\$)	915.91	June 2017 - Average AWE (\$)	930.40	June 2018 - Average AWE (\$)	954.75	June 2019 - Average AWE (\$)	982.23
June 2017 - Average AWE (\$)	930.40	June 2018 - Average AWE (\$)	954.75	June 2019 - Average AWE (\$)	982.23	June 2020 - Average AWE (\$)	1,038.32
AWE % for 2018 PBR	1.581%	AWE % for 2019 PBR	2.617%	AWE % for 2020 MRP	2.879%	AWE % for 2021 MRP	5.710%
2022 MRP							
June 2020 - Average AWE (\$)	1,038.32						
June 2021 - Average AWE (\$)	1,106.14						
AWE % for 2022 MRP	6.532%						

4.3 The response to BCOAPO 4.3 (from the 2020 & 2021 Annual Review) suggested that the increase in AWE would return to normal for the 2022 Review. Please compare the AWE increase in the current (2022) Application with that used for 2021 rates and comment on whether or not the outcome anticipated in BCOAPO 4.3 has occurred?

4.3.1 If it has not occurred, please explain why and when/if FBC expects the AWE will return to "more normal levels".

Response:

The AWE increase in the Application is 6.532 percent, compared to 5.745 percent used to set 2021 rates.

As FBC explained in the response to BCOAPO IR1 4.3 in the 2020 and 2021 Annual Review, AWE may return to more normal levels when the labour impacts from the COVID-19 pandemic lessen. Up to May 2021, which is the time period up to which AWE data was used for calculating the I-Factor in the Application, the labour impacts from the COVID-19 pandemic have persisted; thus, it is to be expected that AWE has not returned to more normal levels. FEI is unable to predict when the labour impacts from the COVID-19 pandemic will lessen, as there remains uncertainty as to the overall impact as well as the duration of the COVID-19 pandemic.

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1 **5.0 Reference: Exhibit B-2, page 12 and Appendix A3, pages 1-2**

2 5.1 Does the forecast for the Seed Year (2021) use actual data for any of the months?
3 If yes, for which months does the forecast (per Appendix A3, page 2) incorporate
4 actual data?

5
6 **Response:**

7 As discussed in Section 1 of Appendix A3, the seed year for 2021 (2021S) was forecast using
8 actual data up to and including 2020.

9

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1 **6.0 Reference: Exhibit B-2, page 13 and Appendix A3, pages 3-4**

2 6.1 Please provide a breakdown of incremental savings set out in Table 3-1 for each
3 customer class as between those achieved in 2021 and those achieved in 2022.

4
5 **Response:**

6 The table shows the incremental forecast savings for each customer class for 2021 and 2022.
7 FBC notes that the incremental DSM forecast below does not include achieved DSM savings.
8 The forecast is incremental to DSM savings achieved and embedded in the historical loads
9 through 2020.

10 **Incremental DSM for 2021 and 2022 (GWh)**

Class	2021	2022
Residential	(4.0)	(4.2)
Commercial	(11.2)	(11.3)
Wholesale	(3.7)	(3.8)
Industrial	(8.6)	(8.6)
Lighting	(0.3)	(0.3)
Irrigation	(0.1)	(0.1)
Net	(27.9)	(28.3)
Losses	(2.3)	(2.3)
Gross DSM Savings	(30.2)	(30.6)

11

12

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14

15 6.2 Are the incremental 2021 and 2022 savings included in the Load Forecast
16 consistent with FBC's most recent DSM plan and approved DSM expenditures?

17 6.2.1 If yes, please provide the supporting documentation.

18

19 **Response:**

20 Please refer to the response to BCUC IR1 5.1.

21

2 FBC's Annual Review for 2020 and 2021 Rates, Exhibit B-4, BCOAPO
3 8.2 and Exhibit A3, page 4

8 Response:

11
12
13
14 7.2 Please provide an updated response to BCOAPO 8.2 for the years 2019 through
15 2021 and also include the current forecast values for 2022.

17 **Response:**

BCOAPO IR1 8.2 from the 2020 and 2021 Annual Review requested the historical and forecast population values for the residential customer count, and FBC's response showed the 25 year data series used in the regression analysis. For the 2022 customer forecast, the regression uses a three year time series, as explained in the response to BCOAPO IR1 7.3. The table below provides the actual residential customer count and population data for 2018 to 2020 together with the forecast values for 2021 and 2022. All values are year-end.

24 **Year End Residential Customer Count and Population 2018 to 2022**

Year	Customer Count	Population
2018	120,291	273,360
2019	122,465	276,500
2020	124,966	278,962
2021S	126,746	281,312
2022F	128,941	283,962

25		2022F	128,941	283,962
26				
27				
28				
29	7.3	Can FBC explain the reasons for the difference between the Approved 2021		
30		Residential count of 124,603 (per the 2020 & 2021 Annual Review) and the current		
31		forecast for 2021 of 126.746?		

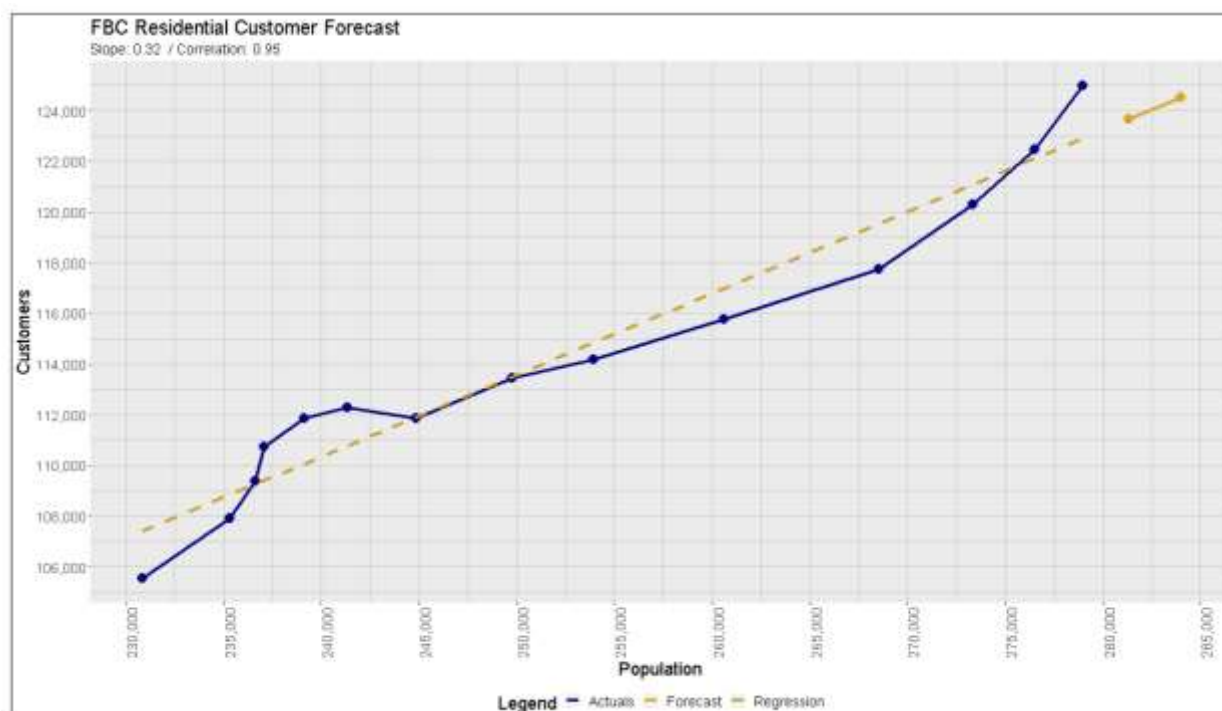
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Response:

The updated 2021S residential customer count forecast (126,746) is larger than the 2021 Approved forecast (124,603) for two reasons. First, the actual 2020 residential customer count exceeded the forecast customer count from the previous year (124,966 compared to 123,407). Second, for the current forecast, FBC used a three-year regression period to reflect the fact that the slope of the correlation between population and customers has been increasing in recent years, so that the 25-year regression period used in the last annual review no longer produces a reasonable forecast.

Figure 1 shows how the use of a longer regression period (15 years)¹ would result in an unreasonably low customer forecast. The blue line represents the actual data while the gold dashed line shows the linear regression and the solid gold line is the resulting forecast. As shown in Figure 1, using the longer regression period would result in both the 2021 and 2022 forecasts being lower than the 2020 actual customer count. The slope of the forecast matches the long-term regression, but is not reflective of current trends and is not reasonable.

Figure 1: Impact of Longer (15-Year) Regression Period on 2022 Forecast Residential Customer Count



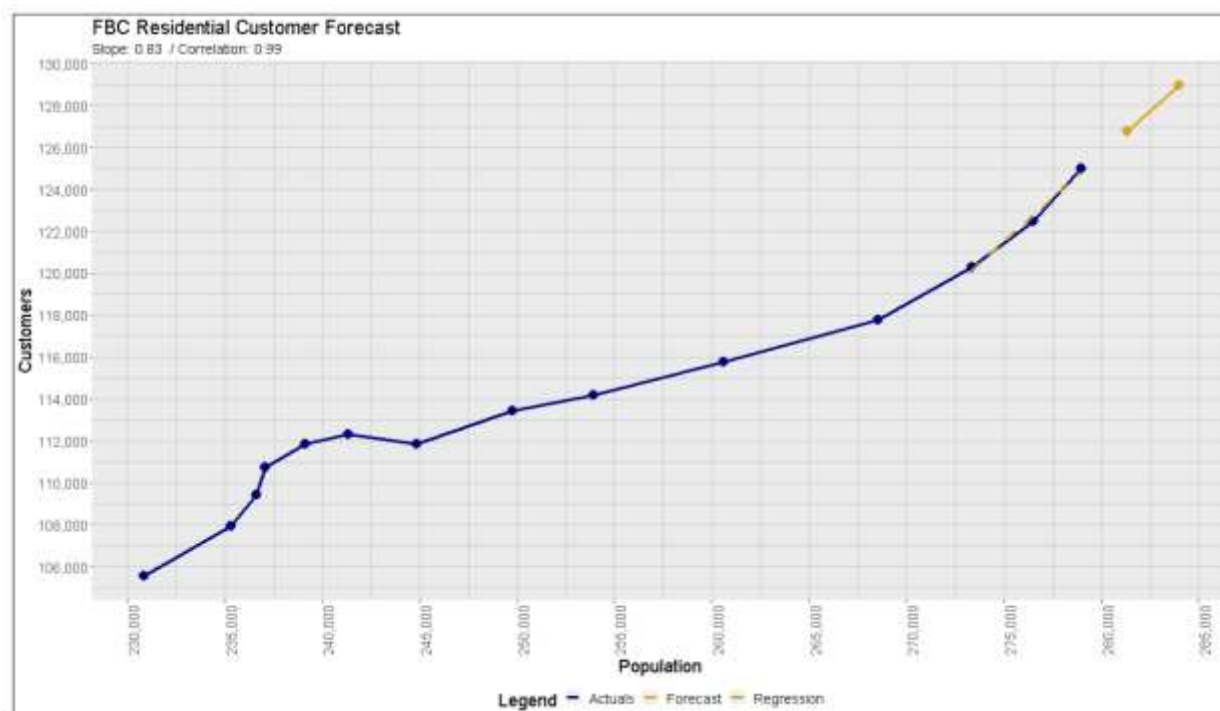
¹ The 15-year regression period produces a result materially the same as a 25-year regression period and is simpler to present than the 25-year regression.

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The following figure shows the result when the most recent three years are used to create the regression model. The solid gold line now more closely matches the recent trend and the 2021 and 2022 customer forecasts are reasonable.

Figure 2: Residential Customer Count Forecast Based on Three-Year Regression (as used in the Application)



This change in the correlation between population and customers is indicative of a trend toward fewer occupants per dwelling. The implication is that, for a given increase in population, FBC adds more customers today than in the past. A possible contributing factor to this trend may be due to a greater share of residential developments comprised of multi-family dwellings, which tend to be smaller and are occupied by smaller family units.

7.4 It is noted that the updated Residential Regression has changed significantly from that used in the 2020 & 2021 Annual Review. The slope has changed from 0.48 to 0.83. Has FBC seen such a material year over year change in the regression results in past Annual Reviews?

7.4.1 Has FBC investigated the reasons for this material change?



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1 **Response:**

2 Please refer to the response to BCOAPO IR1 7.3.

3

4

5

6 7.5 What is the actual Residential customer count as of June 30, 2021?

7

8 **Response:**

9 The actual residential customer count as of June 30, 2021 was 125,764 customers.

10

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8.0 Reference: Exhibit B-2, page 16 and Appendix A3, page 4

FBC's Annual Review for 2020 and 2021 Rates, Exhibit B-4, BCOAPO 8.5 & 8.6 and Exhibit A3, page 4

8.1 Please confirm that the Approved Residential UPCs for 2020 and 2021 incorporated actual DSM savings up to and including 2019.

Response:

Confirmed. Historical DSM savings are embedded in the historical loads; therefore, the approved residential UPCs for 2020 and 2021 included historical actual DSM savings up to and including 2019.

8.2 What were the forecast incremental DSM savings (per customer) from 2020 and 2021 DSM programs that were incorporated in the approved Residential UPCs for 2020 (10.75) and 2021 (10.10).

Response:

The forecast incremental DSM savings that reduced the residential use per customer for 2020 and 2021 were 0.02 MWh and 0.04 MWh, respectively.

8.3 Please update the response to BCOAPO 8.5 & 8.6 (from the 2020 & 2021 Annual Review) to include 2020 actuals.

Response:

The following table sets out the annual cumulative Residential Program Area DSM savings per customer (using 2010 as the base year). DSM savings per customer are first calculated on an annual basis then added to previous years' values to show cumulative savings per customer.

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Residential Program Savings (MWh)	11,393	12,758	16,200	8,686	5,639	12,538	10,154	6,553	7,850	7,202
Residential Customer Count	98,795	99,228	111,862	113,431	114,166	115,772	117,748	120,291	122,465	124,966
Annual Savings per Customer (kWh)	115	129	145	77	49	108	86	54	64	58
Cumulative savings per customer (kWh)	115	244	389	466	515	623	709	763	827	885

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The cumulative savings per customer are embedded in the historical actuals used to forecast future UPC. As a result, the before-savings forecast UPC slope as shown in Table A3-3 includes the impact of the cumulative DSM. The slope assumes that DSM programs and adoption will continue at historical levels. New DSM programs are accounted for with incremental DSM, which is subtracted from the before-savings forecast to arrive at the after-savings forecast.

8.4 The current UPC trend analysis has a slope of -0.22. In FBC's view does the increasing cumulative impact of DSM over the 2011-2020 period contribute to the negative value for the slope?

Response:

Confirmed. The cumulative savings per customer are embedded in the historical actuals used to forecast future UPC. As a result, the before-savings forecast UPC slope of -0.22 includes the impact of the cumulative DSM.

8.5 The current UPC trend analysis has a slope of -0.22. Please provide the forecast UPC values for 2021 and 2022 prior to any incremental DSM savings post 2020.

8.5.1 Assuming these values are less than the historic UPC value for 2020, to what does FBC attributed the lower values for 2021 and 2022 (given the calculation does not include the impact of any incremental DSM savings forecast to be achieved from programs offered in 2021 and 2022)?

Response:

The residential UPC values for 2021 and 2022 prior to DSM are 10.32 MWh and 10.10 MWh, respectively.

The residential UPC is influenced by many factors, many of which are external to the DSM programs, including customer behaviour changes, housing types, building codes, and the COVID-19 pandemic, among others. FBC is unable to pinpoint what specific attributes cause decreases or increases in the residential UPC in a quantifiable way.

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- 1 8.6 What are the incremental DSM savings (per customer) from 2021 and 2022 DSM
2 programs that have been incorporated into the current Residential UPC forecast
3 for 2021 (10.29) and for 2022 (10.04)?
4

5 **Response:**

- 6 The 2021 and 2022 incremental residential UPC DSM savings per customer is 0.03 MWh for both
7 years.

- 8 The following table shows both the incremental and cumulative savings.

Year	Incremental DSM Savings (MWh)	Cumulative DSM Savings (MWh)
2021	0.03	0.03
2022	0.03	0.06

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9.0 Reference: Exhibit B-2, page 17 and Appendix A3, pages 4-5

9.1 Please provide a schedule that compares the Approved Commercial customer counts for 2020 and 2021 with the actual 2020 customer count and the current forecast for 2021.

9.1.1 Please provide an explanation of the changes for each year.

Response:

The requested schedule is below.

2020 Approved	2020 Actual	Difference
16,220	16,165	-55
2021 Approved	2021 Seed Forecast	Difference
16,579	16,384	-219

The difference between the 2021 Approved and the 2021 Seed Forecast is a result of recalculating the forecast using 2020 Actual commercial counts and the most recent GDP projections from the CBOC.

Please refer to the response to BCUC IR1 6.1 for a discussion of the factors causing these changes.

9.2 What is the basis for the Commercial customer count forecast for 2021 and 2022?

9.2.1 If the forecast is based on a regression or trend analysis, please indicate the relevant data used, the resulting "equation" and the equation statistics.

Response:

The 2021 and 2022 customer count forecasts are based on ten years of historical year-end customer counts, and the CBOC GDP forecast for the Province of British Columbia. The regression results for the commercial customer count are shown below.

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1 **Commercial Customer Count Forecast Regression**

Regression	Commercial
Start Year	2011
End Year	2020
R ²	0.93
Adjusted R ²	0.92
df	9
Intercept	200
Slope GDP	0.06

2

3 The regression equation is:

$$4 \quad \text{Commercial Customer Count Forecast}_t = 200 + 0.06 \times \text{GDP}_t$$

5

6

7

8 9.3 What is FBC's actual Commercial customer count as of June 30, 2021?

9

10 **Response:**

11 As of June 30, 2021, the commercial customer count was 16,395 customers. As the June 30,
12 2021 commercial customer total is slightly greater than the 2021S forecast (16,384), it is possible
13 that the COVID-19 pandemic recovery in BC is slightly stronger than the CBOC anticipated, which
14 may have resulted in a GDP projection for 2021 that was slightly too low.

15 However, any forecast variance realized in 2021 does not impact the forecast for 2022F. The
16 2022 forecast is based solely on the regression equation shown in response to BCOAPO IR1 9.2:

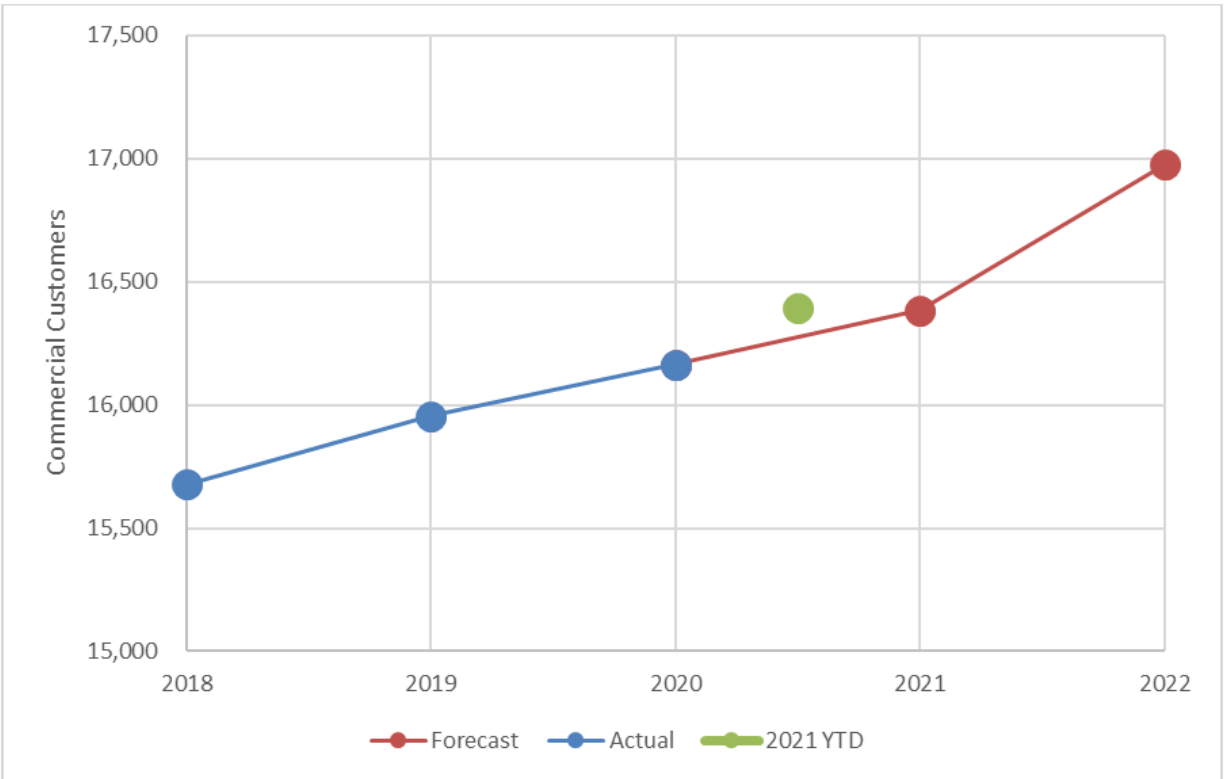
$$17 \quad \text{Commercial Customers}_t = \text{GDP}_t \times 0.064 + 200.4$$

18 As the CBOC GDP forecast for 2022 remains 262,864 regardless of the forecast performance in
19 2021, the commercial customer forecast for 2022 is unaffected and remains 16,975.

20 The following figure shows the customer forecast for 2022, along with the June 30, 2021 ending
21 total and the 2021S forecast. The June 30, 2021 commercial customer total is still well below the
22 2022 forecast level. The significant growth predicted for the GDP is resulting in a commercial
23 customer increase of 591 customers in 2022.

24

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2

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10.0 Reference: Exhibit B-2, Appendix A-1 and A3, pages 4-5

10.1 Table A1-3 sets out the values for GDP determined on three different bases. Which of the basis/definitions was used for purposes of forecasting Commercial load?

Response:

FBC uses GDP at basic prices.

GDP at basic prices is equal to GDP at market prices, minus taxes and subsidies on products.

GDP at market prices is the gross value at market prices of all goods and services produced by the economy, plus taxes, but minus subsidies on imports.

10.2 Please provide the quarterly and annual 2019 and 2020 actual values for GDP based on the same definition.

Response:

The quarterly and annual GDP values for 2019 and 2020 are below. The 2020 GDP is from the CBOC, British Columbia's Two Year Outlook, March 18, 2021 report while the 2019 GDP values are from the CBOC, Provincial Outlook British Columbia, June 17, 2020 report.

Quarterly and Annual CBOC GDP at Basic Prices (2012 \$ millions) for 2019 and 2020

2020	2020Q1	2020Q2	2020Q3	2020Q4	2020
GDP at basic prices (2012 \$ millions)	249,610 -1.7	226,075 -9.4	244,133 8.0	248,635 1.8	242,114 -3.9
2019	2019Q1	2019Q2	2019Q3	2019Q4	2019
GDP at basic prices (2012 \$ millions)	249,525 0.4	251,497 0.8	253,245 0.7	254,035 0.3	252,076 2.4

10.3 If actual quarterly GDP values are available for any of 2021, please provide.

Response:

The Q1 and Q2 CBOC GDP actuals for 2021 are below. The values are from the CBOC, British Columbia Two Year Outlook, September 9, 2021.

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1

Quarterly CBOC GDP at basic prices (2012 \$ millions) for 2021

2021	2021Q1	2021Q2
GDP at basic prices	254,918	257,078
(2012 \$ millions)	1.0	0.8

2

3

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1 **11.0 Reference: Exhibit B-2, pages 18-19**

2 11.1 How does FBC ensure that the survey information received from its Wholesale
3 customers does not already include incremental DSM savings expected to be
4 achieved in 2021 and 2022?

5
6 **Response:**

7 FBC is confident that wholesale customers do not include FBC DSM in their survey responses
8 because the FBC DSM programs are administered through direct interaction with customers, and
9 not through the individual wholesalers. FBC also confirmed with five of the six wholesale
10 customers (representing 93 percent of the wholesale load), that their survey responses did not
11 include incremental FBC DSM savings expected to be achieved in 2021 and 2022.

12
13

14
15 11.2 To what does FBC attribute the lower survey results for 2021 in the current
16 Application as compared to those from the survey undertaken for the load forecast
17 included in the 2020 & 2021 Annual Review (see Figure 3-6)?

18
19 **Response:**

20 Please refer to the response to RCIA IR1 7.1.

21

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1 **12.0 Reference: Exhibit B-2, pages 19-20**

2 Preamble: The Application explains that:

3 “The lower forecast in 2021S and 2022F compared to 2021 Approved is primarily
4 due to cannabis loads not materializing in 2021 as planned. FBC's 2021 Approved
5 included 68 GWh of additional cannabis load; however, at this time, none of those
6 customers have taken service in the industrial class. As a result, those loads have
7 been removed from the current forecast.”

8 12.1 Please confirm that the current forecast assumes no additional cannabis load in
9 either 2021 or 2022.

10
11 **Response:**

12 Confirmed. The current forecast does not assume any additional industrial cannabis for either
13 2021 or 2022.

14
15

16
17 12.2 Are there currently any indications that some of this additional cannabis load will
18 materialize in 2022?

19 12.2.1 If yes, how much?

20
21 **Response:**

22 At this time there is no indication that any firm industrial cannabis loads will materialize in 2022.

23

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1 **13.0 Reference: Exhibit B-2, pages 4 and 14**

2 13.1 Do the historical and 2021 Seed year loads set out in Table 3-2 include electricity
3 used by FortisBC's EV charging stations?

4 13.1.1 If yes, in which class is this load included and what are the values (GWh)
5 for each year?
6

7 **Response:**

8 Confirmed. The data in Table 3-2 includes electricity used by FBC's EV charging stations.

9 The EV charging station loads are embedded in the company use class, but are not forecast
10 individually at this time because of the small volume of load. Please refer to the table below which
11 shows the actual EV charging station load included under company use from 2018 to 2020,
12 projected 2021 and forecast 2022.

13 However, revenues for those years (including the 2022 forecast revenue at 2021 approved rates)
14 does not include revenue recovered from FBC's EV charging customers. Please refer to the
15 response to BCUC IR1 16.1 for further discussion regarding revenues that will be captured in the
16 Flow-through deferral account and returned to customers in 2022, provided that FBC receives the
17 BCUC's final determinations for the EV Application in 2021.

18 **FBC EV Charging Stations Usage**

FBC EV Charging Stations	2018 Actual	2019 Actual	2020 Actual	2021 Projected	2022 Forecast
GWh	0.04	0.13	0.14	0.20	0.90

19
20
21
22
23 13.2 Does the forecast load for 2022 as set out in Table 3-2 include electricity used by
24 FortisBC's EV charging stations?

25 13.2.1 If yes, in which class is this load included and what is the value for 2022?
26

27 **Response:**

28 Please refer to the response to BCOAPO IR1 13.1.
29
30

31
32 13.3 Does the 2022 Forecast revenue at 2021 approved rates include the revenues
33 received from FBC's EV charging stations service?

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1 13.3.1 If yes, what is the amount?

2

3 **Response:**

4 Please refer to the response to BCOAPO IR1 13.1.

5

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1 **14.0 Reference: Exhibit B-2, pages 22-23**

2 14.1 What was the actual loss rate for each of 2019 and 2020 expressed as a
3 percentage of gross load (excluding company use)? Please provide the supporting
4 calculations.

5
6 **Response:**

7 The loss rates for 2019 and 2020, excluding company use, were both 7.6 percent as shown below.

8 The losses used below exclude company use for both 2019 and 2020.

9 The Loss Rate calculation is:

11
$$\text{Loss Rate} = \frac{\text{Losses}}{\text{Gross Load}}$$

10

Year	Losses (GWh)	Gross Load (GWh)	Loss Rate (%)
2019	274	3,592	7.6%
2020	276	3,616	7.6%

12

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15.0 Reference: Exhibit B-2, pages 23-24, Appendix A2, page 5 and Appendix A3, pages 1-2.

15.1 Appendix A3 outlines how FBC weather normalizes actual load (kWh). Please explain how FBC derived the weather normalized monthly peaks set out in Appendix A2 (Table 2.9)

Response:

FBC estimates the extent to which temperature affects the load during the system peak by using a ten-year regression of historical peaks on peak temperatures for the day of the peak occurrence. FBC performs this regression for each season (November to February, March to May, June to August, and September to October), since seasonal peaks do not always occur in the same month each year. This regression yields the "seasonal peak slope", expressed as MW per degree, which is the amount by which the peak changes for each one degree change in temperature from the average.

For each monthly peak, FBC estimates the MW impact of the temperature variation on the peak by multiplying the seasonal peak slope in MW per degree by the temperature variation from average on the day of the peak, in degrees. This is expressed by the following formula:

$$\begin{aligned}
 \text{Temp. Impact (MW)} &= \text{Seasonal Peak Slope (MW/degree)} \\
 &\times (\text{Peak Temp.} - 10 \text{ Year Average Peak Temp. (degrees)})
 \end{aligned}$$

Subtracting the temperature impact, as calculated above, from the actual peak gives the normalized peak, as expressed in the following formula:

$$\text{Normalized Peak} = \text{Actual Peak} - \text{Temperature Impact}$$

The normalized peaks are not used in the peak forecast. Instead, the actual peaks are used in order for FBC to take into account weather variations for resource planning purposes.



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1 **16.0 Reference: Exhibit B-2, page 27**

2 16.1 Please provide a revised version of Table 4-1 that includes the Approved and
3 Actual amounts for 2020.

4
5 **Response:**

6 Revised Table 4-1 follows, which includes Approved and Actual amounts for 2020.

Line No.	Description	Approved 2020	Actual 2020	Approved 2021	Projected 2021	Forecast 2022
1	Power Purchase Expense	\$ 138.772	\$ 139.354	\$ 144.977	\$ 141.747	\$ 143.779
2	Wheeling Expense	5.747	\$ 5.846	\$ 5.714	\$ 5.836	\$ 6.093
3	Water Fees	10.968	\$ 10.968	\$ 10.868	\$ 10.878	\$ 11.958
4	Total Power Supply Cost	\$ 155.487	\$ 156.167	\$ 161.559	\$ 158.462	\$ 161.830
5						
6	Gross Load (GWh)	3,585	3,574	3,664	3,640	3,591

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17.0 Reference: Exhibit B-2, pages 30-31

17.1 Please provide a table similar to Table 4-2 that sets out the Approved and Actual Power Purchase expense for 2020. In doing so please expand the table so as to also show the energy (kWh) associated with each source (adding a row for FBC's own generation) and average cost per kWh.

Response:

Please refer to the table below, providing Approved and Actual Power Purchase Expense for 2020. The table also shows energy volumes and average cost. Please note that the volumes and average costs have been provided in GWh and \$/MWh, respectively, due to the large volumes referenced.

Line No.	Total Cost (\$ millions)	Approved 2020	Actual 2020
1	Brilliant	\$ 41.506	\$ 41.507
2	BC Hydro PPA	42.340	42.434
3	Waneta Expansion	40.129	40.185
4	Market and Contracted Purchases	15.575	15.887
5	Sale of Surplus Power	-	-
6	Independent Power Producers	0.061	0.057
7	Self-Generators	0.192	0.176
8	CPA Balancing Pool	(0.991)	(1.109)
9	Transmission Service Loss Recoveries	-	-
10	Special and Accounting Adjustments	(0.040)	0.218
11	Total	<u>\$ 138.772</u>	<u>\$ 139.354</u>
12			
13	Gross Load (GWh)	3,585	3,574
14			
15	Total Volume (GWh)		
16	FBC Generation	1,579	1,580
17	Brilliant	918	919
18	BC Hydro PPA	650	629
19	Waneta Expansion	-	-
20	Market and Contracted Purchases	438	450
21	Sale of Surplus Power	-	-
22	Independent Power Producers	1	1
23	Self-Generators	5	4
24	CPA Balancing Pool	- 20	22
25	Transmission Service Loss Recoveries	13	13
26	Special and Accounting Adjustments	0	-
27	Total	<u>3,585</u>	<u>3,574</u>
28			
29	Average Cost (\$/MWh)		
30	FBC Generation	N/A	N/A
31	Brilliant	\$ 45.21	\$ 45.15
32	BC Hydro PPA	\$ 65.11	\$ 67.46
33	Waneta Expansion	N/A	N/A
34	Market and Contracted Purchases	\$ 35.53	\$ 35.33
35	Sale of Surplus Power	N/A	N/A
36	Independent Power Producers	\$ 73.62	\$ 68.88
37	Self-Generators	\$ 41.40	\$ 41.58
38	CPA Balancing Pool	\$ 49.87	\$ 50.23
39	Transmission Service Loss Recoveries	N/A	N/A
40	Special and Accounting Adjustments	\$ (219.44)	N/A
41	Total	<u>\$ 38.71</u>	<u>\$ 38.99</u>

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17.2 With reference to the table provided in response to the previous question, please explain the variance in the cost and energy (kWh) for BCH PPA purchases as between the 2020 approved and actual values. In particular, please indicate how much of the variance for each is due to FBC being able to replace the PPA energy purchases with additional market purchases.

Response:

In the table provided in response to BCOAPO IR1 17.1, the 2020 Approved and 2020 Actual BC Hydro PPA Expense is \$42.340 million and \$42.434 million, respectively. However, the 2020 Approved BC Hydro Expense includes a reduction of \$1.500 million to account for forecast savings, which must be removed in order to carry out accurate variance analysis.

Thus, 2020 Actual PPA expense is \$1.406 million less than 2020 Approved PPA Expense excluding the forecast savings. Of the reduction, \$0.026 million was a result of lower BC Hydro rates, and \$1.380 million resulted from a 21 GWh reduction in purchase volume.

2020 Actual Market and Contracted purchases increased by 11 GWh compared to 2020 Approved. Therefore, of the \$1.380 million reduction in Actual 2020 PPA cost due to volume, 52 percent (11 GWh/21 GWh) or \$0.723 million of the cost reduction is due to FBC being able to replace the PPA energy purchases with additional market purchases.

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18.0 Reference: Exhibit B-2, pages 29-31

Annual Review for 2020 & 2021 Rates, Exhibit B-2, page 31

Preamble: The referenced page from the Annual Review for 2020 & 2021 Rates notes that FBC submitted a PPA nomination for the 2020/21 contract year of 674 GWh.

The current Application indicates that the PPA nomination for the 2021/22 contract year is 645 GWh (page 29) and that the 2021 projected BC Hydro expense has been reduced by \$3.5 M to account for potential real time opportunities during the remainder of 2021 (page 31).

18.1 Is the 2021 Power Expense as set out in Table 4-2 based entirely on forecast values or is it based partially on actual values? If based partially on actual values, for what portion of the year are actual values used?

Response:

The 2021 Approved Power Purchase Expense is based entirely on forecast values and the 2021 Projected Power Purchase Expense is based on actual values through May 31, 2021 with forecast values for the remainder of the year.

18.2 What is the PPA GWh that FBC is currently forecasting will be purchased over the 2020/21 contract period?

18.2.1 If the forecast PPA purchases for this period are greater than 505.5 GWh (i.e., the take or pay requirement based on 75% of the nominated amount), please explain why.

Response:

FBC is forecasting PPA purchases of 548 GWh, which is 43.5 GWh above the minimum take requirement, during the 2020/21 contract period spanning October 2020 through September 2021. This includes actual volumes from October 2020 through May 2021, and forecast required volumes through the end of September 2021. If gross load comes in below plan, or if market conditions permit, FBC may further reduce its PPA purchases during the June through September 2021 period using the 25 percent flexibility in the PPA Nomination. However, if gross load meets or exceeds plan, and market prices are high, PPA purchases could also increase above the 548 GWh forecast level for the remainder of the contract year. The PPA contract is flexible in that it allows FBC the ability to manage load, capitalize on market opportunities, and provides protection when wholesale market prices are high.

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18.3 What does the forecast PPA cost for 2021 (including the reduction of \$3.5 M referenced on page 31) assume regarding the overall use of the nominated amounts of BCH PPA for the 2020/21 and 2021/22 contract years?

Response:

In the Application, FBC forecasts PPA use lower than the nominated amounts. FBC submitted a PPA nomination of 674 GWh for 2020/21 and a nomination of 645 GWh for the 2021/22 contract year. So far, during the 2020/21 contract year, FBC has been able to take advantage of additional opportunities to reduce its PPA take below the nominated amount. The updated load/resource balance in the Application results in a forecast PPA use of 548 GWh for 2020/21 and 626 GWh for 2021/22.

18.4 With respect to Table 4-2, how much of the reduction in BC Hydro PPA costs and GWh (as between 2021 Approved vs. 2021 Projected) is due to FBC being able to replace the PPA energy purchases with additional market purchases? Does this account for all of the \$4.895 M increase in costs shown for Market and Power Purchases?

Response:

With respect to Table 4-2, 2021 Projected BC Hydro PPA purchases decreased by 235 GWh and BC Hydro PPA Expense decreased by \$11.451 million over 2021 Approved. 2021 Projected Market and Contracted Purchases increased by 140 GWh and by \$4.895 million over 2021 Approved. All of the additional Market and Contracted Purchases were completed in order to displace purchases under the BC Hydro PPA. Therefore, 60 percent (140 GWh/235 GWh) of the \$11.451 million reduction in PPA Expense, or \$6.822 million, is due to FBC being able to replace PPA energy purchases with additional market purchases.

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19.0 Reference: Exhibit B-2, pages 30-31

19.1 Please provide a revised/combined version of Tables 4-2 and 4-3 that shows, in addition to the costs for each row, the GWh contribution associated with each of the rows towards the Approved 2021 total of 3,664 GWh, the Projected 2021 total of 3,640 GWh and the Forecast 2022 total of 3,591 GWh. For each row please also include the resulting cost per MWh. In doing so, please include rows to account for FortisBC's own generation and, if necessary, any external sales.

Response:

Please refer to the updated/expanded version of Tables 4-2 and 4-3 below.

Line No.	Total Cost (\$ millions)	Approved 2021	Projected 2021	Forecast 2022
1	Brilliant	\$ 41.009	\$ 41.015	\$ 41.841
2	BC Hydro PPA	47.440	35.989	44.062
3	Waneta Expansion	41.640	41.570	42.701
4	Market and Contracted Purchases	14.751	19.646	15.102
5	Sale of Surplus Power	-	-	-
6	Independent Power Producers	0.076	0.064	0.073
7	Self-Generators	0.061	-	-
8	CPA Balancing Pool	(0.000)	3.834	0.000
9	Transmission Service Loss Recoveries	-	-	-
10	Special and Accounting Adjustments	-	(0.371)	-
11	Total	\$ 144.977	\$ 141.747	\$ 143.779
12				
13	Gross Load (GWh)	3,664	3,640	3,591
14				
15	Total Volume (GWh)			
16	FBC Generation	1,600	1,603	1,608
17	Brilliant	919	921	918
18	BC Hydro PPA	755	520	651
19	Waneta Expansion	-	-	-
20	Market and Contracted Purchases	367	506	413
21	Sale of Surplus Power	-	-	-
22	Independent Power Producers	1	1	1
23	Self-Generators	2	-	-
24	CPA Balancing Pool	8	76	12
25	Transmission Service Loss Recoveries	14	12	12
26	Special and Accounting Adjustments	-	-	-
27	Total	3,664	3,640	3,591
28				
29	Average Cost (\$/MWh)			
30	FBC Generation	N/A	N/A	N/A
31	Brilliant	\$ 44.64	\$ 44.51	\$ 45.59
32	BC Hydro PPA	\$ 62.83	\$ 69.25	\$ 67.66
33	Waneta Expansion	N/A	N/A	N/A
34	Market and Contracted Purchases	\$ 40.24	\$ 38.81	\$ 36.61
35	Sale of Surplus Power	N/A	N/A	N/A
36	Independent Power Producers	\$ 84.29	\$ 77.58	\$ 85.72
37	Self-Generators	\$ 40.30	N/A	N/A
38	CPA Balancing Pool	\$ (0.01)	\$ 50.39	\$ (0.02)
39	Transmission Service Loss Recoveries	N/A	N/A	N/A
40	Special and Accounting Adjustments	N/A	N/A	N/A
41	Total	\$ 39.57	\$ 38.94	\$ 40.04

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19.2 What does the forecast PPA cost for 2022 (prior to the \$4 M reduction for potential real-time opportunities) assume regarding FBC's overall use of the nominated BCH PPA for the 2021/22 contract year?

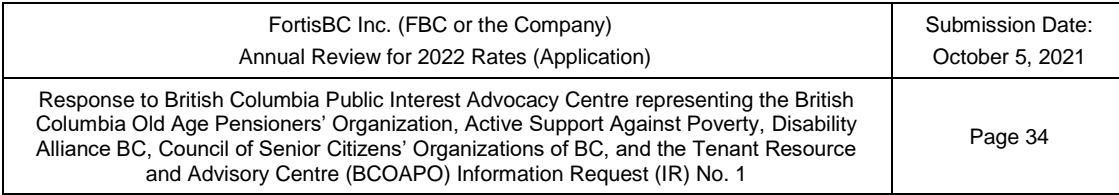
Response:

The PPA contract year is October through September; therefore the first nine months of 2022 are included in the 2021/22 nomination. Please refer to the response to BCOAPO IR1 18.3 explaining the forecast use of PPA in relation to the 2021/22 nomination. The last three months of 2022 will be included in the PPA nomination for 2022/23, which will be submitted in June 2022. If FBC is able to execute additional market contracts for that time period, power supply expense for October to December 2022 may be further reduced compared to the current forecast.

19.3 Given that total gross load for 2022 is forecast to be less than that for 2021, please explain why (prior to any reductions for potential real-time opportunities to displace PPA purchases) the volume of PPA purchases is assumed to be 132 GWh higher in 2022.

Response:

Although 2022 Forecast load is 49 GWh less than 2021 Projected, PPA purchases are 132 GWh higher primarily due to decreased Market and Contracted Purchases in 2022, resulting in higher corresponding PPA purchases. The reason for this is two-fold. First, only market purchases executed at the time of filing are included in the Application. FBC is still planning to enter into additional forward market contracts for 2022, should market conditions be favorable. Second, the 2021 Projected figures include actual data through May 31, 2021 and therefore reflect actual real-time market purchases and any displaced PPA purchases up to that point.



20.1 Please confirm that the forecast Water Fees for 2022 are based on the forecast generation from FBC plants in 2021 and that the projected 2021 Water Fees are based on the actual generation from FBC plants in 2020. If not confirmed, please explain the basis for the 1,679 GWh and 1,558 GWh values respectively.

8 Confirmed.

9

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1 **21.0 Reference: Exhibit B-2, page 30**

2 21.1 Do Tables 4-2 and 4-3 include Power Purchase Expense associated with the
3 electricity requirements of FBC's EV charging stations?
4

5 **Response:**

6 Yes, Tables 4-2 and 4-3 include Power Purchase Expenses associated with the electricity
7 requirements of FBC's EV charging stations as they are part of the forecast load. The forecast
8 2022 load for FBC's EV charging station is approximately 0.9 GWh, which is approximately 0.025
9 percent of FBC's total 2022 gross load of 3,591 GWh. Please also refer to the response to BCUC
10 IR1 16.1 that explains how these amounts will be excluded from the calculation of amounts that
11 will be flowed through to customers once the BCUC has made its final determinations in FBC's
12 EV Charging Application.

13

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22.0 Reference: Exhibit B-2, pages 40 and Appendix B-1, page 3

22.1 Please provide a breakdown of the \$0.309 M in Other (per Table 6) as between Vegetation Management Activities and Dam Rock Trap Clearing Activities.

Response:

Please refer to the response to CEC IR1 16.1.

22.2 Please explain why each of these two activities is considered to be part of the New/Incremental System Operations, Integrity and Security Funding as approved by the BCUC in its MRP Decision.

Response:

Please refer to the response to CEC IR1 16.1.

22.3 It is noted that out of the five defined categories for spending related to New/Incremental System Operations, Integrity and Security Funding, in 2020 FBC underspent in four of them relative to the 2020 Formula amount. FBC explains that the variances in the Network Operations Apprenticeship Program and Data Analytics are due to labour savings from the timing of new hires. Please explain basis for the variances in Tree Management and Generation Dam Safety.

Response:

The variance in Tree Management expenditures as shown in Table 6-3 was due to the timing of the identification, assessment, and mapping of root rot centres. The variance in Generation Dam Safety expenditures shown in Table 6-3 was due to the timing of the Dam Safety Reviews (DSRs). The DSRs were delayed in 2020 to allow time to complete an assessment of the requirements. The assessment resulted in a lower cost in 2020 and an increase in costs in 2021.

22.4 It is noted that out of the five defined categories for spending related to New/Incremental System Operations, Integrity and Security Funding, in 2020 FBC underspent in four of them relative to the 2020 Formula amount. Per the MRP

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Decision (Directive 42) please describe how FBC prioritized its System Operations, Integrity and Security activities and associated expenditure during 2020. In particular, please indicate if any of the underspending was the result of the 2020 prioritization.

Response:

FBC's underspending in 2020 in its new/incremental System Operations, Integrity and Security funding compared to the forecast in FBC's MRP application was due to a number of factors in each category, such as the availability of resources (i.e., labour vacancies), timing of hiring, availability of training, and the timing of activities. Given these factors, FBC prioritized spending in 2020 to address operational needs that could be met with available resources, such as cybersecurity, vegetation management and dam rock trap clearing activities. However, the need for the spending as identified in the MRP application remains valid and continues to be a high priority for FBC. Therefore, while there will continue to be variances from the initial forecast in the MRP application, FBC expects to increase spending in the remaining years of the MRP, such that the total new/incremental spending in the combined categories of System Operations, Integrity and Security required will be relatively close to the cumulative approved formula amounts.

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1 **23.0 Reference: Exhibit B-2, page 43**

2 23.1 What is the basis for the 5% increase used to determine the insurance premiums
3 for the remaining six months of 2022?

4
5 **Response:**

6 Similar to past years, FBC uses a 5 percent escalation unless there are indications that suggest
7 significant increases are forthcoming as a result of loss history for FBC or the utility industry as a
8 whole. To gauge the potential increase in premiums for July 2022, FBC obtained indicative pricing
9 information from insurance brokers. Based on market trending, a premium increase could be up
10 to 20 percent. However, as there is significant uncertainty regarding the determination of future
11 premiums at this time, FBC incorporated only the 5 percent historical based increase. Only six
12 months of the 2022 forecast is affected by the 5 percent assumption; therefore, a 20 percent
13 assumption would increase the annual expense by approximately \$0.22 million, compared to a
14 \$0.06 million increase for the 5 percent assumption.

15

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1 **24.0 Reference: Exhibit B-2, pages 44 and 69**

2 24.1 Please confirm that there are no O&M costs associated with the operation of EV
3 charging station included in the base O&M used to determine the 2022 Formula
4 O&M. If not confirmed, please provide an estimate as to the amount of O&M costs
5 included along with the supporting calculations/analysis.

6
7 **Response:**

8 Confirmed. There are no O&M costs associated with the operation of EV charging stations
9 included in the Base O&M used to determine 2022 Formula O&M. As set out in FBC's Revised
10 and Updated Rate Design and Rates for EV DCFC Fast Charging Service Application (the EV
11 Application),² forecast O&M for the EV charging station will be recorded outside of formula O&M.

12
13

14
15 24.2 Please confirm that there are no O&M costs associated with the operation of EV
16 charging stations included in the 2022 O&M forecast outside the formula. If not
17 confirmed, please provide an estimate as to the amount of O&M costs included
18 along with the supporting calculations/analysis.

19
20 **Response:**

21 Confirmed, there are no O&M costs associated with the operation of EV charging stations
22 included in the 2022 O&M forecast outside the formula. Please refer to the below Table 6-4 from
23 the Application which shows that FBC has not included any forecast O&M for EV Charging
24 Stations. As discussed in Section 6.3.4 of the Application, FBC is awaiting clarification to Order
25 G-215-21 regarding the regulatory treatment of FBC's EV DCFC stations.

26 **Table 6-4: 2022 Forecast O&M (\$ millions)**

Line No.	Description	Approved 2021	Projected 2021	Forecast 2022
1	Pension/OPEB (O&M Portion)	\$ 0.775	\$ 0.775	\$ (1.716)
2	Insurance Premiums	1.916	2.022	2.223
3	BCUC Levies	0.350	0.350	0.373
4	Clean Growth Initiative - EV Charging Stations	-	-	-
5	Exogenous Factor - MRS	-	0.100	0.765
27	6 Forecast O&M	\$ 3.041	\$ 3.247	\$ 1.645

² Page 22.

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24.3 Please confirm that there no O&M costs associated with the operation of EV charging stations included in either the 2020 approved O&M or the 2020 actual O&M used to determine the 2020 earnings sharing amounts. If not confirmed, please indicate how these O&M costs impact the calculation of the 2020 earnings sharing amounts.

Response:
Confirmed.

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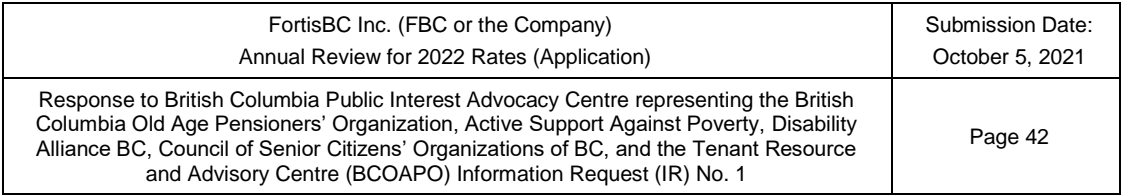
1 **25.0 Reference: Exhibit B-2, page 46**

2 25.1 Please explain why for regular capital expenditures the 2022 rate base include the
3 mid-year impact of plant additions while, for the portions of the Corra Linn Dam
4 Spillway Gate Replacement Project, the UBO Old Units Refurbishment Project,
5 and the Grand Forks Terminal Station Reliability Project added to plant in 2022 the
6 full year impact is included.

7
8 **Response:**

9 Please refer to the response to RCIA IR1 13.1.

10



2 26.1 Please confirm that there are no costs in the forecast 2022 rate base associated
3 with FBC's EV charging stations. If not confirmed, please provide an estimate as
4 to the amount included along with the supporting calculations/analysis.

7 Confirmed, there are no costs in the forecast 2022 rate base associated with FBC's EV DCFC
8 charging stations. As discussed in Section 7.2.2, FBC does not currently have approved
9 depreciation rates for the EV DCFC stations; therefore, FBC has not included its EV charging
0 stations in rate base at this time.

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27.0 Reference: Exhibit B-2, pages 48-49

27.1 With respect to the Corra Linn Dam Spillway Gate Replacement Project, please provide a copy of the most quarterly report for this project filed with the BCUC in accordance with Order C-1-17.

Response:

Please refer to Confidential Attachment 27.1 for the most recently filed quarterly report (i.e., the Q2 2021 Progress Report filed with the BCUC on July 28, 2021).

FBC is requesting that Attachment 27.1 be filed on a confidential basis pursuant to Section 18 of the BCUC's Rules of Practice and Procedure regarding confidential documents as set out in Order G-15-19, as it contains commercially sensitive information relevant to its contract with the chosen contractor which, if disclosed, could hamper effective contractual negotiations with this vendor and may impact future contract negotiations generally.

27.2 For each of the five Major Projects please indicate how the current expected total cost compares with that expected at the time the project was approved by the BCUC. Please also provide an explanation for any variance in excess of 5%.

Response:

The table below provides the variance between the current estimated project costs and the initial estimated costs provided to the BCUC.

Current vs. Initial Estimated Major Project Costs (\$ millions)

Project Name	Current Estimated Cost	Initial Estimated Cost	Variance
Corra Linn Dam Spillway Gate Replacement	77.656	62.694	24%
UBO Refurbishment	34.18	31.783	8%
Grand Forks Terminal (GFT) Station Reliability	9.253	13.171	-30%
Kelowna Bulk Transformer Addition (KBTA)	23.288	23.288	0%
Playmor Substation Upgrade	10.922	10.922	0%

The Corra Linn Spillway Gate Replacement project variance of 24 percent over the initial estimated project cost is attributable to added scope related to dam safety regulations and concealed components within multiple gates not meeting the technical specifications for repair and instead requiring replacement. Please refer to Confidential Attachment 27.1 filed in response to BCOAPO IR1 27.1 for the most recent quarterly report.

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- 1 The UBO Refurbishment project variance of 8 percent over the initial estimated project cost is
- 2 attributable to higher than estimated costs to refurbish concealed components, as well as
- 3 increased material costs for components of the generators.
- 4 The GFT Station Reliability project variance of 30 percent under the initial estimated project cost
- 5 is attributable to a reduction in removal costs, as a result of favourable proposals received via the
- 6 tender process.
- 7 Both the KBTA and the Playmor Substation Upgrade projects are just underway and FBC is
- 8 currently not projecting any variances from the original estimated costs.
- 9 FBC notes approval of each major project includes compliance reporting requirements, where the
- 10 BCUC will review the progress of each project including scope of work, schedule, costs, etc.
- 11 Please refer to the response to CEC IR1 20.1 for the reporting requirements of each major project.
- 12

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28.0 Reference: Exhibit B-2, page 56

FBC's 2020& 2021 Annual Review, Exhibit B-4, BCOAPO 28.1

28.1 Please update the response to BCOAPO 28.1 (from the 2020 & 2021 Annual Review) to include 2022 and any revisions required to the inputs used for the previous years.

Response:

The indexed O&M represents an envelope amount of funding managed by FBC. As such, the annual indexed amount for O&M is determined on a total basis and does not identify or escalate specific cost items such as bad debt expense, which may change year to year based on FBC's customers' ability to pay their bills.

To estimate the index-based amount of bad debt expense notionally included in the indexed O&M each year, the calculations below apply the approved O&M escalation factors to the amount of bad debt expense embedded in the 2019 Base. Please note that no changes have been made to the 2020 and 2021 figures; however, they have been included for completeness.

Setting 2019 Base

2018 Bad Debt Expense (\$000)	\$ 1,000	
2019 Inflator	1.02382	Order G-166-20
Bad Debt Expense in Base O&M (\$000)	\$ 1,024	
Average Number of Customers	139,916	
Bad Debt Expense per Customer	\$ 7.32	

2020 Annual Review

Inflation Factor	2.309%	Order G-42-21
Indexed Bad Debt Expense per Customer	\$ 7.49	
Average Customer Forecast - Rate Setting Purposes	140,871	
Bad Debt Expense in 2020 Indexed O&M (\$000)	\$ 1,055	

2021 Annual Review

Inflation Factor	3.668%	Order G-42-21
Indexed Bad Debt Expense per Customer	\$ 7.76	
Average Customer Forecast - Rate Setting Purposes	142,045	
Bad Debt Expense in 2021 Indexed O&M (\$000)	\$ 1,103	

2022 Annual Review

Inflation Factor	4.089%	
2022 Indexed Bad Debt Expense per Customer	\$ 8.08	
Average Customer Forecast - Rate Setting Purposes	145,378	
Bad Debt Expense in 2022 Indexed O&M (\$000)	\$ 1,175	

³ To arrive at the indexed bad debt expense per customer each year, the previous year per customer amount is multiplied by 1+Inflation Factor.

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28.2 Have the amounts shown as 2020 additions in Table 7-8 been formally written off?

Response:

As shown in Table 7-8, an unrecoverable revenue amount of \$15 thousand was added to the deferral account in 2020, reflecting account balances that were deemed unrecoverable due to the COVID-19 pandemic. FBC will no longer be attempting to recover these amounts from the specific customers that incurred those balances owing. FBC has not written these amounts off as bad debt expense and they are not included in O&M.

28.3 To what extent does the actual bad debt expense in 2020 and the forecast bad debt expense for 2021 exceed the amounts built into the indexed-based O&M for each of those years and how do these differences compare with the additions shown for each of those years in Table 7-8?

Response:

The actual bad debt expense for 2020 and projected bad debt expense for 2021 are approximately \$516 thousand and \$404 thousand lower, respectively, than the amounts notionally included in indexed-based O&M as indicated in response to BCOAPO IR1 28.1. The COVID-19 pandemic related unrecoverable revenue amount of \$15 thousand in 2020 and projected amount of \$250 thousand in 2021 included in the deferral account as shown in Table 7-8 are not included in the index-based bad debt expense.

For 2020 actuals and 2021 projected, when the bad debt expenses included in O&M are summed together with the COVID-19 pandemic related unrecoverable revenue additions to the deferral account in each year, the combined total still remains lower than the indexed-based O&M amount in each year. As shown by FBC's recent historical bad debt experience in the response to BCUC IR1 19.2, FBC has recently been realizing overall lower bad debt levels than in the past.

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1 **29.0 Reference: Exhibit B-2, pages 58-59**

2 29.1 Please provide a copy of the most recent monthly report for the COVID-19
3 Customer Recovery Fund Deferral Account filed with the BCUC.

4
5 **Response:**

6 Please refer to Attachment 29.1 for the most recently filed COVID-19 Customer Recovery Fund
7 Deferral Account monthly report (i.e., Monthly Report No. 16 for the month ended August 31,
8 2021, filed with the BCUC on Wednesday, September 15, 2021).

9

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1 **30.0 Reference: Exhibit B-2, page 60**

2 30.1 Has FBC received any further communication from the BCUC regarding the status
3 of its 2020 COSA?

4
5 **Response:**

6 Yes. On April 9, 2021, the BCUC issued an acknowledgement letter stating that it was in receipt
7 of the 2020 COSA Compliance Filing, that it had been reviewed by staff, and that no further action
8 is required at this time.

9

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1 **31.0 Reference: Exhibit B-2, page 61**

2 31.1 Please confirm that the basis for the 2022 amortization amount for the 2021
3 LTERP deferral account will be based on an estimate of the overall costs FBC will
4 incur.

5
6 **Response:**

7 The 2022 amortization of \$0.083 million for the 2021 LTERP deferral account is based on an
8 estimate of the overall actual and projected costs up to the end of 2021 of \$0.340 million (\$0.248
9 million after tax). The costs forecast in 2022 of \$0.320 million (\$0.234 million after tax) would
10 begin amortization in the following year. Additionally, any variances between actual and forecast
11 costs would be trued-up and amortized in future years.

12
13

14
15 31.2 Given that over a year elapsed between the time FBC filed its 2016 LTERP
16 (December 2016) and the Commission issued its Decision (June 2018), why is it
17 reasonable to commence amortization January 1, 2022 as opposed to waiting until
18 at least January 1, 2023 when the related proceeding may be close to or have
19 been completed.

20
21 **Response:**

22 FBC has proposed to commence amortization on January 1, 2022 so that costs associated with
23 this filing can be fully amortized prior to the next expected LTERP filing, which could be sooner
24 than five years as explained in the response to CEC IR1 24.2.

25

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1 **32.0 Reference: Exhibit B-2, pages 62 and 109-110**

2 32.1 Please explain more fully what sources of differences in interest expense will affect
3 the achieved ROE and be subject to earnings sharing (as opposed to flow-
4 through).

5
6 **Response:**

7 The difference in interest expense subject to earnings sharing is related to variances in the actual
8 average volume of short-term debt used to finance FBC's actual rate base, compared to the
9 forecast average volume of short-term debt required to finance FBC's approved rate base,
10 multiplied by the actual short-term interest rate.

11 This calculation takes place after the attribution of any short-term interest variance to the Flow-
12 through deferral account, whether due to variances in Clean Growth Projects or CPCNs, or due
13 to variances in the average volume of short-term debt directly attributable to the timing or volume
14 variance of long-term debt issuances.

15

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1 **33.0 Reference: Exhibit B-2, page 62**

2 33.1 What is the basis for the 3.6% rate used for the long-term debt to be issued in
3 2021?

4
5 **Response:**

6 To estimate future interest rates on long-term debt issuances, FBC uses 30-year benchmark
7 Government of Canada Bond interest rate forecasts, as provided by the five major chartered
8 Canadian banks, with indicative credit spreads applied.

9

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1 **34.0 Reference: Exhibit B-2, pages 1 and 105-107**

2 34.1 The text on page 1 suggests that the O&M costs and savings related to the COVID-
3 19 pandemic are included in the 2020 actual O&M which means they would impact
4 the earnings sharing calculation for that year. However, the text on pages 105-107
5 suggests that they not included and that, depending upon materiality, may be
6 included in the previously approved COVID-19 Customer Recovery Fund Deferral
7 Account. Please clarify the treatment of the 2020 costs and savings related to the
8 COVID- 19 pandemic.

9
10 **Response:**

11 As indicated on page 107 of the Application, FBC will report to the BCUC on the final 2021
12 estimated net incremental O&M costs in the 2023 Annual Review. At that time, when the total of
13 the 2020 and 2021 net incremental O&M costs will be available, FBC can make a final
14 recommendation on whether or not the amounts exceed the materiality threshold.

15 As a result of the above-described approach, the approximate \$0.1 million in formula O&M
16 savings that were realized due to the net incremental impact of the COVID-19 pandemic were
17 included in the earnings sharing calculation for 2020. If FBC applies for exogenous factor
18 treatment for the net incremental impact of the COVID-19 pandemic as part of the 2023 Annual
19 Review (and the treatment is approved), any 2020 and 2021 earnings sharing impacts will be
20 taken into consideration in the final calculation of the exogenous factor.

21

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1 **35.0 Reference: Exhibit B-2, page 108**

2 35.1 Please explain more fully why it is appropriate to commence the amortization of
3 the Rate Design and Rates for EV DCFC Service Application deferral account as
4 of January 1, 2022 when the BCUC has not yet issued its Decision.

5
6 **Response:**

7 Please refer to the response to BCUC IR1 26.1.

8

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1 **36.0 Reference: Exhibit B-2, page 113**

2 Preamble: The Application states:

3 “Had the error resulted in an over-collection from customers, FBC would have
4 refunded the amounts to customers, as has been the practice with similar items in
5 the past.”

6 36.1 Please provide examples of past situations of a similar nature where there was an
7 over-collection from customers and FBC refunded the amounts to customers.

8
9 **Response:**

10 While FBC cannot provide any specific examples, it notes an example for FEI that was similar. In
11 that example, FEI was approved to refund the difference between its interim and permanent
12 delivery rates for the Whistler service territory through Order G-138-10. For several reasons,
13 including an incorrect classification of the refund account and lack of regulatory visibility on the
14 balance in the account, the amount was not returned to customers immediately. Instead, it was
15 not discovered until 2013, where FEI submitted an application to refund the balance to customers
16 with interest.

17

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1 **37.0 Reference: Exhibit B-2, pages 118**

2 37.1 Please update the 2021 results in Table 13-1 to include all months for which data
3 is currently available.

4
5 **Response:**

6 **Table 13-1: Approved SQIs, Benchmarks and Actual Performance – update for August 2021 YTD**
7 **results**

Performance Measure	Description	Benchmark	Threshold	2020 Results	June 2021 YTD Results	August 2021 YTD Results
Safety SQIs						
Emergency Response Time	Percent of calls responded to within two hours	>=93%	90.6%	92%	94%	95%
All Injury Frequency Rate (AIFR)	3 year average of lost time injuries plus medical treatment injuries per 200,000 hours worked	<=1.64	2.39	0.87	0.65	0.80
Responsiveness to Customer Needs SQIs						
First Contact Resolution	Percent of customers who achieved call resolution in one call	>=78%	74%	82% ⁴	81%	82%
Billing Index	Measure of customer bills produced meeting performance criteria	<=3.0	5.0	0.13	0.16	0.14
Meter Reading Accuracy	Number of scheduled meters that were read	>=98%	96%	99%	98%	98%
Telephone Service Factor (Non-Emergency)	Percent of non-emergency calls answered within 30 seconds or less	>=70%	68%	70%	69%	69%
Customer Satisfaction Index	Informational indicator - measures overall customer satisfaction	-	-	8.5	8.4	8.4
Average Speed of Answer	Informational indicator – the amount of time it takes to answer a call (seconds)	-	-	71	66	66
Reliability SQIs						
System Average Interruption Duration Index (SAIDI) – Normalized	Annual SAIDI (average of cumulative customer outage time)	3.22 ⁵	4.52	3.17	2.90	3.90
System Average Interruption Frequency Index (SAIFI) - Normalized	Annual SAIFI (average customer outage)	1.57	2.19	1.64	1.64	1.90

⁴ First Contact Resolution surveying was suspended from March 23 - May 3, 2020 as a result of the COVID-19 pandemic, thus the 2020 results do not contain data for the period that surveys were suspended.

⁵ Benchmarks and thresholds for SAIDI and SAIFI were approved in the FBC Annual Review for 2020 and 2021 Rates Decision and Order G-42-21.



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Performance Measure	Description	Benchmark	Threshold	2020 Results	June 2021 YTD Results	August 2021 YTD Results
Generator Forced Outage Rate	Informational indicator – Percent of time a generating unit is removed from service due to component failure or other events.	-	-	1.26%	0.04%	0.26%
Interconnection Utilization	Informational indicator – percent of time that an interconnection point was available and providing electrical service to wholesale customers.	-	-	99.89%	99.87%	99.90%

FortisBC Inc. (FBC or the Company) Annual Review for 2022 Rates (Application)	Submission Date: October 5, 2021
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 (BCOAPO) Information Request (IR) No. 1	Page 57

1 **38.0 Reference: Exhibit B-2, page 120**

2 38.1 Is the June 2021 YTD three year rolling average value for AIFR (0.65) based on
3 the average of the values shown for 2019, 2020 and June 2021 YTD?

4 38.1.1 If yes, please confirm that the value should be 0.93.

5 38.1.2 If not, how is the value calculated?
6

7 **Response:**

8 No, the value is calculated based on the previous 36 months of data, dating back from June 2021,
9 resulting in a three-year rolling average AIFR of 0.65. This calculation was used in order to provide
10 three years (or 36 months) of data.

11 Using the three-year average of annual results, while considering the June 2021 year-to-date as
12 an annual result, the average for AIFR would be 0.93. This would only include 30 months of data.

13

FortisBC Inc. (FBC or the Company) Annual Review for 2022 Rates (Application)	Submission Date: October 5, 2021
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 (BCOAPO) Information Request (IR) No. 1	Page 58

1 **39.0 Reference: Exhibit B-2, page 125**

2 39.1 It is noted that, for the period 2015-2019, the average speed of answer has
3 consistently been 49 seconds. However, in 2020 it increased to 71 and for 2021
4 year to date is 66. Has FBC undertaken any analysis as to why the recent increase
5 (e.g., has the number of staff responding to calls decreased, has the number of
6 calls received increased, has the time required per call increased)?

7
8 **Response:**

9 FBC has not undertaken any specific analysis on the average speed of answer (ASA) related to
10 2020 or year-to-date 2021.

11 The ASA is influenced by numerous variables that affect the volume, duration and types of
12 interactions supported by the contact centre. These include changes in customer circumstances
13 (e.g. general customer behavior and varying impacts of weather on use rate and bills), customer
14 programs, updated and new technology, and enhancement of self-service options. In that regard,
15 although there has not been a specific quantifiable or measurable impact on the ASA in 2020 that
16 the Company can directly attribute to the COVID-19 pandemic, it has been a variable from a broad
17 perspective that may be having an overarching influence on call volumes, durations and call
18 types.

19 While the ASA is higher than previous years, FBC believes that it remains within a reasonable
20 range. In addition to considering performance in other metrics such as Telephone Service Factor,
21 FBC relies on customer feedback and after-call survey results to determine whether wait times
22 may be challenging for customers and whether further action or analysis is required.

23 The call back feature, chat functionality and self-service options are all available to customers to
24 mitigate some of the challenges of longer than expected wait times that may occur from time to
25 time.

26

FortisBC Inc. (FBC or the Company) Annual Review for 2022 Rates (Application)	Submission Date: October 5, 2021
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 (BCOAPO) Information Request (IR) No. 1	Page 59

40.0 Reference: FBC's Rate Design and Rates for EV DC Fast Charging Service Application, Exhibit B-5, Appendix E; Exhibit B-7, BCUC 1.15.2 and Final Argument, pages 10, 24 and 32

Preamble: At page 10 of its Final Argument FBC stated: "Further, each year in its annual reviews, FBC will provide a forecast of its costs of its prescribed undertakings".

At page 24 of its Final Argument FBC stated: "As part of its Annual Review of rates, FBC will provide information regarding the actual and planned addition of DCFC stations, and sufficient information for the BCUC to assess whether any future stations not included in FBC's Revised Application meet the criteria to be a prescribed undertaking under the GGRR."

At page 32 of its Final Argument FBC stated: "FBC would review the DCFC Program performance as part of its Annual Review under the MRP. FBC's Annual Review will include updated annual forecasts for the EV Program."

BCUC 1.15.2 included the following schedule setting out actual EV DC charging station revenue and costs to date.

FortisBC Inc.
EV Charging Stations Review - 50 kW Stations 2018 - 2020
November 2020
\$000s natural sign

Line	Particulars	2018	2019	2020
1	Power Purchases	2	7	19
2	O&M	0	2	26
3	Depreciation	-	60	197
4	Amortization of CIAC	-	(35)	(70)
5	Property Taxes	-	-	(0)
6	NR Can Repayment	-	-	193
7	Income Tax	(9)	(361)	(220)
8	Earned Return	6	53	114
9	Total	(0)	(275)	261
10				
11	Revenue (@ Interim Rates)	(4)	(24)	(32)
12	(Surplus) / Deficiency	(4)	(299)	229
13	Total Surplus	(74)		

40.1 Please provide an update regarding FBC's actual and planned additions to DCFC stations in a format similar to Table 2-2 (FBC FDC Sites) from FBC's Rate Design and Rates for EV DC Fast Charging Service Application.

40.1.1 Please identify any changes in plans for or designation of stations as prescribed undertakings from what was provided as part of FBC's Rate Design and Rates for EV DC Fast Charging Service Application.

FortisBC Inc. (FBC or the Company) Annual Review for 2022 Rates (Application)	Submission Date: October 5, 2021
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 (BCOAPO) Information Request (IR) No. 1	Page 60

1 **Response:**

2 FBC confirms that there are no changes in plans for or designation of stations as prescribed
3 undertakings from what was provided as part of FBC's EV Application.

4 FBC has provided updates to Table 2-2 from the EV Application as detailed in **RED** below. These
5 updates are limited to the in-service dates of new stations, and revised install dates for future
6 stations, as detailed in column 5(2)(b)(i).

7 **Table 2-2: FBC DCFC Sites**

		Greenhouse Gas Reduction Regulation Criteria						
GGRR Section		5(1)(a)	5(1)(b)	5(1)(c)	5(2)(a)	5(2)(b)(i)	5(2)(a)(ii)	5(2)(c)
		Station is available for use 24 hours a day by any member of the public	Station does not require users to be members of a charging network	Station is capable of charging electric vehicles of more than one make	Eligible charging station is constructed and operated or purchased and operated by the public utility	The public utility reasonably expects, on the date the public utility decides to construct or purchase an eligible charging station, that		For any eligible charging station coming into operation on or after January 1, 2022, the station uses or is configured to use the Open Charge Point Protocol.
						The station will come into operation by December 31, 2025. (Operation Date)	Is the station located in a limited municipality? ⁶ (Population – 2016 Census)	
No.	Sites							
1	Salmo	Yes	Yes	Yes	Yes	Jan 12, 2018	1,141	Yes
2	Christina Lake	Yes	Yes	Yes	Yes	Jan 12, 2018 Mar 5, 2021	n/a ⁷	Yes
3	Creston	Yes	Yes	Yes	Yes	Jan 12, 2018	5,351	Yes
4	Castlegar	Yes	Yes	Yes	Yes	Jan 12, 2018	8,039	Yes
5	Greenwood	Yes	Yes	Yes	Yes	Jan 12, 2018	665	Yes
6	Kelowna (Museum)	Yes	Yes	Yes	Yes	Nov 8, 2019 May 21, 2020 ⁸	142,146	Yes
7	Kelowna (Centennial Park)	Yes	Yes	Yes	Yes	Nov 8, 2019 May 25, 2020	142,146	Yes

⁶ The calculation of Site Limit for any station in a Limited Municipality (population > 9,000) is found in Table 2-1.

⁷ Station is not located in a municipality as defined by the *Community Charter*.

⁸ If a site has multiple stations, and if the stations were not installed at the same time, multiple Operation Dates are listed.

FortisBC Inc. (FBC or the Company) Annual Review for 2022 Rates (Application)	Submission Date: October 5, 2021
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 (BCOAPO) Information Request (IR) No. 1	Page 61

		Greenhouse Gas Reduction Regulation Criteria						
GGRR Section		5(1)(a)	5(1)(b)	5(1)(c)	5(2)(a)	5(2)(b)(i)	5(2)(a)(ii)	5(2)(c)
8	Kelowna (Airport)	Yes	Yes	Yes	Yes	May 24, 2019 (2 stations)	142,146	Yes
9	Beaverdell	Yes	Yes	Yes	Yes	Nov 8, 2019 May 28, 2020	n/a ⁶	Yes
10	Rossland	Yes	Yes	Yes	Yes	Jan 13, 2020 May 6, 2020	3,729	Yes
11	Nelson	Yes	Yes	Yes	Yes	Jan 8, 2020 May 8, 2020	10,664	Yes
12	Osoyoos	Yes	Yes	Yes	Yes	Dec 10, 2019 May 13, 2021	5,085	Yes
13	Oliver	Yes	Yes	Yes	Yes	Dec 10, 2019 May 15, 2020	4,928	Yes
14	Kaslo	Yes	Yes	Yes	Yes	Jan 31, 2020	968	Yes
15	New Denver	Yes	Yes	Yes	Yes	Jan 31, 2020	473	Yes
16	Nakusp	Yes	Yes	Yes	Yes	Jan 31, 2020	1,605	Yes
17	Penticton (Downtown)	Yes	Yes	Yes	Yes	October 1, 2020	43,432	Yes
18	Penticton (Trade and Convention Centre)	Yes	Yes	Yes	Yes	Q4 2021	43,432	Yes
19	Trail	Yes	Yes	Yes	Yes	Dec 8, 2020 (2 stations)	7,709	Yes
20	Rock Creek	Yes	Yes	Yes	Yes	Dec 3, 2020 July 14, 2021	n/a ⁵	Yes
21	Keremeos	Yes	Yes	Yes	Yes	Q4 2021	1,502	Yes
22	Princeton	Yes	Yes	Yes	Yes	Q4 2021	2,828	Yes
23	Kootenay Bay	Yes	Yes	Yes	Yes	Sep 24, 2021 (2 stations)	n/a ⁶	Yes
24	Naramata	Yes	Yes	Yes	Yes	Q4 2021	n/a ⁶	Yes
25	Grand Forks	Yes	Yes	Yes	Yes	Q4 2021	4,049	Yes

40.2 Please update the response to BCUC 1.15.2 to include the balance of 2020 and the forecasts for 2021 and 2022

FortisBC Inc. (FBC or the Company) Annual Review for 2022 Rates (Application)	Submission Date: October 5, 2021
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 (BCOAPO) Information Request (IR) No. 1	Page 62

1 **Response:**

2 Please refer to the response to BCUC IR1 16.1.

3

4

5

6 40.3 Please provide an update to Appendix E of FBC's Rate Design and Rates for EV
7 DC Fast Charging Service Application for the 50 kW stations.

8

9 **Response:**

10 FBC is not proposing an update to its proposed 50 kW station rate at this time. Therefore, there
11 is no update to Appendix E of FBC's EV Application to provide.

12

Attachment 1.1



Diane Roy
Vice President, Regulatory Affairs

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April 30, 2021

British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC
V6Z 2N3

Attention: Mr. Patrick Wruck, Commission Secretary

Dear Mr. Wruck:

Re: FortisBC Inc. (FBC)
2020 Annual Report to the British Columbia Utilities Commission (BCUC)

Please find attached, for BCUC review, the FBC 2020 Annual Report of actual results (the Annual Report). Given that the BCUC offices remain closed due to the COVID-19 pandemic, the Annual Report is being filed electronically only and hardcopies will be provided upon request.

FBC has also attached a redacted public version of the 2020 FBC Annual Report. Pursuant to Section 18 of the BCUC's Rules of Practice and Procedure regarding confidential documents as set out in Order G-15-19, FBC has redacted certain information which is confidential and should not be publicly disclosed. The basis for requesting confidentiality of the redacted information is to protect two categories of information.

The first category of redactions relates to commercially sensitive information that is not otherwise publicly available and, if disclosed, could significantly harm the financial, competitive or negotiating position of the company. This category includes detailed information related to finances and financial position, information about tax and tax liabilities, or details about compensation or labour relations matters.

The second category of redactions relates to employee information which discloses employee names and positions which is subject to FortisBC's privacy policy and applicable privacy legislation, and the public disclosure of which is unnecessary in cases when an employee is not an officer of the company.

The following table identifies the specific redactions in the 2020 FBC Annual Report and the reason for redacting the information based on the two categories of confidential information identified above.

Section/Pages	Reasons for Redaction
Tab 3, pages 28.1 to 28.8	Commercially sensitive financial information
Tab 4, page 31	Commercially sensitive compensation and labour relations information
Tab 8	Commercially sensitive tax information
Tabs 10 and 13	Employee information
Tab 16	Commercially sensitive financial information related to non-regulated business operations

FBC hereby provides the redacted version of the 2020 Annual Report. FBC requests that the BCUC keep the redacted information confidential for the reasons discussed above.

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC INC.

Original signed:

Diane Roy

Attachment

ELECTRIC UTILITIES

ANNUAL REPORT

OF

FORTISBC INC.

FortisBC Inc.

(Exact Legal Name of Utility)

Suite 100, 1975 Springfield Road, Kelowna, B.C., V1Y 7V7

(Address of Principal Business Office)

TO THE

BRITISH COLUMBIA UTILITIES COMMISSION

For the Period January 1, 2020 To December 31, 2020

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FORTISBC INC.
UTILITY RATE BASE
(\$000)

Page 2

Line No.	Description (1)	Reference (2)	Approved 2020 (3)	Year Ended 12/31/2020			Difference (7)	Reasons for Difference (8)
				Actual (4)	Normalization (5)	Normal (6)		
1	Gross Plant in service, Beginning ¹	#6.1	\$ 2,112,240	\$ 2,138,155	\$ -	\$ 2,138,155	\$ 25,915	- See Page 2.1.1
2	Opening Balance Adjustment	#6.1	(47,893)	(73,808)	-	(73,808)	(25,915)	- See Page 2.1.1
3	CPCN's	#6.1	20,427	20,421	-	20,421	(6)	- See Page 2.1.1
4								
5	Additions	#6.1	97,027	94,150	-	94,150	(2,877)	- See Page 2.1.1
6	Disposals/Retirements	#6.1	(18,951)	(17,804)	-	(17,804)	1,148	- See Page 2.1.1
7	Gross Plant in service, Ending	#6.1	2,162,849	2,161,114	-	2,161,114	(1,735)	
8								
9	Accumulated Depreciation Beginning - Plant	#7.1	(664,986)	(665,923)	-	(665,923)	(937)	
10	Opening Balance Adjustment	#7.1	72,871	73,808	-	73,808	937	
11	Accumulated Depreciation Ending - Plant	#7.1	(641,268)	(624,899)	-	(624,899)	16,369	- See Page 2.1.2
12								
13	Contributions in aid of construction, Beginning	#9	(209,719)	(209,719)	-	(209,719)	-	
14	Opening Balance Adjustment	#9	-	-	-	-	-	
15	Contributions in aid of construction, Ending	#9	(220,826)	(215,893)	-	(215,893)	4,933	- See Page 2.1.2
16								
17	Accumulated Amortization Beginning - CIAC	#9	75,672	75,672	-	75,672	-	
18	Opening Balance Adjustment	#9	-	0	-	-	-	
19	Accumulated Amortization Ending - CIAC	#9	79,867	79,349	-	79,349	(518)	- See Page 2.1.2
20								
21	Net plant in service, Mid-year		\$ 1,359,404	\$ 1,368,927	-	\$ 1,368,927	\$ 9,524	
22	Adjustment for timing of Capital additions	#6.2	10,214	(154)	-	(154)	(10,368)	- See Page 2.1.2
23	Capital Work in Progress, No AFUDC	#6.3	11,228	19,332	-	19,332	8,104	- See Page 2.1.2
24								
25	Sub-total		1,380,846	1,388,105	-	1,388,105	7,259	
26								
27	Unamortized Deferred Charges	#11	20,398	20,151	-	20,151	(247)	- See Page 11 / 2.1.2
28	Working Capital	#13	5,788	5,532	75	5,607	(181)	- See Page 2.1.3
29	Utility Plant Acquisition Adjustment		5,121	5,121	-	5,121	-	
30	Mid-Year Utility Rate Base		<u>\$ 1,412,153</u>	<u>\$ 1,418,909</u>	<u>\$ 75</u>	<u>\$ 1,418,984</u>	<u>\$ 6,832</u>	

Indicates Annual Report Reference Page No.

Notes:

¹ Pursuant to Order G-9-18, the costs of FBC's Electric Vehicle DCFC stations are excluded from rate base until the Commission directs otherwise.

FORTISBC INC.

2020 RATE BASE

- EXPLANATION OF VARIANCES FROM 2020 APPROVED

<u>Page</u>	<u>Particulars</u>
2.1.1	Plant in Service, Beginning
2.1.1	Plant Additions
2.1.1	Plant Disposals / Retirements
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2.1.2	Accumulated Depreciation/Amortization
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FORTISBC INC.
UTILITY RATE BASE
COMPARISON OF 2020 APPROVED TO 2020 NORMALIZED RESULTS

(\$ MILLIONS)

Particulars	2020 Approved	2020 Normal	Variance	Reasons for Difference
PLANT IN SERVICE, BEGINNING	<u>\$ 2,112.2</u>	<u>\$ 2,138.2</u>	<u>\$ 26.0</u>	Entire variance relates to 2019 capital formula deadband adjustment and 2014-2019 cumulative capital expenditures within the deadband. These amounts were rebased in the 2020 Approved through an opening balance adjustment and, therefore, the variance is fully offset in the line below. These amounts had already been reflected in the prior year actuals.
ADDITIONS TO ELECTRIC PLANT IN SERVICE				
Additions/Transfers/Adjustments	<u>\$ 69.6</u>	<u>\$ 40.8</u>	<u>\$ (28.8)</u>	Variance was mainly due to 2020 Approved opening balance adjustment described above.
Disposals/Retirements	<u>\$ (19.0)</u>	<u>\$ (17.8)</u>	<u>\$ 1.2</u>	

FORTISBC INC.
UTILITY RATE BASE
COMPARISON OF 2020 APPROVED TO 2020 NORMALIZED RESULTS
(\$ MILLIONS)

Particulars	2020 Approved	2020 Normal	Variance	Reasons for Difference
CONTRIBUTIONS IN AID OF CONSTRUCTION	\$ (220.8)	\$ (215.9)	\$ 4.9	
ACCUMULATED DEPRECIATION/CIAC AMORTIZATION	<u>\$ (561.4)</u>	<u>\$ (545.6)</u>	<u>\$ 15.8</u>	Variance primarily relates to difference between actual and approved removal costs.
ADJUSTMENT TO 13-MONTH AVERAGE	<u>\$ 10.2</u>	<u>\$ (0.2)</u>	<u>\$ (10.4)</u>	Variance due to timing differences.
WORK IN PROGRESS, NO AFUDC	<u>\$ 11.2</u>	<u>\$ 19.3</u>	<u>\$ 8.1</u>	Variance due to timing differences.
UNAMORTIZED DEFERRED CHARGES	<u>\$ 20.4</u>	<u>\$ 20.2</u>	<u>\$ (0.2)</u>	See Page 11 for details.

FORTISBC INC.
UTILITY RATE BASE
COMPARISON OF 2020 APPROVED TO 2020 NORMALIZED RESULTS

(\$ MILLIONS)

Particulars	2020 Approved	2020 Normal	Variance	Reasons for Difference
<u>CASH WORKING CAPITAL</u>				
Cash Required for Operating Expenses	\$ 6.5	\$ 6.3	\$ (0.2)	
Less – Funds Available:				
Customer Loans	0.5	0.5	-	
Employee Loans	0.3	0.5	0.2	
Withholdings From Employees	<u>(2.1)</u>	<u>(2.2)</u>	<u>(0.1)</u>	
Average	<u><u>\$ 5.2</u></u>	<u><u>\$ 5.1</u></u>	<u><u>\$ (0.1)</u></u>	
<u>OTHER WORKING CAPITAL</u>				
Inventories	\$ 0.6	\$ 0.6	\$ -	

SCHEDULE NOT APPLICABLE

FORTISBC INC.
CAPITAL EXPENDITURES
(\$000)

Page 4

Line No.	Particulars	2020 Approved Total CapEx	2020 Actual Total CapEx	Difference	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	Forecast Capital Expenditures				
2	Growth Capital	\$ 27,029	\$ 28,799	\$ 1,770	
3	Sustainment Capital	50,463	47,325	(3,138)	
4	Other Capital	15,752	16,036	284	
5	Total Forecast Capex	\$ 93,244	\$ 92,160	\$ (1,084)	
6					
7	Flowthrough Capital Expenditures				
8		-	-	-	
9	Total Capital Expenditures Before CIAC	\$ 93,244	\$ 92,160	\$ (1,084)	
10	Add: AFUDC	288	296	8	
11	Total Capital Expenditures Before CIAC and including AFUDC	\$ 93,532	\$ 92,457	\$ (1,075)	
12					

Page 5, Line 16

FORTISBC INC.
CAPITAL EXPENDITURES TO PLANT RECONCILIATION
(\$000)

Page 5

Line No.	Particulars	Approved 2020 (2)	Actual 2020 (3)	Difference Increase (Decrease) (4)
	(1)			
1	<u>CPCNs and Special Projects</u>			
2				
3	Opening Work in Progress	\$ 43,415	\$ 43,415	\$ -
4				
5	Add - Capital Expenditures (including AFUDC)	29,301	25,080	(4,221)
6				
7	Less - Closing Work in Progress	(52,288)	(48,074)	4,214
8				
9	Total Plant Additions - CPCNs and Special Projects	<u>\$ 20,428</u>	<u>\$ 20,421</u>	<u>\$ (7)</u>
10				
11				
12	<u>Non-CPCNs</u>			
13				
14	Opening Work in Progress	\$ 13,884	\$ 5,711	\$ (8,173)
15				
16	Add - Capital Expenditures (including AFUDC)	93,533	92,457	(1,076)
17				
18	Less - Closing Work in Progress	(19,719)	(13,348)	6,371
19				
20	Non-CPCN Additions to Plant in Service	87,698	84,820	(2,878)
21				
22	Add: Capitalized Overheads	9,330	9,330	-
23				
24	Total Plant Additions - Non-CPCNs	<u>\$ 97,028</u>	<u>\$ 94,150</u>	<u>\$ (2,878)</u>

FORTISBC INC.
 ADDITIONS TO PLANT IN SERVICE - CPCNs AND SPECIAL PROJECTS
 SUMMARY OF SIGNIFICANT PROJECTS
 (\$000)

Page 5.1

Line No.	Particulars	Actual 2019	Actual 2020	Difference Increase (Decrease)
	(1)	(2)	(3)	(4)
1	Significant Projects - CPCNs and Special Projects			
2				
3	Opening WIP			
4	Corra Linn Spillway Gate Replacement	\$ 16,828	\$ 32,794	\$ 15,965
5	Grand Forks Terminal Station	-	1,112	1,112
6	Upper Bonnington Old Units Refurbishment	10,020	9,510	(511)
7	Playmor Substation Rebuild Project	-	-	-
8				
9	Sub-Total	26,849	43,415	16,567
10				
11	Add: Capital Expenditures (excluding AFUDC)			
12	Corra Linn Spillway Gate Replacement	14,520	13,122	(1,398)
13	Grand Forks Terminal Station	1,103	3,545	2,442
14	Upper Bonnington Old Units Refurbishment	7,485	5,732	(1,753)
15	Playmor Substation Rebuild Project	-	650	650
16				
17	Sub-Total	23,108	23,049	(59)
18				
19	Add: AFUDC			
20	Corra Linn Spillway Gate Replacement	1,445	1,649	203
21	Grand Forks Terminal Station	9	146	138
22	Upper Bonnington Old Units Refurbishment	353	230	(123)
23	Playmor Substation Rebuild Project	-	7	7
24				
25	Sub-Total	1,807	2,032	225
26				
27	Less: Closing WIP			
28	Corra Linn Spillway Gate Replacement	32,794	35,725	2,931
29	Grand Forks Terminal Station	1,112	4,803	3,691
30	Upper Bonnington Old Units Refurbishment	9,510	6,890	(2,620)
31	Playmor Substation Rebuild Project	-	656	656
32				
33	Sub-Total	43,415	48,074	4,659
34				
35	Additions to Electric Plant in Service			
36	Corra Linn Spillway Gate Replacement	-	11,840	11,840
37	Grand Forks Terminal Station	-	-	-
38	Upper Bonnington Old Units Refurbishment	8,348	8,582	233
39	Playmor Substation Rebuild Project	-	-	-
40				
41	Total CPCN and Special Projects Additions	\$ 8,348	\$ 20,421	\$ 12,073

FORTISBC INC.
PLANT IN SERVICE
(\$000)

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Line No.	B.C.U.C. Account (1)	2020							Balance 12/31/2020 (9)
		Approved Ending 2020 (2)	Balance 12/31/2019 (3)	2020 CPCN's (4)	Capitalized Overhead (5)	Additions (6)	Retirements (7)	Amortization Accounting Transition/ Other Adjustments (8)	
1	HYDRAULIC PRODUCTION PLANT								
2	330 Land Rights	\$ 962	\$ 962	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 962
3	331 Structures and Improvements	19,914	19,387	-	60	543	(11)	-	19,979
4	332 Reservoirs, Dams & Waterways	40,743	37,786	12,091	358	3,042	(281)	-	52,995
5	333 Water Wheels, Turbines and Gen.	124,237	108,872	6,033	381	464	(110)	-	115,641
6	334 Accessory Equipment	51,203	47,179	1,386	202	108	(111)	-	48,764
7	335 Other Power Plant Equipment	46,497	45,649	-	35	313	(7)	-	45,990
8	336 Roads, Railways and Bridges	1,287	1,287	-	-	-	-	-	1,287
9	TOTAL HYDRAULIC PRODUCTION PLANT	<u>284,844</u>	<u>261,121</u>	<u>19,509</u>	<u>1,035</u>	<u>4,469</u>	<u>(519)</u>	<u>-</u>	<u>285,616</u>
10									
11	TRANSMISSION PLANT								
12	350 Land Rights - R/W	\$ 9,613	\$ 9,008	\$ -	\$ 7	\$ 65	\$ -	\$ -	\$ 9,080
13	350.1 Land Rights - Clearing	8,838	8,234	-	7	65	-	-	8,306
14	353 Station Equipment	244,156	240,340	912	195	1,906	(397)	-	242,956
15	355 Poles, Towers & Fixtures	119,870	115,961	-	345	3,363	(51)	-	119,618
16	356 Conductors and Devices	116,965	113,062	-	345	3,363	(67)	-	116,703
17	359 Roads and Trails	1,121	1,121	-	-	-	-	-	1,121
18	TOTAL TRANSMISSION PLANT	<u>500,564</u>	<u>487,726</u>	<u>912</u>	<u>899</u>	<u>8,763</u>	<u>(515)</u>	<u>-</u>	<u>497,785</u>
19									
20	DISTRIBUTION PLANT								
21	360 Land Rights - R/W	\$ 7,185	\$ 7,185	\$ -	\$ 50	\$ 447	\$ (0)	\$ -	\$ 7,681
22	360.1 Land Rights - Clearing	11,630	11,630	-	11	102	(0)	-	11,743
23	362 Station Equipment	268,908	254,773	-	1,054	10,285	(452)	-	265,660
24	364 Poles, Towers & Fixtures	237,000	225,597	-	1,078	10,524	(199)	-	237,000
25	365 Conductors and Devices	389,263	364,102	-	1,761	17,189	(359)	-	382,693
26	368 Line Transformers	180,818	174,968	-	1,211	11,822	(1,148)	-	186,854
27	369 Services	9,521	9,521	-	-	-	-	-	9,521
28	370 Meters	50	50	-	-	-	(1)	-	49
29	370.1 AMI Meters	41,138	40,998	-	124	1,214	-	-	42,336
30	371 Installation on Customers' Premises	938	938	-	-	-	-	-	938
31	373 Street Lighting and Signal System	14,184	13,463	-	45	437	(76)	-	13,869
32	TOTAL DISTRIBUTION PLANT	<u>1,160,635</u>	<u>1,103,226</u>	<u>-</u>	<u>5,335</u>	<u>52,019</u>	<u>(2,236)</u>	<u>-</u>	<u>1,158,344</u>

FORTISBC INC.
PLANT IN SERVICE
(\$000)

Line No.	B.C.U.C. Account (1)	2020							Balance 12/31/2020 (9)
		Approved Ending 2020 (2)	Balance 12/31/2019 (3)	2020 CPCN's (4)	Capitalized Overhead (5)	Additions (6)	Retirements (7)	Amortization Accounting Transition/ Other Adjustments (8)	
1	GENERAL PLANT								
2	389 Land	\$ 11,105	\$ 11,105	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,105
3	390 Structures - Frame & Iron	-	-	-	-	-	-	-	-
4	390.1 Structures - Masonry	46,537	44,855	-	206	1,931	(358)	-	46,633
5	390.2 Operation Building	17,235	15,552	-	132	1,188	(110)	-	16,762
6	390.1 Leasehold Improvements	2,872	2,871	-	4	38	-	-	2,914
7	391 Office Furniture & Equipment	5,269	8,201	-	34	307	(315)	(2,841)	5,386
8	391.1 Computer Equipment	14,420	34,217	-	407	3,746	(2,385)	(20,932)	15,052
9	391.2 Computer Software	40,464	79,232	-	852	8,547	(4,750)	(39,126)	44,755
10	391.2 AMI Software	10,954	9,589	-	-	(3)	-	-	9,586
11	392.1 Light Duty Vehicles	5,144	4,437	-	98	875	(262)	-	5,148
12	392.1 Heavy Duty Vehicles	26,115	25,079	-	207	1,851	(235)	-	26,902
13	394 Tools and Work Equipment	9,087	14,254	-	74	666	(759)	(5,187)	9,049
14	397 Communication Structures & Equipment	12,317	17,418	-	47	422	(3,913)	(3,188)	10,787
15	397.1 Fibre	10,318	14,301	-	-	-	(1,448)	(2,535)	10,319
16	397.2 AMI Communication Structures & Equipment	4,970	4,970	-	-	-	-	-	4,970
17	TOTAL GENERAL PLANT	<u>216,806</u>	<u>286,082</u>	<u>-</u>	<u>2,061</u>	<u>19,569</u>	<u>(14,534)</u>	<u>(73,808)</u>	<u>219,369</u>
18									
19									
20	TOTAL PLANT IN SERVICE	<u>\$ 2,162,849</u>	<u>\$ 2,138,155</u>	<u>\$ 20,421</u>	<u>\$ 9,330</u>	<u>\$ 84,820</u>	<u>\$ (17,804)</u>	<u>\$ (73,808)</u>	<u>\$ 2,161,114</u>
21									
22	Cross References	#2	#2	#2	#2	#2	#2	#2	#2

Page 6.2

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FORTISBC INC.
CAPITAL WORK IN PROGRESS
(\$000)

Page 6.3

Line No.	Particulars	Approved 2020	Actual 2020		Difference
			Total C.W.I.P. (115/116)	C.W.I.P. Not Earning AFUDC	
	(1)	(2)	(3)	(4)	(5)
1	Balance December 31, 2019		\$ 46,393	\$ 10,905	
2					
3	Adjustment for January 1, 2020 CPCN Additions		(20,421)	-	
4					
5	Balance January 1, 2020		25,972	10,905	
6	January 31		43,914	16,693	
7	February 29		48,254	21,059	
8	March 31		48,281	16,123	
9	April 30		53,664	19,093	
10	May 31		58,690	21,199	
11	June 30		55,289	16,801	
12	July 31		60,026	18,954	
13	August 31		64,933	20,624	
14	September 30		66,512	19,630	
15	October 31		73,581	23,676	
16	November 30		80,411	26,705	
17	December 31		71,763	19,853	
18					
19	Total		<u>\$ 751,288</u>	<u>\$ 251,315</u>	
20					
21	Average	<u>\$ 11,228</u>		<u>\$ 19,332</u>	<u>\$ 8,104</u>
22					
23	Reference	#2		#2	#2

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		2020							
Line No.	Account	Gross Plant for Depreciation	Annual Depreciation Rate %	Depreciation (incl. Salvage)	Amortization Accounting Transition/ Other Adjustments	Retirements	Cost of Removal	Accumulated Balance	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	12/31/2019	12/31/2020
								(8)	(9)
	HYDRAULIC PRODUCTION PLANT								
1	330 Land Rights	\$ 962	1.07%	\$ 10	\$ -	\$ -	\$ -	\$ (413)	\$ (403)
2	331 Structures and Improvements	19,387	1.68%	326	-	(11)	(4)	4,966	5,278
3	332 Reservoirs, Dams & Waterways	49,877	1.90%	948	-	(281)	(4,451)	4,230	446
4	333 Water Wheels, Turbines and Gen.	114,905	1.79%	2,057	-	(110)	(103)	19,847	21,692
5	334 Accessory Equipment	48,565	3.13%	1,093	-	(111)	(158)	12,327	13,152
6	335 Other Power Plant Equipment	45,649	2.12%	1,395	-	(7)	(6)	17,646	19,029
7	336 Roads, Railways and Bridges	1,287	1.44%	19	-	-	-	420	439
8	TOTAL HYDRAULIC PRODUCTION PLANT	280,630		5,848	-	(519)	(4,721)	59,023	59,631
9									
10	TRANSMISSION PLANT								
11	350 Land Rights - R/W	\$ 9,008	0.00%	\$ -	\$ -	\$ -	\$ -	\$ (0)	\$ (0)
12	350.1 Land Rights - Clearing	8,234	1.27%	105	-	-	-	2,151	2,256
13	353 Station Equipment	241,252	2.33%	5,622	-	(397)	(69)	87,266	92,421
14	355 Poles, Towers & Fixtures	115,961	2.52%	2,923	-	(51)	(673)	31,629	33,828
15	356 Conductors and Devices	113,062	2.52%	2,850	-	(67)	(673)	25,379	27,489
16	359 Roads and Trails	1,121	1.96%	22	-	-	-	369	391
17	TOTAL TRANSMISSION PLANT	488,638		11,521	-	(515)	(1,415)	146,794	156,386
18									
19	DISTRIBUTION PLANT								
20	360 Land Rights - R/W	\$ 7,185	0.00%	\$ -	\$ -	\$ (0)	\$ 16	\$ -	\$ 16
21	360.1 Land Rights - Clearing	11,630	1.25%	145	-	(0)	16	2,503	2,665
22	362 Station Equipment	254,773	2.61%	6,653	-	(452)	(133)	75,194	81,261
23	364 Poles, Towers & Fixtures	225,597	2.73%	6,159	-	(199)	(1,159)	64,800	69,601
24	365 Conductors and Devices	364,102	2.38%	8,666	-	(359)	(1,869)	108,079	114,516
25	368 Line Transformers	174,968	3.13%	5,453	-	(1,148)	(710)	36,874	40,469
26	369 Services	9,521	0.51%	18	-	-	-	6,670	6,688
27	370 Meters	50	6.68%	3	-	(1)	-	1,231	1,233
28	370.1 AMI Meters	40,998	6.25%	2,562	-	-	-	3,951	6,513
29	371 Installation on Customers' Premises	938	0.00%	-	-	-	-	938	938
30	373 Street Lighting and Signal System	13,463	4.95%	666	-	(76)	-	4,505	5,095
31	TOTAL DISTRIBUTION PLANT	1,103,226		30,324	-	(2,236)	(3,838)	304,744	328,995

FORTISBC INC.
ACCUMULATED DEPRECIATION CONTINUITY SCHEDULE (CONT'D)
(\$000)

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Line No.	Account	Gross Plant for Depreciation	Annual Depreciation Rate %	2020			Accumulated Balance	
				Depreciation (incl. Salvage)	Amortization Accounting Transition/ Other Adjustments	Retirements	Cost of Removal	
				(4)	(5)	(6)	(7)	12/31/2019 (8)
	(1)	(2)	(3)					12/31/2020 (9)
1	GENERAL PLANT							
2	389 Land	\$ 11,105	0.00%	\$ -	\$ -	\$ -	\$ -	\$ 34
3	390 Structures - Frame & Iron	-	0.56%	-	-	-	-	-
4	390.1 Structures - Masonry	44,855	2.53%	1,135	-	(358)	(71)	9,624
5	390.2 Operation Building	15,552	1.63%	254	-	(110)	-	6,294
6	390.1 Leasehold Improvements	2,871	1.63%	15	-	-	-	2,563
7	391 Office Furniture & Equipment	8,201	4.42%	237	(2,841)	(315)	-	4,447
8	391.1 Computer Equipment	34,217	21.60%	2,877	(20,932)	(2,385)	-	26,899
9	391.2 Computer Software	79,232	8.96%	3,600	(39,126)	(4,750)	-	58,166
10	391.2 AMI Software	9,589	10.00%	959	-	-	-	4,352
11	392.1 Light Duty Vehicles	4,437	3.81%	255	-	(262)	46	3,174
12	392.1 Heavy Duty Vehicles	25,079	6.50%	1,631	-	(235)	-	5,819
13	394 Tools and Work Equipment	14,254	4.11%	373	(5,187)	(759)	-	10,145
14	397 Communication Structures & Equipment	17,418	3.44%	404	(3,188)	(3,913)	-	13,635
15	397.1 Fibre	14,301	6.97%	820	(2,535)	(1,448)	-	8,811
16	397.2 AMI Communication Structures & Equipment	4,970	6.67%	331	-	-	-	1,399
17	TOTAL GENERAL PLANT	<u>286,082</u>		<u>12,892</u>	<u>(73,808)</u>	<u>(14,534)</u>	<u>(24)</u>	<u>155,362</u>
18								
19		<u>\$ 2,158,576</u>		<u>\$ 60,586</u>	<u>\$ (73,808)</u>	<u>\$ (17,804)</u>	<u>\$ (9,998)</u>	<u>\$ 665,923</u>
20								
21	Cross References			#21				#2

SCHEDULE NOT APPLICABLE

FORTISBC INC.
CONTRIBUTIONS IN AID OF CONSTRUCTION
(\$000)

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Line No.	Particulars (1)	Approved Ending 2020 (2)	Balance 12/31/2019 (3)	Adjustment (4)	2020 Additions (5)	Retirements (6)	Balance 12/31/2020 (7)	Difference (8)
1	CIAC	\$ 220,826	\$ 209,719		\$ 6,692	\$ (518)	\$ 215,893	\$ 4,933
2								
3	Amortization	(79,867)	(75,672)		(4,194)	518	(79,349)	(518)
4								
5	NET CIAC	<u>\$ 140,959</u>	<u>\$ 134,047</u>	<u>\$ -</u>	<u>\$ 2,498</u>	<u>\$ -</u>	<u>\$ 136,545</u>	<u>\$ 4,414</u>
6								
7								
8	Cross References	#2	#2	#2	#21		#2	

SCHEDULE NOT APPLICABLE

FORTISBC INC.
UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION - RATE BASE
(\$000)

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Line No.	Particulars	Fcst Mid-Year 2020	Balance 12/31/2019	Opening Bal. Transfer / Adjustment	Gross Additions	Less-Taxes	Net Additions	Amortization Expense	Balance 12/31/2020	Mid-Year Average 2020	Difference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	<u>Forecasting Variance Accounts</u>										
2	BCUC Levies Variance Account	\$ -	\$ -	\$ -	\$ (13)	\$ 3	\$ (9)	\$ -	\$ (9)	\$ (5)	\$ (5)
3											
4	<u>Rate Smoothing Accounts</u>										
5											
6	<u>Benefits Matching Accounts</u>										
7	Demand-Side Management	28,972	27,369	-	10,198	(2,754)	7,445	(4,532)	30,282	28,826	(146)
8	Deferred Debt Issue Costs	3,553	3,352	-	675	(63)	612	(160)	3,805	3,579	26
9	Preliminary and Investigative Charges ¹	1,150	825	-	(35)	-	(35)	-	790	808	(342)
10	Annual Reviews for 2020-2024 Rates	51	-	-	167	(45)	122	-	122	61	10
11	2020 Cost of Service Analysis	29	-	-	37	(10)	27	-	27	14	(15)
12	2021 Long-Term Electric Resource Plan	104	-	19	112	(30)	82	-	100	59	(45)
13	BCUC Initiated-Inquiry Costs	130	-	87	75	(20)	55	-	142	115	(15)
14	MRS 2021 Audit	-	-	-	-	-	-	-	-	-	-
15											
16	<u>Retroactive Expense Accounts</u>										
17											
18	<u>Other Accounts</u>										
19	Pension & OPEB Liability	(14,155)	(14,253)	-	1,190	-	1,190	-	(13,063)	(13,658)	497
20	Indigenous Relations Agreement (Huth Substation)	-	-	-	-	-	-	-	-	-	-
21	COVID-19 Customer Recovery Fund	563	-	-	757	(52)	704	-	704	352	(211)
22											
23	Total Rate Base Deferral Accounts	\$ 20,398	\$ 17,293	\$ 106	\$ 13,163	\$ (2,971)	\$ 10,193	\$ (4,691)	\$ 22,900	\$ 20,151	\$ (247)

#21

Notes:

¹ Additions are net of transfers to Construction Work in Progress

FORTISBC INC.
UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION - NON-RATE BASE
(\$000)

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Line No.	Particulars	Fcst Mid-Year 2020	Balance 12/31/2019	Opening Bal. Transfer / Adjustment	Gross Additions	Less-Taxes	Net Additions	Amortization Expense	Balance 12/31/2020	Mid-Year Average 2020	Difference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	Deferral Accounts Financed at the Short Term Interest Rate										
2											
3	<u>Forecasting Variance Accounts</u>										
4	Flow-Through Account (2014-2019)	\$ (3,715)	\$ (7,429)	\$ -	\$ (46)	\$ -	\$ (46)	\$ 7,475	\$ -	\$ (3,715)	\$ -
5	Pension & Other Post Employment Benefits (OPEB) Variance	(1,538)	(1,927)	-	243	-	243	779	(905)	(1,416)	122
6											
7	<u>Rate Smoothing Accounts</u>										
8											
9	<u>Benefits Matching Accounts</u>										
10	Annual Reviews for 2015-2019 Rates	(7)	(14)	-	-	-	-	14	-	(7)	-
11	Self-Generation Policy Application, Stage II	54	108	-	-	-	-	(108)	-	54	-
12	Net Metering Program Tariff Update	1	2	-	-	-	-	(2)	-	1	-
13	2018 Demand Side Management Expenditure Schedule Application	1	2	-	-	-	-	(2)	-	1	-
14											
15	<u>Retroactive Expense Accounts</u>										
16											
17	<u>Other Accounts</u>										
18	2014-2019 Earnings Sharing Account	72	145	-	88	(50)	38	(183)	-	72	-
19	BC Hydro Waneta 2017 Transactions	9	19	-	-	-	-	(19)	-	9	-
20											
21	Total Non Rate Base Deferral Accounts Financed at Short Term Interest	\$ (5,121)	\$ (9,094)	\$ -	\$ 285	\$ (50)	\$ 235	\$ 7,954	\$ (905)	\$ (5,001)	\$ 122
22											
23	Financing Costs at STI	\$ (93)	\$ (90)	\$ -	\$ (94)	\$ -	\$ (94)	\$ 90	\$ (94)	\$ (92)	\$ 1

FORTISBC INC.
UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION - NON-RATE BASE
(\$000)

Page 12.1

Line No.	Particulars	Fcst Mid-Year 2020	Balance 12/31/2019	Opening Bal. Transfer / Adjustment	Gross Additions	Less-Taxes	Net Additions	Amortization Expense	Balance 12/31/2020	Mid-Year Average 2020	Difference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	Deferral Accounts Financed at Weighted Average Cost of Debt										
2											
3	<u>Forecasting Variance Accounts</u>										
4											
5	<u>Rate Smoothing Accounts</u>										
6	2018-2019 Revenue Surplus	\$ (3,707)	\$ (3,458)	\$ -	\$ (683)	\$ 185	\$ (498)	\$ -	\$ (3,956)	\$ (3,707)	\$ -
7											
8	<u>Benefits Matching Accounts</u>										
9	CPCN Projects Preliminary Engineering ¹	298	166	-	264	-	264	-	430	298	1
10	2016 Long Term Electric Resource Plan	258	310	-	-	-	-	(103)	207	259	2
11	2017 Rate Design Application	531	590	-	-	-	-	(118)	472	531	-
12	2020-2024 Multi-Year Rate Plan Application	564	589	-	159	(43)	116	(135)	570	580	16
13	2019-2022 Multi-Year DSM Expenditure Schedule	90	108	-	-	-	-	(36)	72	90	-
14	2018 Joint Pole Use Audit	66	79	-	-	-	-	(26)	53	66	-
15	EV Charging Stations Rate Design and Tariff Application	36	13	-	76	(21)	55	-	68	41	5
16											
17	<u>Retroactive Expense Accounts</u>										
18											
19	<u>Other Accounts</u>										
20	US GAAP Pension and OPEB Transitional Obligation	1,215	1,389	-	(347)	-	(347)	-	1,042	1,216	1
21	Advanced Metering Infrastructure Radio-Off Shortfall	85	97	-	-	-	-	(24)	73	85	-
22											
23	Total Non Rate Base Deferral Accounts Financed at Weighted Average Cost of Debt	\$ (565)	\$ (117)	\$ -	\$ (531)	\$ 121	\$ (409)	\$ (442)	\$ (969)	\$ (541)	\$ 24
24											
25	Financing Costs at WACD	\$ 64	\$ 151	\$ -	\$ (18)	\$ -	\$ (18)	\$ (151)	\$ (18)	\$ 67	\$ 3
26											

Notes:

¹ Gross additions for CPCN Projects Preliminary Engineering after transfers to Construction Work in Progress

FORTISBC INC.
UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION - NON-RATE BASE
(\$000)

Page 12.2

Line No.	Particulars	Fcst Mid-Year 2020	Balance 12/31/2019	Opening Bal. Transfer / Adjustment	Gross Additions	Less-Taxes	Net Additions	Amortization Expense	Balance 12/31/2020	Mid-Year Average 2020	Difference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	Deferral Accounts Financed at Weighted Average Cost of Capital										
2											
3	<u>Forecasting Variance Accounts</u>										
4	Flow-Through Account (2020-2024)	\$ -	\$ -	\$ -	\$ 213	\$ -	\$ 213	\$ -	\$ 213	\$ 107	\$ 107
5											
6	<u>Rate Smoothing Accounts</u>										
7											
8	<u>Benefits Matching Accounts</u>										
9	On Bill Financing (OBF) Participant Loans	4	5	-	(3)	0	(3)	-	2	4	-
10											
11	<u>Retroactive Expense Accounts</u>										
12											
13	<u>Other Accounts</u>										
14	MRP Earnings Sharing Account	-	-	-	(1,195)	323	(872)	-	(872)	(436)	(436)
15											
16	Total Non Rate Base Deferral Accounts Financed at Weighted Average Cost of Capital	\$ 4	\$ 5	\$ -	\$ (985)	\$ 323	\$ (663)	\$ -	\$ (657)	\$ (325)	\$ (329)
17											
18	Financing Costs at WACC	\$ 1	\$ 1	\$ -	\$ (28)	\$ -	\$ (28)	\$ (1)	\$ (28)	\$ (14)	\$ (15)
19											
20											
21	Deferral Accounts Non-Interest Bearing										
22											
23	Kettle Valley Future Development	\$ 50	\$ 50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50	\$ 50	\$ -
24											
25	Total Non-Interest Bearing Non Rate Base Deferral Accounts	\$ 50	\$ 50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50	\$ 50	\$ -
26											
27											
28	Total Non Rate Base Deferral Accounts (including financing)	\$ (5,660)	\$ (9,094)	\$ -	\$ (1,371)	\$ 394	\$ (977)	\$ 7,450	\$ (2,621)	\$ (5,856)	\$ (195)

#21

Line No.	Particulars	Reference	2020 Approved	2020 Actual	After-Tax Flow-Through Variance	Variance Subject to Sharing
	(1)	(2)	(3)	(4)	(5)	(6)
1	Total Revenue	Page 16, -Line 5	(366,652)	(367,196)	(544)	-
2						
3	Total Power Purchase Expense	Page 18, Line 13	138,772	139,354	582	-
4						
5	Total Wheeling	Page 18, Line 24	5,747	5,846	99	-
6						
7	Total Water Fees	Page 18, Line 29	10,968	10,968	-	-
8						
9	Net O&M Expense					
10	Index Based O&M	Page 20, Line 1	59,752	58,234	-	(1,518)
11	Pension & OPEB	Page 20, Line 4	470	470	-	-
12	Insurance	Page 20, Line 5	1,691	1,691	-	-
13	Upper Bonnington Old Unit Inspections	Page 20, Line 6	(43)	(43)	-	-
14	BCUC Fees	Page 20, Line 7	330	330	-	-
15	Capitalized Overhead	Page 20, Line 10	(9,330)	(9,330)	-	-
16	Total Net O&M Expense	Page 16, Line 9	52,870	51,352		
17						
18	Depreciation and Amortization					
19	Amortization of Deferrals	Page 21, Lines 5 - 6	(2,759)	(2,759)	-	-
20	Depreciation variance on Clean Growth Projects/CPCNs		-	(17)	(17)	-
21	CIAC Amortization variance on Clean Growth Projects/CPCNs		-	-	-	-
22	All Other Depreciation/CIAC Amortization variances	Page 21, Line 11 - (Lines 19 - 21 above)	56,658	56,594	-	(64)
23	Total Depreciation and Amortization	Page 16, Line 10	53,899	53,819		
24						
25	Total Property Taxes	Page 16, Line 11	16,993	16,990	(3)	-
26						
27	Other Revenues					
28	Apparatus and Facilities Rental	Page 23, - Line 1	(5,843)	(5,487)	-	356
29	Contract Revenue	Page 23, - Line 2	(2,305)	(2,426)	-	(121)
30	Transmission Access Revenue	Page 23, - Line 3	(1,496)	(1,520)	-	(24)
31	Interest Income	Page 23, - Line 4	(20)	(58)	-	(38)
32	Late Payment Charges	Page 23, - Line 5	(205)	(203)	-	2
33	Connection Charges	Page 23, - Line 6	(394)	(486)	-	(92)
34	Other Recoveries	Page 23, - Line 7	(382)	(402)	-	(20)
35	Total Other Revenues	Page 16, Line 12	(10,645)	(10,582)		
36						
37	Interest Expense					
38	Long-term debt interest expense variance	Page 26, Line 11	39,565	39,565	-	-
39	Interest variance on Clean Growth Projects/CPCNs		-	0	0	-
40	Short-term debt rate variance		-	245	245	-
41	Short-term debt volume variance from long-term debt issue variance		-	-	-	-
42	Short-term debt timing variance from long-term debt issue timing		-	-	-	-
43	Remaining short-term debt (Volume variance from actual rate base)	Page 26, Line 5 - (Lines 39 - 42 above)	1,196	1,286	-	90
44	Total Interest Expense	Page 24.1, Line 15	40,761	41,096		
45						
46	Income Tax Expense					
47	Income tax variance on Clean Growth Projects/CPCNs		-	(47)	(47)	-
48	Income tax/CCA rate changes		-	-	-	-
49	Income tax on taxable flowthrough variances above (excl. Clean Growth Projects/CPCNs)		-	(102)	(102)	-
50	Remaining income tax variance	Page 24, Line 15 - (Lines 47 - 49 above)	4,919	4,356	-	(563)
51	Total Income Tax Expense	Page 16, Line 17	4,919	4,207		
52						
53	Total amounts subject to Flowthrough or Sharing	Sum of Lines 1 through 50			213	(1,992)
54					Page 16, Line 16	Page 26.2, Line 20

FORTISBC INC.
WORKING CAPITAL ALLOWANCE
(\$000)

Page 13

Line No.	Particulars (1)	Approved 2020 (2)	Year Ended 12/31/2020			Difference (6)
			Actual (3)	Normalization (4)	Normal (5)	
1	Revenue Lag Days	49.6	49.6	0.1	49.7	0.1
2						
3	Expense Lead Days	(39.7)	(39.7)	(0.1)	(39.8)	(0.1)
4						
5	Net Lag (Lead) Days	9.9	9.9	0.0	9.9	0.0
6						
7						
8	<u>Cash Working Capital</u>					
9	Cash Required for Operating Expenses ¹	\$ 6,468	\$ 6,217	\$ 75	\$ 6,292	\$ (176)
10						
11	Add/Less - Funds Unavailable/(Funds Available):					
12	Customer Loans	470	447	-	447	(23)
13	Employee Loans	340	498	-	498	158
14	Employee Withholdings	(2,120)	(2,219)	-	(2,219)	(99)
15						
16	Average	5,158	4,943	75	5,018	(140)
17						
18	<u>Other Working Capital Items</u>					
19	Inventories	630	589	-	589	(41)
20						
21	Average - See Page 13.1	630	589	-	589	(41)
22						
23	Total	\$ 5,788	\$ 5,532	\$ 75	\$ 5,607	\$ (181)
24						
25	Reference	#2	#2	#2	#2	#2

27 Notes:

28 ¹ Cash Required for Operating Expenses is calculated as Total Expenses from Page 14.1 Column 2 multiplied by Net lag
29 (lead) days from row 5 above, divided by 365.

FORTISBC INC.
OTHER WORKING CAPITAL ITEMS
FOR THE YEAR ENDED DECEMBER 31, 2020
(\$000)

Page 13.1

Line No.	Particulars (1)	Inventories (3)	Total (6)
1	Approved 2020	\$ 630	\$ 630
2			
3	Actual (Average)	\$ 589	\$ 589
4			
5	Cross Reference	(150/151/154)	
6			
7	Balances- January 1	\$ 611	\$ 611
8	- January 31	567	567
9	- February 29	564	564
10	- March 31	569	569
11	- April 30	573	573
12	- May 31	576	576
13	- June 30	553	553
14	- July 31	589	589
15	- August 31	621	621
16	- September 30	625	625
17	- October 31	606	606
18	- November 30	614	614
19	- December 31	593	593
20			
21	Total	\$ 7,661	\$ 7,661
22			
23	Average	\$ 589	\$ 589
24			
25	Difference	\$ (41)	\$ (41)
26			
27			
28	Reference	#13	#13

FORTISBC INC.
CASH WORKING CAPITAL
LAG TIME FROM DATE OF PAYMENT TO RECEIPT OF CASH
FOR THE YEAR ENDED DECEMBER 31, 2020
(\$000)

Page 14

Line No.	Particulars	Revenue	Lag Days Service to Collection	Dollar Days	Reference
	(1)	(2)	(3)	(4)	(5)
1	REVENUE, RECORDED				
2					
3	Sales Revenue				
4	Residential Tariff Revenue	\$ 185,779	56.0	\$ 10,403,637	
5	Commercial Tariff Revenue	93,716	45.1	4,226,608	
6	Wholesale Tariff Revenue	46,673	37.5	1,750,226	
7	Industrial Tariff Revenue	35,467	38.0	1,347,754	
8	Lighting Tariff Revenue	3,106	34.6	107,467	
9	Irrigation Tariff Revenue	2,454	47.0	115,345	
10	Total Sales Revenue	367,196	48.9	17,951,037	#17
11					
12	Other Revenues				
13	Apparatus and Facilities Rental	5,487	90.0	493,827	#23
14	Contract Revenue	2,426	62.2	150,905	#23
15	Transmission Revenue	1,520	65.2	99,075	#23
16	Late Payment Charges	203	54.0	10,953	#23
17	Connection Charges	486	30.5	14,823	#23
18	Other Recoveries	460	63.4	29,176	#23
19					
20	Total Revenue	<u>\$ 377,777</u>	<u>49.6</u>	<u>\$ 18,749,796</u>	
21					
22					
23	REVENUE, NORMALIZED				
24					
25	Sales Revenue				
26	Residential Tariff Revenue	\$ 189,204	56.0	\$ 10,595,424	
27	Commercial Tariff Revenue	94,198	45.1	4,248,330	
28	Wholesale Tariff Revenue	47,433	37.5	1,778,738	
29	Industrial Tariff Revenue	35,467	38.0	1,347,746	
30	Lighting Tariff Revenue	3,106	34.6	107,468	
31	Irrigation Tariff Revenue	2,454	47.0	115,338	
32	Total Sales Revenue	371,862	48.9	18,193,044	#17
33					
34	Other Revenues				
35	Apparatus and Facilities Rental	5,487	90.0	493,827	#23
36	Contract Revenue	2,426	62.2	150,905	#23
37	Transmission Revenue	1,520	65.2	99,075	#23
38	Late Payment Charges	203	54.0	10,953	#23
39	Connection Charges	486	30.5	14,823	#23
40	Other Recoveries	460	63.4	29,176	#23
41					
42	Total Revenue	<u>\$ 382,444</u>	<u>49.7</u>	<u>\$ 18,991,803</u>	

FORTISBC INC.
CASH WORKING CAPITAL
LEAD TIME IN PAYMENT OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(\$000)

Page 14.1

Line No.	Particulars	Amount	Lead Days Expense to Payment	Dollar Days	Reference
	(1)	(2)	(3)	(4)	(5)
1	EXPENSES, RECORDED				
2					
3					
4	Power Purchases	\$ 139,354	51.5	\$ 7,176,719	#18
5	Wheeling	5,846	46.9	274,156	#18
6	Water Fees	10,968	1.4	15,355	#18
7	Operating and Maintenance	51,352	28.6	1,468,654	#20
8					
9	Taxes				
10	Property Taxes	16,990	4.9	83,252	#22
11	Goods and Service Tax	505	45.4	22,932	
12	Income Tax	4,207	15.2	63,946	#24
13					
14	Total	<u>\$ 229,221</u>	<u>39.7</u>	<u>\$ 9,105,014</u>	
15					
16					
17	EXPENSES, NORMALIZED				
18					
19					
20	Power Purchases	\$ 141,427	51.5	\$ 7,283,489	#18
21	Wheeling	5,846	46.9	274,156	#18
22	Water Fees	10,968	1.4	15,355	#18
23	Operating and Maintenance	51,352	28.6	1,468,654	#20
24					
25	Taxes				
26	Property Taxes	16,990	4.9	83,252	#22
27	Goods and Service Tax	505	45.4	22,932	
28	Income Tax	4,906	15.2	74,571	#24
29					
30	Total	<u>\$ 231,993</u>	<u>39.8</u>	<u>\$ 9,222,409</u>	

SCHEDULE NOT APPLICABLE

FORTISBC INC.
UTILITY INCOME AND EARNED RETURN
(\$000)

Page 16

Line No.	Description	Reference	2020 Approved	Year Ended 12/31/2020			Difference	Reasons for Difference
	(1)	(2)	(3)	Actual	Normalization	Normal	(7)	(8)
			(4)	(5)	(6)			
1	ENERGY VOLUMES							
2	Sales Volume (GWh)	#17	3,294	3,291	38	3,330	36	
3								
4	REVENUE							
5	Sales	#17	\$ 366,652	\$ 367,196	\$ 4,666	\$ 371,862	\$ 5,211	
6								
7	EXPENSES							
8	Cost of Energy	#18	155,487	156,167	2,073	158,240	2,753	
9	Operation & Maintenance	#20	52,870	51,352	-	51,352	(1,518)	- See Page 16.1
10	Depreciation and Amortization	#21	53,899	53,819	-	53,819	(80)	- See Page 16.1
11	Property and Sundry Taxes	#22	16,993	16,990	-	16,990	(3)	- See Page 16.1
12	Other Operating Revenue	#23	(10,645)	(10,582)	-	(10,582)	63	- See Page 16.1
13	Deferred 2020 Revenue Surplus		683	683	-	683	-	
14			<u>269,287</u>	<u>268,429</u>	<u>2,073</u>	<u>270,502</u>	<u>(1,538)</u>	
15	Utility Income before Income Taxes		97,365	98,767	2,593	101,360	6,749	
16	Flow-Through (after-tax)	#12.3	-	(213)	1,893	1,680	1,680	- See Page 16.1
17	Income Taxes	#24	4,919	4,207	699	4,906	(13)	- See Page 16.1
18	EARNED RETURN (before-sharing)		<u>\$ 92,446</u>	<u>\$ 94,773</u>	<u>\$ 1</u>	<u>\$ 94,774</u>	<u>\$ 2,328</u>	
19	UTILITY RATE BASE	#2	<u>\$ 1,412,153</u>	<u>\$ 1,418,909</u>	<u>\$ 75</u>	<u>\$ 1,418,984</u>	<u>\$ 6,832</u>	
20								
21	RETURN ON RATE BASE	#26	<u>6.55%</u>	<u>6.68%</u>	<u>0.00%</u>	<u>6.68%</u>	<u>0.13%</u>	

FORTISBC INC.

DIFFERENCE ANALYSIS

1. Operating and Maintenance Expenses

Operation and Maintenance Expense was \$1.5 million lower than 2020 Approved with the differences summarized on Page 20. The 2020 Approved was derived by applying an inflation factor to an approved 2019 Base O&M unit cost and then multiplying that amount by the forecasted average number of customers to determine an inflation indexed O&M amount. O&M forecast outside the inflation indexed O&M amount is then added to derive the total 2020 Approved Gross O&M.

2. Depreciation and Amortization

The variance between forecast and actual depreciation and amortization is immaterial, with variances either recorded in the flow-through deferral account or subject to sharing.

3. Property Tax

The variance between forecast and actual property tax is recorded in the flow-through deferral account.

4. Other Revenue

The variance between forecast and actual other revenues is immaterial. Variances in other revenue are subject to sharing.

5. Flow-Through

The actual flow-through amount was a credit of \$0.2 million in 2020. See Page 12.3 for details.

6. Income Taxes

Differences on Page 24 also arise from various variances throughout the Annual Report, primarily in revenues, O&M expenses, and rate base as well as timing differences in calculating taxable income. 2020 Income Taxes are comparable to Approved on a normalized basis. The variance between forecast and actual income taxes is either recorded in the flow-through deferral account or subject to sharing.

FORTISBC INC.
VOLUMES, REVENUE AND CUSTOMERS

Page 17

Line No.	Description	Reference	2020 Approved	Year Ended 12/31/2020			Difference	Reasons for Difference
	(1)	(2)	(3)	Actual (4)	Normalization (5)	Normal (6)	(7)	(8)
1	ENERGY VOLUME (GWh)							
2	Residential		1,326	1,334	25	1,359	33	
3	Commercial		902	917	5	922	20	
4	Wholesale		567	560	9	570	3	
5	Industrial		453	431	-	431	(22)	
6	Lighting		11	11	-	11	0	
7	Irrigation		35	37	-	37	2	
8	Total Sales Load Volume	#16	3,294	3,291	38	3,330	36	
9	Losses		291	283	3	286	(5)	
10	Total Gross Load Volume		3,585	3,574	42	3,616	31	
11								
12	REVENUE (\$000s)							
13	Residential		\$ 184,617	\$ 185,779	\$ 3,425	\$ 189,204	\$ 4,588	
14	Commercial		92,159	93,716	482	94,198	2,040	
15	Wholesale		47,223	46,673	760	47,433	211	
16	Industrial		37,285	35,467	(0)	35,467	(1,818)	
17	Lighting		2,444	3,106	0	3,106	662	
18	Irrigation		2,925	2,454	(0)	2,454	(471)	
19	Total Revenue	#16	\$ 366,652	\$ 367,196	\$ 4,666	\$ 371,862	\$ 5,211	
20								
21	AVERAGE CUSTOMERS (000s)							
22	Residential		123,479	123,647	-	123,647	168	
23	Commercial		16,080	16,077	-	16,077	(3)	
24	Wholesale		6	6	-	6	-	
25	Industrial		52	48	-	48	(4)	
26	Lighting		1,449	1,453	-	1,453	4	
27	Irrigation		1,087	1,090	-	1,090	3	
28	Total Average Customers		142,153	142,321	-	142,321	168	

FORTISBC INC.
COST OF ENERGY
(\$000)

Page 18

Line No.	Description (1)	Reference (2)	Year Ended 12/31/2020			
			Approved (3)	Actual (4)	Normalization (5)	Normal (6)
1	POWER PURCHASES					
2	Gross Load (GWh)		3,585	3,574	41	3,615
3						
4	Power Purchase Expense					
5	Brilliant		\$ 41,506	\$ 41,507	\$ -	\$ 41,507
6	BC Hydro PPA		42,340	42,434	2,074	44,508
7	Waneta Expansion		40,129	40,185	-	40,185
8	Market and Contracted Producers		15,575	15,887	-	15,887
9	Independent Power Producers		61	57	-	57
10	Self-Generators		192	176	-	176
11	CPA Balancing Pool		(991)	(1,109)	-	(1,109)
12	Special and Accounting Adjustments		(40)	217	-	217
13	Total Power Purchase Expense		<u>\$ 138,772</u>	<u>\$ 139,354</u>	<u>\$ 2,074</u>	<u>\$ 141,427</u>
14						
15	WHEELING					
16	Wheeling Nomination (MW months)					
17	Okanagan Point of Interconnection		2,400	2,400	-	2,400
18	Creston		438	438	-	438
19						
20	Wheeling Expense					
21	Okanagan Point of Interconnection		\$ 4,633	\$ 4,623	\$ -	\$ 4,623
22	Creston		551	550	-	550
23	Other		563	673	-	673
24	Total Wheeling Expense		<u>\$ 5,747</u>	<u>\$ 5,846</u>	<u>\$ -</u>	<u>\$ 5,846</u>
25						
26	WATER FEES					
27	Plant Entitlement Use in previous year (GWh)		1,604	1,604	-	1,604
28						
29	Total Water Fees		<u>\$ 10,968</u>	<u>\$ 10,968</u>	<u>\$ -</u>	<u>\$ 10,968</u>
30						
31	TOTAL COST OF ENERGY		<u>\$ 155,487</u>	<u>\$ 156,167</u>	<u>\$ 2,074</u>	<u>\$ 158,240</u>

SCHEDULE NOT APPLICABLE

FORTISBC INC
OPERATION & MAINTENANCE EXPENSES
(\$000)

Page 20

Line No.	Particulars	Year Ended 12/31/2020		
		Approved	Actual	Difference
	(1)	(2)	(3)	(4)
1	Inflation Indexed O&M	\$ 59,752	\$ 58,234	\$ (1,518)
2				
3	Flowthrough O&M			
4	Pension/OPEB (O&M Portion)	470	470	-
5	Insurance	1,691	1,691	-
6	Upper Bonnington Old Unit Inspections	(43)	(43)	-
7	BCUC Fees	330	330	-
8				
9	Total Gross O&M	62,200	60,682	(1,518)
10	Less: Capitalized Overhead	(9,330)	(9,330)	-
11	Net O&M Expense	<u>\$ 52,870</u>	<u>\$ 51,352</u>	<u>\$ (1,518)</u>

FORTISBC INC
OPERATION & MAINTENANCE EXPENSES - ACTIVITY VIEW
(\$000)

Page 20.1

Line No.	Particulars	Reference	2020	2019	Increase (Decrease)
	(1)	(2)	(3)	(4)	(5)
1	Supervision & Administration	535R	\$ 910	\$ 614	\$ 297
2	Water Fees	536	10,968	10,396	572
3	Structures	542	1,172	1,075	97
4	Dams & Waterways	543	270	310	(40)
5	Electric Plant	544	1,038	1,017	21
6	Other Plant	545	328	355	(27)
7	Generation Total		14,687	13,767	920
8					
9	Purchased Power	555	139,354	139,002	352
10	System Control	556	2,583	2,383	200
11	Other Power Supply Total		141,937	141,385	552
12					
13	Supervision & Administration	560R-1	3,352	2,942	410
14	System Planning	560R-2	4,189	3,863	326
15	Load Dispatching	561	1,631	1,428	203
16	Transmission Station Expense ¹	562	929	892	37
17	Transmission Line Maintenance	563R-1	505	569	(64)
18	Transmission Right of Way Maintenance ¹	563R-2	955	1,004	(50)
19	Wheeling	565	5,846	5,896	(50)
20	Rents	567	3,275	3,159	116
21	Distribution Line Maintenance ¹	583R-1	4,307	3,867	440
22	Distribution Right of Way Maintenance	583R-2	4,437	4,575	(138)
23	Meter Expenses	586	584	492	92
24	Distribution Station Expense	592	1,711	1,650	61
25	Street Lighting ¹	596	84	91	(8)
26	Other Plant	598	633	644	(11)
27	Transmission and Distribution Total		32,436	31,073	1,363

28

29 Notes:

30 ¹ 2019 amounts have been re-stated

FORTISBC INC
OPERATION & MAINTENANCE EXPENSES - ACTIVITY VIEW (CONT'D)
(\$000)

Page 20.2

Line No.	Particulars	Reference	2020	2019	Increase (Decrease)
	(1)	(2)	(3)	(4)	(5)
1	Supervision & Administration	901	\$ 1,354	\$ 1,715	\$ (360)
2	Meter Reading	902	71	74	(3)
3	Customer Billing	903	1,325	1,508	(183)
4	Credit & Collections	904	995	830	165
5	Customer Assistance	910	1,889	1,799	90
6	Customer Service Total		5,634	5,925	(291)
7					
8	Executive and Senior Management	920.1	442	397	46
9	Legal and Regulatory	920.2	534	459	75
10	Human Resources	920.3	1,252	1,098	154
11	Finance and Accounting ¹	920.4	1,175	1,299	(124)
12	Information Services	920.6	1,813	1,756	57
13	Materials Management	920.7	-	(50)	50
14	Other ¹		(1,528)	(505)	(1,023)
15	Salaries Total	920	3,688	4,453	(765)
16					
17	Executive and Senior Management	921.1	7	24	(18)
18	Legal and Regulatory	921.2	480	224	256
19	Human Resources	921.3	78	143	(66)
20	Finance and Accounting	921.4	827	431	396
21	Information Services	921.6	1,860	1,613	247
22	Materials Management	921.7	305	424	(119)
23	Other		336	283	53
24	Expenses Total	921	3,893	3,144	749
25					
26	Administrative and General Total		7,580	7,597	(17)

28 Notes:

29 ¹ 2019 amounts have been re-stated

FORTISBC INC
OPERATION & MAINTENANCE EXPENSES - ACTIVITY VIEW (CONT'D)
(\$000)

Page 20.3

Line No.	Particulars	Reference	2020	2019	Increase (Decrease)
	(1)	(2)	(3)	(4)	(5)
1	Special Services	567	\$ 2,397	\$ 2,465	\$ (67)
2	Insurance	283R-1	1,080	849	231
3	Maintenance to General Plant	283R-2	1,555	1,621	(66)
4	Transportation Equipment Expenses	586	212	252	(40)
5	Other Total		5,244	5,186	58
6					
7	Sub-Total		207,519	204,932	2,587
8					
9	Less: Water Fees		(10,968)	(10,396)	(572)
10	Less: Power Purchases		(139,354)	(139,002)	(352)
11	Less: Wheeling		(5,846)	(5,896)	50
12					
13	Net O&M Expense		\$ 51,352	\$ 49,638	\$ 1,714

FORTISBC INC.
DEPRECIATION AND AMORTIZATION EXPENSES
(\$000)

Page 21

Line No.	Particulars (1)	Reference (2)	Year Ended 12/31/2020		
			Approved (3)	Actual (4)	Difference (5)
1	Depreciation				
2	Depreciation Expense	#7.1	\$ 60,666	\$ 60,586	\$ (80)
3					
4	Amortization				
5	Rate Base Deferrals	#11	\$ 4,691	\$ 4,691	\$ -
6	Non-Rate Base Deferrals	#12.2	(7,450)	(7,450)	-
7	Utility Plant Acquisition Adjustment		186	186	-
8	CIAC	#9	(4,194)	(4,194)	-
9			(6,767)	(6,767)	-
10					
11	Total Depreciation and Amortization Expense		<u>\$ 53,899</u>	<u>\$ 53,819</u>	<u>\$ (80)</u>

FORTISBC INC.
PROPERTY AND SUNDRY TAXES
(\$000)

Page 22

Line No.	Particulars (1)	Reference (2)	2020	Year Ended 12/31/2020			Difference (7)	Reasons for Difference (8)
			Approved (3)	Actual (4)	Normalization (5)	Normal (6)		
1	Generating Plant		\$ 3,092	\$ 3,092	\$ -	\$ 3,092	\$ 0	
2	Transmission and Distribution		6,756	6,755	-	6,755	(1)	
3	Substation Equipment		3,825	3,823	-	3,823	(2)	
4	Land and Buildings		1,057	1,057	-	1,057	(0)	
5	1% In-Lieu of Municipal Taxes		2,263	2,263	-	2,263	0	
6								
7	Total Property Tax Expense	#16	<u>\$ 16,993</u>	<u>\$ 16,990</u>	<u>\$ -</u>	<u>\$ 16,990</u>	<u>\$ (3)</u>	

FORTISBC INC.
OTHER REVENUE
(\$000)

Page 23

Line No.	Particulars	Reference	2020	Year Ended 12/31/2020			Difference	Reasons for Difference
			Approved	Actual	Normalization	Normal		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Apparatus and Facilities Rental		\$ 5,843	\$ 5,487	\$ -	\$ 5,487	\$ (356)	
2	Contract Revenue		2,305	2,426	-	2,426	121	
3	Transmission Access Revenue		1,496	1,520	-	1,520	24	
4	Interest Income		20	58	-	58	38	
5	Late Payment Charges	(560)	205	203	-	203	(2)	
6	Connection Charges	(561)	394	486	-	486	92	
7	Other Recoveries	(579)	382	402	-	402	20	
8								
9	Total Other Revenue	#16	<u>\$ 10,645</u>	<u>\$ 10,582</u>	<u>\$ -</u>	<u>\$ 10,582</u>	<u>\$ (63)</u>	

FORTISBC INC.
INCOME TAXES
(\$000)

Page 24

Line No.	Particulars (1)	Reference (2)	Approved 2020 (3)	Year Ended 12/31/2020			Difference (7)	Reasons for Difference (8)
				Actual (4)	Normalization (5)	Normal (6)		
1	CALCULATION OF INCOME TAXES							
2	Utility Income before Taxes	#16	\$ 97,365	\$ 98,767	\$ 2,593	\$ 101,360	\$ 3,995	
3	Deduct - Interest on Debt	#24.1	(40,761)	(41,096)	(1)	(41,097)	(336)	
4	Net Additions (Deductions)	#24.2	(38,386)	(42,908)	-	(42,908)	(4,522)	
5								
6	Taxable Income before Tax		<u>\$ 18,217</u>	<u>\$ 14,761</u>	<u>\$ 2,592</u>	<u>\$ 17,354</u>	<u>\$ (864)</u>	
7								
8	Income Tax Rate (Current Tax)		27.000%	27.000%		27.000%	0.000%	
9	1 - Current Income Tax Rate		73.000%	73.000%		73.000%	0.000%	
10								
11								
12	Income Tax							
13	Current		\$ 4,919	\$ 3,986	\$ 699	\$ 4,685	\$ (234)	
14	Prior Year Adjustments		-	221	-	221	221	
15	Total Income Tax	#16	<u>\$ 4,919</u>	<u>\$ 4,207</u>	<u>\$ 699</u>	<u>\$ 4,906</u>	<u>\$ (13)</u>	

FORTISBC INC.
INTEREST EXPENSE FOR UTILITY PURPOSES
(\$000)

Page 24.1

Line No.	Particulars	Reference	Approved 2020	Year Ended 12/31/2020		Normal	Difference	Reasons for Difference
	(1)	(2)	(3)	Actual	Normalization	(6)	(7)	(8)
1	Utility Rate Base	#2	\$ 1,412,153	\$ 1,418,909	\$ 75	\$ 1,418,984	\$ 6,832	
2								
3	Weighted average embedded cost of debt							
4	in the capital structure							
5	Long-term debt	#26	2.80%	2.79%	0.00%	2.79%	-0.01%	
6	Unfunded debt	#26	0.08%	0.11%	0.00%	0.11%	0.02%	
7								
8								
9			2.89%	2.90%	0.00%	2.90%	0.01%	
10								
11								
12	Interest expense for income taxes							
13	related to utility operations							
14	(rate base x weighted average							
15	embedded cost of debt)		\$ 40,761	\$ 41,096	\$ 1	\$ 41,097	\$ 336	

FORTISBC INC.
NON-TAX DEDUCTIBLE EXPENSES (NET) AND TIMING DIFFERENCE ADJUSTMENTS
(\$000)

Page 24.2

Line No.	Particulars	Reference	Approved 2020	Year Ended 12/31/2020			Difference
				Actual	Normalization	Normal	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	ADDBACKS:						
2	Depreciation		\$ 60,666	\$ 60,586	\$ -	\$ 60,586	\$ (80)
3	Amortization of Deferred Charges		(2,759)	(2,759)	-	(2,759)	-
4	Amortization of Utility Plant Acquisition Adjustment		186	186	-	186	-
5	Pension & OPEB Expense		4,524	4,524	-	4,524	-
6							
7	DEDUCTIONS:						
8	Capital Cost Allowance		(80,952)	(84,706)	-	(84,706)	(3,754)
9	CIAC Amortization		(4,194)	(4,194)	-	(4,194)	-
10	Pension & OPEB Contributions		(5,216)	(5,363)	-	(5,363)	(147)
11	Overheads Capitalized Expensed for Tax Purposes		(9,330)	(9,330)	-	(9,330)	-
12	Removal Costs		(1,200)	(1,691)	-	(1,691)	(491)
13	All Other		(111)	(162)	-	(162)	(51)
14							
15	TOTAL	#24	<u>\$ (38,386)</u>	<u>\$ (42,908)</u>	<u>\$ -</u>	<u>\$ (42,908)</u>	<u>\$ (4,522)</u>

FORTISBC INC.
CAPITAL COST ALLOWANCE
(\$000)

Page 25

Line No.	Class	CCA Rate %	UCC Balance 1/1/2020 (3)	Adjustments ¹ (4)	Net Additions (AIIP) ² (5)	Net Additions (Disposals) (Not AIIP) (6)	UCC Adjustment for AIIP (7)	UCC Amount for CCA (8)	2020 CCA (9)	UCC Balance 12/31/2020 (10)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
								(3)+(4)+(5)+(6)+(7)		(3)+(4)+(5)+(6)-(9)
1	1(a)	4%	\$ 174,158	\$ -	\$ -	\$ -	\$ -	\$ 174,158	\$ 6,966	\$ 167,192
2	1(b)	6%	32,636	-	3,190	-	1,595	37,420	2,245	33,580
3	2	6%	13,729	-	-	-	-	13,729	824	12,905
4	3	5%	756	-	-	-	-	756	38	718
5	6	10%	3	-	-	-	-	3	0	3
6	8	20%	4,412	-	971	-	485	5,868	1,174	4,209
7	10	30%	4,626	16	2,541	(58)	1,241	8,366	2,510	4,615
8	12	100%	-	-	1,894	-	-	1,894	1,894	-
9	13	(Manual)	11	-	38	-	19	68	15	34
10	14.1 (pre 2017)	7%	8,430	-	-	-	-	8,430	590	7,840
11	14.1 (post 2016)	5%	1,434	-	645	-	323	2,402	120	1,959
12	17	8%	115,437	-	35,020	-	17,510	167,967	13,437	137,019
13	42	12%	6,381	-	422	-	211	7,014	842	5,961
14	45	45%	3	-	-	-	-	3	1	2
15	46	30%	7,895	-	2,364	-	1,182	11,440	3,432	6,826
16	47	8%	447,057	(208)	56,353	(10)	28,172	531,365	42,510	460,683
17	50	55%	2,579	-	8,032	-	4,016	14,627	8,045	2,566
18	54	30%	-	-	140	-	70	210	63	77
19										
20		Total	\$ 819,549	\$ (192)	\$ 111,609	\$ (68)	\$ 54,824	\$ 985,719	\$ 84,706	\$ 846,189

Reference

#24.2

Notes:

¹ Adjustments required to bring prior year annual report ending balance (Column 3) to actual amounts filed in prior year T2

² For eligible capital property acquired after November 20, 2018 and available for use before 2028 (Accelerated Investment Incentive Property or "AIIP"), the capital property will qualify for enhanced CCA in the first year. For most CCA classes, the Accelerated Investment Incentive rules (the "AIIR") will allow taxpayers to claim 3 times the normal amount of CCA in the first year of addition only (for additions prior to 2024). This is achieved by suspending the application of the half year rule and applying a 1.5 multiplier to AIIP additions in the year for the purposes of calculating CCA. Property acquired before November 21, 2018 ("Not AIIP"), are not eligible for enhanced CCA under the AIIR regime and, therefore, will still be subject to the half year rule. No multiplier will apply for the purposes of calculating CCA. Certain classes, such as class 12, 13, and

43.2 contain class specific rules which modify how CCA is calculated for that class. FBC has claimed the maximum CCA available to the utility for all classes.

FORTISBC INC.
RETURN ON CAPITAL
(\$000)

Page 26

Line No.	Particulars	Reference	Approved 2020 (3)	Year Ended 12/31/2020			Difference (7)	Reasons for Difference (8)
				Actual (4)	Normalization (5)	Normal (6)		
1	Short Term Debt		\$ 64,292	\$ 68,345	\$ 45	\$ 68,390	\$ 4,099	
2	Ratio		4.55%	4.82%	0.00%	4.82%	0.27%	
3	Average Embedded Cost		1.86%	2.24%	0.00%	2.24%	0.38%	
4	Cost Component		0.08%	0.11%	0.00%	0.11%	0.02%	
5	Earned Return		\$ 1,196	\$ 1,531	\$ 1	\$ 1,532	\$ 336	
6								
7	Long Term Debt	#27	\$ 783,000	\$ 783,000	\$ -	\$ 783,000	\$ -	
8	Ratio		55.45%	55.18%	0.00%	55.18%	-0.27%	
9	Average Embedded Cost	#27	5.05%	5.05%	0.00%	5.05%	0.00%	
10	Cost Component		2.80%	2.79%	0.00%	2.79%	-0.01%	
11	Earned Return	#27	\$ 39,565	\$ 39,565	\$ -	\$ 39,565	\$ -	
12								
13	Common Equity		\$ 564,861	\$ 567,564	\$ 30	\$ 567,594	\$ 2,733	-See Page 26.1
14	Ratio		40.00%	40.00%	0.00%	40.00%	0.00%	
15	Average Embedded Cost (Before Sharing)		9.15%	9.46%	0.00%	9.46%	0.31%	
16	Cost Component		3.66%	3.78%	0.00%	3.78%	0.12%	
17	Earned Return (Before Sharing)		\$ 51,685	\$ 53,677	\$ -	\$ 53,677	\$ 1,992	
18								
19								
20	Utility Rate Base	#2	<u>\$ 1,412,153</u>	<u>\$ 1,418,909</u>	<u>\$ 75</u>	<u>\$ 1,418,984</u>	<u>\$ 6,832</u>	
21								
22								
23	Return on Rate Base	#16	<u>6.55%</u>	<u>6.68%</u>	<u>0.00%</u>	<u>6.68%</u>	<u>0.13%</u>	

FORTISBC INC.

DIFFERENCE ANALYSIS

Recorded common equity is higher due to a higher rate base. See also Page 26 – Return on Capital.

FORTISBC INC.
EARNINGS SHARING CALCULATION
FOR THE YEAR ENDING DECEMBER 31, 2020
(\$000s)

Page 26.2

Line No.	Description	Reference	Amounts
1	Actual Equity Return	Page 26, Line 13 x Line 15	\$ 53,677
2			
3	Actual Rate Base	Page 26, Line 20	1,418,909
4	Approved Equity Thickness	G-139-14	40.00%
5	Actual Equity Component of Rate Base	Line 3 x Line 4	567,564
6			
7	Actual ROE on Common Equity	Line 1 / Line 5	9.46%
8	Approved ROE on Common Equity	G-75-13/G-47-14	9.15%
9	ROE Surplus / (Deficit)	Line 7 - Line 8	0.31%
10			
11	After-Tax Surplus / (Deficit) Earnings available for Sharing	Line 5 x Line 9	1,745
12	Sharing %	G-165-20	50%
13	Customers share of Surplus / (Deficit) Earnings (net of tax)	Line 11 x Line 12	872
14			
15	Customers share of Surplus / (Deficit) Earnings (pre-tax)	Line 13 / (1 - 27% tax rate)	1,195
16			
17			
18	<u>Proof:</u>		
19			
20	Pre-Equity Sharing Amounts	Page 12.1, -Line 53	\$ 1,992
21			
22	Equity Sharing:		
23	Rate Base Variance (Approved less Actual)	Page 26, Line 20, Col 3 - Col 4	(6,757)
24	Approved Equity Thickness	G-139-14	40.00%
25	Approved ROE on Common Equity	G-75-13/G-47-14	9.15%
26	Equity Sharing on Rate Base Variance	Line 23 x Line 24 x Line 25	(247)
27			
28	After-Tax Surplus / (Deficit) Earnings available for Sharing	Line 20 + Line 26	1,745
29	Sharing %	G-165-20	50%
30	Customers share of Surplus / (Deficit) Earnings (net of tax)	Line 28 x Line 29	872
31			
32	Customers share of Surplus / (Deficit) Earnings (pre-tax)	Line 30 / (1 - 27% tax rate)	1,195

FORTISBC INC.
CALCULATION OF AFTER-SHARING ROE
FOR THE YEAR ENDING DECEMBER 31, 2020
(\$000s)

Page 26.3

Line No.	Description	Amount	Reference
1	<u>Proof of Before-Sharing Actual ROE</u>		
2			
3	Utility Income Before Taxes	98,767	Page 24, Line 2
4	Less: Interest Expense	(41,096)	Page 24, Line 3
5	Less: Income Taxes	(4,207)	Page 24, -Line 15
6	Add: Flow-Through (After-tax)	213	Page 16, -Line 16
7	Utility Income	53,677	Sum of Lines 3 through 6
8			
9	Equity Portion of Rate Base	567,564	Page 26, Line 13
10			
11	Achieved Before-Sharing ROE	9.457%	Line 7 / Line 9
12			
13	<u>After-Sharing Actual ROE</u>		
14			
15	Utility Income Before Taxes	98,767	Page 24, Line 2
16	Less: Earnings Sharing	(872)	Page 26.2, -Line 13
17	Less: Interest Expense	(41,096)	Page 24, Line 3
18	Less: Income Taxes	(4,207)	Page 24, -Line 15
19	Add: Flow-Through (After-tax)	213	Page 16, -Line 16
20	Utility Income	52,804	Sum of Lines 15 through 19
21			
22	Equity Portion of Rate Base	567,564	Page 26, Line 13
23			
24	Achieved After-Sharing ROE	9.304%	Line 20 / Line 22

FORTISBC INC
EMBEDDED COST OF LONG-TERM DEBT
FOR THE YEAR ENDED DECEMBER 31, 2020
(\$000)

Page 27

Line No.	Particulars	Issue Date	Maturity Date	Coupon Rate	Principal Amount of Issue	Average Principal Outstanding	Annual Cost	Average Embedded Cost
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Series G	28-Aug-1993	28-Aug-2023	8.800%	\$ 25,000	\$ 25,000	\$ 2,200	
2	Series I	1-Dec-1997	1-Dec-2021	7.810%	25,000	25,000	1,953	
3	Series 1 - 05	9-Nov-2005	9-Nov-2035	5.600%	100,000	100,000	5,600	
4	Series 1 - 07	4-Jul-2007	4-Jul-2047	5.900%	105,000	105,000	6,195	
5	MTN - 09	2-Jun-2009	2-Jun-2039	6.100%	105,000	105,000	6,405	
6	MTN - 10	24-Nov-2010	24-Nov-2050	5.000%	100,000	100,000	5,000	
7	MTN - 14	28-Oct-2014	28-Oct-2044	4.000%	200,000	200,000	8,000	
8	MTN - 17	4-Dec-2017	6-Dec-2049	3.620%	75,000	75,000	2,715	
9	MTN - 20	11-May-2020	11-May-2050	3.120%	75,000	48,000	1,498	
10	MID-YEAR LONG-TERM DEBT					<u>\$ 783,000</u>	<u>\$ 39,565</u>	<u>5.053%</u>

FORTISBC INC.

RECONCILIATION WITH FINANCIAL STATEMENTS
- NET EARNINGS/RATE BASE
FOR THE YEAR ENDED DECEMBER 31, 2020Page

28.1	Utility Income Before Interest and Income Taxes
28.2	Other Revenue
28.2	Depreciation and Amortization Expense
28.3	Operating and Maintenance Expense
28.3	Municipal and Other Taxes
28.4	Gross Margin
28.5	Net Plant in Service
28.6	Gross Plant in Service
28.7	Accumulated Depreciation
28.8	Deferred Charges

FORTISBC INC.
RECONCILIATION OF CONSOLIDATED STATEMENT OF EARNINGS
TO UTILITY INCOME BEFORE INTEREST AND INCOME TAXES
FOR THE YEAR ENDED DECEMBER 31, 2020
(\$000)

Line No.	Particulars	Account	Amount (\$000)	Reference

FORTISBC INC.
RECONCILIATION OF CONSOLIDATED STATEMENT OF EARNINGS
TO UTILITY INCOME BEFORE INTEREST AND INCOME TAXES
FOR THE YEAR ENDED DECEMBER 31, 2020
(\$000)

Line No.	Particulars	Account	Amount (\$000)	Reference

FORTISBC INC.
RECONCILIATION OF CONSOLIDATED STATEMENT OF EARNINGS
TO UTILITY INCOME BEFORE INTEREST AND INCOME TAXES
FOR THE YEAR ENDED DECEMBER 31, 2020
(\$000)

Line No.	Particulars	Account	Amount (\$000)	Reference

[REDACTED]

FORTISBC INC.
RECONCILIATION OF CONSOLIDATED BALANCE SHEET
TO UTILITY NET PLANT IN SERVICE, ENDING
FOR THE YEAR ENDED DECEMBER 31, 2020
(\$000)

Line No.	Particulars	Account	Amount (\$000)	Reference

FORTISBC INC.
RECONCILIATION OF CONSOLIDATED BALANCE SHEET
TO UTILITY NET PLANT IN SERVICE, ENDING
FOR THE YEAR ENDED DECEMBER 31, 2020
(\$000)

Line No.	Particulars	Account	Amount (\$000)	Reference

Page 28.7

FORTISBC INC.
RECONCILIATION OF UTILITY DEFERRED CHARGES
TO CONSOLIDATED DEFERRALS IN THE BALANCE SHEET
DECEMBER 31, 2020
(\$000)

Line No.	Particulars	Account	Amount (\$000)	Reference

EXECUTIVE SUMMARY
DIRECTORS, OFFICERS AND SHAREHOLDERS
AS AT DECEMBER 31, 2020

DIRECTORS

NAME AND RESIDENCE	PRINCIPAL OCCUPATION	ROLE ON BOARD
Tracey C. Ball British Columbia, Canada	Corporate Director	Audit Committee
Peter Blake British Columbia, Canada	Corporate Director	Audit Committee
Michelle Corfield British Columbia, Canada	Chief Executive Officer of Corfield & Associates Consulting Services; Consultant	Governance Committee
Roger A. Dall'Antonia British Columbia, Canada	President & Chief Executive Officer, FortisBC Inc. and FortisBC Energy Inc.	
David G. Hutchens Arizona, USA	Chief Operating Officer of Fortis Inc.	Audit Committee
K.M. Tracy Medve British Columbia, Canada	President of KF Aerospace Group of Companies	Chair of the Board, Governance Committee
Michael L. Mosher Alberta, Canada	President & Chief Executive Officer, FortisAlberta Inc.	Governance Committee
Douglas G. Pearce British Columbia, Canada	Corporate Director	Audit Committee
Barry V. Perry Newfoundland and Labrador, Canada	President & Chief Executive Officer of Fortis Inc.	Governance Committee
Jocelyn H. Perry Newfoundland and Labrador, Canada	Chief Financial Officer of Fortis Inc.	Audit Committee
Christopher F. Scott British Columbia, Canada	Corporate Director; additionally Consultant to Indigenous Bands; additionally Owner/Operator of Premium Varietal Vineyard	Governance Committee
Janet P. Woodruff British Columbia, Canada	Corporate Director	Audit Committee

DIRECTORS, OFFICERS AND SHAREHOLDERS

AS AT DECEMBER 31, 2020

OFFICERS

Roger A. Dall'Antonia	FortisBC Inc. 16705 Fraser Highway Surrey, BC V4N 0E8	President & Chief Executive Officer
Doyle Sam	FortisBC Inc. Suite 100 – 1975 Springfield Road Kelowna, BC V1Y 7V7	Executive Vice President, Operations & Engineering
Jody D. Drope	FortisBC Inc. 16705 Fraser Highway Surrey, BC V4N 0E8	Vice President, Human Resources & Environment, Health and Safety
Michael A. Leclair	FortisBC Inc. 16705 Fraser Highway Surrey, BC V4N 0E8	Vice President, Major Projects
Ian G. Lorimer	FortisBC Inc. Suite 100 – 1975 Springfield Road Kelowna, BC V1Y 7V7	Vice President, Finance & Chief Financial Officer
Dawn M. Mehrer	FortisBC Inc. 16705 Fraser Highway Surrey, BC V4N 0E8	Vice President, Customer Service and Information Systems
Diane E. Roy	FortisBC Inc. 16705 Fraser Highway Surrey, BC V4N 0E8	Vice President, Regulatory Affairs
Douglas M. Slater	FortisBC Inc. 16705 Fraser Highway Surrey, BC V4N 0E8	Vice President, External and Indigenous Relations
Douglas L. Stout ¹	FortisBC Inc. 16705 Fraser Highway Surrey, BC V4N 0E8	Vice President, Market Development & External Relations
Dennis A. Swanson ²	FortisBC Inc. 16705 Fraser Highway Surrey, BC V4N 0E8	Vice President, Energy Supply & Resource Development
Monic D. Pratch	FortisBC Inc. Suite 100 – 1975 Springfield Road Kelowna, BC V1Y 7V7	Director, Governance & Corporate Compliance, Corporate Secretary & Senior Counsel
Debra G. Nelson	FortisBC Inc. 10th Floor – 1111 West Georgia Street Vancouver, BC V6E 4M3	Assistant Corporate Secretary and Manager, Corporate Compliance and Secretariat

SHAREHOLDERS

FortisBC Pacific Holdings Inc.	100% Common stock
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¹ Douglas L. Stout ceased as an Officer on December 31, 2020

² Dennis A. Swanson ceased as an Officer on July 10, 2020

OPERATING AREA AND UTILITY PLANT DETAIL

AS AT DECEMBER 31, 2020

OPERATING AREA

Trail, Warfield, Rossland, Fruitvale, Montrose, Christina Lake, Grand Forks, Greenwood, Midway, Rock Creek, Westbridge, Beaverdell, Osoyoos, Oliver, Cawston, Keremeos, Hedley, Coalmont, Tulameen, Princeton, Penticton, Naramata, Summerland, Okanagan Falls, Kelowna, Castlegar, South Slokan, Slokan, Crawford Bay, Creston, Kaslo, Salmo, Nelson, all within the Province of British Columbia.

PRODUCTION PLANT – HYDRAULIC

Site	Voltage	Cycles	Nameplate Rating (kVA)
Lower Bonnington	7,200	60	60,000
Upper Bonnington	2,300/7,200	60	79,400
South Slokan	7,200	60	72,000
Corra Linn	7,200	60	60,000

TRANSMISSION PLANT

Line Length (kilometers)

Area	63 kV	132/138 kV	161 kV	230 kV	Total
Boundary	83.1	0.0	103.3	0.0	186.4
Creston	85.0	0.0	0.0	0.0	85.0
Kelowna	0.4	119.5	0.0	114.0	233.9
Kootenay	370.2	0.0	22.6	50.3	443.1
Similkameen	0.0	91.4	0.0	0.0	91.4
South Okanagan	123.2	11.5	16.5	98.5	249.7
Total	661.9	222.4	142.4	262.8	1,289.5

Terminal Transformers

Rating (MVA)	Quantity
22.4/30	3
45/60	1
60/80	2
56/75	1
60/80/100	2
90/120/150	1
90/120/150/168	1
100/134/168	3
120/160/200	4
150/200/250	2
Total Base Capacity	1,609 MVA

OPERATING AREA AND UTILITY PLANT DETAIL
AS AT DECEMBER 31, 2020

DISTRIBUTION PLANT
Line Length (kilometres)

	1 Phase		2 Phase		3 Phase		Total
	OH	UG	OH	UG	OH	UG	
Boundary	464.2	10.5	25.1	0.0	342.0	2.5	844.3
Creston	355.0	17.3	8.6	0.0	278.5	3.8	663.2
Kelowna	431.7	376.8	15.8	2.3	354.1	411.0	1,591.7
Kootenay	688.5	40.6	16.4	0.1	430.7	24.2	1,200.5
Similkameen	294.9	19.0	22.4	0.0	394.9	7.1	738.3
South Okanagan	465.1	93.3	42.3	0.1	369.3	36.9	1,007.0
Total	2,699.4	557.5	130.6	2.5	2,169.5	485.5	6,045.0

OH = Overhead UG = Underground

Distribution Transformers (HV < 60 kV)

Rating (kVA)	Overhead		Underground		Total	
	Quantity	Capacity (kVA)	Quantity	Capacity (kVA)	Quantity	Capacity (kVA)
0-100	31,118	1,001,950	5,718	425,159	36,836	1,427,109
101-500	90	16,033	1,720	528,395	1,810	544,428
>500	11	15,000	296	332,750	307	347,750
Total	31,219	1,032,983	7,734	1,286,304	38,953	2,319,287

Distribution Substation (HV > 60 kV)

Rating (kVA)	Quantity	Rating (kVA)	Quantity
500	3	11,200	1
1,500	4	11,250	9
2,000	1	12,000	8
2,800	3	13,400	1
3,750	1	13,500	1
4,500	1	16,000	2
5,000	1	24,000	23
6,000	4	28,500	1
7,500	5	30,000	2
10,000	5	31,500	1
		1,058,000	77

IMPORTANT CHANGES DURING THE YEAR

MAJOR CAPITAL PROJECTS

Upper Bonnington Old Units Refurbishment Project

The Upper Bonnington Old Units Refurbishment Project (the UBO Project) was approved by Order G-8-17 on January 20, 2017. The UBO Project involves the replacement or refurbishment of various components of four of the generation plant's six units, which are at end of life and can no longer be operated in a safe, reliable, and environmentally responsible manner. The UBO Project, which will be executed over the period 2017-2021, will extend the productive life of the Old Units for the next twenty years or more.

In 2020, the UBO Project completed the refurbishment of Unit 2. The dismantling of Unit 2 began in Q1 of 2020 and the unit was successfully returned to service in December 2020. The balance of plant scopes of work began in December of 2020 and are scheduled to be completed in 2021.

Corra Linn Dam Spillway Gate Replacement

The Corra Linn Dam Spillway Gate Replacement Project (the Corra Linn Project) was approved by Order C-1-17 on February 7, 2017. Project components include the replacement of the 14 existing spillway gates at the Corra Linn Dam, the reinforcement of the existing towers and bridges, refurbishment of the existing gate hoists, and the replacement of the existing embedded parts.

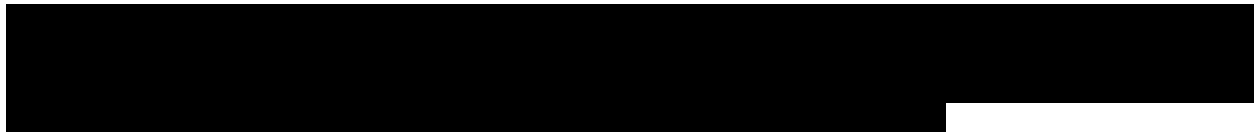
In 2020, spillway gates 6 through 11 were completed, including the replacement of embedded components. The required replacement of the embedded components added scope to the project and extended the project schedule. An additional cofferdam was procured which allows work to progress on four spillway gates instead of three. In Q3 2020, the fourth cofferdam isolated spillway gate 5 and work commenced to replace the embedded components and spillway gate. In Q4 2020, cofferdams were installed in spillway gates 12, 13, and 14 and work commenced on the replacement of embedded components and spillway gates. Additionally in 2020, reinforcement of the existing towers and bridges was completed, and the refurbishment gate hoist number 2 commenced.

Grand Forks Terminal (GFT) Station Reliability Project

The GFT Station Reliability Project was approved by Order C-2-19 on July 25, 2019. It involves the installation of a second transformer at GFT and the removal of 44.6 km of transmission line between Christina Lake and Rossland.

In 2020, the civil, physical, and electrical scope of work for the GFT T2 transformer and associated equipment was completed. Completion of the remaining station work, including energization of the GFT 1 and GFT 2 transformers will continue in 2021. The reconfiguration and salvage of the transmission line will also commence in 2021.

HUMAN RESOURCES



COMPANY PROFILE
FOR THE YEAR ENDING DECEMBER 31, 2020

[illegible]

FORTISBC INC.

DECLARATION

I, Ian G. Lorimer, do hereby certify:

1. That I am Vice President, Finance & CFO of FortisBC Inc. with its Head Office at Suite 100, 1975 Springfield Road, Kelowna, British Columbia.
2. That I have examined the content of this report and the information set out herein is complete and accurate, to the best of my knowledge, information and belief. I have read and understand Sections 106 and 109.1 to 109.8 of the *Utilities Commission Act*.
3. That I confirm the Utility's compliance with the BCUC's financial directions contained in Decisions and Orders.

Original signed:

Ian G. Lorimer,
Vice President, Finance & CFO

Name, title and address of officer or other person to whom any questions concerning this report should be addressed:

Diane Roy,
Vice President, Regulatory Affairs

FortisBC Inc.
16705 Fraser Highway
Surrey, BC
V4N 0E8

FORTISBC INC.
BRITISH COLUMBIA UTILITIES COMMISSION
LETTER NO. L-36-94 / L-45-15, DIRECTION NO. 1

Direction No. 1

In the years when a Long Term Resource Plan is not filed, the section 45(6) filings of capital budget statements and system plans should be made in the Annual Report to the Commission.

Response

FBC provides forward-looking information, including information on capital budgets and system plans, in its Annual Review filings with the BCUC.

FORTISBC INC.
BRITISH COLUMBIA UTILITIES COMMISSION
LETTER NO. L-36-94 / L-45-15, DIRECTION NO. 2

Direction No. 2

A detailed comparison between forecast and actual results for all completed or in progress capital projects above the utility's materiality limit. For capital projects with ongoing reporting, the explanation may refer to those reports. For capital projects below the utility's materiality limit, a summary report showing forecast and actual is required.

Response

An analysis of significant projects completed during 2020 and of significant projects in work in progress as at December 31, 2020 is included under Tab 1, Pages 4, 5 and 5.1 of this report.

FORTISBC INC.
BRITISH COLUMBIA UTILITIES COMMISSION
LETTER NO. L-36-94 / L-45-15, DIRECTION NO. 3

Direction No. 3

Copies of income tax assessment and reassessment notices pertaining to utility business.

Response

Please see attached pages.



Summerside PE C1N 6A2

0005196

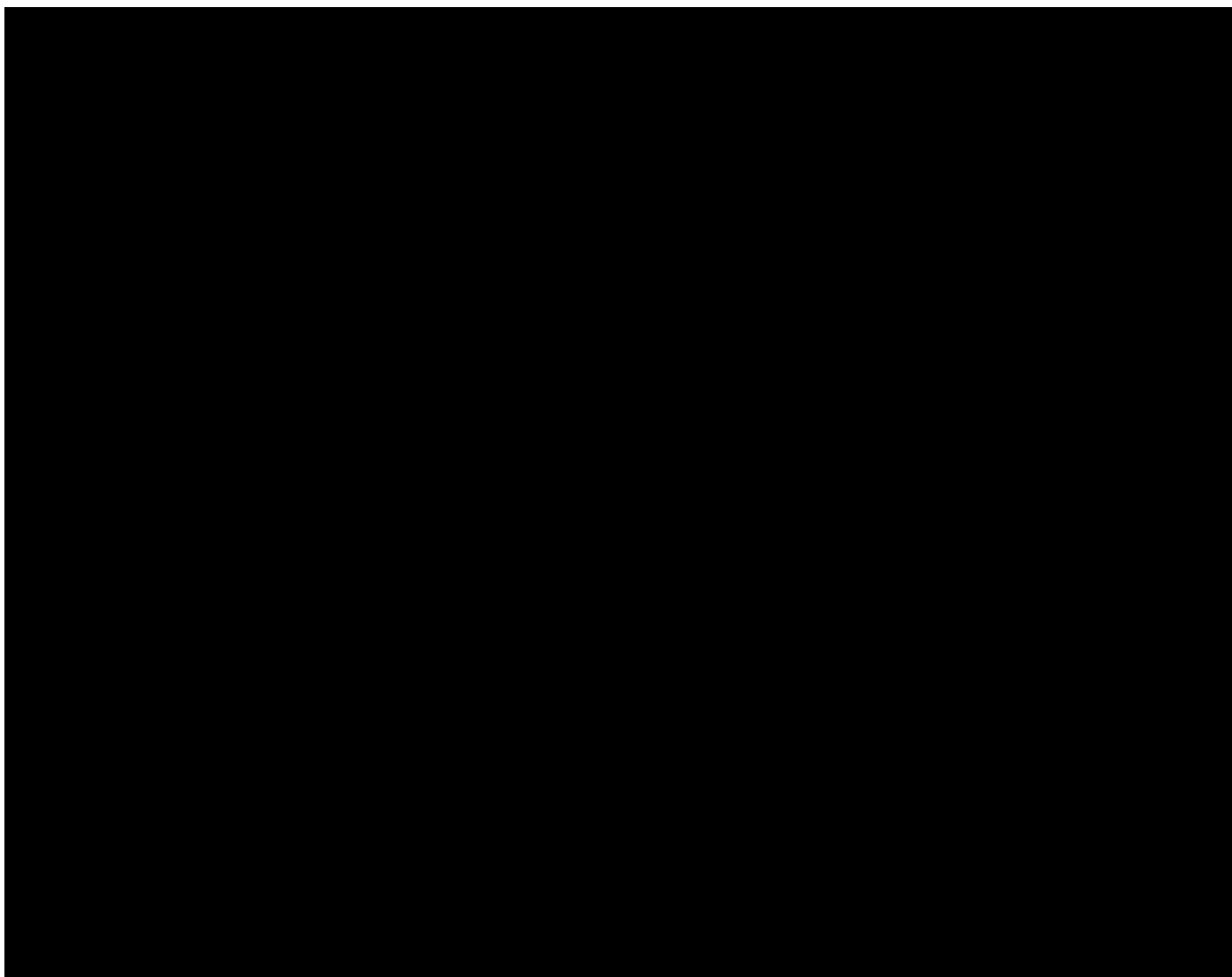
Notice details

Business number	10564 5642 RC0001
------------------------	-------------------

Date issued	Aug 7, 2020
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FORTISBC INC.
SUITE 100
1975 SPRINGFIELD ROAD
KELOWNA BC V1Y 7V7

Corporation income tax assessment





Summerside PE C1N 6A2

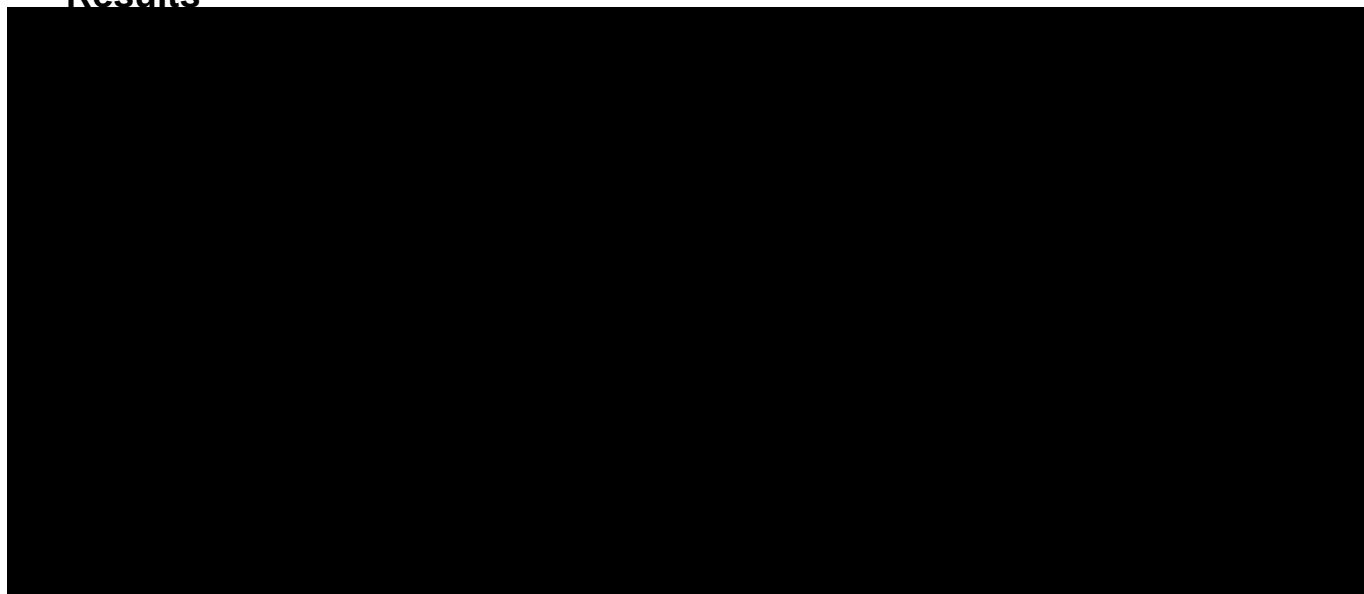
FORTISBC INC.
SUITE 100
1975 SPRINGFIELD ROAD
KELOWNA BC V1Y 7V7

Notice details

Business number	10564 5642 RC0001
Tax year-end	Dec 31, 2019
Date issued	Aug 7, 2020

Corporation notice of assessment

Results



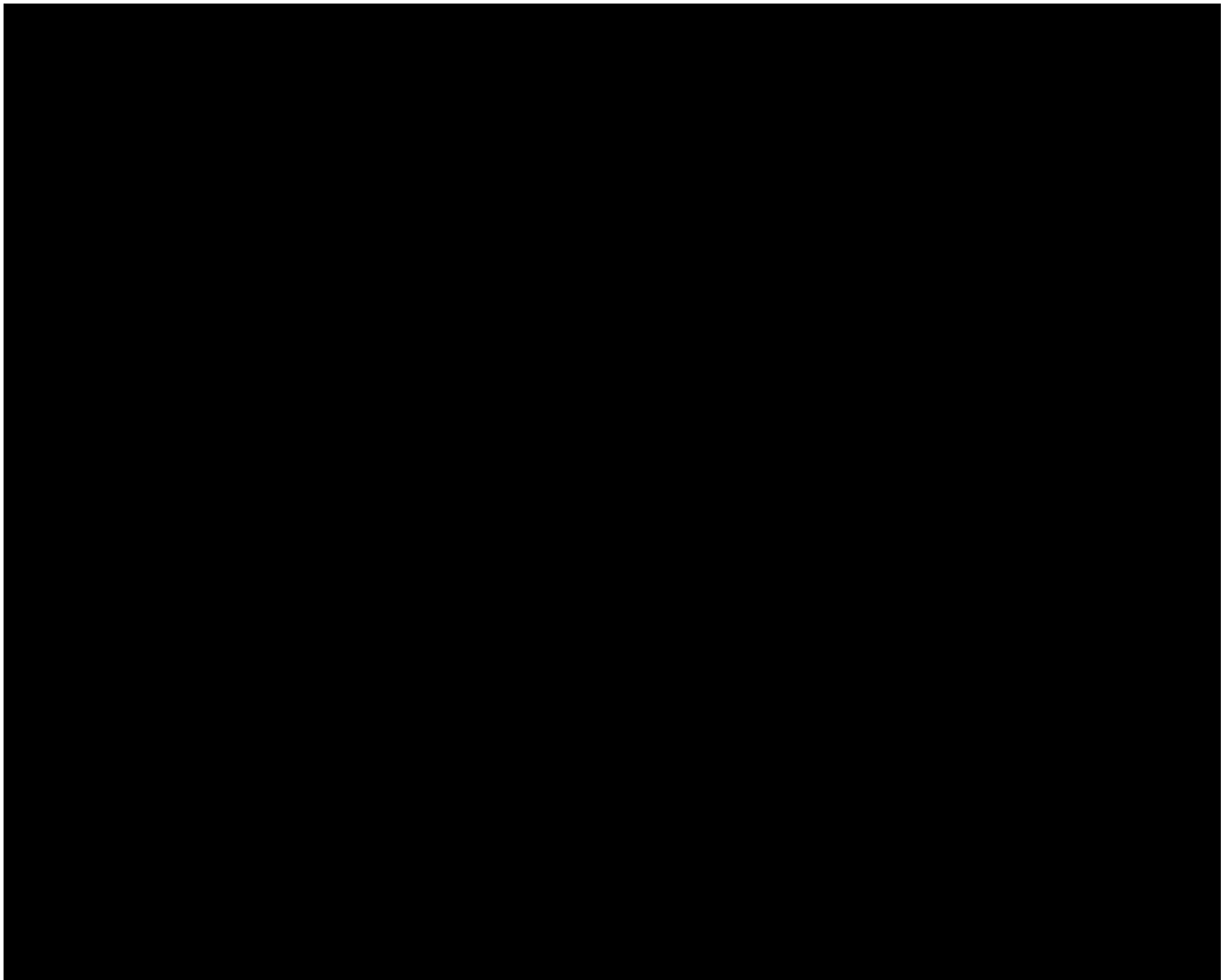
FORTISBC INC.

Notice details

Business number	10564 5642 RC0001
Tax year-end	Dec 31, 2019
Date issued	Aug 7, 2020

Summary

Description	\$ Reported CR	\$ Assessed CR
--------------------	-----------------------	-----------------------



More information

If you need more information, go to canada.ca/en/services/taxes.

To see your latest account information, including payment transactions, go to canada.ca/my-cra-business-account.

If you have new or additional information and want to change your return, go to canada.ca/t2-return and select the topic "After you file your corporation income tax return." For faster service, submit your request electronically.

If you disagree with this assessment, go to canada.ca/t2-return and select the topic "After you file your corporation income tax return," and then "Resolving disputes." You have 90 days from the date of this notice to register your dispute.

Definitions

CR (credit) is the amount we owe you.

Help for persons with visual impairments

You can get this notice in braille, large print, or audio format. For more information about other formats, go to canada.ca/cra-multiple-formats.

My Business Account

Use **My Business Account** to see and manage your tax information online. Check your return balances, manage direct deposit and addresses, submit an enquiry, set up online mail, and more. To register for **My Business Account**, go to canada.ca/my-cra-business-account.

FORTISBC INC.
BRITISH COLUMBIA UTILITIES COMMISSION
LETTER NO. L-36-94 / L-45-15, DIRECTION NO. 4

Direction No. 4

A list of topics covered in the management letters.

Response

No management letter was issued regarding the 2020 year.

FORTISBC INC.
BRITISH COLUMBIA UTILITIES COMMISSION
LETTER NO. L-36-94 / L-45-15, DIRECTION NO. 5

Direction No. 5

A list of topics covered in the internal audit reports together with a brief description of each topic.

Response

See the attached letter dated February 1, 2021 by [REDACTED]
[REDACTED]

Response	Percentage
Yes, the U.S. should take action to address climate change	85%
No, the U.S. should not take action to address climate change	15%

RE: FortisBC Inc. 2020 Internal Audit Reports

As requested by the British Columbia Utilities Commission in letter No. L-45-15, we are pleased to provide a list of topics covered in the internal audit reports together with a brief description of each topic for FortisBC Inc. (See Appendix A).

Should the BCUC require additional information related to the contents of this report, please do not hesitate to contact me at the address or contact numbers provided above.

[REDACTED]

[REDACTED]

[REDACTED]

- 1. Financial Directions and Orders**
Review compliance with the financial directions contained in Decisions, Orders and Letters issued by the BCUC.
- 2. Anti-Fraud Program**
Assess the effectiveness of controls designed to mitigate the risk of potentially fraudulent actions that could materially affect the financial statements.
- 3. SOX 404 Compliance**
Test key internal controls over financial reporting for all in-scope business processes, IT general controls and entity level controls for annual SOX 404 Compliance. 2020 included 3-year rotational testing of the fleet fuel card program controls.
- 4. Executive Expenses**
Review expenses incurred by the executive management team for the current calendar year for reasonableness and compliance with Company policy.
- 5. Directors' Liabilities**
Review to ensure all payroll tax withholdings, sales taxes, corporate tax installments, WCB payments and Directors' and Officers' liability insurance premiums have been remitted in a timely manner.
- 6. Code of Conduct and Transfer Pricing Policy Review**
Assess effectiveness of key controls established to facilitate and ensure compliance with the Code of Conduct & Transfer Pricing Policy as approved by the BCUC, including awareness of the policy by all employees.
- 7. Cybersecurity**
Review three Information System-vendor System and Organization Controls (SOC2) reports, on behalf of Management, summarizing the conclusions therein to ensure the design and operating effectiveness of the vendors' cybersecurity controls meet FortisBC cybersecurity expectations.
- 8. Electric Vehicle Charging Revenue Recognition**
Review controls to ensure completeness and accuracy of EV charging revenue recognition outside regulated earnings per BCUC order.
- 9. IS Project Post-implementation Review – Benefits Realization**
Verify benefits realized since implementation to December 31, 2019 as stated in the business case for two in-scope system implementations. Review the existing IS project benefit realization process and provide best practice guidance.

FORTISBC INC.
BRITISH COLUMBIA UTILITIES COMMISSION
LETTER NO. L-36-94 / L-45-15, DIRECTION NO. 6

Direction No. 6

A reconciliation, prepared by the utility and attested to by a Company officer, of the utility's year-end financial statements to the shareholders compared to the Annual Report to the Commission.

Response

The financial statement reconciliation is included at Tab 3. The Officer's Declaration is found at Page 33.

FORTISBC INC.
BRITISH COLUMBIA UTILITIES COMMISSION
LETTER NO. L-36-94 / L-45-15, DIRECTION NO. 7

Direction No. 7

A report, prepared by the internal auditor or equivalent and attested to by a Company officer, which examines the utility's classification of certain expenditures, as specified by the Commission, according to a Uniform System of Accounting.

Response

The requested examination will be undertaken upon receipt of the BCUC's specifications of the accounts to be reviewed.

FORTISBC INC.
BRITISH COLUMBIA UTILITIES COMMISSION
LETTER NO. L-36-94 / L-45-15, DIRECTION NO. 8

Direction No. 8

A report, prepared by the internal auditor or equivalent and attested to by a Company officer, which confirms the utility's compliance with the Commission's financial directions contained in Decisions and Orders.

Response

See the attached letter dated April 6, 2021 by [REDACTED]
[REDACTED] The Officer's Declaration is found at Page 33.

[REDACTED]

April 6, 2021

British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, B.C.
V6Z 2N3

Attention: Mr. Patrick Wruck, Commission Secretary & Manager, Regulatory Support

Re: FortisBC Inc. (FBC) Compliance with the BCUC's Financial Directions Contained in Decisions, Orders and Letters

Dear Mr. Wruck:

As requested by the BCUC in letter No. L-45-15, Internal Audit has performed procedures in connection with FBC's compliance with the financial directions contained in Decisions, Orders and Letters issued by the BCUC.

We have independently identified the financial directions for examination using Decisions, Orders and Letters issued during 2020 as well as certain Decisions, Orders and Letters issued in previous years that relate to the 2020 year. For the purposes of this letter, "financial directions" include specific directions, instructions and orders issued by the BCUC relating to accounting practices and methodologies, and the filing of specific reports, studies and agreements.

Based on our review, nothing has come to our attention that indicates that FBC is not, in all material respects, in compliance with the financial directions contained within Decisions, Orders and Letters issued by the BCUC.

If further information is required, please contact the undersigned.

Sincerely,

FortisBC Inc.

[REDACTED]

[REDACTED]

[REDACTED]

FORTISBC INC.
BRITISH COLUMBIA UTILITIES COMMISSION
LETTER NO. L-14-95

Direction

The Commission requires the filing of executive compensation information as part of the Utility Annual Report to the Commission. For certain British Columbia utilities the information filed should be consistent with the annual filing requirements of the Ontario Securities Commission ("OSC").

Response

The following table sets forth information concerning the compensation earned for services rendered in respect of each of the individuals who served as the President & CEO, the Vice President, Finance & CFO and the Corporation's other most highly compensated executive officer during the most recently completed financial year.

Name and Position	Year	Salary ⁽¹⁾	Bonus ⁽²⁾	Value of all other compensation ⁽³⁾
Roger A. Dall'Antonia President & CEO, Director ⁽⁴⁾⁽⁵⁾	2020	\$610,000	\$660,000	\$211,496
Ian G. Lorimer Vice President, Finance & CFO ⁽⁵⁾	2020	\$371,500	\$210,000	\$123,567
Doyle Sam Executive Vice President, Operations & Engineering ⁽⁶⁾	2020	\$391,000	\$300,000	\$105,826

Notes:

- (1) Represents the annual salary for the Named Executive Officers.
- (2) Represents performance bonus and amounts awarded under the Corporation's short-term non-equity incentive program in recognition of FEI and FBC's respective corporate performances and the individual's performance for the reported year and paid in the following year.
- (3) Includes, where applicable the aggregate of amounts paid by FEI or FBC for (i) payment in lieu of vacation, (ii) the dollar value of insurance premiums paid by the Corporation with respect to term life insurance, (iii) 10 per cent match by the Corporation on contributions made to purchase Fortis Common Shares through the Employee Share Purchase Plan (ESPP), (iv) interest benefit from ESPP loans, and (v) all compensation paid or accrued to Named Executive Officers relating to defined contribution pension plans, including contributions to the Named Executive Officer's self-directed RRSP and SERP. Perquisites are not disclosed as they did not exceed the minimum disclosure threshold of the lesser of 10 per cent of the total annual salary of the Named Executive Officer.
- (4) In addition to his role of President and CEO, Mr. Dall'Antonia also held the position of Director for which no additional compensation was earned or received.
- (5) Amounts reported represent amounts paid by FEI for Mr. Dall'Antonia's and Mr. Lorimer's service to FBC and other FortisBC companies. FBC proportionately reimburses FEI for their services.
- (6) Amounts reported represent amounts payable by FBC for Mr. Sam's service to FEI, FHI. FEI proportionately reimburses FBC for Mr. Sam's service.

FORTISBC INC.
BRITISH COLUMBIA UTILITIES COMMISSION
LETTER NO. L-65-20

Direction

The BCUC instructs the regulated public utilities under its jurisdiction to provide the following Capital Expenditures table in their Annual Reports, pursuant to sections 24 and 45 of the UCA.

Response

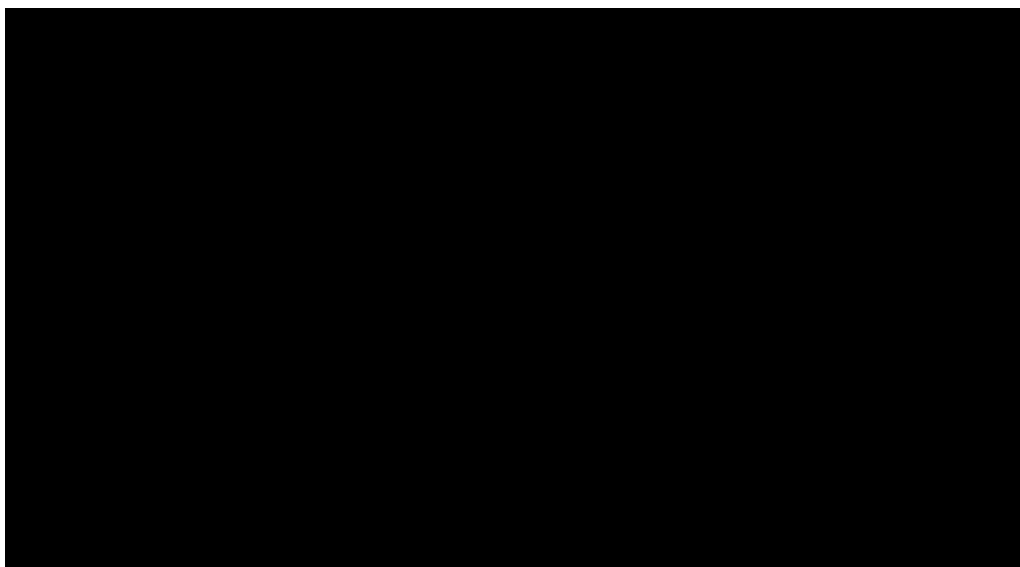
The requested table is provided below.

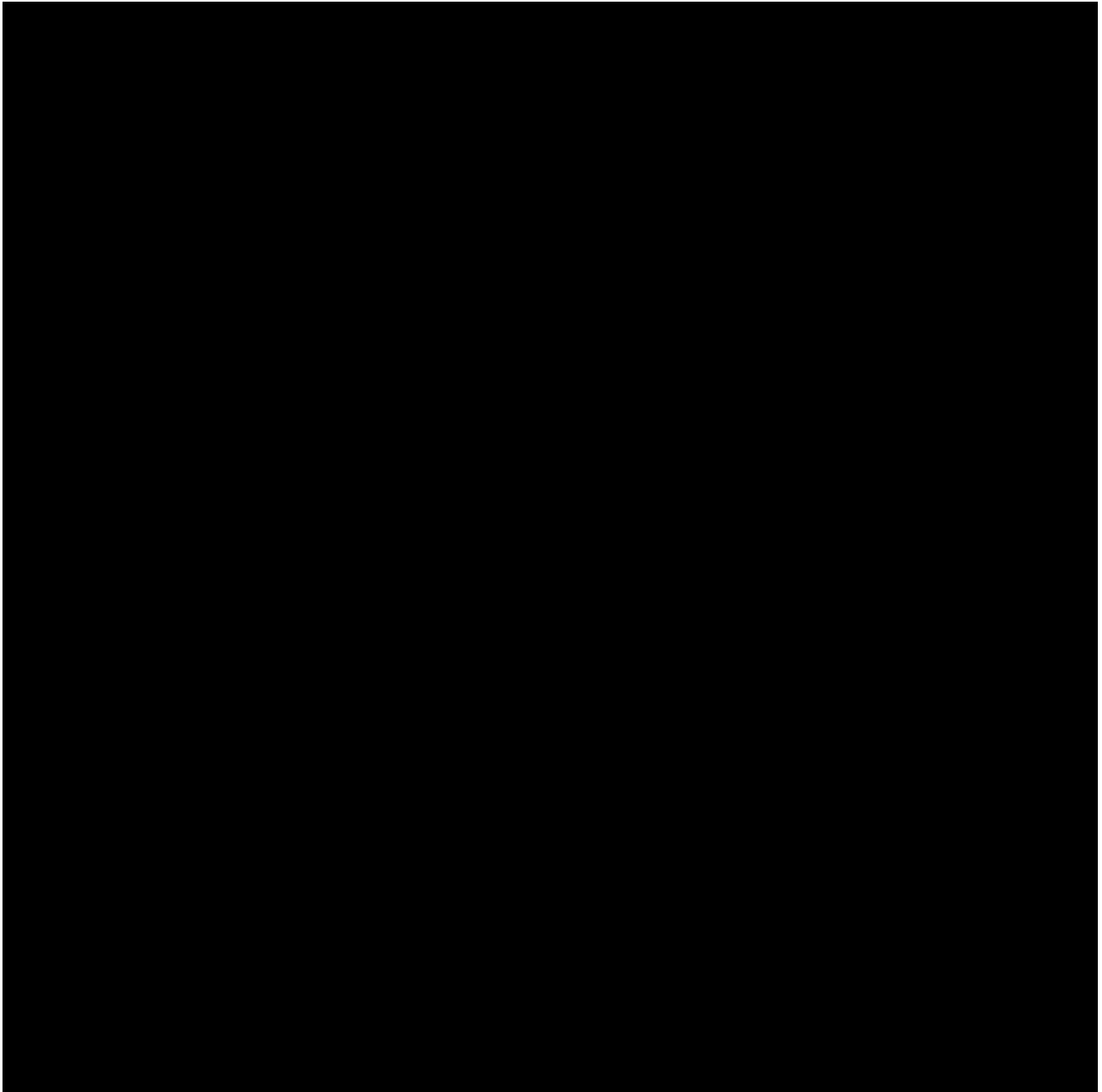
	Capital Expenditures (\$000)				
	Forecast 2020	Actual 2020	2020 Variance	Forecast 2021	Forecast 2022
	(a)	(b)	(a)-(b)=(c)	(d)	(e)
CPCN	27,341	23,049	4,292	21,938	N/A
System Extensions	27,029	28,799	(1,770)	23,042	N/A
Other Capital	66,215	63,361	2,854	64,531	N/A
Total	\$ 120,585	\$ 115,209	\$ 5,376	\$ 109,511	N/A

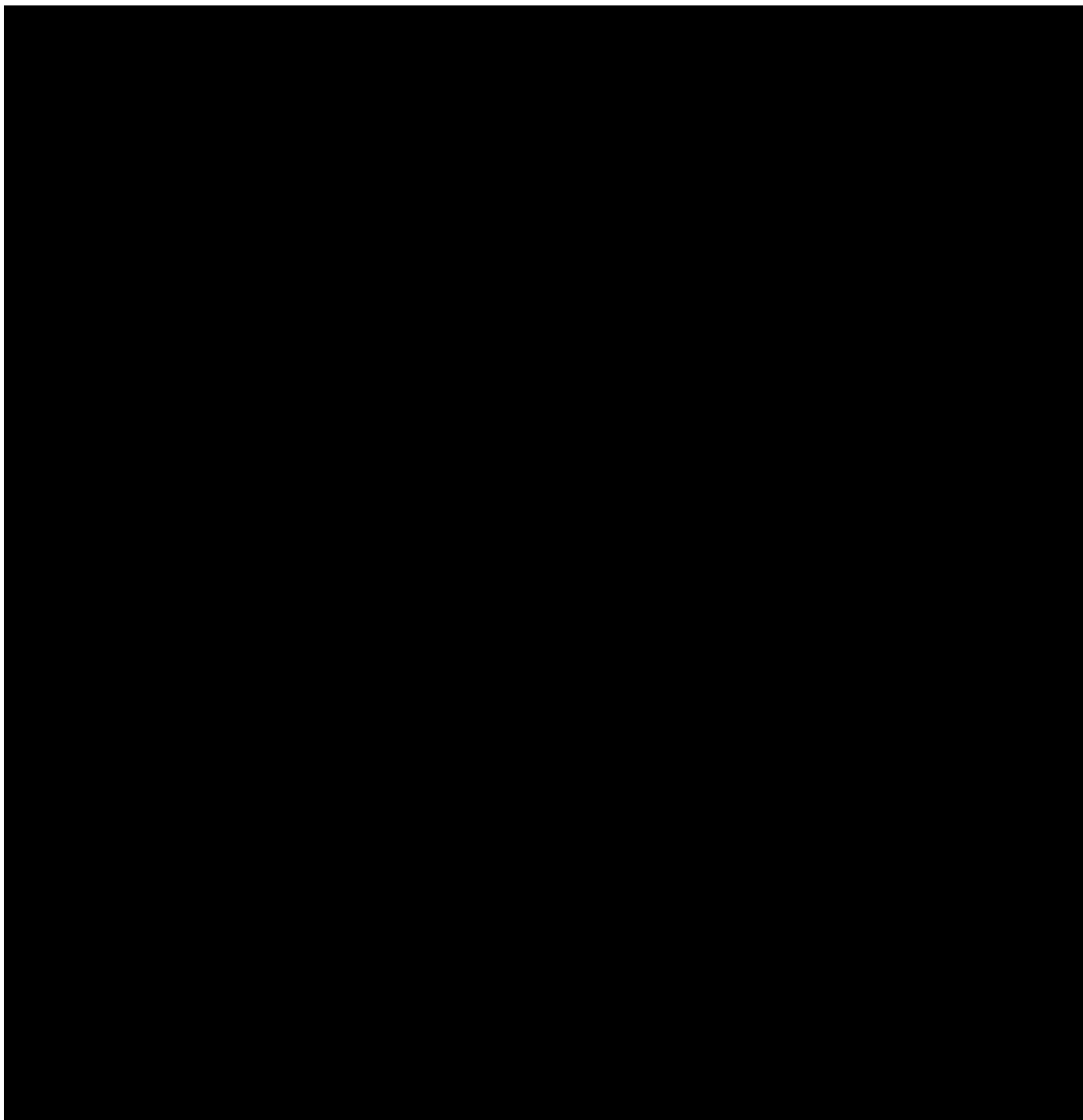
Note: The above amounts exclude AFUDC. Forecast 2022 amounts will be provided in the FBC Annual Review for 2022 Rates.

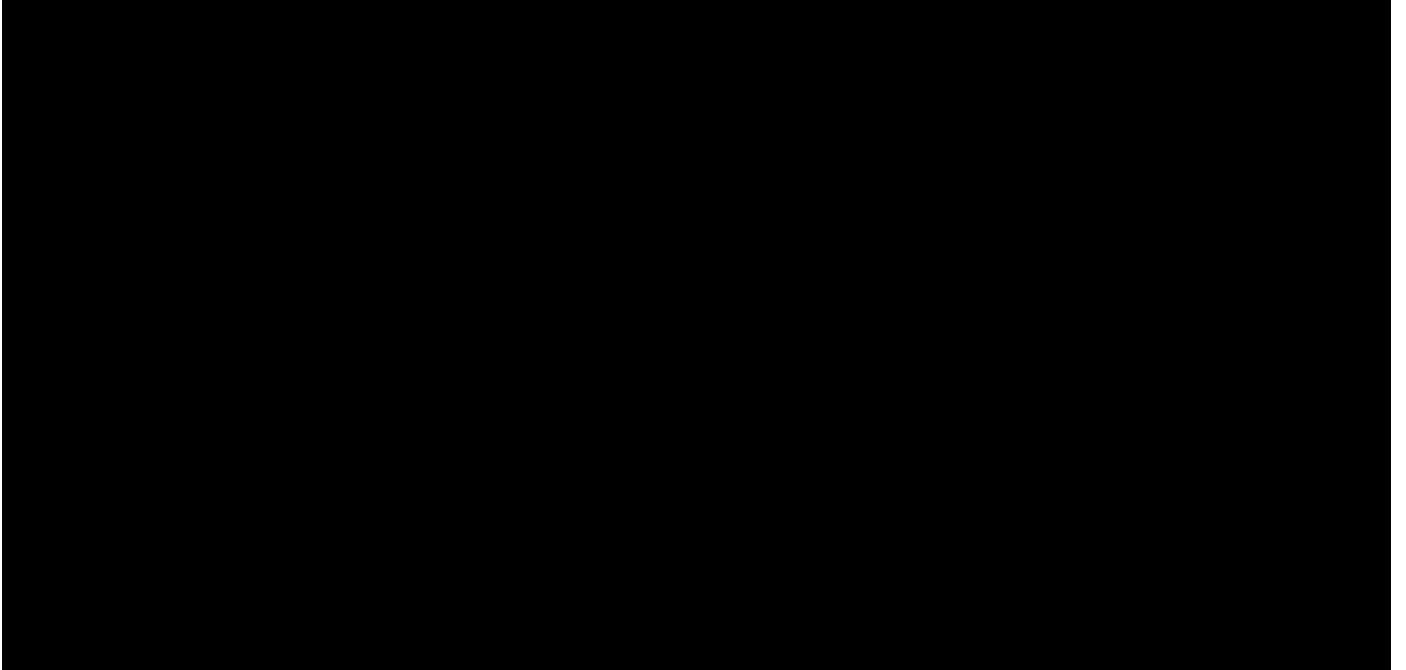


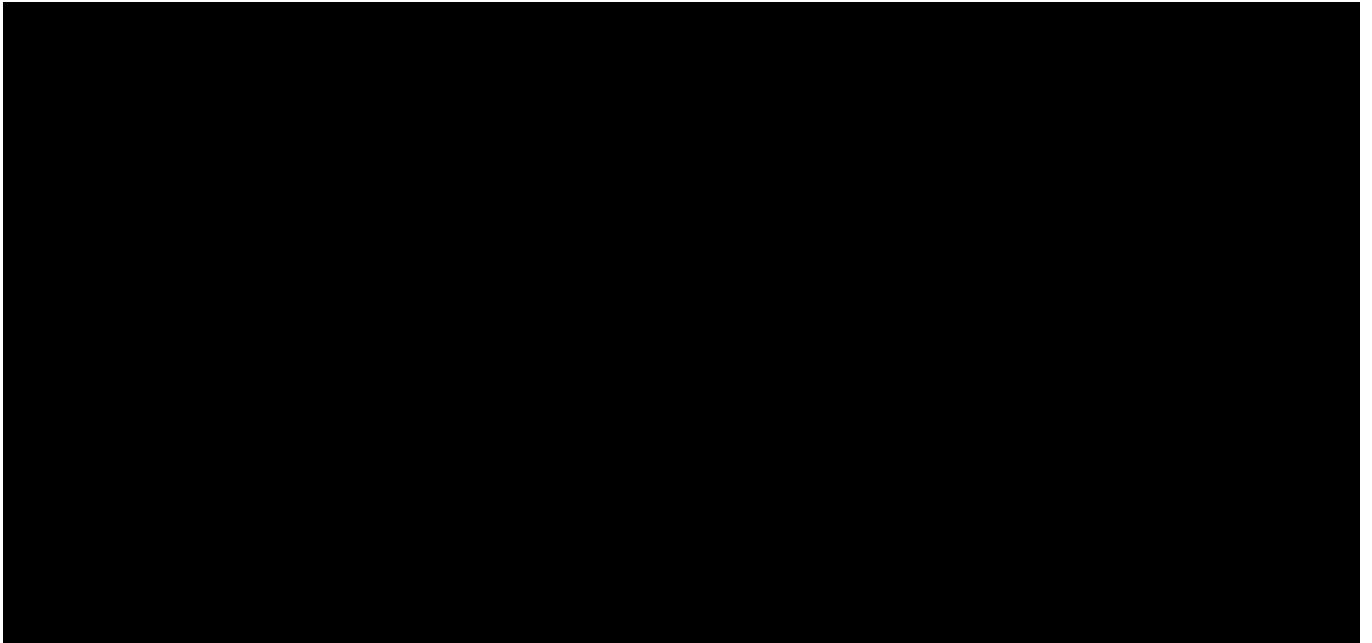
FORTISBC INC.

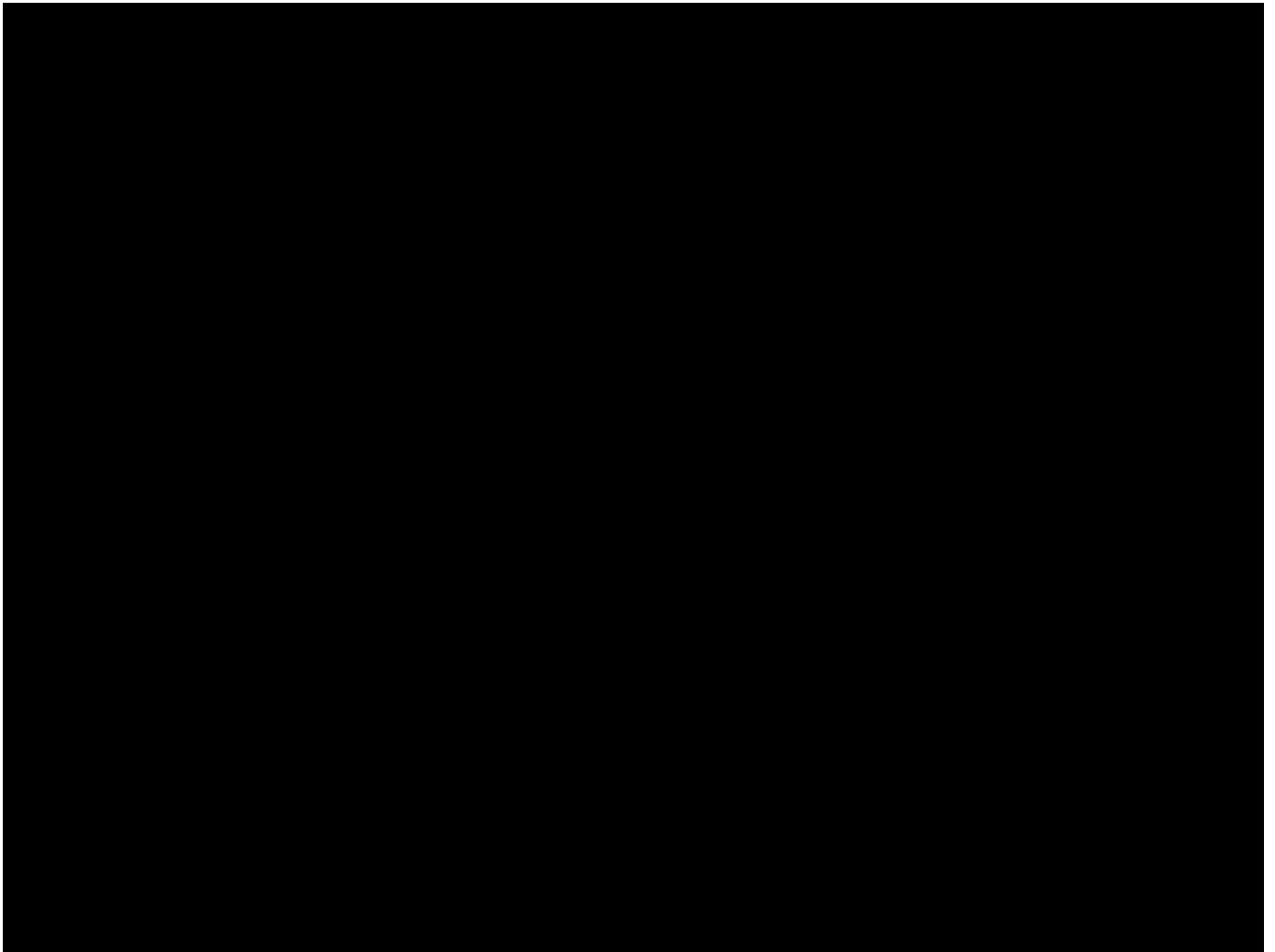


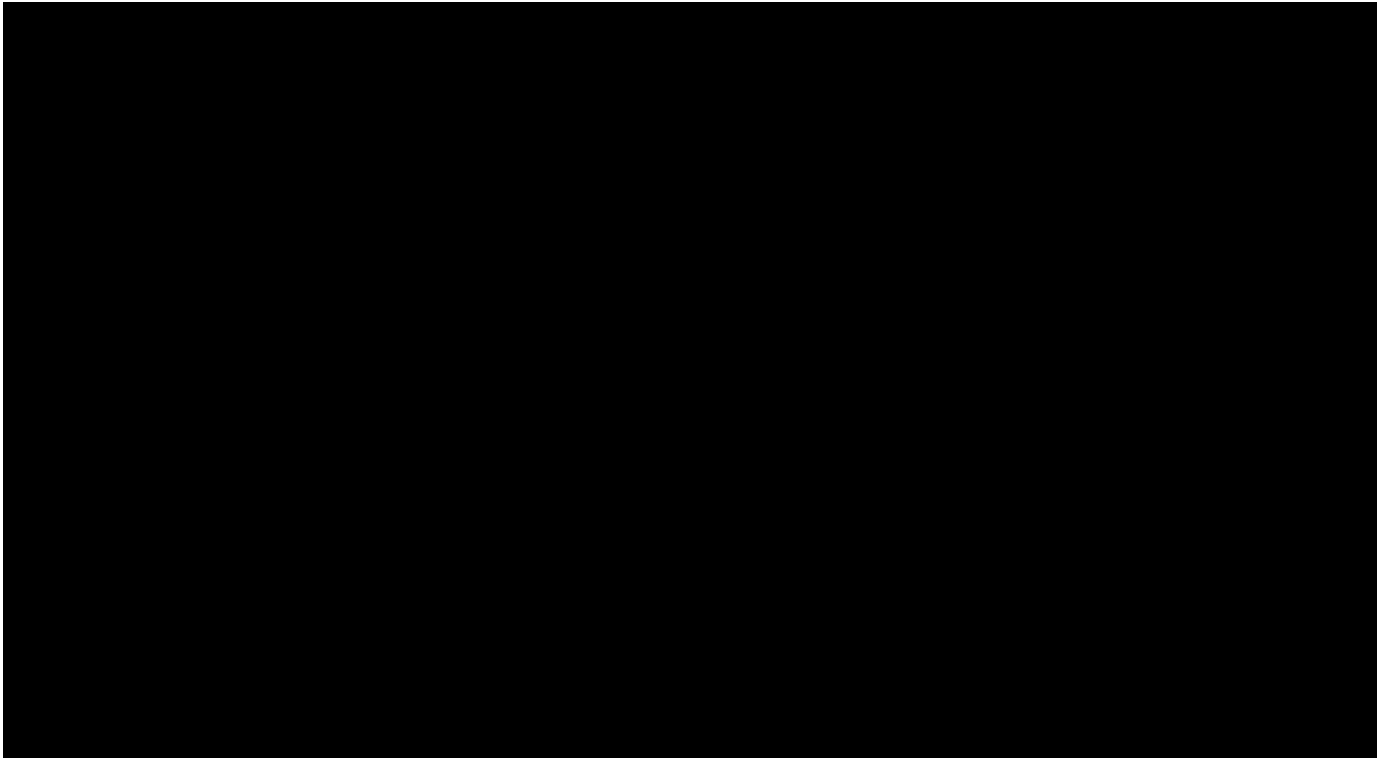


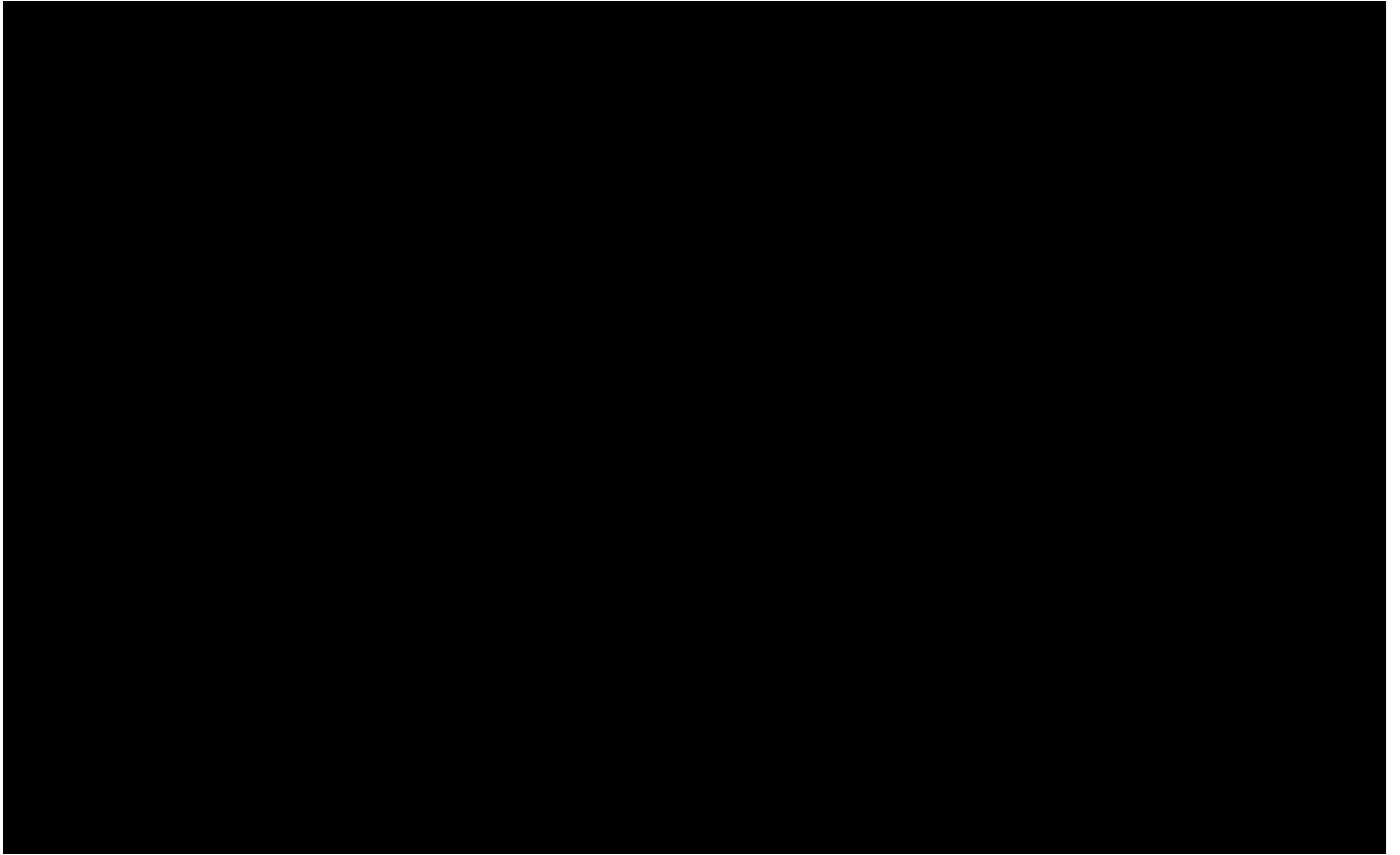


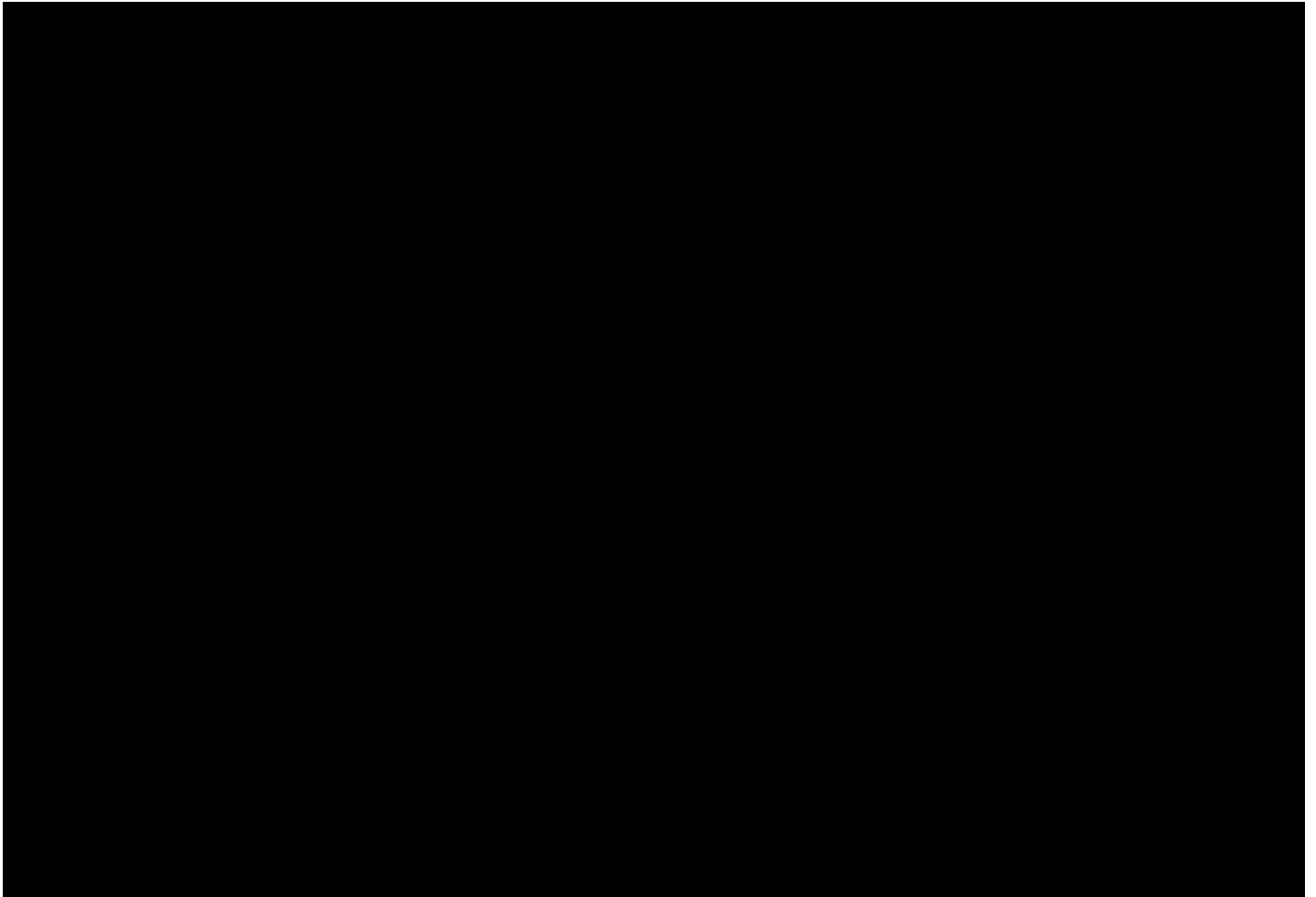


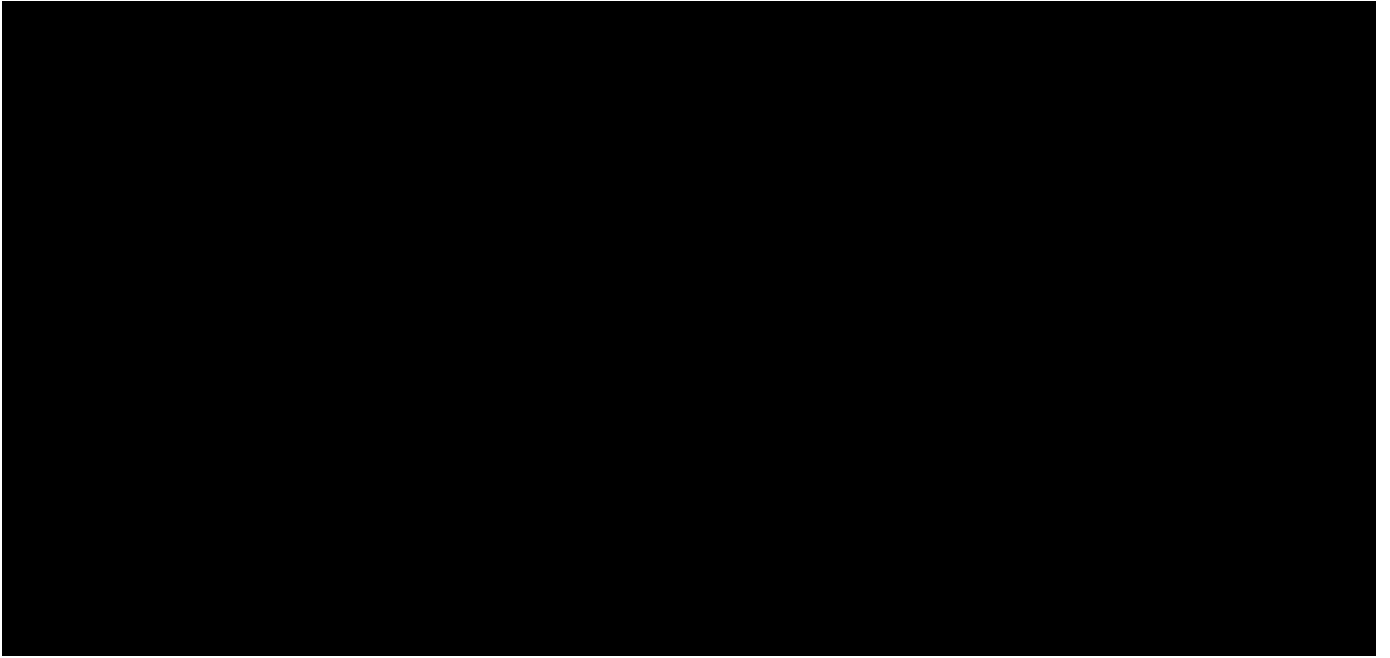


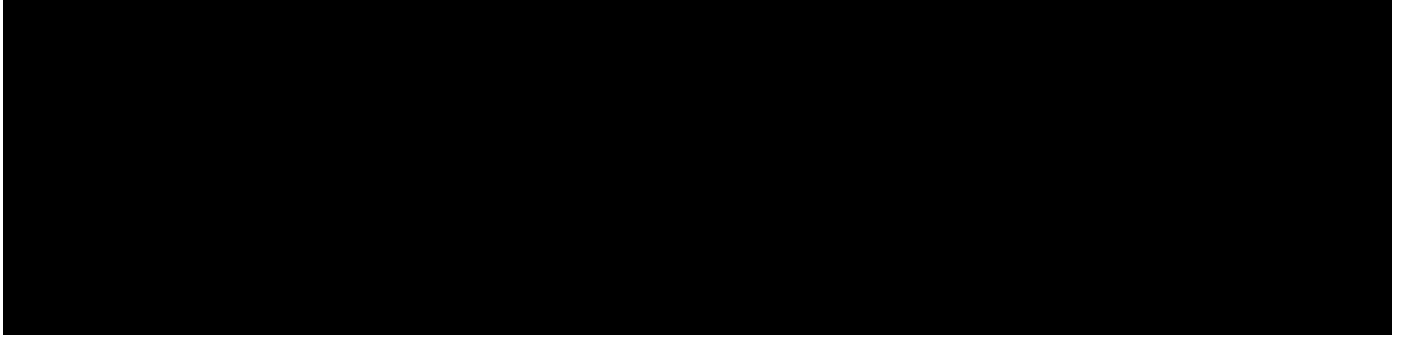


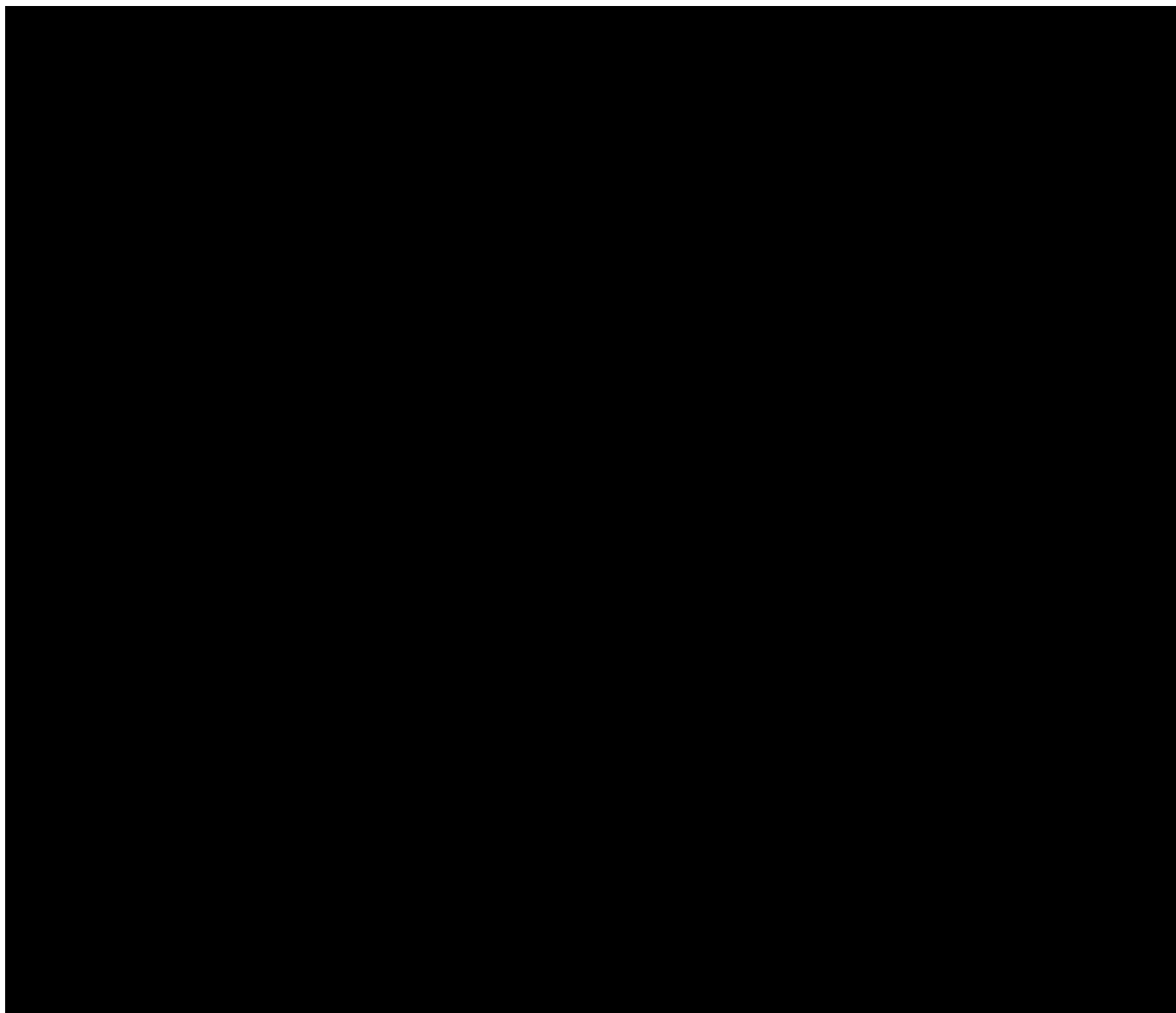


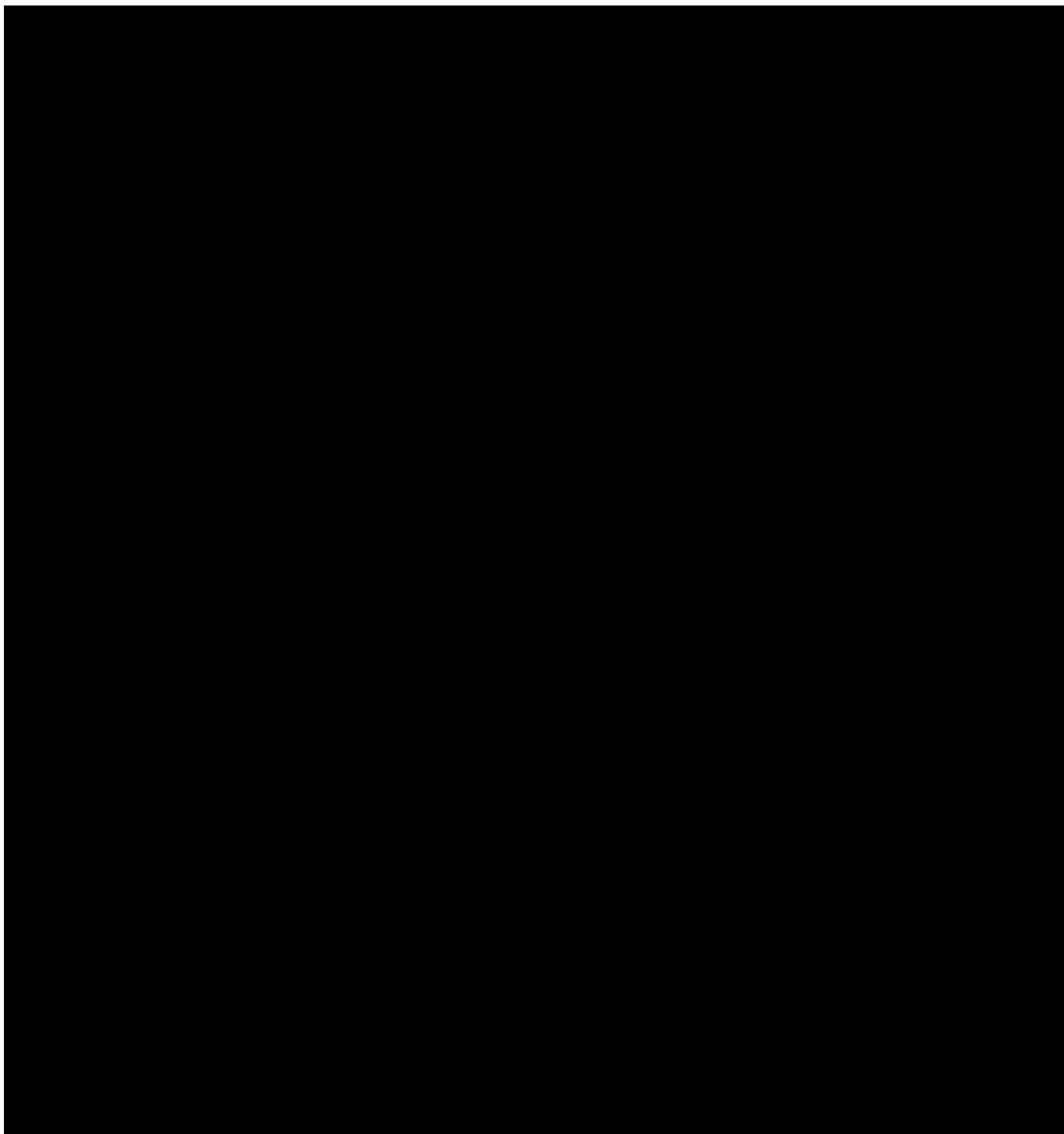


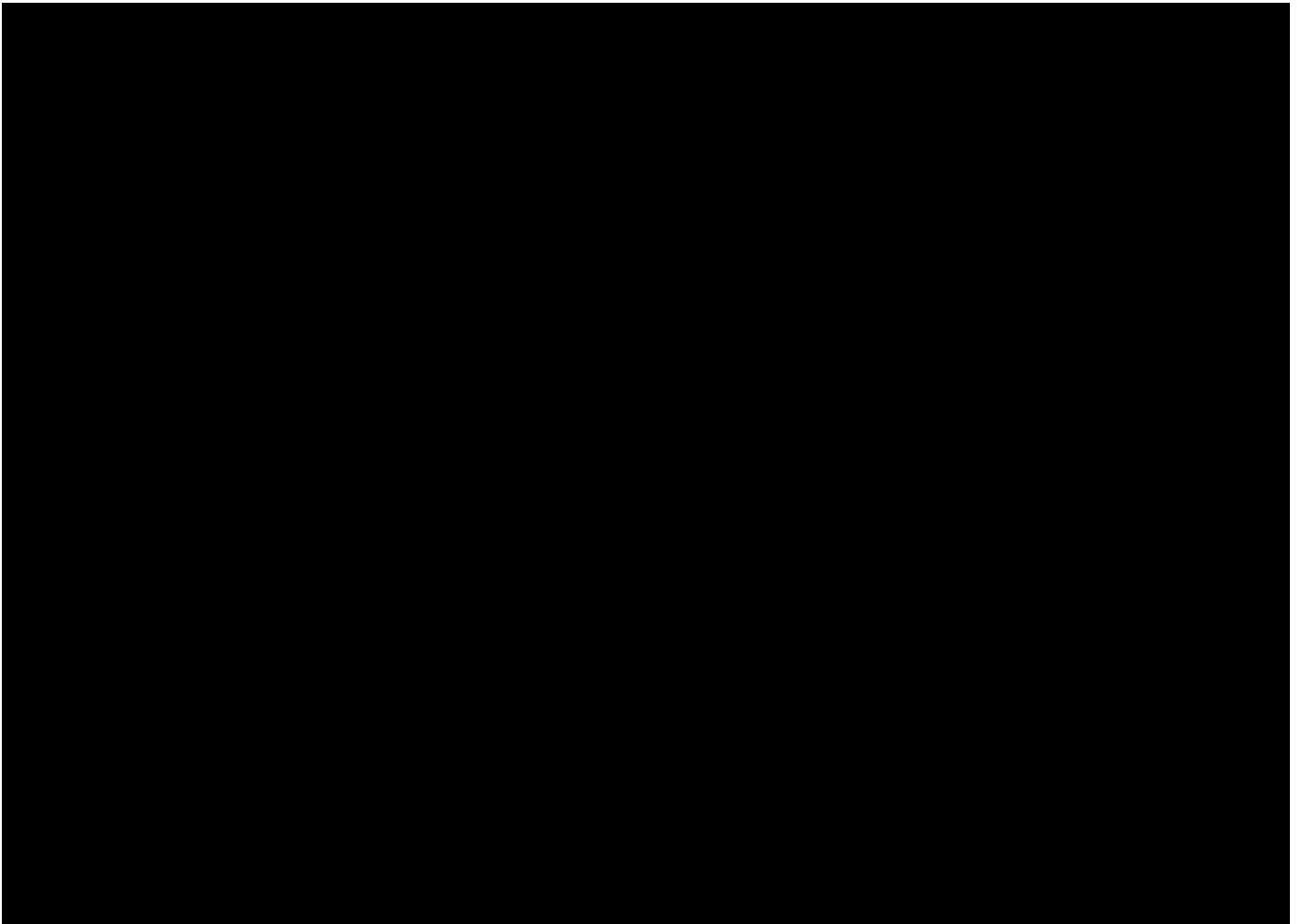


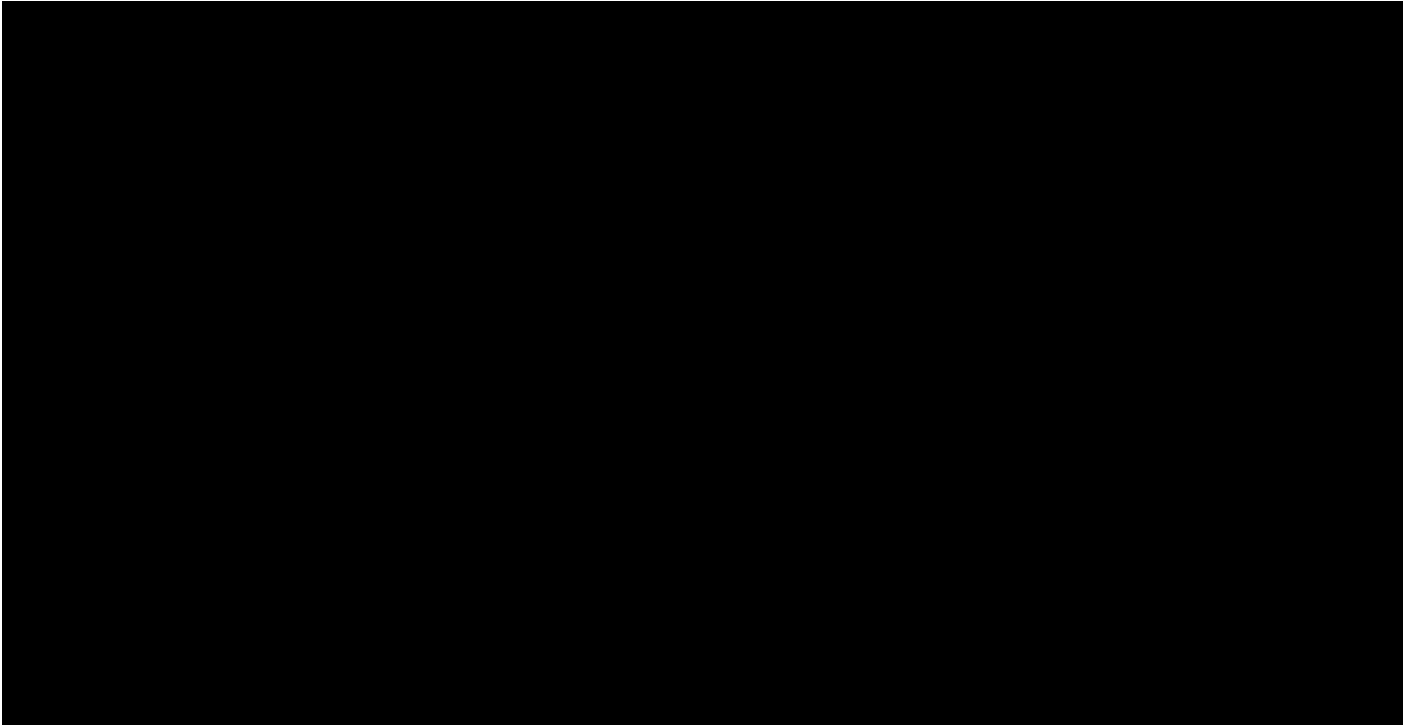












Attachment 27.1

FILED CONFIDENTIALLY



Diane Roy
Vice President, Regulatory Affairs

Gas Regulatory Affairs Correspondence
Email: gas.regulatory.affairs@fortisbc.com

Electric Regulatory Affairs Correspondence
Email: electricity.regulatory.affairs@fortisbc.com

FortisBC
16705 Fraser Highway
Surrey, B.C. V4N 0E8
Tel: (604) 576-7349
Cell: (604) 908-2790
Fax: (604) 576-7074
www.fortisbc.com

September 15, 2021

British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC
V6Z 2N3

Attention: Mr. Patrick Wruck, Commission Secretary

Dear Mr. Wruck:

**Re: FortisBC Energy Inc. (FEI) and FortisBC Inc. (FBC), collectively FortisBC
COVID-19 Customer Recovery Fund Deferral Accounts – British Columbia
Utilities Commission (BCUC) Orders G-132-20 and G-133-20 – Monthly Report
Compliance Filing
Monthly Report No. 16 for the Month Ended August 31, 2021**

On June 2, 2020, the BCUC issued Order G-132-20 to FEI and Order G-133-20 to FBC, approving their joint application for their COVID-19 Customer Recovery Fund Deferral Accounts.

Directive 1 of Order G-132-20 granted FEI approval to:

- a. Offer a three-month bill payment deferral commencing April 1, 2020, to residential customers and to small commercial customers served under Rate Schedules 2, 2B, 2U and 2X who have been directly impacted financially as a result of the COVID-19 pandemic;
- b. Offer bill relief in the form of bill credits for three months, commencing April 1, 2020 through to July 1, 2020, to small commercial customers served under Rate Schedules 2, 2B, 2U and 2X that have closed their businesses due to the COVID-19 pandemic; and
- c. Establish a rate base deferral account for the FEI COVID-19 Customer Recovery Fund to record and track separately by rate schedule (1) any unrecovered revenue resulting from customers being unable to pay their bills due to the COVID-19 pandemic; (2) any bill payment deferrals provided to customers due to the COVID-19 pandemic and subsequent payments of those deferred amounts; and (3) any bill credits provided to customers due to the COVID-19 pandemic.

Directive 1 of Order G-132-20 granted FBC approval to:

- a. Offer a three-month bill payment deferral commencing April 1, 2020, to residential customers and to small commercial customers served under Rate Schedule 20 and certain Rate Schedule 22A customers that meet the Rate Schedule 20 size restriction, who have been directly impacted financially as a result of the COVID-19 pandemic;
- b. Offer bill relief in the form of bill credits for three months, commencing April 1, 2020 through to July 1, 2020, to small commercial customers served under FBC Rate Schedule 20 and certain Rate Schedule 22A customers that meet the Rate Schedule 20 size restriction that have closed their businesses due to the COVID-19 pandemic; and
- c. Establish a rate base deferral account for the FEI COVID-19 Customer Recovery Fund to record and track separately by rate schedule (1) any unrecovered revenue resulting from customers being unable to pay their bills due to the COVID-19 pandemic; (2) any bill payment deferrals provided to customers due to the COVID-19 pandemic and subsequent payments of those deferred amounts; and (3) any bill credits provided to customers due to the COVID-19 pandemic.

Directive 2 of both Order G-132-20 and G-133-20 and pages 6 to 7 of Appendix A to the orders directed FortisBC to file monthly reports detailing the status of the relief program as follows, but not limited to:

- a. An assessment on the need for an extension or any other formal change to the customer relief measures beyond the July 1, 2020 date; and
- b. A report on the COVID-19 Customer Recovery Fund deferral account and customer relief measures. This report must include the number of customers that have been approved for each program, as well as the number of customers that have applied but have been rejected from participating in the program, in addition to reporting on the current balance in the deferral account.

As such, the following constitutes FortisBC's Monthly Report No. 16 and outlines the status of the FortisBC COVID-19 Customer Recovery Fund as at August 31, 2021 in accordance with the requirements outlined above.

Program Status

The COVID-19 Customer Recovery Fund was implemented and available for customer enrollment on April 7, 2020 and has resulted in 20,622 enrolled customers by May 31, 2021.¹ The majority of the applications for the program have been received from customers through the online web form and, as anticipated, the implementation and customer application approach has resulted in no incremental administrative costs incurred as of June 30, 2021.

¹ Please note that the date of May 31, 2021 has been used as no new applications were accepted starting June 1, 2021, as set out in Monthly Report No. 13.

Overall, FortisBC believes that the program has been successful, providing easy to access bill payment support to those customers that need it most during the pandemic with minimal administrative burden.

Program Details and Deferral Account Balance

The following tables outline the number of customer applications received for the program as well as the total number of customers enrolled in the payment deferment and bill credit components of the program as at Aug 31, 2021. Please note that there are no changes from this table as compared to Monthly Report No. 13 as a result of the program being closed to new enrollments effective June 1, 2021.

Table 1: FEI Customer Enrollments as at Aug 31, 2021

FEI ²	Application Type			
	Residential	Small Commercial (Deferment)	Small Commercial (Credit)	Total
Applications Received	12,472	1,856	3,256	17,584
Customers Enrolled ³	12,437	1,679	3,220	17,336
Difference (Applications - Enrolled)	35	177	36	248
% Customers Enrolled of Total ⁴	1.30%	1.74%	3.34%	1.64%

Table 2: FBC Customer Enrollments as at Aug 31, 2021

FBC	Application Type			
	Residential	Small Commercial (Deferment)	Small Commercial (Credit)	Total
Applications Received	3,096	504	774	4,374
Customers Enrolled ⁵	2,297	307	682	3,286
Difference (Applications - Enrolled)	799	197	92	1,088
% Customers Enrolled of Total ⁶	1.83%	2.13%	4.72%	2.35%

² Includes 50 customer applications from the Fort Nelson service area.

³ Number of customers who met the application criteria for bill payment deferrals. Includes accounts with no balance outstanding or closed accounts at the time of enrollment.

⁴ As a percentage of total customers in each rate schedule. The total is a percentage of total residential and small commercial customers combined, using the average number of customers for the month ended May 31, 2021 as no new applications were accepted starting June 1, 2021.

⁵ Number of customers who met the application criteria for bill payment deferrals. Includes accounts with no balance outstanding or closed accounts at the time of enrollment.

⁶ As a percentage of total customers in each rate schedule. The total is a percentage of total residential and small commercial customers combined, using the average number of customers for the month ended May 31, 2021 as no new applications were accepted starting June 1, 2021.

Prior to the commencement of repayments, there were two contributing factors to the difference between the number of applications received and the number of customers enrolled in the program: invalid account information and duplicate account information. FortisBC does not regard these differences as application rejections; rather they are inaccurate, incomplete or non-valid applications. For example, with respect to invalid account information, there have been instances on both FEI and FBC applications where it appears that BC Hydro account information has been provided by the customer. There have also been circumstances where account information has been provided that cannot be reconciled in the system. Finally, in some cases, customers have submitted their application multiple times. Where necessary, FortisBC has followed up with customers if their applications were incomplete or if questions regarding eligibility were raised.⁷ As a result, FortisBC has not rejected any valid application to participate in the program.

The deferral account balances associated with enrolled customers as at August 31, 2021 are approximately \$1.1 million for FEI and \$0.3 million for FBC. The overall reduction in the deferral account balances as compared to Monthly Report No. 15 is primarily attributable to the repayments on the bill deferral balances. Details of the accumulation of the deferral account balances are as follows:

Table 3: FEI COVID-19 Customer Recovery Fund Deferral Account Balance⁸

	(\$000s)
Relief Measure	Balance, 08/31/2021
Residential Bill Deferral	248
Small Commercial Bill Deferral	39
Small Commercial Bill Credits	709
Unrecovered Revenues	67
COVID-19 Customer Recovery Fund Deferral Account	1,063

Table 4: FBC COVID-19 Customer Recovery Fund Deferral Account Balance

	(\$000s)
Relief Measure	Balance, 08/31/2021
Residential Bill Deferral	90
Small Commercial Bill Deferral	8
Small Commercial Bill Credits	132
Unrecovered Revenues	58
COVID-19 Customer Recovery Fund Deferral Account	288

⁷ For ease of administrative efficiency, FortisBC has not tracked the number of invalid applications by incorrect or duplicate account information or the number of applications that required follow up.

⁸ Deferral account balance includes approximately \$3 thousand attributable to customers in the Fort Nelson service area.

Program Recommendations & Next Steps

The following discussion provides an overview of recommendations and next steps for the program. This discussion is organized by recommendations regarding the potential extension or changes to the customer relief measures identified in the Application (referred to as Phase One) and support for customer recovery beyond the current relief measures (referred to as Phase Two).

Phase One: Bill Payment Deferrals, Credits & Custom Arrangements

Consistent with the previous Monthly Reports, FortisBC continues to believe that no extension or any other formal changes to the customer relief measures are required at this time. FortisBC will continue to closely monitor the situation and customer impacts associated with the changes to public health measures impacting the Province.⁹

Following June 30, 2020, FortisBC continued to accept applications filed by a customer service representative on behalf of the customer, allowing eligible customers to repay eligible balances¹⁰ over the period of July 1, 2020 to July 1, 2021 and providing eligible small commercial customers with bill credits for the period up to June 30, 2020.

As noted in Monthly Report No. 12, a small portion of customers enrolled in the program continue to have challenges paying their bills. To address this, FortisBC's approach is to work with customers on an individual basis for overdue balances, including those that are not related to the COVID-19 Customer Recovery Fund. That is, since the majority of customers enrolled in the program are making payments, FortisBC believes that formal changes to the program are not required. More specifically, an outreach campaign consisting of targeted letters, emails and outbound calls began in late May, focusing on customers with balances that may no longer be recoverable due to COVID-19. To the extent that any amounts are determined unrecoverable due to COVID-19, they will be identified as such by FortisBC in future monthly reports and will be included in the deferral accounts in accordance with Orders G-132-20 and G-133-20.

Phase 2: Recovery Support Plan

To continue to support customers during the pandemic and throughout the phases of the BC Restart Plan, FortisBC identified several components of the Recovery Support Plan in Monthly Report No. 1 that align with, and supplement, the relief measures that have been provided to date. A brief update of the Recovery Support Plan as at August 31, 2021, is as follows:

- ***Customized payment solutions:***

As identified above, FortisBC continues to work successfully with customers on customized bill payment solutions and any customers that may continue to have challenges with bill payments as a result of COVID-19 will be encouraged to use this

⁹ <https://www2.gov.bc.ca/gov/content/safety/emergency-preparedness-response-recovery/covid-19-provincial-support/lower-mainland>.

¹⁰ Eligible balances accumulated before July 1, 2020.

option. Communication materials and channels continue to advise customers to contact FortisBC to discuss custom payment arrangements. Further, the online customer portal has been expanded to provide additional support and flexibility with the addition of a self-service option for payment arrangements.¹¹

- *Flexibility with security deposits:*

FortisBC has implemented additional flexibility with security deposits. When determining monthly repayment amounts for customers, FortisBC has applied approximately \$540 thousand in security deposits held to offset the outstanding deferred balance in the Customer Recovery Fund. These deposits were applied at the individual account level and as such have been reflected as an offset to the deferral account balance.¹² For those customers who are not enrolled in the Customer Recovery Fund, the application of their security deposit to their outstanding balance is one option that may be considered as part of their customized payment solution.

- *Softened debt collections approach:*

As noted in previous reports, further changes to the softened collections approach commenced on March 1, 2021. This includes the re-introduction of late payment charges and the re-commencement of disconnections for non-payment. Prior to reaching this potential service disconnection, FortisBC has made multiple attempts to communicate with the customer. As with all customers, flexibility with payment arrangements remains in place to support the continuation of service.

For all customers, communications around overdue and outstanding balances will continue to be focused on the continuation of service and the opportunity to create custom bill payment arrangements.¹³

- *Energy solutions and conservation support:*

To support customers through the pandemic, FortisBC implemented a number of program changes through 2020 to make it easier for customers to participate in targeted programs and assist customers to become more energy efficient and help manage their energy costs. With respect to the double the rebates campaign, participation exceeded expectations. After industry feedback and consultation with program partners, FortisBC extended the eligible installation period from March 31, 2021 to June 30, 2021. This was for customers who received a pre-qualification code during the October to December 2020 promotion. The extension was implemented to support quality installation and mitigate concerns regarding equipment shortages. Given the unexpected demand from the double rebates campaign and experience in

¹¹ Self-service payment arrangements via the online customer portal became available in January for gas customers and in June for electric customers.

¹² The total amount of security deposits applied is approximately \$200 thousand for FBC and \$345 thousand for FEI.

¹³ Communications associated with the payment of deferred balances associated with the COVID-19 Customer Recovery Fund commenced in June with targeted emails, account online and website updates with the inclusion of balance reminders and automated messaging, and manual opportunities for connections with customers following in August and September.

executing the DSM Plan since it was developed in 2018, the Company filed an application for additional DSM funding to support customer demand in the residential and low income program areas on July 2, 2021.

In addition, on a one to one basis, Key Account Managers continue to work with larger commercial and industrial customers to help address bill concerns, facilitate applicable energy efficiency incentives and provide customized energy advice. This personal contact and one on one approach continues to be effective with customers and FortisBC has received positive feedback for its efforts.

- *Community giving, investments, and job opportunities:*

We continue to see many community organizations transition to educational and environmental programs on a virtual platform, which we continue to support in alignment with our four branches of community investment. In addition, FortisBC will continue to work with charitable organizations through donations and volunteer support of COVID-19 relief food assistance programs.

The Recovery Support Plan and its components will evolve as customer needs and circumstances continue to change.

Conclusion

FortisBC will continue to monitor the need to amend the COVID-19 Customer Recovery Fund as well as its Recovery Support Plan based on feedback from customers, the progression of BC's Restart Plan and the potential resurgence of the pandemic.

If further information is required, please contact the undersigned.

Sincerely,

on behalf of FORTISBC

Original signed:

Diane Roy